

UNITED wants to say “Thank You” to the shippers who participated in the golf tournament last weekend. We realize that summer is very busy for everyone – if you were unable to attend this year we hope you can attend the next function.

Synopsis of the Marketing Committee Conference Call
Friday, July 28, 2006

The conference call was moderated by Cary Hoffman, Chairman of the Marketing Committee of the United Potato Growers of America. Attendees on the call represented major marketing areas for red potatoes.

Cary arranged the call Wednesday prior, alerted to a price free-fall in Red Potatoes. Prices that were \$25 to \$30 a week earlier were predicted to be half those levels by the end of the first week in August. An actual quote for Monday, July 31, of \$14/cwt from a major shipper in a major shipping area confirmed the rumor.

Cary opened the call introducing statistician Bruce Huffaker. Bruce had emailed historical shipment/pricing sheets for the Big Lake and Wisconsin regions prior to the call. Bruce’s documents matched the current price-falling scenario for every past year since 1997.

Cary described how the psychology of the declining red market could transfer to russets.

Tom Franconi described how Kern District maintained prices during a similar mini-glut, averting disaster by withholding shipments a few days until prices stabilized. Tom pointed out that aggressive demand and decreasing Arizona shipments helped them through the crisis. Within four days, the Kern market had re-established itself, and the market held for the duration of the Kern season. Tom emphasized that the sheds (sales organizations) controlled digging, and only dug to order. No excess floor inventories burdened salesmen, forcing them to compromise price. Good communication between sales forces alerted those wishing to drop price not to do so because of the inelasticity of the red potato market.

Bruce verified the inelasticity of the red potato market. (Elastic/inelastic refers to a fixed or variable volume of a variety the market accepts regardless of price. The red potato market is inelastic. Lowering the price of red potatoes does not increase their market usage or the overall volume the market accepts. Lowering the price by a shipper only moves more loads of that shipper’s volume until another shipper drops his price lower, then he gets the business for a few days until another shipper falls.)

ID pointed out that last weeks shipments of all potato varieties exceeded 104% of the five-year shipping average. This was the first occurrence all season of excess shipping. Prior to last week’s excess, shipments had been held to 90-95% of historical numbers. It was suggested that the excess may have occurred in red potatoes, and that could explain the drop in red pricing and not in russet pricing.

Cary anticipated a similar scenario in russets unless growers and shippers seize control of shipments. WA concurred.

ND responded that Big Lake's market entrance always sets a buyer psychology for dropping red prices. ND also said that chasing high-priced B's causes over-production of A's, further distorting the A market.

ND suggested the need for all shipping districts to slow down, regardless of B demand. Big Lake growers told ND they had a pricing floor.

WA suggested moving forward with 90% shipping volume. A suggestion of 80% of current levels came forward, perhaps a one-day-in-five shipping holiday until storages options materialize. Though local business was good, WA expressed a need for Eastern Markets to absorb some Basin volume. Current in-route Basin rail cars will experience invoice adjustments.

CO suggested going to storage ASAP because ND/MN's fall storage volume of reds appeared to be small enough to encourage positive fall and winter markets. But some mechanism was needed to keep prices from dropping now, and having to be brought up at a later date, a difficult and costly thing to do that would be unnecessary if the current falling trend could be stopped.

ND concurred. ND acreage increase included 4000 acres of seed and some process increase, not much if any of red-acreage increase and this summer's drought will drop yields dramatically.

WI agreed to set shipping floor and to keep others informed.

All areas agreed to observe a weekly packing 'holiday' or cut shipments by 20% (the same result) and to go to storage as soon as weather permits. CA emphasized the need to dig only according to firm sales.

Russet growers stayed on the call.

WA prices are anticipated to stay at current levels. WA/OR new crop shipments will not reach volume until the end of second week of August.

Southwest: Demand strong, carton prices strong, bulk shipments weaker due to small size profile in KS generally. Expects consumer packages to soften in price due to small size.

ID is holding meetings of early russet growers to emphasize the need to restrain shipments to 90% of pack plan until storage become optional. ID wants to standardize language and market sizes regarding consumer size A and Non-size A russet potatoes.

National Office

New Labeling Guidelines for Potatoes

This week the Food and Drug Administration published its final rule regarding ["Food Labeling: Guidelines for Voluntary Nutrition Labeling of Raw Fruits, Vegetables, and Fish"](#) which amends the voluntary nutrition labeling values for the 20 most frequently consumed raw fruits, vegetables and fish in the United States, including potatoes. The final rule provides official FDA guidelines for voluntary nutrition labeling and nutrient content claims. Changes to the voluntary fresh potato nutrition label include a 10-calorie increase per 5.3 ounce serving from 100 to 110 calories, potassium decreased from 720 mg to 620 mg, and fiber decreased from 3 g to 2 g. With the changes to the nutrition label changes to the nutrient claim for potassium and fiber will also change. The potassium decrease changes the nutrient claim from "high, rich in, or excellent source of" to "good source of, contains or provides 17% of the daily value." With the decrease in fiber nutrient claim "good source of, contains or provides" can no longer be used.

While this is certainly unfortunate, potatoes still have very good nutrition messages to tell:

*Potatoes are the highest source of potassium of the top 20 most consumed fruits and vegetables. This is important because potassium was identified by the USDA as being a critical nutrient that is under-consumed in the U.S.

*Potatoes are an excellent source of vitamin C, providing 45% of the daily value in one 5.3 oz. serving.

*A 5.3 oz. serving of potatoes has 110 calories.

*Potatoes are a nutrient-dense vegetable with no fat, sodium or cholesterol.

*Because of their popularity and versatility, potatoes combine well with other nutrient-dense foods to help Americans achieve better compliance with USDA's nutrition Guidelines for Americans.

The old nutrition label can be used until January 1, 2008.

Negotiations on Ministerial Exemptions Resume

Last week U.S. and Canadian negotiators held a productive session on continuing the effort to change Ministerial Exemptions on potatoes. Negotiations had been on hold while Canada got a new government. Discussions were productive and the remaining technical and policy issues were identified. The Agricultural Marketing Service (AMS) will be providing additional information to the Canadians on the operation of the U.S. system for inspections and marketing orders. Negotiators on both sides believe an agreement can be reached. A timetable was not developed but all sides agree that the discussions need to continue as soon as possible once the additional technical input is obtained. NPC Executive Director and CEO John Keeling plans to meet with principles at the Office of the U.S. Trade Representative as early as possible next week to determine next steps and identify any decisions needed by the U.S. potato industry.

NPC and FMC Meet with EPA on Carbofuran

Jerry Hill, NPC's DC Counsel, represented the NPC at a meeting set up by FMC with the new Assistant Administrator for the Office of Prevention, Pesticides and Toxic Substances Jim Gulliford. Hill summarized the reasons for potato growers continued need for Carbofuran. FMC once again presented its proposed settlement which includes retaining use of the liquid formulation for potatoes. Mr. Gulliford stated that he and his staff would re-review the data and the proposal quickly and make a determination on any changes in the RED due on or about August 3.

NPC Submits Comments on Aldicarb

In response to EPA's request published May 17, 2006, in the Federal Register, the NPC submitted comments on "Aldicarb Risk Assessment: Notice of Availability and Risk Reduction Options." The comments urged EPA to thoroughly review the scientific data presented by the registrant. They also reiterated growers need for Aldicarb as an effective tool in pest prevention and as a critical element in maintaining consistent exports. The NPC previously submitted comments in August 2005 encouraging the EPA to revise its risk assessment and has since that time provided additional data.