

# OVERVIEW GLOBAL SWEET POTATO MARKET

The sweet potato market is growing. In Europe alone, the demand has increased by 12% in recent years. In total, consumption exceeded 300,000 tonnes in 2017. And the peak in that growth curve has not yet been reached, as European consumption is still much smaller than the American one. Good news for the European sector. Traders are responding; demand is good and growers in Northern Europe are testing the cultivation of sweet potatoes on their fields with mixed results. In the US, the sector is getting ready for the traditional Easter peak, but it is also looking for ways to increase consumption all year round. Israeli growers have a luxury problem. The high price on the domestic market has considerably reduced exports in recent years, but there are also opportunities there.

## US getting ready for peak demand at Easter

The sector is getting ready for the rise in the demand usually recorded at Easter. There is a stable supply. "We are approaching the third peak period, which is around Easter," says a trader. After the Christmas holidays, the demand levelled off again. A trader says he has sufficient volume for the coming months, at least until the new season starts in the autumn. Although slightly greater volumes are available, the demand has also increased. Sweet potato producers have the wind in their sails. New growers are starting and existing growers are expanding their acreage. However, a trader believes that the market needs to do more to sell the sweet potatoes outside of public holidays and to market them as a standard product. The demand still peaks just around Thanksgiving, Christmas and Easter.

"The prices are extremely low, almost 10 percent lower than last year," says a trader. Nevertheless, he expects the price to recover. "It is currently not sustainable; if growers cannot earn money, they will no longer grow sweet potatoes and the demand will rise."

## Nigeria is the largest producer in sub-Saharan Africa

With a volume totalling 3.92 million tonnes, Nigeria is the largest sweet potato producer in sub-Saharan Africa and is in the top of the world rankings. The crop is mainly grown in the north of the country. Despite the large volume available, there is little export potential. Due to the higher excise duty that will be introduced from June, the price will increase by 6% on average

### **Chinese acreage 40% larger**

Guangxi is one of the largest sweet potato growing areas in China. The market was exceptionally good last year. This stimulated growers to significantly expand their acreage. According to estimates, the acreage this year has grown by 40% compared to last year. Cultivation in the north of the country is largely mechanised, while in the south, a lot of manpower is used. That is reflected in the prices. Northern sweet potatoes are cheaper than the southern production. The season in the north, however, is short and lasts from October to November. In Guangdong and Guangxi, the season lasts from November to May.

### **Australia: More supply than demand**

Growers report that the supply is greater than the demand at the moment. Unless extreme weather prevents it, the volumes available in the coming months will increase compared to last year. The growing conditions have been good, which means that there is a big production. According to a grower in New South Wales, the larger volume will put prices under pressure. There are no peaks in the sweet potato season. In order to guarantee a year-round supply, there is a summer and a winter harvest. As a result, producers can respond to changes in the market. Growers have four varieties: Gold, Red, Purple and White, but 90% of the acreage corresponds to the Gold.

### **Italian cultivation attracts foreign investors**

Some small traders struggle to be able to offer a year-round supply, but that is no problem for the bigger players. Both the demand and the supply are good, according to a trader. The results in November and December were "disastrous" because the Spanish supply pushed the price down. From January, the market became better, reports a grower with 10 hectares devoted to the crop.

In general, the market conditions are good. The industry continues to demand sweet potatoes, but the prices offered are "ridiculous." A trader says that the industry offers 0.20 Euro, while those same sweet potatoes on the fresh market yield between 1.30 and 1.50 Euro. Foreign investors also see opportunities in Italian cultivation. Investors are willing to invest money in cultivation in Puglia. "It seems that the potential of Italian cultivation is greater than that of the Spanish and Israeli production," says a trader.

### German demand explodes

The supply of sweet potatoes is currently satisfactory, as reported by the importers. The sweet potatoes from the US are currently the most common on the market, given that the southern European season is already over. The share of North African crops is also very limited. The average (purchase) price is currently going up and oscillates between 7 and 7.50 Euro per 6 kilos. This entails a price increase of roughly 1 Euro since November 2017. This can partly be explained by the disappearance of the European varieties, as a result of which, the pressure on prices is reduced. Also, logistics costs are currently rapidly increasing due to high oil prices, but also to the lack of truck drivers in the US. It is therefore expected that prices will rise even further after Easter.

People are currently talking about an exploding demand for the violet Nash variety. Since the supply and the demand are not in balance, there will probably not be any more violet sweet potatoes in a month. Moreover, the International Week of the Sweet Potato (21-31 March) is still underway across Europe. Traders hope that their product will be even more in the spotlight. Lastly, the quality problems with the white Bonita variety are also worth mentioning. Due to its poor quality and short shelf life, this variety cannot currently be exported to Europe. Traders also believe that the demand for white sweet potatoes is lagging behind that of the coloured varieties.

### French demand is huge

A French wholesaler is currently importing sweet potatoes from four countries. The cheapest ones come from Egypt, where the season is coming to an end. The price stands at 0.90 Euro per kilo. He also imports from Honduras, Guatemala and Spain. These cost 1.40 to 1.50 Euro per kilo. The Spanish sweet potatoes are orange and that is what the French market prefers. The demand in France is good and is "absolutely no problem."

A second French trader agrees that things are going well on the market. "The demand is huge for all colours. The orange sweet potato is usually bought because it is considered a healthy product and is popular among all population groups. The white sweet potato is intended for the ethnic market and is especially popular among consumers of African and Asian origin. White sweet potatoes can easily be stored for two months, while the orange sweet potato lasts for a little longer than a month." The trader imports from many different sources in Central America, Africa and the United States and has a year-round supply.

## The Netherlands: High demand for sweet potatoes from the US

US sweet potatoes keep a strong position in the market while the season is coming to an end in other countries. As a result, there is more demand for US-grown sweet potatoes. Quality is very good at the moment, despite the cold/snow recorded a few weeks back in North Carolina. There is a great supply of average sizes, but importers do notice that the smaller sizes are running out at the moment. Prices are gradually rising to the desired level for the grower. They had stayed low for a long time due to a bad end of the previous season, competition from other countries and low prices at the start of the new campaign. Now that there's almost nothing comparable to the US supply, the price is slowly, but surely rising.

## Growers in the Benelux satisfied with results

Both in Belgium and in the Netherlands, growers say that last season's crops yielded better results than expected, and the production in storage has also done well. A lot of knowledge has been gained in order to achieve better results next year. Making the crop profitable is the biggest challenge.

This year, Belgian growers have managed to break even. A grower tells that he still has stock, but he trusts that he can still sell it. That is where the profit lies. There have been mixed experiences when it comes to sales, but the grower is not unhappy. A number of agreements have already been made with customers for next year. This grower/trader is prepared to risk 30,000 to 40,000 Euro next year; he is confident in the opportunity. There are several factors which can help you stand out from the Spanish product, he argues. The product is sold both for fresh consumption and for processing. It would be preferable to sell harvested batches in their entirety, but about 50% is suitable for retail and the other 50% for the processing industry. That makes it more difficult

A Dutch producer will not continue growing next year because he is unable to make the crop profitable. A second points out that it is really a test. The product's cultivation has gone well. In terms of price and quality, the competition with the Spanish production is great. By making some changes, he is confident that next year, he will have a better product for the retail. Local cultivation is seen as an advantage and the storage conditions are good. Sales channels are diverse: retail, specialty stores and processing industry. This grower will continue next year. For now, he aims for nothing further than making the activity profitable.

### Portuguese company focuses on new varieties

At the end of 2016, a new company was created with a focus on the development of new varieties that are also suited for cultivation in Northern Europe. With this, the company, which is partly owned by an Irish breeder, wants to respond to the growing demand on the continent.

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