**Evaluating the market for ware potatoes in South East Asia**

Peter J. Batt
Curtin University WA
(08) 9266 7596
p.batt@curtin.edu.au

Over the past twelve months, exports of Australian ware potatoes to Hong Kong, Singapore and Malaysia have decreased from 10,800 tonnes in 1999/2000, to 8,600 tonnes in 2000/2001. Such is quite understandable given the substantial increase in the volume of potatoes consigned to the market from low cost producers such as China, South Asia (Bangladesh, India and Pakistan), the Netherlands and New Zealand.

In 2001, Hong Kong imported some 11,800 tonnes of fresh potatoes. Into Singapore, the statistics indicate that some 31,400 tonnes were imported. Even although Malaysia has no significant domestic potato production, the import statistics for fresh potatoes reveal nothing, for fresh potato imports are entered along with "other roots and tubers". While these suggest that only 5,500 tonnes were imported, it is important to recognise that in both Singapore and Malaysia, imports from Indonesia are not reported. Similarly in Hong Kong, as trade with Mainland China becomes more liberal, the statistics become increasing less accurate. Caution must therefore be exercised in attempting to draw any meaningful conclusions from the import statistics about trends in the market.

Broadly speaking, the fresh potato market in South East Asia can be divided into four market segments. The predominant market segment is the mainstream or budget potato. Potatoes falling into this market segment are sold either in the wet markets or in the supermarkets. In Hong Kong, China is the major supplier. Product from China is exceptionally cheap at only $HK1-2 per kg, of generally good quality and available all year round. Tubers are generally large (3-4 tuber per kg), elongated, with yellow skin and yellow flesh. With shipments arriving on a daily basis, very few problems are experienced with tuber rotting and decay.

Into both Singapore and Malaysia, the market is dominated by imports from Indonesia. The major variety cultivated (Granola) is available all year round and is well liked by consumers because it is tasty, versatile and keeps its shape when cooked. Being the most proximal supplier, importers find it easier to communicate with suppliers in Indonesia and to coordinate deliveries in response to the market. However, potatoes from Indonesia are not always the most cost competitive.

During December to April, potatoes from The Netherlands are often cheaper. More recently, both India and Pakistan have entered the market and from April to July, New Zealand is shipping increasing quantities of good quality Granola to the market at very competitive prices. Since the product from Indonesia is often poorly packed and poorly graded, especially when the tubers have not been adequately cleaned of soil, and, there are significant losses associated with infestation by tuber moth and bacterial wilt, many of these alternative suppliers are rapidly expanding their market share.

Currently, several importers are sourcing Granola from New Zealand. The quality of the tubers is vastly superior; tubers are larger, more uniform; there are fewer problems with tuber rotting; and the product is extremely cost competitive, arriving in the importers warehouse for the same price as the Indonesian product. Other than a slightly darker skin colour, the tubers are indistinguishable from the Indonesian product. However, since the market prefers Indonesian potatoes, product from New Zealand is being regraded, repacked and sold as Indonesian potatoes.

Although China supplies the market all year round, it was not until June-July that Chinese potatoes begin to dominate the market. Into both Singapore and Malaysia, the product is generally consigned to the market in 10 kg cardboard cartons. The tubers are generally cleaner than those available from Indonesia and have a superior cosmetic appearance. The tubers are large, oblong, well graded and uniform, with an attractive gold skin and yellow flesh. However, the quality of the product consigned to the market often changes abruptly, depending upon the supplier.

The Netherlands is the best of the European suppliers. Product is more uniform and there are few problems with shipping. It is generally accepted that Dutch potatoes have the best reputation in the market, but it is apparent that it is not so much the country of origin that is important, but rather the variety. Both China and Indonesia often market their product as “Holland” potatoes.

Segment Two is the baking potato. This segment of the market is dominated by just one supplier (the USA) and one variety (Russet Burbank). Traders suggest that the US dominates this market because of their ability to precisely meet the market demands. For this segment, the market demands large elongated tubers. Product is consigned to the market in 50 lb cardboard cartons with a count of either 90 tubers per carton (255 g per tuber) or 110 tubers per carton (205 g per tuber). Over many years, the US have proven themselves capable of maintaining a continuous supply of good quality product to the market, although in May-July, immediately prior to the commencement of the new harvest season, the quality may deteriorate. Prices also remain relatively constant all year round. However, it is apparent in both Malaysia and Singapore, that the quality of the US potato is well below that considered suitable and importers are aggressively seeking alternative suppliers in Australia.

Segment Three is the premium washed potato. Being the most recent segment to emerge, this market caters primarily for the needs of the emerging middle class and expatriate population. For this segment, the market requires cosmetically attractive tubers. The skin should be smooth and unblemished, preferably yellow, for there is only a very small demand for red skinned tubers. Tubers should be round or oval, but with a regular consistent shape and uniformly graded (by size). Tubers may range in size from 80-100 g up to 200-250 g depending on the variety and individual buyer’s preferences.

Australia is currently the major supplier to this segment. Understandably, however, while this is the smallest market segment, high prices attract intense competition from other potential suppliers. Currently, there is little opportunity for further growth in this segment with most importers suggesting that this market segment is saturated.

Segment Four is the food service market. Here there are two clear subdivisions based primarily on tuber size. While most restaurants prefer large potatoes for baking or the preparation of French fries on the premises, others require the small baby potatoes.