

# Cyprus potato producers regain optimism

Faced with a long list of challenges and current threats, Cyprus's potato growers are typically resilient and remain confident of their future place on the European market



**Cyprus may be somewhat better known as the birthplace of Aphrodite or as an ideal destination for sun-starved tourists, but the Mediterranean island's 'red soil' potatoes – so-called because of the red-brick tint of the earth where the majority are grown – have for many earned a reputation that is as lofty as any mythological goddess of love and beauty.**

The variety of potatoes grown in Cyprus is broad. They include table varieties (Spunta and Marabel), salad varieties (Nicola, Filea, Sieglinde and Charlotte), baking varieties (Marfona and Cara) and frying varieties (Diamant and Markies). The island's growers are also continuously looking at new varieties to add to what is already an extensive offering.

The principal growing area lies to the southeast of the island, at Famagusta, where the red soil that originally gave Cyprus potatoes their renown on export markets across Europe is clearly visible from the roadside. The

region's potatoes are exported all over Europe, the bulk going to the likes of the UK, Germany, Belgium, Italy, the Netherlands and Greece.

## **Thirsty work**

Currently, the most pressing challenge for the potato industry is water. Growers have been rocked by the most severe drought in living memory, with reservoirs drying up at an alarming rate and the island's desalination plants – of which there are currently three, with one more becoming operational in the summer – reserved for households. Wheat and barley are frequently planted alongside the potato plantations, since these crops require significantly less water.

Towards the end of January, minds were already turning to the all-important spring crop, which was due to begin on 1 March and for which rainfall was still desperately needed. A few days of rain at the end of January and start of February brought some relief, but concerns still understandably linger.

“Because of the drought, the early crop will be 30-40 per cent less than last year,” laments Pambos Anastasiou, general manager of the Pancyprian Potato Growers Group (POP), whose 800 growers make it the largest growers' organisation in Cyprus. “This is a very important period, when we take over from Egyptian and Israeli suppliers, so we always encourage our growers to get the potatoes out of the ground as soon as possible. But it's down to the weather. It's always down to the weather.”

Mr Anastasiou forecasts a combined crop – winter and spring – of just over 30,000 tonnes. However, he concedes that it is still too soon to make any kind of accurate prediction. “The growers are still planting, and they were boosted by the recent rain,” he says. “So although harvesting of the winter crop has ceased due to the wet soil, the rain has certainly helped us in the long-term.”

“The recent rain is a blessing for us,” echoes Rodis Hadjiandreou,

sales manager at packer-exporter Roha Premium Potato. "Farmers were very skeptical about this season's production. This all changed after the rain. Now people are more optimistic and are planning ahead."

Opinion as to whether the water problem can ever be resolved is divided amongst Cyprus's potato exporters. While some are more pessimistic, Demetris Petrides, managing director of DP Agroproducts, believes that water shortages could become a thing of the past within three years' time, thanks to the construction of new desalination plants.

"A plant is going to be built in the island's capital Nicosia, which will be able to supply water for irrigation," he tells Eurofruit Magazine. "This is expected to be operational by 2012. Together with the other three plants, the water situation should improve greatly."

### Competition rules

For Cyprus's potato exporters, 2004's accession to the European Union brought with it numerous benefits, not least the abolition of tariffs and the harmonisation of regulations. However, one change that many in the industry considered undesirable was the abolition of the monopoly power of the potato marketing board, a move that caused financial difficulties for growers, who were compelled to market their products either direct or through middlemen.

Producer organisations were formed to alleviate problems for farmers, increasing their bargaining power and scheduling and adjusting production according to the market's needs. Nevertheless, in the absence of a monopoly, competition between Cypriot exporters targeting the same markets frequently led to a diminishing of overall sales.

Despite this problem, Andreas Savvides, chairman of Savvides OmniPatat, sees many positives in the abolition of the monopoly and the resultant outburst of competitiveness. "Competition has created some problems, yes, but the positive side is that private exporters are looking for new avenues, niche markets and new varieties, so they contribute toward driving the entire industry forward."

### Export challenges

Since the main season for Cyprus potatoes begins in March, following directly from the Egyptian and Israeli seasons, competition with these countries only arises when Cyprus potatoes are harvested late – in which case the island's competitors benefit – or if high volumes result in the saturation of the market. "We don't consider the Egyptians and Israelis as our direct

competitors unless they have huge quantities they are unable to sell," explains Mr Savvides. "In this case, they can very easily destroy the market with lower prices, as happened in 2005."

In the UK, Cyprus has been losing market share, first to Egypt and then to Israel, over a number of years, and that process seems unlikely to cease, particularly in the current economic environment, with supermarkets struggling to cling onto cash-poor customers.

"We used to export 200,000 tonnes of potatoes to the UK," says Nicos Genneos, marketing manager of the Cyprus Potato Marketing Board (CPMB), "compared to Israel's 30,000 tonnes. Israel now produces 350,000 tonnes in a good year."



Andreas Savvides of Savvides OmniPatat

Around 30 years ago, he continues, potatoes were the biggest source of income for the island. Now, due to the rise of the hotels, tourism is number one, and by a considerable margin.

A key factor in the decline has been the sudden shift in the way potatoes are sold in Europe, with supermarkets now favouring the polished appearance of washed potatoes over the natural look of a ready-uprooted spud. The result is that Cyprus potatoes' renowned appearance, a reddish hue often with clumps of burgundy soil still attached – an attractive characteristic that served to distinguish the island's potatoes from the rest – is now redundant throughout much of Europe.

"There has been a big change in the trade in Europe," explains Mr Genneos. "We still sell a lot to wholesale markets, but supermarkets now want to offer washed potatoes. They don't care about the colour of the soil, they care about the price."

"The emphasis regarding appearance

### Savvides OmniPatat

Savvides OmniPatat is a privately owned, family-run business founded in 1996 when chairman Andreas Savvides retired as general manager of the Cyprus Potato Marketing Board, a post he had held for 30 years. The company is widely acknowledged as an expert consultant in the potato industry, as well as an agent for premium seed companies and a leading exporter of Cyprus potatoes. "Quality has always been our priority," says Mr Savvides. "But in addition to quality, consumers are interested in food safety, health and the environment. All our growers are therefore GlobalGAP-certified and we only pack potatoes that have the necessary certifications. We strive to grow potatoes that have excellent quality in appearance and taste and are free of residues. I believe our growers have improved considerably over the years and are now extremely conscious of the importance of these issues."

➤ [www.savvidesomnipatat.com](http://www.savvidesomnipatat.com)

### Cyprus Potato Marketing Board (CPMB)

The CPMB was established by law in 1964 and has promoted Cypriot potatoes for more than 40 years. Since Cyprus's accession to the European Union in 2004, however, the board's role has changed markedly. The majority of potato growers are now organised into growers' groups, with the CPMB engaged in planning the required quantities and varieties, packing, shipping and marketing. "The CPMB plans the season," says marketing manager Nicos Genneos. "This year we decided to import less seed due to the water shortage. We also pack the potatoes, arrange the transportation, agree the prices and give advances to growers according to the season's prospects. In addition, we organise our participation at various trade fairs around the world, examining the markets and deciding where we need to promote."

➤ [nicos.genneos@cpmb.org.cy](mailto:nicos.genneos@cpmb.org.cy)

is on shiny skin because the majority is sold washed and prepackaged," adds Mr Savvides. "Is the aim to increase convenience for consumers or for the supermarkets themselves? I suspect the latter. This trend is definitely an inconvenience for our potatoes, but I predict that it will soon revert back to the natural appearance. I believe that those supermarkets that start selling Cyprus



**Pambos Anastasiou, general manager of the Pancyprian Potato Growers Group**

potatoes loose and unwashed will be pleasantly surprised by the sales.”

### Importance of quality

All of this means that Cyprus potatoes have to rely heavily on their undisputed quality in order to maintain market share. “Our strongest advantage is sustainable quality,” says Mr Anastasiou of the POP. “We have a good reputation supplying consistent quantities of a consistently high quality. This is how we keep our existing customers.”

“Quality has always been the priority for Cyprus potatoes,” adds Mr Savvides. “The most important thing is how tasty, fresh, healthy and nutritious the potatoes are. Consumers come back only when they like the taste, and then repeat sales are guaranteed. That is the name of the game. When people tell me they are expensive, I reply, of course, they are the best and incredible value for money. They are the Rolls Royce of potatoes!”

### Uncertainty in the UK

Nevertheless, the UK market, historically the most important for Cyprus potato exports, has been in decline for several years. “In 1976, we sold over 200,000 tonnes to the UK,” recalls Mr Savvides. “Towards the end of the 1980s, this had fallen to around 110,000 tonnes, and until 1995 we were selling 60,000-65,000 tonnes to UK supermarkets.” In 2008, a mere 13,432 tonnes of spring crop potatoes were sent to the UK market.

The drop in exports to the UK can be explained by the current economic crisis, which appears to have hit the UK particularly hard, as well as the dramatic descent of the pound. In addition, the rise of the discounters spells bad news for higher priced potatoes.

“The UK will be a hard market this year

due to the economy and exchange rates,” says Mr Anastasiou. “Those who favour our potatoes will still want them, particularly Greek Cypriots based in the UK, but it is the supermarkets that will decide. We will have to wait and see whether they want high-end potatoes or not.”

However, Savvas Savva of cooperative growers’ union SEDIGEP sees the opportunity for increased sales during this time of economic hardship.

“During recessions people often cut out unnecessary expenses like going to restaurants,” he says. “Instead they buy more from the supermarket, and potatoes are a basic, resilient product that can be cooked in many different ways. People also treat themselves at the supermarket, since they are aware of the savings being made by not eating out, therefore top-quality Cyprus potatoes may benefit as a result.”

### New markets beckon

Lest they be forced to rely too heavily on uncertain markets such as the UK, many of the island’s exporters are training their sights on various new, untapped markets, and diversifying in order to lessen the risk. Eastern Europe is one region that has attracted interest, in addition to the huge but unpredictable market of Russia.

“Potential markets include eastern Europe and Russia,” says Mr Anastasiou, “but we would need a lot of luck for Russia. We are looking to expand in Scandinavia and we conducted some trials in France last year and the year before. However, nothing is certain. We’re always looking at new markets, such as Croatia and Slovenia. We see how much we sell and at what prices, and then we reevaluate the situation.”

Roha Premium Potato is equally interested in gaining a foothold in Russia.

### SEDIGEP

SEDIGEP is a cooperative growers’ union that was established in 1964 to export a range of produce grown by its farmers. Prior to Cyprus’s accession to the EU, SEDIGEP was only a packer of potatoes, but in 2004 the company commenced exports, devoting a large share of its packhouse to potatoes, refurbishing it and equipping it with new machines, and gradually increasing its exports to around 8,000 tonnes.

➔ [www.sedigep.com.cy](http://www.sedigep.com.cy)

### Pancyprian Potato Growers Group (POP)

POP is a non-profit growers’ organisation and by far the largest in Cyprus, with over 800 growers. It is the only group in Cyprus that is officially recognised and audited by both the Ministry of Agriculture and the European Union. The group is in close cooperation with the Cyprus Potato Marketing Board, in terms of planning, packing and marketing its potatoes. POP’s growers are spread out all over the island, with the capacity to grow approximately 80,000 tonnes of potatoes a year.

➔ [www.cypruspotato.com](http://www.cypruspotato.com)

### Roha Premium Potato

Roha is a packer-exporter with 75-80 growers. “We are the second or third biggest potato exporter in Cyprus,” says the company’s Rodis Hadjiandreou, “and we send 13,000-14,000 tonnes a year. We supply Poland, Germany, the UK, Croatia, Slovenia, the Netherlands, Greece, Italy and Belgium. At the moment, we are also trying to boost exports to the Russian market.”

➔ [hadjiandreou@cytanet.com.cy](mailto:hadjiandreou@cytanet.com.cy)

### DP Agroproducts

DP Agroproducts is a relatively new exporter of potatoes, with around 15 growers. The company has quickly increased export volumes of the spring crop to 3,500-4,000 tonnes, double last season’s volume. Although Nicola is the company’s main potato variety, the Innova variety has been planted for the first time this year in order to cater for a particular customer based in the Netherlands.

➔ [demetrispetrides@cytanet.com.cy](mailto:demetrispetrides@cytanet.com.cy)

“We are currently trying to enter the Russian market,” says Mr Hadjiandreou. “We should be sending some volumes to St Petersburg this year.”

The worst market for potatoes at present, according to Mr Hadjiandreou, ▶



Workers size up potatoes at a packhouse in Larnaca

is the UK. “We are currently losing money when we ship to the UK,” he says. “This is partly due to the exchange rate and the economy, but it is also down to the UK’s system. We are interested in selling at firm prices, but in the UK the buyers want to work on commission for what they sell.”

“The UK used to be our main trading partner,” adds George Hadjiafxentis, senior commercial officer at the Ministry of Commerce, Industry and Tourism, “but now Germany, Belgium and Italy are becoming more important. We are also trying to diversify with new export markets.”

Nevertheless, some exporters remain convinced that the UK market still represents a worthwhile pursuit. Mr Petrides of DP Agroproducts specifies the market’s appreciation for top quality as a key factor. “I believe in the UK market,” he says. “I think we need to start again there. In the UK, Cyprus potatoes have established an excellent reputation. The country has very good packhouses and consumers appreciate high quality products.”

Despite such evident interest in maintaining, and expanding into new, export markets, the importance of the domestic market for potato sales should not be underestimated. “Around 55,000 tonnes of Cyprus potatoes are consumed domestically each year,” reveals Mr Hadjiandreou.

### Planning for the future

However, that same spirit that has for over 30 years prevented Cyprus’s potato growers from abandoning hope of one day returning to their plantations and packhouses in Turkish-occupied territory, prevents them also from conceding their hard-fought export

### Y&P Fresca Imports Exports

Y&P Fresca is a packer-exporter not just of potatoes, but of a broad variety of fruit and vegetables. Although the company was only registered in 1997, managing director John Symeonides has more than 36 years’ experience in the industry. The company’s customer base spans numerous countries in Europe, Russia, the Middle East and North America.

➔ [www.fresca.bz](http://www.fresca.bz)

markets. Whether it be through new varieties, new ways of adding value or new means of reaching their export markets, Cyprus’s growers will continue to innovate and will certainly not be waving the white flag any time soon.

“We are looking to go straight to the supermarkets instead of via merchants,” reveals Mr Hadjiandreou. “This will enable us to offer consumers a more attractive price. We are also looking at the convenience sector. We are about to send prepackaged potatoes to a supermarket in Greece. The first batch is due on 1 March and the journey time is only 26-30 hours. For the rest of Europe, it will be more difficult, due to the distance, but it is still a future possibility.”

“Prepacking our own potatoes is definitely an option,” agrees SEDIGEP’s Mr Savva. “Prepackers in Europe may already have the facilities to do it, but perhaps, given a large enough investment, we would be able to take over this value-adding process.”

Those in the industry are equally aware of the importance of advertising to raise the profile of the island’s spuds. “Cyprus potatoes are traditionally

### Exports of spring crop potatoes

Year	Tonnes
2004	76,164
2005	91,867
2006	63,739
2007	93,740
2008	64,585

Source: Cyprus Ministry of Agriculture, Natural Resources and Environment

### Exports of spring crop potatoes – by destination, 2008

Country	Tonnes	%
UK	13,432	20.8
Belgium	10,406	16.1
Germany	7,293	11.3
Italy	7,231	11.2
Netherlands	6,974	10.8
Greece	6,906	10.7
Ireland	3,420	5.3
Poland	2,210	3.4
Norway	1,887	2.9
Croatia	1,174	1.8

Source: Cyprus Ministry of Agriculture, Natural Resources and Environment



Rodis Hadjiandreou of Roha

regarded as a premium potato and we need to advertise that fact, not just rely on the taste itself,” says Mr Savva. “We undertook a promotional programme for citrus, including in-store tastings, advertisements in magazines and letters to dieticians about the health benefits, and it was very successful. The same can be done for our potatoes. We also need to educate consumers on how best to use the different varieties – for example, this one is good for baking, this one for frying and this one for mash.”

Cyprus’s potato growers displayed a united front at last month’s Fruit Logistica fair in Berlin, occupying a large communal stand. “This event is so important because it is a meeting point for everyone in the industry,” says Mr Hadjiafxentis. “We will also have a presence at World Food Moscow later in the year, as well as at fairs in Singapore, Hong Kong and China.” ■