

Sector Summary: Potatoes



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Trade and supply chains:

- The removal of import protection on potatoes is not likely to have a significant impact on the UK market as the EU is already by far the main source of supply for both fresh potatoes, seed and processed products and it will continue to face zero tariffs. The additional trade friction (custom checks, transport delays) expected in a No Deal could add to the cost of importing. This may confer some market advantage for UK potatoes and processed products.
- In the longer term, the removal of all import protection from potatoes and restrictions on EU exports UK, potato prices are likely to be increasingly volatile with much larger swings between high and lows depending on the balance of UK supply and demand and world markets.

Inputs:

- In a No Deal the first market impact is likely to be a further decline in the value of sterling which will increase price inflation for key inputs. For fertilisers the UK has set tariffs at 6.5% on all Ammonium Nitrate fertiliser imports – EU and non-EU.
- The weakening of sterling is expected to lead to price inflation in imported equipment such as machinery spares, which should be considered particularly if relying on existing and aging machinery, rather than making new purchases. Large distributors will retain stocks of the main spares, though currently spares are delivered on a next day delivery basis from across the EU often by air.

Phytosanitary regulation:

- If the UK is unable to agree phytosanitary equivalence with the EU winter then the ability of seed potato merchants to offer EU export contracts to farmers for the 2020 crop will be severely dented or blocked. If it is agreed then seed potato exports can continue though EU importers will face tariffs on UK potato imports. In a competitive market it is likely that the cost will be borne by UK exporter.
- If the EU has still not agreed to equivalence of phytosanitary regulations and certificates by January or February 2020 then seed crops destined for EU markets may have to be diverted into ware or feed markets, potentially impacting on prices.

Labelling:

- It will be essential that the correct plant certificates and labels are despatched to growers in the event of No Deal and SASA are preparing to have these printed and distributed at short notice. See <https://www.sasa.gov.uk/eu-exit-guidance/potato-eu-exit-guidance> for more information.
- It will be important that officials in destination countries outwith the EU are fully informed of the changes from EU to UK or GB labelling to avoid unnecessary rejection on arrival.



Calendar planning:

- Prospects for the English ware growing sector will also have a bearing on the level of demand for Scottish seed potatoes. It will also influence the variety choice for planting.

What you can do:

- Check phytosanitary requirements
- Check export paperwork required
- Assess varieties appropriate for next years market

For further information on steps to take to increase your business' resilience in a No Deal Brexit, see our online checklist at <https://www.fas.scot/rural-business/brexit/preparing-for-no-deal/>

No issues expected	<ul style="list-style-type: none"> • Months to go until next crop goes in (for inputs and machinery) • If there is an extension this will minimise the risk of phytosanitary requirements for seed potatoes
Known issues	<ul style="list-style-type: none"> • Ensuring machinery ready with spares for sowing next year • Ensuring export paperwork in place for new customs systems, and reducing customs delay
Unknown issues	<ul style="list-style-type: none"> • Phytosanitary requirements kick in at Day 1 - reliance on Gov to resolve these to enable export • Greater volatility of markets in future

Opportunities:

- Non-EU export markets – EU is a relatively small part
- Strength of reputation and varieties of Scottish seed potatoes

Potatoes	
Subsidy reliance	Low
EU market access	Medium
Trade vulnerability to non EU imports	Low
Reliance on other at risk sectors	Low
Labour - farm	Low
Labour - processing	High
Logistics	High
Processing	Medium