

REMINDER: Future Crop Committee meeting Friday, January 5 at 1:00 p.m. at the UNITED office.

***UPGA Seed Committee Meeting, December 5**

Chairman, Mike Telford, conducted the Seed Committee meeting that was attended by 19 people. The members are looking to the National Office and seed growers to help match the right varieties to demand. Each crop area provided a report.

*** UPGA Annual Meeting, December 6**

Jim Knutzon, Board member, and Julia Cissel are working to help the industry launch new demand creation initiatives. A meeting was held December 18 to brainstorm new approaches. Knutzon reported that the US Potato Board has been very helpful, welcoming all suggestions for a new strategic approach to demand creation. A discussion about new consumer messaging, packaging, products, and a better understanding of price elasticity is needed as well as more promotional tactics.

Cissel predicts that the 2006-2007 crop will be manageable, and expects a good economic return. She advised growers not to panic and fire sale their crop. She concluded by saying that the job of processors, distributors, and consumers is to buy the best quality product for the lowest cost. Growers are responsible for setting the price for their product. Each industry component should be able to make a reasonable profit margin. Each component must continuously improve to be efficient and operate at the lowest cost.

Good news for potato growers

Prices for their produce should be as good, if not better, than last year, annual meeting hears

By Steve Sharratt
The Guardian newspaper
November 25, 2006

<http://www.theguardian.pe.ca/index.cfm?sid=4798&sc=2>

As the potato goes, so does the Island.

And according to a host of forecasters and prognosticators, the P.E.I. potato grower can break out the champagne this winter — or at least the raspberry cordial.

Whether it's low inventories across North America, a crop drop in Europe or an excellent 2006 harvest, the spuds on P.E.I. should bring in the same good price as last year — if not more.

And that was music to the ears of more than 150 growers and exporters who attended the annual meeting of the potato board at the Delta Friday and heard from marketing and industry experts.

Bruce Huffaker, editor of the North American Potato Market News, told growers in a video conference that processors and suppliers are not sitting on a huge surplus of spuds from last year. That means those who make French fries to hash browns will be scouting for spuds — and that means a better chance for good prices.

"There will be a big push for processors to seek from the fresh market to make up their shortfalls," he said. "Between the lack of domestic stock and the European shortfall, I suspect that prices are likely to be higher than average for the 2006 crop. There's lots of opportunity to get a good price."

And that had many Island growers smiling with some anticipation.

"I think it's good to hear all these assessments indicating some good tidings," said Morley Wood, chairman of the potato board. "I think if we market wisely we have another opportunity for a good price."

Wood said a presentation by Barb McLaughlin of Stats Canada showed how a reduction in supply pushed the prices up last year and Island growers once again adopted an acreage cutback this year.

"Last year we averaged around \$7 per 50 pound bag and it would be nice to reach that again," he said. "I think it would be optimistic to suggest we could go higher."

But with major potato producers in Europe experiencing a poor year, raw product for the five major processors in North America at a low ebb, and higher exports for French fry and dehydrated products, open market potatoes will be in demand.

Albert Wada of the United Potato Growers of America told the group that U.S. harvests are good, but there will be a shortfall in production requirements.

"We expect a decent year and we want to improve our acreage management programs for next year so we can sustain profitability," he said. "I believe that with good communication and the orderly movement of supply, we all should have good profitability in tablestock potatoes while the processing sector remains robust."

Jeff Rose, director of marketing for Cavendish Farms, said the company has hit a milestone this year reaching the one-billion pound mark for frozen potato products.

"Twenty five years ago, we were doing 50 million pounds, today it's a billion and we keep aiming at finding the type of potato product people want and need in their various demographics," he said.

Premier Pat Binns told the meeting luncheon the potato industry drives much of the Island economy and praised grower efforts to agree to an acreage cutback to help realign prices. Two years ago, poor prices were felt when producers were harvesting 108,000 acres. Today they have cutback to about 96,000 acres.

McLaughlin, Stats Can agricultural analyst, pointed out that some Island growers had broken records by harvesting tremendous yields of 25 to 50 per cent more per acre than normal. However, those numbers were curbed by revelations that cullage this year was also significant.

Consumer demand for organics is growing continually and presents challenges to grocery operators trying to gauge the demand.

"It's a challenge for us to forecast that demand, but it's real," said Joe Sbrocchi, national senior director of product for Sobeys. "We're a big ship and it's hard to make those determinations on the fly, but make no mistake people want organics."

He told growers that people will eat less and pay more these days for the food they truly want and produce buyers are constantly trying to find Canadian product to fill those demands.

"We want to support the local economy and buy local if we can because it's just good business," he said.

Sobeys is marking its 100th year in business and has gone from \$1 billion in sales in 1987 to over \$13 billion today.