



Frozen Potato Products: World Markets and Trade

World Frozen Potato Products Import Demand Flat for 2009/10, at Higher Plane

Global demand for frozen potato products (comprised mostly of frozen fries), though flat in recent years, has expanded 60 percent over the past decade on economic growth and a shift to fast food restaurants.

U.S. Imports Supplied Primarily by Canada

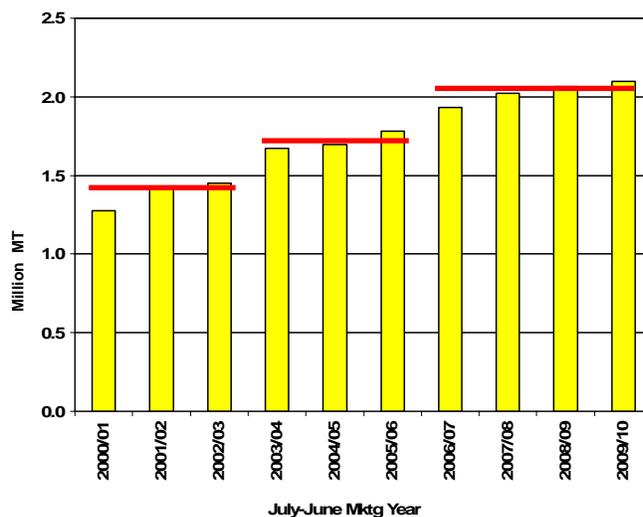
The United States is the world's largest importer, with almost all supplied by Canada. In marketing year (July-June) 2009/10, imports fell 10 percent to about 710,000 tons due to ample domestic supplies, lower Canadian production, and a strong Canadian dollar, which made Canadian products less competitive. Major suppliers have plants in both countries and are able to shift raw and finished supplies fairly easily, depending on exchange rates and supplies.

Japanese Imports Flat

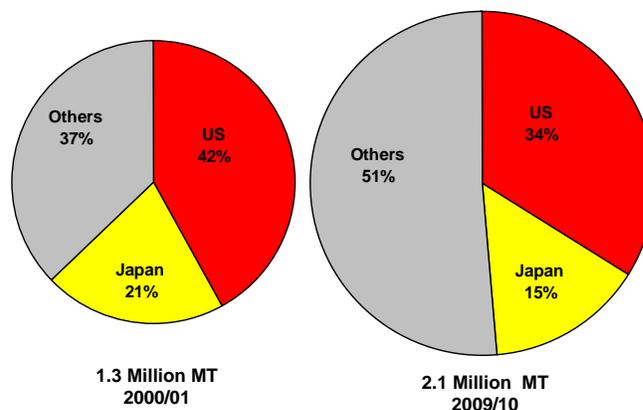
Japan is the world's second largest importer, with over 80 percent supplied by the United States. Imports had been driven by demand from fast food chains, but that growth appears to have slowed with the economy. Imports were virtually unchanged at 310,000 tons.

Brazil Imports Surged

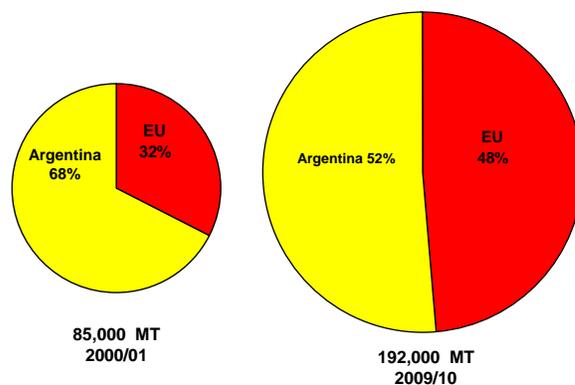
Brazil is the third largest market in the world, and its imports have expanded rapidly over the past decade as its economy and fast food industry have grown. Total imports reached 192,000 tons, which is more than double the level of a decade ago. Argentina was the primary supplier. However, the European Union (EU) has been rapidly increasing



World Imports Expanded as Shares Shift



Brazil's Imports: EU Poised to Become Its Largest Supplier

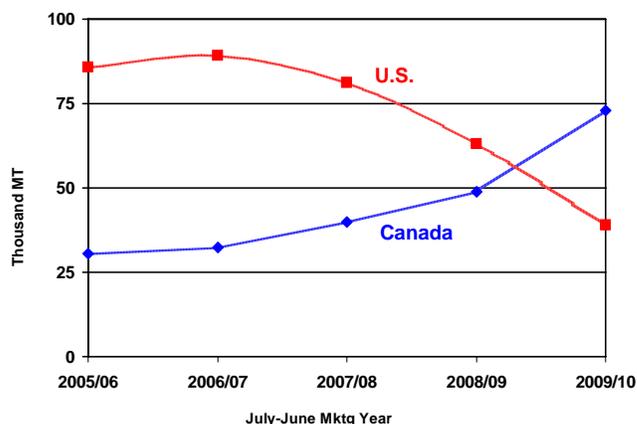


shipments and is poised to take over the market. Last year, imports from the EU were boosted by a favorable exchange rate, as well as excess supplies and freight capacity, which drastically reduced prices and raised their competitiveness.

Mexico Switched to Canadian Products

Mexico is the world's fourth largest importer, and a key market for the United States. Total imports remained about the same at 114,000 tons. In March 2009, Mexico imposed a 20 percent retaliatory tariff on U.S. frozen fries after the trucking dispute, which reduced competitiveness and caused importers to shift to Canadian products. However, in August 2010, the tariff was reduced to 5 percent.

Mexico's Imports: U.S. Losing to Canada Due to Tariff Disadvantage from Trucking Dispute



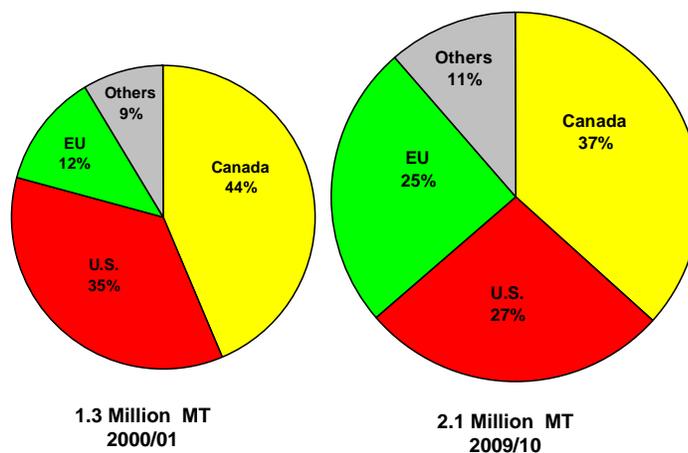
Chinese Imports Flat

Western-style fast food chains continue to drive consumption. However, import demand is expected to remain flat as domestic production expands to meet that rising demand.

Global Exports Have Grown

U.S. exports have grown 30 percent over the past decade. However, in an expanding global market, the United States has lost market share. Higher costs of freight and logistics to emerging markets, such as Brazil and Australia, have constrained U.S. export expansion vis à vis other competitors, particularly the EU. However, U.S. exports have done exceptionally well in some top markets, including Canada (shipments more than doubled) and China (up 40 percent).

World Exports Grew; Still Dominated by Top 3 Suppliers



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