

PRESS RELEASE

Vienna, 14 September 2011

**Expiring market regime for starch potato production:  
The situation, consequences and conclusions for agriculture and industry**

**Potato starch is found in numerous day-to-day products, for example in bread and bakery products, soups and sauces, as well as in various potato-based dishes. Moreover, potato starch is an important constituent of products from the paper and cardboard producing industries besides also being used in the textile, pharmaceutical and construction chemistry sectors.**

**The expiration of the European market regime for starch potatoes at the end of 2011 is expected within the industry to lead to a 30 % reduction in the production of starch potatoes – thereby posing a massive threat to the sector. The Committee of the European Starch Potato Producers' Unions (CESPU) therefore demands that the European Commission take action to safeguard the sector.**

In most European countries, industrial starch potatoes are mainly grown in disadvantaged areas in which few crop alternatives exist due to climatic or geological factors. Starch potato production is therefore an important part of the income of farmers in these regions and consequently indispensable to many countries. In the EU, starch potatoes are grown on nearly 200,000 hectares of land. In some countries, over 50% of all potatoes planted are starch potatoes.

Werner Hilse, Chairman of the CESPU, is appealing to the Commission to either continue to financially support starch potato producers or to present an appropriate draft for the continuation of the market regime. "Competitors from Asia are already straining at the leash with their substitution product, tapioca starch. Safeguarding a strong European starch potato market would consequently also protect jobs and regional value-added".

**Safeguarding production options for disadvantaged areas**

In Austria, around 1,500 farmers grow starch potatoes, 10 % of which are grown under organic conditions. A third of all potatoes grown in Austria are processed to produce starch in

Gmund, located in the Waldviertel area of Lower Austria. More than half are grown in this region.

In this area, one which is weak in terms of infrastructure, starch potato production is an important factor in the agricultural as well as the up- and down-stream economic sectors.

“Austria’s starch potato producers currently receive EUR 4m in financial support. This is a miniscule proportion of the overall agricultural budget. Without support, however, the competitiveness of starch potato production would be seriously impaired and no longer viable in Austria”, explains VÖSK President Alfred Sturm. Sturm therefore demands that sector-specific action is taken relating to starch potatoes within the scope of the Common Agricultural Policy (CAP) for 2014 - 2020. The draft of the CAP after 2013, prepared by the European Commissioner for Agriculture and Rural Development, Ciolos, contains options for defining action for special production segments in the future. Now is the time to implement these options and to therefore safeguard a traditional production segment in Austria.

### **Jobs at risk**

Fritz Gattermayer, Member of the Management Board of AGRANA Beteiligungs-AG, fully supports this objective from the perspective of the starch industry. A reduction in the competitiveness of starch potatoes in comparison to other crops as a result of the abolishment of the market regime could, in the midterm, mean that the supply of starch potatoes is insufficient to guarantee the full capacity of the potato starch mill in Gmund. Considerable investment has been made in recent years in terms of adding value in order to create highly specialised products. In the organic sector, for example, AGRANA is currently the European market leader. Whether this market-based action will be sufficient to safeguard sustainable potato starch production in Austria remains in question due to the structural disadvantages. From the industry perspective, it is therefore necessary to ensure that the starch potato sector continues to receive support in the future. “It would be irresponsible to endanger the structures which have been established in the past and which now function well,” says Gattermayer.