



# UNITED

## FRESH POTATO GROWERS OF COLORADO

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Dwight Freeman, CEO

**Fresh Facts**

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**The PACA speaker, Mary Kondora, an Investigator with the USDA/PACA (Perishable Agricultural Commodities Act), will be at the CPAC office, Tuesday, April 11 at 7:00 p.m.**

**Get those acreage contracts to Dwight...there are still a couple of contracts riding around in pickups!**

This past year was a profitable one for the industry, and now potato growers have an unprecedented opportunity to create two profitable years in succession. In order to be profitable, potato growers need to work collaboratively to match supply to demand. That is why United Potato Growers of America strongly recommends that all potato growers across the country reduce their 2006 acreage by more than 10 percent of 2004 plantings.

The United Potato Growers of America was formed a year ago to help growers cooperatively match supply to demand. Last year, we asked growers to reduce their acreage by 10 percent of 2004 plantings. Growers who cooperated with our request, or participated in UPGA's acreage buy-down program, were the significant reason supply more aptly matched demand in 2005, resulting in marginally over break-even prices by most open-market growers. However, key economic indicators point to the need to further reduce acreage in 2006 in order to balance supply to demand to create stable, profitable prices for growers.

- Potato consumption declined in 2005 another 3.8 percent (Source: Chapman Market Newsletter) due to changing demographics and eating habits.
- Trend-line potato yields increase by 3.8 cwt. Per year (Source: Huffaker's North American Potato Market News), as improved technology increases yields.
- The overall U.S. 2005 fall crop was reduced by 7 percent, but the decrease in consumption negates some of this reduction.
- The unusual, wide-spread, weather problems in North America that significantly reduced production in 2005 are not likely to reoccur on the same scale in 2006.
- Drought is of less concern this year than last; a lack of irrigation water will not likely curtail acres or yields.
- U.S. 2005 fall acreage was reduced by 7 percent and adverse weather reduced average yields to below trend-line yields. Idaho reduced acreage by nearly 10 percent. However, the russet market in Idaho so far for the 2005 crop has been only slightly above the cost of production most of the marketing year at around \$6 per cwt. For 16 weeks this winter, the price was around only a \$5 average grower return.
- The historical tendency for growers following a good price year has always been to plant more. For example, following the high price 2001 year, Idaho growers planted 25,000 more acres in 2002 resulting in plummeting, unprofitable prices. Potato growers can learn from that mistake, and avoid repeating it.

Currently, member cooperatives reside in Klamath Basin (on the border of California-Oregon), Colorado, Idaho, Oregon, Washington and Wisconsin as well as an at-large co-op with members in Kansas and Nebraska. Recently, a sister organization, United Potato Growers of Canada was established.

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