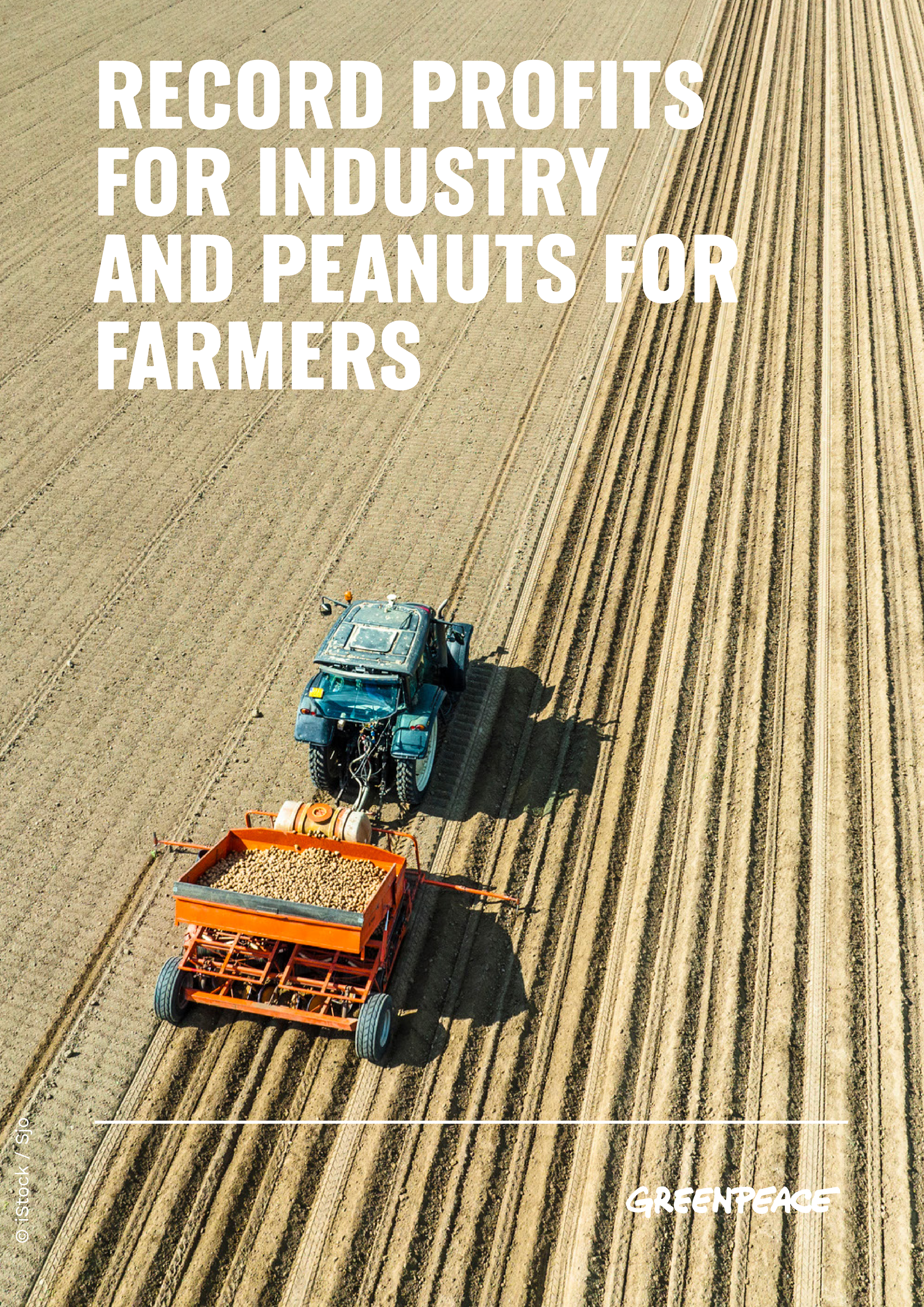
RECORD PROFITS FOR INDUSTRY AND PEANUTS FOR FARMERS



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EXECUTIVE SUMMARY

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The potato: an icon of Belgian agriculture and a staple in the Belgian diet. But, it has become a symbol of the agricultural industrialization that Greenpeace has been challenging over these last decades.

It is not the farmers who are reaping the benefits of their labor. They have recently expressed pressing concerns about their livelihoods and the future of farming in Belgium as they, among others, find themselves in a precarious position, with margins so thin that many feel their future to be at risk.

Profits amidst food inflation

The report highlights that while industry profits have been rocketing, both consumers and farmers are experiencing economic difficulties.

Since 2021, Belgium has been through a sharp rise in the consumer price index, with food taking a larger share of household budgets. But, as the overall consumer price index rose by 26% since 2015, potatoes and related products soared by 61.14%[1]. Price monitoring in supermarkets also reveals a 51% price rise in 2022 for potato products such as frozen fries[2].

Farmers are not benefiting from the price increase. Our analysis shows a stark mismatch in value distribution, with a significant portion of the profits not reaching the farmers who sustain the Belgian agricultural economy. It suggests that influential food corporations have exploited market dominance to enforce price rises and increase their margins beyond genuine inflationary needs.

We examined the 81 members[3] of Belgapom, the potato industry's lobby, to understand the profit evolution. Their members have seen consistent growth in their net added value and total assets over nearly a decade, highlighting a flourishing sector. In 2022, operating profits (+657%), total assets (+19%) and net added value (+82%) increased significantly. This increase is mostly due to The Big 7, which are dominant forces in both the Belgian and global potato markets: Clarebout Potatoes, Agristo, Lutosa, Mydibel, Ecofrost, Farm Frites Belgium and Aviko Belgium. These key Belgapom members control approximately 90% of the Belgian market and are the world's largest exporter of potato products[4].

- **Revenue Growth:** in 2022, the Big 7's revenue surged to €3.4 billion, a 44% increase from €2.3 billion in 2021. Clarebout Potatoes led with a 62% increase, reaching over €1 billion.
- **Net Added Value:** doubled from €329 million in 2021 to €725 million in 2022, indicating substantial value creation.
- **Operating Profit:** soared by 1444%, from €25 million in 2021 to €387 million in 2022, highlighting a shift to exceptional profitability.

The Belgian potato processing industry also handled a record 6.2 million tonnes of processed potatoes in 2022, an 18% increase over 2019, the previous record. Revenue and net added value, however, rose disproportionately by 67% and 132% respectively from 2019, with operating profit soaring 1380% since then. Yet this increase in processed volumes and the cost of raw materials are not in line with the increased revenue and profits. This suggests potential leveraging of inflation to disproportionately enhance profit margins.

1 Eurostat, "HICP - annual data" https://ec.europa.eu/eurostat/databrowser/bookmark/9feab1c3-a343-4456-86e8-985fbff35077?lang=en
2 Testaankoop, "Inflatie in de supermarkt heeft daling ingezet, maar blijft met 19% bijzonder hoog", 2023 https://www.test-aankoop.be/familie-prive/supermarkten/pers/inflatie-januari-2023
3 Belgapom, "Ledenlijst", https://belgapom.be/nl/ledenlijst/
4 Flanders Potato Products, "Verwerkte aardappelen" https://www.flanderspotatoproducts.com/nl

All the risks for the farmer, and the profit for the industry

Belgian potato farming is fraught with risks due to the variable yields caused by unpredictable weather. Adding to these market fluctuations, there is market competition with very little product differentiation and strict contract terms[5]. It is a system in which farmers bear the bulk of the risk.

In Belgium, potatoes are primarily traded through two channels: the contract market (70% to 75% of sales[6]) and the "free market". The contract market offers financial predictability to farmers through predefined agreements regarding delivery prices and quantity, while the free market, guided by the Belgapom price quotation, operates on fluctuating supply-and-demand dynamics. But both channels highlight a significant power imbalance between farmers and the highly concentrated market: the top potato processing companies, including the Big 7, control 87.32% of the industry. In the contract market, if farmers fall short due to factors like more and more extreme weather events, they themselves must cover the cost difference between the contract and free market prices.[7] On the "free market", prices are set on a weekly basis by Belgapom. This arrangement allows these firms to inflate prices and profits at the expense of farmers and consumers.[8]

And farmers are paying the price for this unbalanced power relationship. Despite the Big 7's €3.4 billion revenue in 2022, with €387 million in profits, total farm revenue was around €591 million[9]. For their products sold at the supermarket, where potatoes and frozen fries cost an average of €1.63 and €1.75 per kilogram respectively in 2022[10], the farmer received an average of €0.18 per kilogram and after covering costs, only about €0.02 per kilogram goes towards the farmers' wage. This disparity is even more remarkable when visiting your local friteries, where, on average, only 0.819 cents of a €2.64[11] small order of fries constitute compensation for the farmer's labour. These figures are average approximations used to illustrate the unfair division of profits between farmers and the industry, highlighting a profound issue in the industry's profit-sharing model.

5 Belpotato, "Gedragscode voor het opmaken van contracten in de aardappelsector", https://belpotato.be/_library/_files/GEDRAGSCODE_CONTRACTEN_AARD2021.pdf
6 Prijzenobservatorium, "Analyse van de prijzen 2019 Deel III: Analyse van de marktwerking van de aardappelkolom in België" 2020 https://economie.fgov.be/nl/publicaties/analyse-van-de-prijzen-2019-0
7 LandBouwLeven, "Aardappelcontracten juridisch bekeken", 2020 https://www.landbouwleven.be/9518/article/2020-11-19/aardappelcontracten-juridisch-bekeken
8 Philip H. Howard, "Concentration and Power in the Food System", 2021, Contemporary Food Studies, ISSN: 2058–1807
9 Statbel, "Land- en tuinbouwbedrijven" https://statbel.fgov.be/nl/themas/landbouw-visserij/land-en-tuinbouwbedrijven#figures
10 TestAankoop,"Inflatie blijft dalen in de supermarkt", 2024 https://www.test-aankoop.be/familie-prive/supermarkten/nieuws/inflatie-februari-2024
11 Kristof Simoens, "Pak frieten is fors duurder en daar hebben ook de frituristen het moeilijk mee: "Maar één valabel alternatief voor prijsstijging"", 2023, Nieuwsblad https://www.nieuwsblad.be/cnt/dmf20230208_97242861

Furthermore, from planting to harvest, farmers are trapped in a system that restricts their autonomy and financial stability, a system in which they are forced to either scale up or exit the market.[12] Scaling up pushes them into deeper debt as they must acquire more land and expensive equipment to stay competitive. The drive for efficiency and scale, necessary for survival under current economic pressures, paradoxically degrades the natural resources essential for long-term farming viability. This includes, for example, the intensive use of pesticides and fertilisers.

Farmers on the front line of climate change

This unfair contracting system is singularly harmful for Belgian potato farmers who are already facing the catastrophic consequences of the climate disruption. They are particularly susceptible to the climate crisis due to the crop's sensitivity to weather fluctuations, and have been facing years marked by extreme conditions that severely impact their yields and livelihoods[13]. From devastating floods to severe droughts and the global disruptions of the COVID-19 pandemic, the challenges have been significant. And 2024 is again shaping up to be particularly difficult for the agriculture community with 61% of farmers reporting significant losses, and ongoing rain threatening this year's yields. These extreme weather patterns, which are expected to worsen in the future, impact the farmers' supply, revenues and vulnerability in the market, highlighting an urgent need for adaptive strategies in farming practices.

Demands and political recommendations

It's essential that we transcend the false dichotomy between financial viability for farmers and ecological sustainability. To ensure a sustainable future for our food systems, it's crucial to transition to a food system that respects both farmers and the environment, especially as climate change intensifies.

To reinforce the bargaining power of farmers within the potato sector, we recommend strengthening agricultural cooperatives as well as establishing a governmental role as an impartial arbiter in negotiations between farmers and the industry.

Another recommendation includes eliminating the Belgapom price and replacing it by pricing mechanisms that reflect true market conditions and production costs. The latter is applicable to the entire agricultural sector: indeed, it's important that our governments manage to legally and effectively protect agricultural prices in their entirety. These prices should never fall below the cost of sustainable production.

12 Steven Vanden Bussche,"De gouden knol blinkt niet voor iedereen", Apache, 2021 https://apache.be/2021/02/17/vrije-aardappelmarkt
13 Vito, "De Impact van extreem weer op de aardappelteelt", 2021, https://vito.be/nl/nieuws/de-impact-van-extreem-weer-op-de-aardappelteelt

In parallel, a rebalancing of the power relations within the agri-food chains is much needed, with a reinforcement of the control of the Price Observatory as well as proper controls and sanctions of unfair practices by the agroindustry and large retailers. To be coherent, Belgium should also advocate for regulations of world agricultural trade, and take a position against free trade agreements that endanger the transition of our food systems.

In order to boost the development of robust crop varieties that require fewer chemical inputs, investing in research and development is key, while also ensuring a viable market by making sure that these robust varieties are favoured by the agro-industry and large retailers. In parallel, our governments should develop a coherent plan to enable all farmers to move away from pesticides and synthetic fertilisers while massively funding the transition away from chemicals (the agro-ecological transition).

Finally, support mechanisms to protect farmers from the financial risks associated with extreme weather should be developed and broadened to encompass the whole community of farmers, ensuring that natural disasters do not lead to economic ruin.

The full list of political recommendations can be consulted at the end of the report.

1. THE BELGIAN POTATO AGRO-INDUSTRY BOOM

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A. SETTING THE STAGE

In Belgium, the potato is not merely a crop; it's a cornerstone of national identity and culinary pride. The Belgian love affair with potatoes is deeply interwoven into the fabric of its culture, epitomised by the beloved "frites"—a national treasure and a culinary icon renowned the world over. From family kitchens to bustling friteries, potatoes feature prominently in Belgian cuisine. The humble potato has become a symbol of comfort, tradition and community, and plays a starring role in dishes that have been passed down through generations.[14] As the summer of 2024 unfolds, the fields of Belgium are abuzz with the annual harvest of new potatoes, their

14 Immaterieel Erfgoed, "De Belgische Frietkotcultuur", https://immaterieelerfgoed.be/nl/erfgoederen/de-belgische-frietkotcultuur

earthy fragrance heralding the arrival of summer's bounty. This is a time of hope and hard work for Belgian farmers, whose hands turn the soil and whose eyes watch the skies. Yet, beneath this idyllic tableau of agricultural tradition, there remains a pressing question: Will the fruits of this harvest enrich the lives of the farmers who work the fields, or will these farmers be swept away in the currents of an industry where few control the many? The answer lies intertwined in the roots of market dynamics, agricultural policies and global trade winds. This report seeks to uncover the journey of the humble potato from the Belgian fields to the global market.

Agriculturally, the cultivation of potatoes is intricately linked to Belgian agriculture, occupying a significant portion of arable land and contributing substantially to the agricultural economy. The nation's fertile fields within the so-called "potato belt" of North-West Europe offer optimal conditions for potato farming, allowing Belgium to ascend as a formidable force in the global export market.

However, a wave of protests across Europe[15] in 2024 have shown that farmers, who are the backbone of the food system, have demands about their livelihoods and the future of farming in Belgium. Farmers in Belgium are being put in a precarious position, with margins so thin that the future of many is uncertain. Yet, it's not the farmers who are reaping the benefits of their labour but the food processing industry in Belgium, which saw windfall profits in 2022[16]. As another summer and a new potato harvest approach, Greenpeace turns its attention to the potato, an iconic Belgian agricultural product, to uncover who truly benefits from this staple.

A fundamental shift in agricultural policy is necessary, with public funds prioritising the farmer over the agro-industry, ensuring that farmers receive a fair share for their produce. We will demonstrate with this report that the current 'free market' is dominated by a small group of powerful actors, including the food industry, large landowners and supermarkets.

B. EVOLUTION OF POTATO CULTIVATION AND PROCESSING SINCE THE LATE 1980s

The potato has become a symbol of agricultural industrialisation that Greenpeace challenges. The sector has undergone significant expansion and concentration since the late '80s, particularly with regard to processing. From processing a mere 500 000 tonnes in 1990, this has grown to over 6 million tonnes in 2022. FIAN, an organisation that defends the right to food and food sovereignty, estimates that to align with the Belgian's average

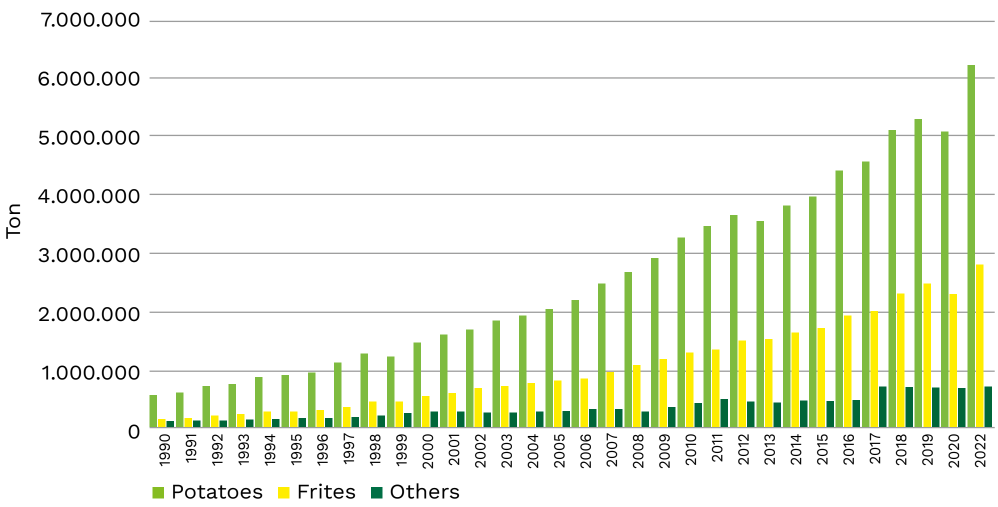
15 LandbouwLeven, "Golf van boerenprotesten overspoelt Europa", 2024, https://www.landbouwleven.be/18687/article/2024-01-30/golf-van-boerenprotesten-overspoelt-europa

16 Oliver Malay, "Wie profiteert van de prijsstijgingen in Belgische supermarkten?", Minerva 2024 https://www.denktankminerva.be/analyse/voedingsprijzen

annual consumption of fresh potatoes, we would only need to produce about 250 000 tonnes each year. This is 25 times less than the 6.2 million tonnes of potatoes processed in Belgium in 2022. As a result, 90% of the processed potatoes are destined for export across the globe.[17] This makes Belgium the number 1 world exporter of processed potato products.[18][19]

The processing industry uses much of the supply of fresh potatoes to make frozen fries and chips, leaving little supply left for Belgians to consume as fresh potatoes. This means that while Belgian farmers produced about 3.6 million tonnes of potatoes in Belgium in 2022 according to Statbel[20], in addition to Belgian farmed potatoes, the potatoes on the plate of the Belgian consumer come from the Netherlands, Spain, Israel and elsewhere.[21] According to data from Eurostat, in addition to production here, Belgium imported about 3.4 million tonnes of potatoes in 2022, mostly to feed the insatiable hunger of the industry.[22]

Evolution Belgapom Raw and Processed Material (1990-2022)



Source: Belgapom[23]

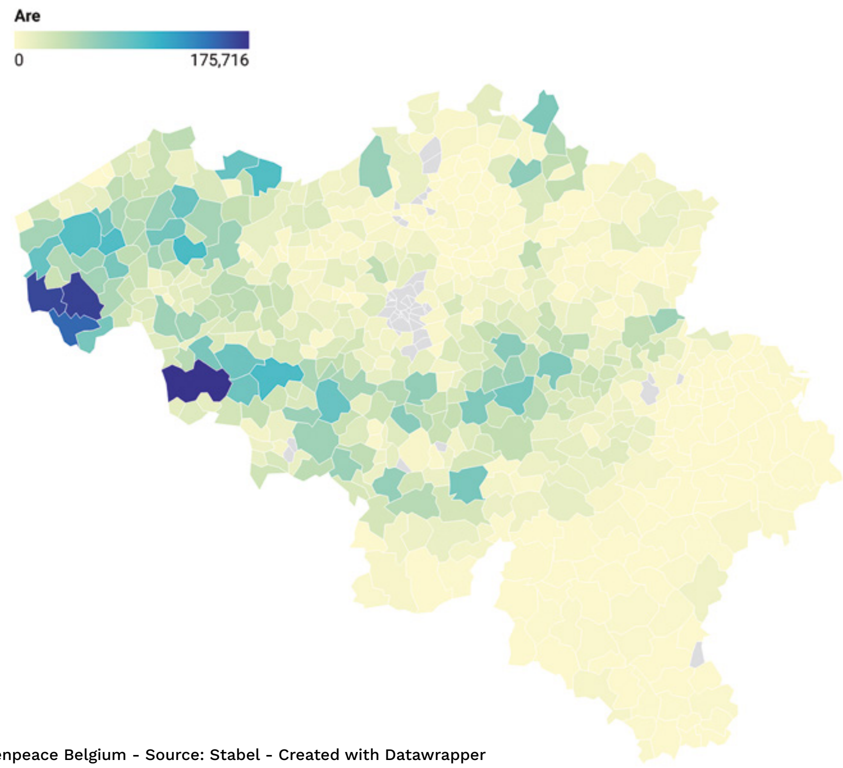
From the provided data and the analysis of the graphs, it's evident that Belgium's potato output has seen a meteoric rise due to industrial demand. The land dedicated to potato farming has increased throughout the years, with production becoming more industrialised and specialised in order

17 Manuel Eggen, "Boze patatten! Hoe de aardappelteelt gekaapt werd door de agro-industrie.", FIAN Belgium, 2021 https://www.fian.be/IMG/pdf/studie-boze-patatten-fian_en_aia.pdf
18 Flanders Potato Products, "Verwerkte aardappelen" https://www.flanderspotatoproducts.com/nl
19 Potato products refers here to any product made from potatoes such as fresh and frozen fries, croquettes, rosti's, potato chips and many other products.
20 Statbel, "Land- en tuinbouwbedrijven" https://statbel.fgov.be/nl/themas/landbouw-visserij/land-en-tuinbouwbedrijven#figures
21 VRT, "Winkels verkopen Israëlische aardappelen (ondanks Belgische overschotten): hoe zit dat juist?", 2020 https://www.vrt.be/vrtnws/nl/2020/05/20/de-inspecteur-ontdekt-dat-onze-supermarkten-vandaag-israelische/
22 Eurostat, "International Trade Data", 2022 http://ec.europa.eu/eurostat/comext/newxtweb/submitopensavedextraction.do?extractionId=18110037&datasetID=DS-059322&keepsessionkey=true
23 Belgapom, "Belgische aardappelsector groeit stevig maar kampt met hoge kosten.", 2024 https://belgapom.be/nl/blog/belgische-aardappelsector-groeit-stevig-maar-kampt-met-hoge-kosten-145/

to serve the processing industry. There has been a shift from providing raw potatoes directly to the consumer to growing industrial varieties of potatoes to produce processed products like fries and purée.

At the moment, about 11% of the total cropland in Belgium is allocated to the production of the potato, with 96 062 hectares of potato fields in 2023. The potato's relative importance has increased compared to just decades ago when in 1980, potatoes only accounted for 5% of the total cropland.[24] Belgium stands out as an outlier amidst the broader trends within the EU-27, where potato production has seen a staggering 37% decline since 2000, as per Eurostat data.[25]

Ares of potato cultivation in Belgium 2022



Map: Greenpeace Belgium - Source: Stabel - Created with Datawrapper

In West-Flanders, a tapestry of potato fields stretches across the landscape, illustrating the region's pivotal role in Belgian potato farming.

The prevalence of potato fields in West-Flanders reflects the deep-rooted agricultural traditions that are a hallmark of this area, solidifying West-Flanders' reputation as Belgium's potato bastion. It's also in this region that many of the big processing facilities are present.

24 Calculated by Greenpeace from Statbel data from 1980 to 2022
Statbel, "Land- en tuinbouwbedrijven" https://statbel.fgov.be/nl/themas/landbouw-visserij/land-en-tuinbouwbedrijven#figures

25 Eurostat, "Crop production in EU standard humidity" https://ec.europa.eu/eurostat/databrowser/bookmark/77f16c0d-e619-4a50-a67b-916eac51ca0c?lang=en

2. AGRO-PROFITEERS: FINANCIAL BOOM FOR INDUSTRY, BUST FOR CONSUMERS AND FARMERS

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In the second chapter of our report, we explore the juxtaposition of the agro-industry's financial prosperity against the economic strain faced by farmers and consumers. As the Belgian landscapes awaken to the harvest of new potatoes in the summer of 2024, it's not just the earth that's being turned over; it's also a question of who benefits from these labours.

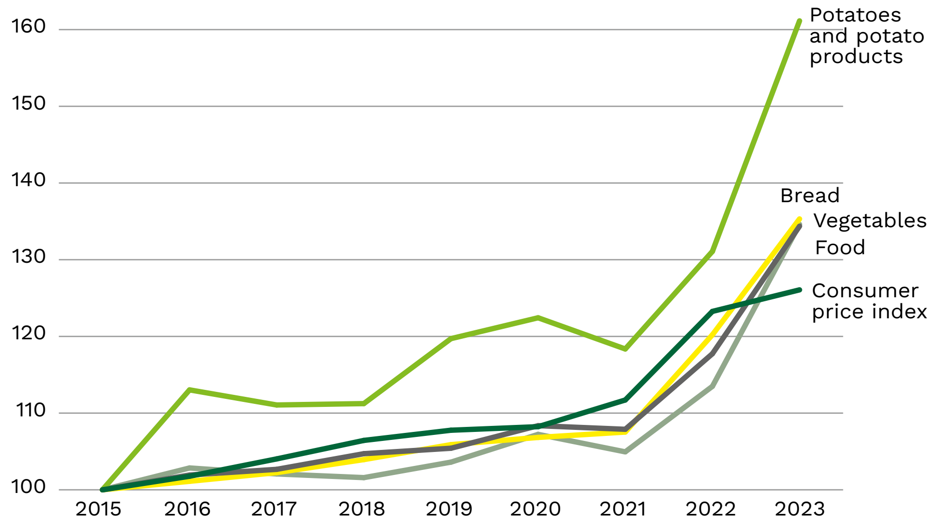
A. PAINFUL FOOD PRICE INCREASES

While the Belgian fields are ripe with the promise of new potatoes, consumers are facing a harsher reality at the checkout counters. Since 2021, and mostly in 2022, Belgium has witnessed a significant surge in the consumer price index, with food items carving out a larger portion of household budgets than ever before. The general consumer price index has escalated by 26% since 2015, with potatoes and potato products seeing an even steeper climb in price at 61.14%, according to Eurostat inflation data.[26] Such a price increase has outpaced the general food inflation, highlighting a distressing trend for the potato-loving Belgian populace. And while most of the potatoes and their processed derivative products eventually end up being exported across the world, the price increases in Belgium for fresh and processed potatoes are a direct result of the potato industry's model in Belgium.

In the graph below, a significant divergence emerges around 2021: the consumer price index for potatoes and potato products soars, delineating an unprecedented rise in cost that outpaces other staples such as bread and vegetables, and far exceeds the overall consumer price index.

Consumer price index: How your potatoes and fries gradually became more expensive

Consumer price index of potatoes and selected products 2015-2023 (2015=100)



Source: Eurostat

26 Eurostat, "HICP - annual data" https://ec.europa.eu/eurostat/databrowser/bookmark/9feab1c3-a343-4456-86e8-985fbff35077?lang=en

It signals an alarming trend where the staple of the Belgian diet becomes increasingly unaffordable, tightening its grip on household budgets already stretched thin by the broader economic climate. The steep climb in prices is a stark indicator of the pressing challenges within the food system, raising critical questions about the underlying factors driving this inflation, notably in an industry marked by significant corporate profits during the same period.[27]

Monitoring the price of thousands of products in Belgian supermarkets, Testaankoop notes that supermarket products increased by 26% since January 2022[28], with a notable increase in the price of frozen fries. The Testaankoop research revealed that in just one year, frozen fries increased in price by 51% in the supermarket.[29] While energy costs and frying oil costs increased as well, further in this chapter we will show that despite increased costs, the potato processing industry made incredible profits.

General inflation and the increase in food prices has had a tangible impact on consumers according to recent research: a 2023 European survey by Euroconsumers reveals the deteriorating financial health of Belgian families, where 53.3% reported financial difficulties in 2022[30], and 27% report running out of money by month-end[31]. Families are increasingly dipping into savings or resorting to loans to manage these "new normal" challenges. In another survey by Euroconsumers, a quarter of respondents testified to buying less food in 2022 due to the high prices.[32]

This economic strain is further echoed in the Gezinsbond's latest family barometer.[33] Many families in Belgium worry about their financial situation. Eighty percent of those with a lower secondary school diploma said it's very difficult for their family's income to cover their expenses. This is regrettably not much better for 69% of single parents. 54% of families that have a family member in need of care are also concerned about their family budget.

Behind this backdrop of consumer hardship, the industry's profit margins tell a different story. The post-pandemic supply bottlenecks, worsened by geopolitical tensions, were driving factors for high inflation. Major input costs, like energy and agricultural commodities, have declined after

27 Oliver Malay, "Wie profiteert van de prijsstijgingen in Belgische supermarkten?", Minerva 2024 https://www.denktankminerva.be/analyse/voedingsprijzen
28 Testaankoop, "De inflatie in de supermarkt blijft dalen. Dit zijn de belangrijkste prijswijzigingen in maart 2024", 2024 https://www.test-aankoop.be/familie-prive/supermarkten/nieuws/maandelijkse-inflatie-supermarkt
29 Testaankoop, "Inflatie in de supermarkt heeft daling ingezet, maar blijft met 19% bijzonder hoog", 2023 https://www.test-aankoop.be/familie-prive/supermarkten/pers/inflatie-januari-2023
30 Euroconsumers, "New Euroconsumers Affordability Barometer shows cost of living crisis is taking its toll", 2023 "https://www.euroconsumers.org/new-euroconsumers-affordability-barometer-shows-cost-of-living-crisis-is-taking-its-toll/
31 Testaankoop, "Belgische consument lijdt (nog steeds) onder inflatie.", 2023 https://www.test-aankoop.be/geld/zichtrekeningen/pers/inflatie-januari
32 Euroconsumers, "4 in 5 consumers believe companies are taking advantage of inflation to increase prices", 2023, https://www.euroconsumers.org/4-in-5-consumers-believe-companies-are-taking-advantage-of-inflation-to-increase-prices-2/
33 Gezinsbond, "Enkele maanden voor verkiezingen kleurt Gezinsbarometer van Gezinsbond rood", 2024 https://nieuws.gezinsbond.be/enkele-maanden-voor-verkiezingen-kleurt-gezinsbarometer-van-gezinsbond-rood

peaking in August 2022.[34] This raises questions about the disproportionate inflation consumers face and the persistence of high food prices despite the normalisation in the cost of production inputs.

The discussion is now shifting towards the role of corporate profits in amplifying these pressures. The Belgian think tank Minerva shed light on the reality that nearly half of the inflation attributed to Belgian companies stems from increased profit margins, an aspect often overlooked but crucial to understanding the broader economic picture. Their research suggests a scenario where certain sectors leverage their dominant positions to elevate prices beyond the expected inflationary trends.[35]

As we peel back the layers of the potato industry's economic dynamics, it becomes clear that the value extracted from this staple crop is not equitably distributed. The profit narrative is misaligned with the experiences of the consumers and farmers who form the backbone of the Belgian agricultural economy.

B. PROFITS AMIDST FOOD INFLATION: GREEDFLATION

In the lexicon of Belgium's collective frustration, 'greedflation' (graaiflatie) shines for its lexical economy—a portmanteau of 'greed' and 'inflation'. This neologism not only claimed the title of Van Dale and VRT's Word of the Year in 2023[36] but also encapsulated the mounting public sentiment towards the perceived greed of corporations amidst rising costs of living. The term emerged as a critical shorthand to describe how companies were suspected of exploiting the high tide of inflation to pad their profits. This feeling is widespread across Europe: in a 2023 survey, 4 out of 5 consumers believed that companies are taking advantage of inflation to increase prices.[37]

The phenomenon of 'greedflation' points to a deeper malaise within the food sector, where powerful corporations, leveraging their significant market clout, seemingly capitalised on the 'everything gets more expensive' mantra to justify price hikes that outstripped the actual inflationary pressures. The Ukraine war, periods of drought, speculation and the energy crisis have undoubtedly played a role in rising food prices.[38] However, there's

34 Allianz Research, "European food inflation – hungry for profits?", 2023 https://www.allianz.com/content/dam/onemarketing/azcom/Allianz_com/economic-research/publications/specials/en/2023/april/food-inflation/2023_04_14_europe_food_inflation.pdf
35 Matthias Somers, "Lonen, prijzen, winsten: een analyse van de bedrijfsresultaten in tijden van inflatie", Minerva, 2022 https://www.denktankminerva.be/analyse/lonen-prijzen-winsten
36 Karsten Lemmens, "'Graaiflatie' is het woord van het jaar", De Standaard, 2023 https://www.standaard.be/cnt/dmf20231218_96700977
37 Euroconsumers, "4 in 5 consumers believe companies are taking advantage of inflation to increase prices", 2023, https://www.euroconsumers.org/4-in-5-consumers-believe-companies-are-taking-advantage-of-inflation-to-increase-prices-2/
38 Allianz Research, "European food inflation – hungry for profits?", 2023 https://www.allianz.com/content/dam/onemarketing/azcom/Allianz_com/economic-research/publications/specials/en/2023/april/food-inflation/2023_04_14_europe_food_inflation.pdf

a compelling narrative that large food corporations in Belgium, potent in customer negotiations, opted to take an extra slice of the pie.[39]

On the ground, the farmers find themselves cornered into economic hardship, with profit margins so negligible that the sustainability of their livelihoods hangs in the balance.[40] Recent research took an industry-wide view and showed that the food processing industry basked in a lucrative 2022. Economist Olivier Malay of the Université Catholique de Louvain indicates a striking 33.2% profit increase for the food processing sector from 2021 to 2022, with figures skyrocketing to an astonishing 78% for the leading food corporations. In his overview of the companies with the most astounding profits in 2022, 3 of his top 7 companies were potato processing industrialists: Clarebout, Agristo and Lutosa.[41]

The following pages will review the profits made by the potato industry in 2022. As the latest complete fiscal year available at the database of the National Bank of Belgium during the time of writing, 2022 provides a snapshot of the potato industry.

First an introduction to some of the terms used:

- **"Net added value"** measures the total value created by a company after paying for all the raw materials and services it needs to make its products. It measures the value a company adds to its inputs, and focuses on the surplus value created through the production process.
- **"Asset growth"** shows how a company's resources have expanded, pointing among others to investments meant to increase production and profits in the future.
- **"Growth of operating P/L,"** or profit and loss, is the financial result of all company activities over a specific period, typically calculated as total revenue less total expenses, including the costs of goods sold, administrative expenses and other operating costs. It gives a comprehensive overview of the financial health and profitability of a company during a specific period.
- "**Profit margin":** A financial ratio that measures the percentage of revenue that exceeds the costs of a company, resulting in profit. It shows how much of each dollar in revenue translates into profit.

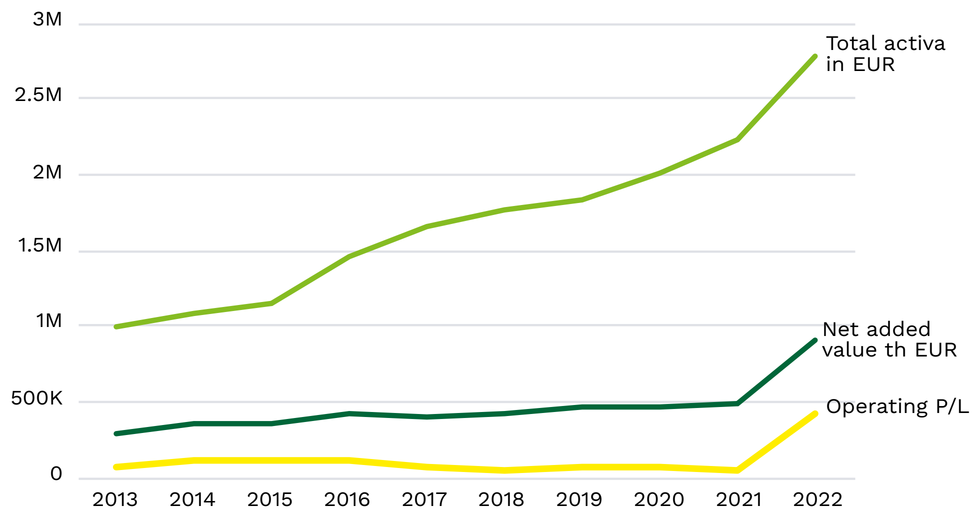
In essence, Net Added Value gives a snapshot of the productive efficiency of the company's core operations, focusing purely on the production side. In contrast, Profit/Loss provides a broader picture of the company's overall financial performance, incorporating both operational and non-operational elements.

39 Oliver Malay, "Wie profiteert van de prijsstijgingen in Belgische supermarkten?", Minerva 2024 https://www.denktankminerva.be/analyse/voedingsprijzen
40 Het Financieele Dagblad, "Landbouw in Nederland lijdt bijna altijd verlies", 2023 https://fd.nl/economie/1465434/landbouw-in-nederland-maakt-bijna-altijd-verlies-koc3ca7wxMpd
41 Oliver Malay, "Wie profiteert van de prijsstijgingen in Belgische supermarkten?", Minerva 2024 https://www.denktankminerva.be/analyse/voedingsprijzen

Belgapom: The potato industry's lobby

To take a first look at the evolution of the profits made by the potato industry in Belgium, we will examine how the members of Belgapom fared these last years. Belgapom is an influential force within the Belgian potato sector. It is the official trade association for the potato trade and processing industry in Belgium. In it, traders and industry join together to represent their interests, functioning as the sector's lobby group. While the name Belgapom might not ring a bell for the average consumer, its impact resonates throughout the industry's corridors of power. This organisation is the voice of the industry, advocating for policies and regulations that favour the interests of potato processors and traders. Their work is fundamental in shaping the economic landscape within which these corporations operate, often influencing the very fabric of the market.

Belgapom members: steady growth and a booming 2022



Source: NBB data from Belfirst

The graph detailing Belgapom's 81 members'[42] financial growth from 2013 to 2022 lays bare a narrative of increasing economic prosperity within the potato processing sector, culminating in an exceptional boom in 2022. Over nearly a decade, there has been a consistent upward trajectory in Belgapom members' net added value and total assets, underscoring a sector on the rise.

However, it is the surge in 2022 that stands out, marking a year of extraordinary financial success. Net added value, a reflection of the industry's economic output, nearly doubled from €497.1 million in 2021 to €904.3 million in 2022. Simultaneously, total assets—a measure of the industry's total resources and a signal of its future production capabilities—increased significantly to €2,792.3 million. Most striking is the operating profit, which escalated from €56 million to a staggering €423.98 million in the same period. This

42 Belgapom, "Ledenlijst", https://belgapom.be/nl/ledenlijst/

marks not just growth but an unprecedented increase in profitability, suggesting that while consumers and farmers faced financial challenges, Belgapom and its associated companies reaped considerable profits. The stark contrast in financial fortunes paints a vivid picture of the disparate impacts of the economic climate within the Belgian potato industry.

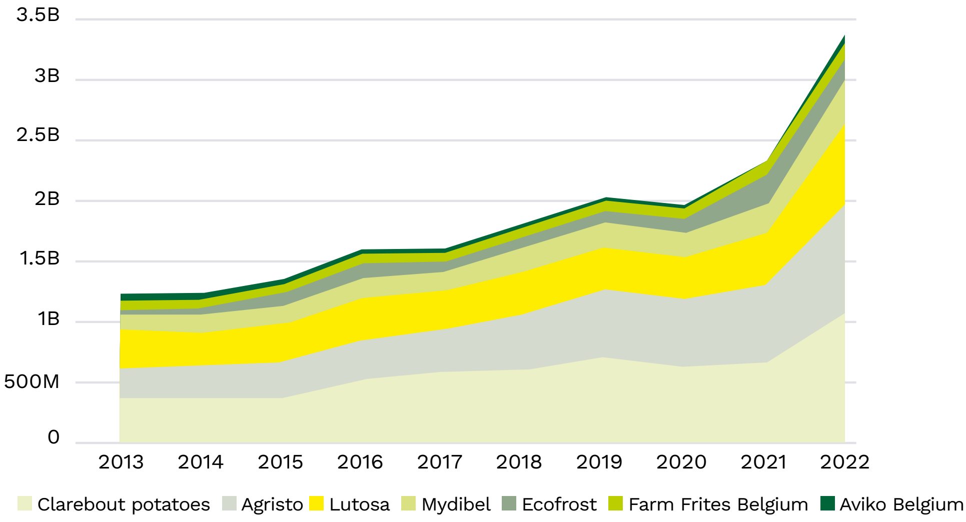
The Big 7 potato processing giants

"The Big 7" may not be familiar names, but their products are ubiquitous, filling the shelves of supermarkets and the menus of popular friteries. These titans of the potato industry—Clarebout Potatoes, Agristo, Lutosa, Mydibel, Ecofrost, Farm Frites Belgium and Aviko Belgium—have a significant impact on the everyday lives of consumers. Together they form the backbone of the Belgian potato processing industry and they are the most important Belgapom members, with Big 7 managers present in the Belgapom Board of Directors.[43]

These entities not only dominate the national landscape, but they also command the global stage as leaders in exporting potato products. Their collective grip on the market extends from the fertile fields of Belgian agriculture to the farthest reaches of international trade. The Big 7's operations exemplify the might of industrial-scale production and the significant influence a concentrated few can wield over an entire sector. These companies control about 90% of the Belgian market.[44] As we delve into the financial contours of 2022, the spotlight turns to the profits of these giants, revealing the extent of their economic stronghold in a year marked by both turmoil and triumph in the global food sector.

Revenue growth: Steady growth and a 2022 boom

Revenue growth of the Big 7: 2013-2022



Source: NBB data from Belfirst

43 Belgapom, "Belgapom Bestuur", https://belgapom.be/nl/voorstelling/bestuur/
44 Manuel Eggen, "Boze patatten! Hoe de aardappelteelt gekaapt werd door de agro-industrie.", FIAN Belgium, 2021 https://www.fian.be/IMG/pdf/studie-boze-patatten-fian_en_aia.pdf

The financial data depicted in the graphs for the period from 2013 to 2022 showcase an industry undergoing significant growth, with the year 2022 standing out as a landmark moment for Belgium's leading potato processing companies. The first graph, illustrating the revenue growth of the "Big 7," reflects an industry soaring to new heights marking the steadily increasing economic clout of Clarebout Potatoes, Agristo, Lutosa, Mydibel, Ecofrost, Farm Frites Belgium and Aviko Belgium. In 2022, the Big 7's revenue growth graph heralds an unprecedented rise to €3.4 billion—a 44% increase from the €2.3 billion in 2021. The company taking home the largest chunk is Clarebout Potatoes, which increased its revenue by 62% in 2022 to more than €1 billion according to its financial statements filed with the National Bank of Belgium.

However, while revenue growth can be indicative of an industry's upward trajectory, it doesn't provide a comprehensive picture of the reasons behind increasing profits. Revenue can swell due to higher sales volumes or increased product prices, which may or may not correspond to increases in costs. To truly understand the profit dynamics, especially in the context of inflation, one must consider the volumes sold alongside the net added value—the true wealth created by these entities.

Volumes of processed potatoes hit record highs, but not nearly as high as its profits

In 2022, the Belgian potato processing industry witnessed a record volume of processed potatoes at 6.2 million tonnes. Since Belgapom didn't publish the 2021 results, and 2020 was an outlier year due to the decreased volumes processed during the Covid-19 crisis, 2019 was used as a reference year. In which case 2022 was a record year, surpassing the last peak in 2019 by 18%. This growth in volume, mirrored by an 18% increase in staffing, sets a baseline for evaluating the revenue jumps.[45]

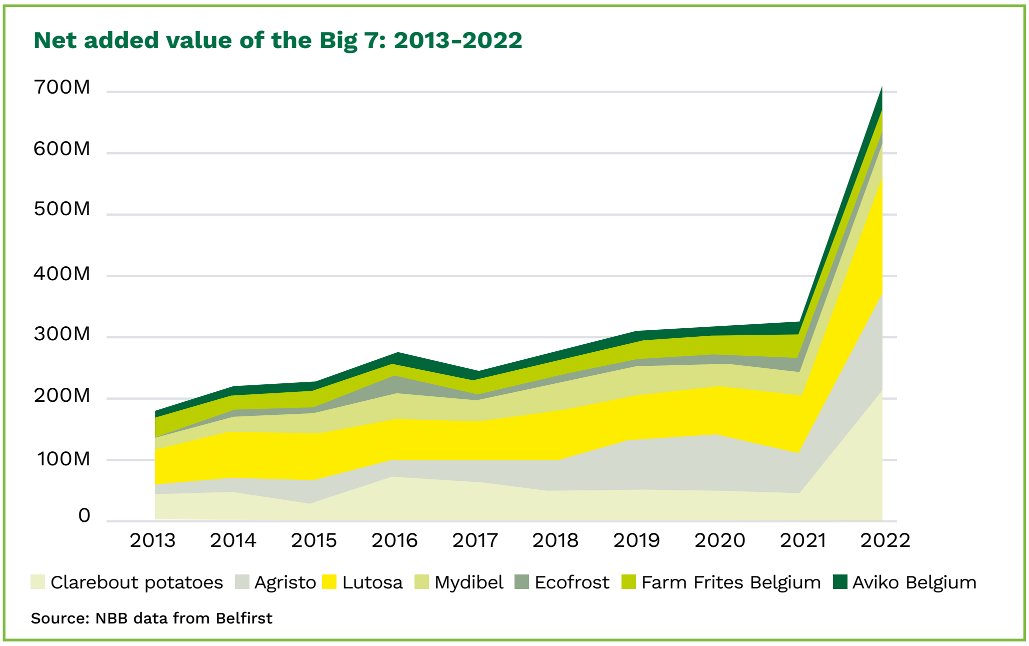
However, when one juxtaposes this volume growth against the 67% revenue surge and a 132% spike in net added value compared with 2019, the picture becomes starkly disproportionate. Even more telling is the combined operating profit of the Big 7, which saw an extraordinary 1380% increase compared to 2019. These figures suggest that the Big 7's profits have outstripped what would be expected from the 18% volume and staffing growth alone, hinting at potential price inflation not entirely attributable to increased costs or improved efficiency.

This analysis draws into sharp relief the issue at the heart of the 'greedflation' debate. While higher volumes should naturally lead to higher revenues, the disproportionate rise in net added value and operating profits could be interpreted as companies capitalising on the inflationary period to expand profit margins significantly. Thus, while the industry grows, farmers and consumers may find

45 Belgapom, "Belgische aardappelsector groeit stevig maar kampt met hoge kosten.", 2024 https://belgapom.be/nl/blog/belgische-aardappelsector-groeit-stevig-maar-kampt-met-hoge-kosten-145/

themselves sidelined from the benefits of this boom, pointing towards an inequality in the distribution of the industry's newfound wealth.

Net added value



The net added value graph marks a sharp ascent in 2022. Net added value is pivotal because it signifies the intrinsic wealth generated by a business during production, after the costs of raw materials, labour and other expenses.

In 2022, the combined net added value of the Big 7 soared to €725 million, more than doubling the 2021 result of €329 million. This notable rise reflects the industry's success in scaling up its value creation far beyond the steady gains of previous years. Such a significant jump, especially in a single year, is crucial as it highlights a potential discrepancy between the increased cost of production and the price of the end product sold to consumers.

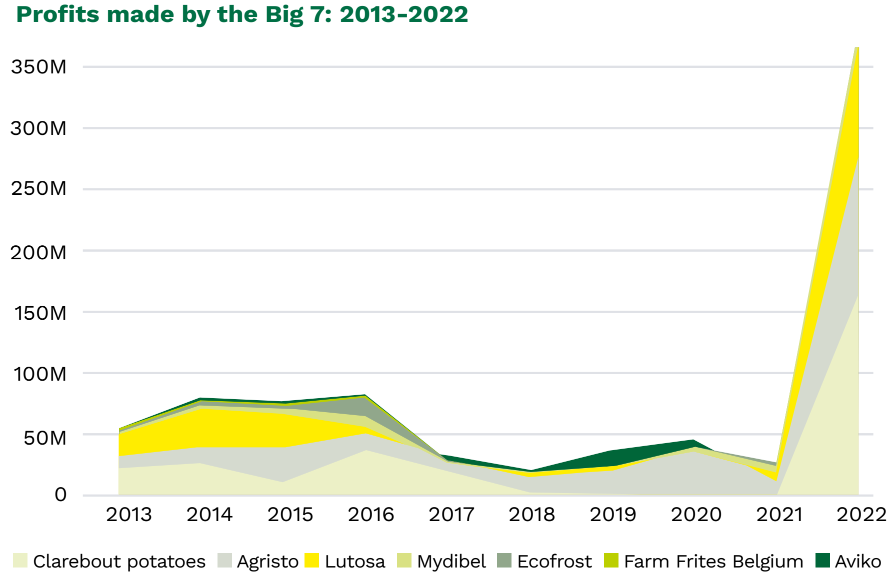
This leap in net added value could indicate a few scenarios: the Big 7 may have drastically improved efficiency or production capacity, but given the scale of the increase, it's more likely that a substantial portion of this added value came from higher prices set amid inflationary times. Crucially: according to the annual accounts of the Big 7, their purchases of raw materials such as potatoes, frying oil, energy and others increased by 36% in 2022. While this is a significant increase in their costs, their net added value increased by 120% that year.

The disparity between the Big 7's net added value and revenue growth between 2021 and 2022 is striking and emblematic of a larger economic phenomenon. While revenue—an indicator of overall sales—grew by a substantial 44%, net added value surged by an even more remarkable 120% during the same period.

Net added value reflects the intrinsic economic worth generated by a company after accounting for the costs of inputs; such a disproportionate increase compared to revenue suggests that the companies managed to significantly reduce costs and increase efficiency, or more likely, they capitalised on the opportunity to elevate prices beyond the incremental costs incurred.

This significant margin expansion is consistent with the concept of 'greedflation'—where companies exploit market conditions to increase prices and, consequently, their profit margins at rates that surpass those justified by inflationary pressures alone.

Operating profits



Source: NBB data from Belfirst

It's the operating profits (Operating P/L), however, that reveal the greatest leap with respect to the previous year. After years of steady performance, a couple of bad years came with the 2018 drought[46] and the global Covid-19 pandemic in 2020. However, 2022 marks a year of unprecedented profitability for these titans of the potato processing industry.

When examining these profits, the data from the annual accounts shows that the combined operating profit of the "Big 7" ballooned by a monumental 1444% in 2022, ascending from €25 million in 2021 to €387 million. This increase far surpasses the increased volumes and increased costs.

46 Pieterjan Huyghebaert, "Droogte mogelijk dramatisch voor de oogst: "Dit zal tot kerst voelbaar zijn"", VRT NWS, 2018, https://www.vrt.be/vrtnws/nl/2018/07/12/droogte-mogelijk-dramatisch-voor-de-oogst-dit-zal-tot-kerst-voe/

This rise is especially remarkable given the differences within the group: Clarebout Potatoes' substantial operating profit of €166 million, followed by Agristo with €112 million and then Lutosa with €95 million in 2022. This starkly contrasts with Ecofrost's initial operational loss, which was later offset by non-operational revenues to eke out a €1.7 million profit.

Such disparities elucidate that not all companies weathered the economic turbulence similarly, yet the overall profit growth narrative remains one that contrasts starkly to the plight of potato farmers, who bear the brunt of harsh climatic and economic conditions.

C. FINANCIAL STRUGGLES FACED BY FARMERS: PRICE FOR THEIR POTATOES

The question at hand is of course: what was the reason that these companies profited so much, and why should it be a problem?

The answer is rather straightforward: while consumer prices for potatoes and potato products such as frozen fries skyrocketed in 2022, the compensation to the farmers cultivating these potatoes saw little to no corresponding increase. Data from Belgapom in the graph below indicates a slight decrease in the average contract price for potatoes in 2022, contradicting the sharp price uptick faced by consumers. Only as the year drew to a close did these contract prices see a marginal rise, but not to the same levels as consumer pricing.

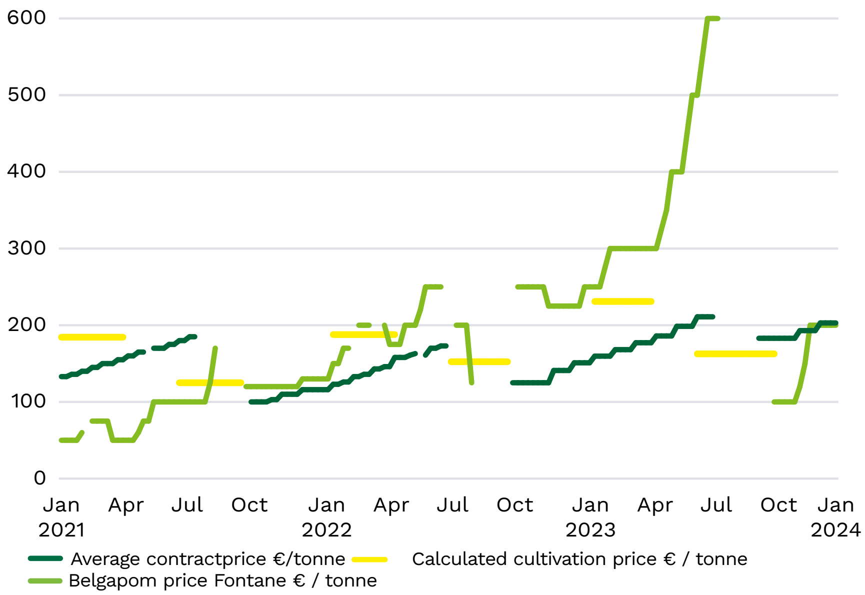
The situation is reminiscent of the energy crisis of 2022, where many grappled with soaring energy costs, yet some fortunate neighbours, colleagues or friends were lucky enough to at that time have fixed-price contracts from previous years, shielding them from the brunt of the crisis. A similar trend has emerged within the potato industry where, according to the FPS Economy, around 70% to 75% of potato sales are bound by such fixed contracts[47], allowing processors to sidestep the financial pressure because they had contracts with 2021 prices. Farmers, however, saw their cultivation costs go up due to increased costs of their inputs.

While some might argue that the Big 7's profits could stem from enhanced efficiency or expanded production capacity, the reality revealed by their financial statements suggests a different story. Despite the cost of raw materials rising by a notable 36% in 2022 according to their annual accounts, their net added value surged by a disproportionate 120%. This suggests that the price hikes implemented by these companies may have significantly outpaced the actual increase in costs, raising suspicions of 'greedflation'—inflating prices beyond what inflationary pressures would necessitate, thereby increasing profit margins by an unjustified rate.

47 Prijzenobservatorium, "Analyse van de prijzen 2019 Deel III: Analyse van de marktwerking van de aardappelkolom in België" 2020 https://economie.fgov.be/nl/publicaties/analyse-van-de-prijzen-2019-0

The costs to cultivate potatoes barely meet the price paid for potatoes

Price paid for Fontane industrial potatoes: average contract prices, freemarket Belgapom price, and the calculated cultivation cost



Source: Data from Belgapom and PCA

Potatoes in Belgium are traded in two main ways. The contract market on the one hand, and the free market on the other hand. The contract market involves predefined agreements between farmers and buyers (often large processing companies), where prices, varieties, characteristics and quantities are set in advance, offering farmers a degree of financial predictability. Conversely, the free market operates on a supply-and-demand basis, where potatoes are sold at fluctuating prices. The Belgapom price quotation is the most used free market price. However, in Belgium, almost all potatoes are sold through contracts.[48]

For the 2022 harvest, the average contract prices paid to farmers decreased somewhat compared to the previous year. The gap between the cost of producing potatoes, which has been on an upward trend, and the price farmers receive illustrates a tightening squeeze on their margins. The Flemish Test Centre for Potato Cultivation (Proefcentrum voor Aardappelteelt) provides an annual estimated cultivation price per tonne, accounting for fluctuating costs like fertiliser and pesticides. The calculated cultivation price is always higher at the end of the potato season, due to the costs of months of storage. While this calculated cultivation price is not an average, since each farmer is different, this figure is critical for comparing the actual cultivation costs against the price farmers are paid, highlighting the slim margins (if any).

This precarious balance is further complicated by the volatility of Belgapom's free market price, which experienced a dramatic spike towards the end of 2022 and early 2023, reaching unprecedented levels. However, since most farmers operate under fixed contract prices, the boom of the free market

48 Belgapom, "Belgapomnotering" https://belgapom.be/nl/belgapomnotering/

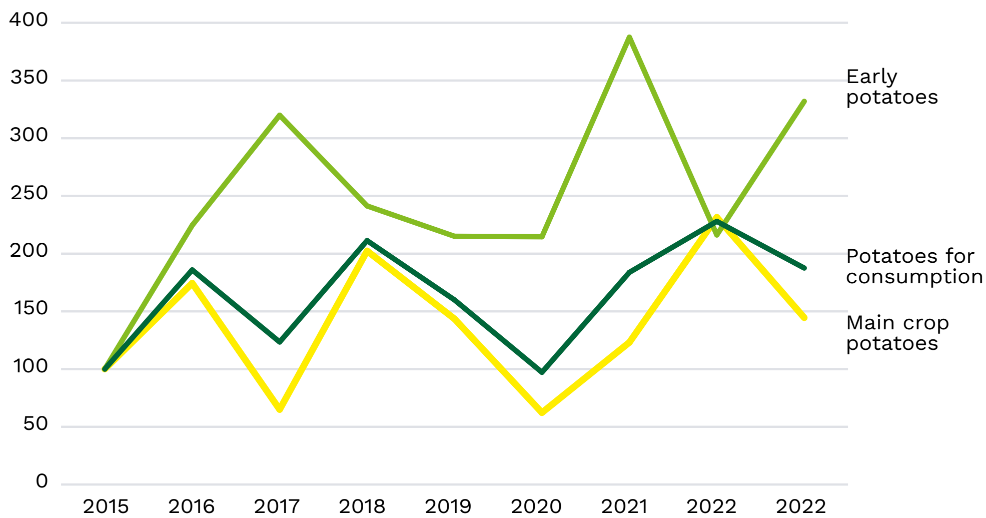
surge is largely unrealised by them, locking them into prices that fail to reflect the escalating cultivation costs or the free market's peaks. This is a point of contention. Apache reported that the FPS Economy has previously expressed concern over the lack of economic logic in how contract prices are set, citing that the price on the contract market depends on the price on the free market in the previous crop year, without any economic logic.[49]

Price volatility impacts farmers

The Eurostat index graph shows the price paid to Belgian farmers for potatoes since 2015. It presents a roller coaster of peaks and troughs, underscoring the volatility that marks the agricultural sector's financial health. While there has been an overall increase in the price paid to farmers compared to 2015 and even 2021, the erratic nature of these prices continues, with 2023 witnessing a dip below the previous year's figures. This volatility is at odds with the steadily increasing costs of potato cultivation reported by the PCA (Test Centre for Potato Cultivation), placing farmers in an increasingly precarious position. The potatoes offered to the industry are in the "main crop potatoes" category.

Fluctuations in price paid to the famer

Price index of potatoes: price paid to farmers in Belgium 2015-2023 (2015=100)



Source: Eurostat

Contract farming, intended to provide stability in a traditionally volatile market, paradoxically leaves farmers subject to the whims of industry-determined prices, which swing dramatically and undermine the stability farmers seek. The industry's inability to offer consistent, equitable compensation that mirrors production costs and market realities calls for a thorough re-evaluation of the pricing mechanisms within the potato sector.

49 Steven Vanden Bussche,"De gouden knol blinkt niet voor iedereen", Apache, 2021 https://apache.be/2021/02/17/vrije-aardappelmarkt

How much of the price paid for a kilogram of potatoes or fries ends up in the pocket of the farmer?

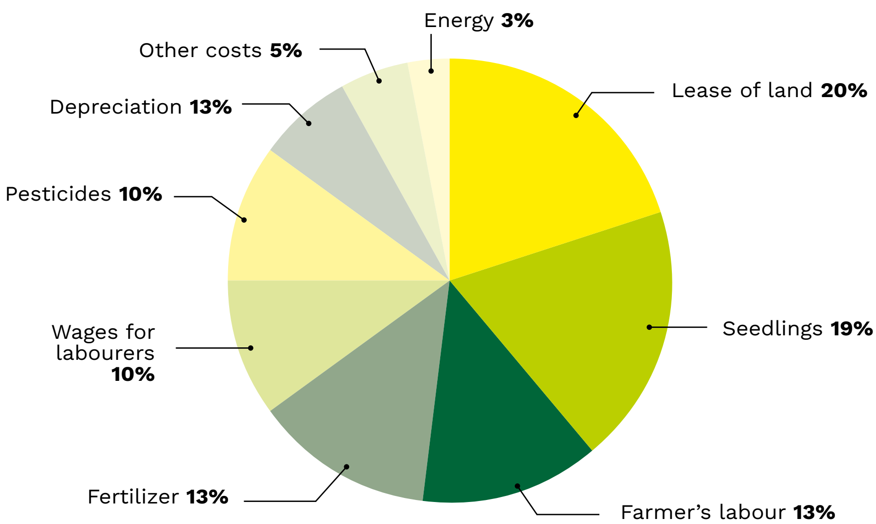
Perhaps you bought a kilo of potatoes at the supermarket today. Have you ever wondered how much of the profit on a kilo of potatoes goes to the farmer? Farmers today would be lucky if they are left with a few cents on a kilo of potatoes, a litre of milk or other products, after deducting all their costs. In recent years, inflation has also made it more difficult for the farmers. Their energy costs increased, the cost of wage labourers increased, and pesticides and fertilisers increased in price.[50]

You might pay several euros per kilogram for your potatoes or fries, of which most goes to the industry and supermarkets.

Based on Statbel's average sale price for potatoes at €180.73 per tonne for the farmer in 2022[51], times the 3.27 million tonnes of potatoes produced in Belgium in 2022[52], the farmers' total revenue is approximately €591 million. This means that on average a farmer earned about 18 cents per kilogram of potatoes sold in 2022, from which a substantial amount must cover the costs detailed below.

Price of potato cultivation breakdown

Calculated price of potato cultivation by Proefcentrum voor Aardappelteelt



Source: Data from PCA

50 Landbouwleven, "Hogere opbrengst kan kostenstijgingen opvangen", 2023 https://www.landbouwleven.be/16172/article/2023-03-04/hogere-opbrengst-kan-kostenstijgingen-opvangen

51 Statbel, "Land- en tuinbouwbedrijven" https://statbel.fgov.be/nl/themas/landbouw-visserij/land-en-tuinbouwbedrijven#figures

52 Data for storage potatoes (bewaaraardappelen) was used here, since these are the most prevalent industry potatoes.
VLAM, "Aardappelbarometer 2023", 2023 https://www.vlaanderen.be/vlam/sites/default/files/publications/2023-05/aardappelproductie%202013-2022.pdf

The breakdown of potato cultivation costs, as analysed by the Flemish Test Centre for Potato Cultivation, highlights the thin margins within which farmers operate. In 2022[53], the most significant costs were land lease and seedlings, constituting 20% and 19% respectively, while the farmer's labour—a fundamental element of the cultivation process—accounted for a mere 13% in their calculations. Out of this, using the PCA calculations, only 13%—approximately €77 million—could be approximated as the farmer's wage. Using these approximations, this leaves only 2.34 eurocents per kilogram as wage for the farmer.

To put this in perspective, the Big 7's revenue was over €3.4 billion in 2022, with an operating profit of €387 million. Compared to what the industry is taking home as profits, this amount is barely a fifth of the industry's profit.

Considering the supermarket prices, where potatoes cost on average €1.63 per kilogram and frozen fries €1.75 in 2022[54], this means only 11% and 10% of this price is going to the farmer on average. After expenses, just 1.4% of what consumers pay at the supermarket actually contributes to the farmer's income, and of the amount paid to the farmer, a meagre 2.34 eurocents goes to their wage.

Or we can use the price paid in your local friterie for comparison. Prices for an order of fries increased on average by 13% in 2022, the strongest surge in two decades according to sector federation Navefri.[55] This was due to an increase in the price for fries, energy and frying oil. According to calculations done by the newspaper Het Nieuwsblad on Statbel data, a small order of fries cost on average €2.64 in January 2023[56]. The farmer's cut in this remains minimal. At the average price of €180 per tonne of potatoes paid to the farmer in 2022, and an average size of 350 grammes per order of fries[57], this means the farmer receives roughly 6.3 cents, of which only 0.819 cents constitute compensation for their labour—this is a mere 0.37% of the order's price that effectively rewards the farmer's toil.

Each farmer's situation is different, with some margins being lower than others. Thus, it's important to highlight that these numbers are estimates based on averages made in order to highlight the farmers share of the allocation between farmers and industry.

53 Landbouwleven, "Hogere opbrengst kan kostenstijgingen opvangen", 2023 https://www.landbouwleven.be/16172/article/2023-03-04/hogere-opbrengst-kan-kostenstijgingen-opvangen
54 TestAankoop,"Inflatie blijft dalen in de supermarkt", 2024 https://www.test-aankoop.be/familie-prive/supermarkten/nieuws/inflatie-februari-2024
55 Kristof Simoens, "Pak frieten is fors duurder en daar hebben ook de frituristen het moeilijk mee: "Maar één valabel alternatief voor prijsstijging"", 2023, Nieuwsblad https://www.nieuwsblad.be/cnt/dmf20230208_97242861
56 Ibidem
57 Chris Snick,"Een klein pakje friet bestaat niet: Wij bestelden tien kleintjes in tien frituren en het verschil was immens", 2018, Nieuwsblad https://www.nieuwsblad.be/cnt/dmf20180725_03631562

Source: Het Nieuwsblad" (Kristof Simoens, "Pak frieten is fors duurder en daar hebben ook de frituristen het moeilijk mee: "Maar één valabel alternatief voor prijsstijging"", 2023, Nieuwsblad https://www.nieuwsblad.be/cnt/dmf20230208_97242861)

That being said, these figures do reveal the stark disparity within the potato supply chain and underscore the pressing need for a fairer distribution of profits—one that truly acknowledges and compensates the essential labour of farmers. If less than one eurocent per order of fries is going to the farmer who made the potatoes for that order of fries, then something is seriously wrong.

BELGAPOM PRICE: THE NOT-SO-FREE-MARKET PRICE

As discussed before, about 70-75% of the potatoes sold in Belgium are based on fixed contracts between farmers and the industry. The rest is sold on the free market when the farmer wants to sell and the industry wants to buy. In the case of Belgium, the most commonly used free market price is the Belgapom price.

Belgapom is the sector federation for the Belgian potato trade and processing sector, advocating the interests of its 81 members, which includes the discussed Big 7 but also all other smaller players in industry and wholesale.[58] Starting in 2001, the organisation took the initiative to start publishing their Belgapom free market price for potatoes, after the Belgian federal government discontinued this.

However, while the Belgapom CEO calls the potato market "the freest commodity market in existence"[59], some questions can be asked about how the price is set.

To put it simply, every Friday, 5 potato industrialists and 5 potato wholesale traders meet together in an office and decide on the free market price for that week. It's the industry itself that decides what the free market price should be. If that doesn't sound like a very free market, well, that's because it's not. It's a price listing from the industry. The CEO's of Agristo, Clarebout-Mydibel, Lutosa and Aviko are all present in its board of directors. Farm Frites and Ecofrost are also members of Belgapom, but their head office is in the Netherlands.

The 'free market' prices thus appear less a reflection of supply and demand and more a dictate of industry players, undermining the very concept of a market-driven price mechanism. On its website it calls itself the "mouthpiece of potato traders and processors"[60], and the CEO confirmed in a 2024 interview that "it's not Belgapom's job to represent the farmer"[61].

Guy Depraetere, the potato expert from the General Farmer's Trade Union (ABS), told Apache that the market is not completely free. "If the price climbs, the processing industry will enter into more contracts. Buyers then buy from them instead of on the free market, creating less demand. The more powerful the industry, the less the free market works."[62]

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58 Belgapom, "Belgapom: de spreekbuis van de aardappelhandelaars en verwerkers" https://belgapom.be/nl/voorstelling/

59 Tom Michielsen, "Onze frieten varen zo New York binnen", De Tijd, 2021, https://www.tijd.be/ondernemen/voeding-drank/onze-frieten-varen-zo-new-york-binnen/10342978.html

60 Belgapom, "Belgapom: de spreekbuis van de aardappelhandelaars en verwerkers" https://belgapom.be/nl/voorstelling/

61 Landbouwleven, "Christophe Vermeulen, CEO Belgapom: "De vraag naar friet is er, maar we hebben aardappelen én arbeid nodig", 2024 https://www.landbouwleven.be/19015/article/2024-03-02/christophe-vermeulen-ceo-belgapom-de-vraag-naar-friet-er-maar-we-hebben

62 Steven Vanden Bussche,"De gouden knol blinkt niet voor iedereen", Apache, 2021 https://apache.be/2021/02/17/vrije-aardappelmarkt

3. THE “FRIES CARTEL” VS THE POTATO FARMERS: AN ASYMMETRIC POWER RELATION

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A. DOMINANCE OF THE BIG 7 CORPORATIONS: CONCENTRATION AND CARTELS

At the end of the day it's quite simple why the Big 7 potato processing companies are taking home record profits, and farmers are on the streets of Brussels with hundreds of tractors demanding a fair price for their products.[63] There is a massive asymmetric power relationship between the farmer and the industry. On one side there are thousands of farmers producing potatoes, and on the other side there are 7 Big producing companies.

Concentration in certain markets can be calculated using the CR4-ratio, a measure of market concentration where the market shares of the four largest firms in a sector are evaluated. Economists say that there is a strong incentive for price signalling when four companies account for 40% or more of sales. Price signalling is when a major company declares that it will raise prices for consumers, and other companies find it advantageous to follow suit.[64] They don't even need to gather in one room, although that does occur in a literal sense with the weekly Belgapom price meetings.

If we take a look at the CR4-ratio of the potato processing industry[65], the top 4 companies fall above the 40% threshold and can be considered concentrated. The net added value of the top 4 companies of the Big 7, namely Clarebout Potatoes, Agristo, Lutosa and Mydibel, represented 87.32% of the total potato processing industry in Belgium in 2022, more than double the 40% threshold. If the scope is widened to the concentration in the entire Belgapom lobby group, these four biggest players still own 70% of the market.[66] This signifies a concentrated market where price signalling among firms could easily occur, inflating prices and profits for the industry at the expense of both farmers and consumers.

It's worth noting that at the end of 2022, and finalised in early 2023, a deal was signed where Mydibel was taken over by Clarebout. So from 2023, the market was even more concentrated than before.[67]

The FPS Economy has characterised the potato processing sector as particularly vulnerable to market concentration and anticompetitive practices. Through annual assessments by the Price Observatory, which scrutinises over 600 sectors across Belgium, the potato processing

63 Ruben De Keyzer, "Nieuw landbouwprotest in Brussel voor "eerlijke vergoedingen"", Vilt, 2024 https://vilt.be/nl/nieuws/nieuw-landbouwprotest-in-brussel-voor-eerlijke-vergoedingen
64 Philip H. Howard, "Concentration and Power in the Food System", 2021, Contemporary Food Studies, ISSN: 2058–1807
65 NACE code 10312
66 Since the 2022 revenue data was not available for all Belgapom members, net added value was used to signify the market shares.
67 Job Hiddink, "Aardappelverwerker Mydibel komt in handen van Clarebout", 2022, Nieuwe Oogst, https://www.nieuweoogst.nl/nieuws/2022/12/23/aardappelverwerker-mydibel-komt-in-handen-van-clarebout

industry has been flagged repeatedly due to its high barriers to entry. This is attributed to the significant capital investments required for the machinery, which effectively bar new competitors and reinforce the dominance of established companies, thereby stifling competition.[68]

Over a series of eight evaluations spanning 2014 to 2022, various segments of the potato supply chain have consistently been identified by the FPS Economy as susceptible to these risks. Specifically, the non-frozen and frozen processing segments were each highlighted four times, while the wholesale markets for consumption potatoes and frozen potatoes were respectively flagged seven times and five times out of the six. This pattern underscores a persistent concern regarding the fairness and competitiveness of the sector.

Modelling this, we see a small group of agrochemical giants on one side, making agricultural inputs. On the other side is a small group of food processing companies. Both with large power over the market. Between these two groups are the farmers, squeezed from both sides by a powerful industry. An hourglass model clarifies this unequal division of power.

This structure ensures that farmers receive only a fraction of the food revenue, with the lion's share going to those who control inputs, processing and distribution. When crises hit—be it energy shortages or spikes in input costs—it's the farmers who absorb the shock, while the industrial giants find ways to sustain, if not increase, their profits.

The issues at play here are not mere corporate gains but reflect a broader societal question: who controls food and farming? As it stands, too much power in too few hands undermines fair, sustainable food systems, where the health and well-being of people, planet and animals are balanced against profit.

68 Prijzenobservatorium, "Analyse van de prijzen 2019 Deel III: Analyse van de marktwerking van de aardappelkolom in België" 2020 https://economie.fgov.be/nl/publicaties/analyse-van-de-prijzen-2019-0

B. ANALYSIS OF FARMER-CORPORATION CONTRACTS: ALL THE RISKS FOR THE FARMER, AND THE PROFIT FOR THE INDUSTRY

Most farmers will tell you that growing potatoes in Belgium involves significant risk and volatility. The potato yield in tonnes per hectare varies wildly over the years depending on the weather conditions.[69] Farmers deal with unpredictable weather, changing market demands and increasing costs for essential inputs like fertilisers and pesticides. Potato farming is particularly sensitive to these factors due to its susceptibility to diseases and reliance on specific climatic conditions for planting and harvesting. Despite their efforts and investments, farmers overwhelmingly shoulder the risks associated with agriculture. This situation is exacerbated by the structure of the potato industry, where a few large processing companies have established contracts that transfer almost all risks to farmers. These agreements ensure that while processors benefit, farmers face financial instability and uncertainty.

Farmers find themselves in a market in which they must compete with one another, producing a commodity product that leaves little room for differentiation and compels them to compete primarily on price. This means that the farmer's main recourse is striving for efficiency in production.[70] On the other side are far fewer parties. The thousands of farmers must supply a handful of supermarkets and large food companies: namely the Big 7 mentioned above. This creates a situation for which economists have coined the term "oligopsony": many suppliers and few buyers. Buyers therefore have the greatest power to set the price.[71] They can also easily play off the suppliers, the farmers, against each other. Farmers are the weak link here.

The complexity is further exacerbated by the vertical integration within the industry. Farmers find themselves locked into a system where they are at the mercy of the industry for their very means of production. They depend on a few agrochemical corporations for pesticides and fertilisers, the main company that makes the specialised potato harvesting machines are also owned by Clarebout[72], and the few companies that supply the seed potatoes are also part of the Belgapom lobby group.[73] From seed to harvest and all the steps in between, a dependency has been created that squeezes the farmers autonomy and financial viability.

69 VLAM, "Aardappelbarometer 2023", 2023 https://www.vlaanderen.be/vlam/sites/default/files/publications/2023-05/aardappelproductie%202013-2022.pdf
70 Philip H. Howard, "Concentration and Power in the Food System", 2021, Contemporary Food Studies, ISSN: 2058–1807
71 Richard T. Rogers, "Assessing the Importance of Oligopsony Power in Agricultural Markets", University of Massachusetts Amherst, 1994, https://scholarworks.umass.edu/cgi/viewcontent.cgi?article=1128&context=resec_faculty_pubs
72 Vilt, "CEO Clarebout wordt hoofdaandeelhouder Dewulf", 2020 https://vilt.be/nl/nieuws/ceo-clarebout-wordt-hoofdaandeelhouder-dewulf
73 Belgapom, "Ledenlijst" https://belgapom.be/nl/ledenlijst/

The result of this is that the industry has a monopoly on the information. They know precisely how much it costs to farm potatoes and they can calculate the margins to the cent. Knowledge of production costs enable them to set aggressively competitive prices at the outset of each growing season. Farmers, like Danny from Vlamertinge, reported to Apache journalists the futility of competing against the calculative prowess of these processors. The contracts are typically 'take it or leave it,' offering little to no room for negotiation, and those who opt out risk being sidelined in subsequent years.[74] This breeds a toxic dependency where farmers are compelled to scale up, seeking more land and investing in costly equipment, thus sinking further into debt and dependency.

Besides the margins of the contracts, the fine print of the conditions also favours the industry when things don't go as planned. Let's begin by outlining the basics of these contracts. These contracts between a potato grower-seller and a processor-buyer impose an obligation on the selling growers to grow potatoes on their land.[75] Belpotato, a consultation body for the potato value chain with farmer unions and the industry, has set up a Code of Conduct regarding potato contracts. This stipulates that when "the seller cannot supply substitute potatoes, these will be settled by the buyer at the price difference between the contract price and the Belgapom quotation at the time of the scheduled delivery."[76]

To put it simply: farmers agree on volumes with the buyer. If that volume is not met, the factory buys the tonnes elsewhere and the invoice for the purchased potatoes comes back to the farmers. For them, that means a financial cost. However, you cannot plan the weather, and the agricultural harvest is different each year. This means that in times of drought or excessive rainfall, the farmer receives the short end of the stick. The farmer planted many hectares of potato fields, already paying a fortune on leases, seed potatoes and agricultural inputs. And due to bad weather, his income goes up in smoke due to the lower than expected harvest.

This means that there is a lower supply of potatoes than the industry expected, which means that demand is larger than supply. As a consequence, prices on the "free market" shoot upwards. In this situation the farmer is penalised twice. He lost his income from his potatoes due to the bad harvest, and he now also has to pay a higher price than usual to supply the industry with their extra potatoes to meet their agreed contract. So while the Belgapom CEO hails the record Belgapom free market prices of 2023 as evidence that farmers are receiving their fair share of the trade[77], the reality is actually the opposite. For a small group that had potatoes to sell

74 Steven Vanden Bussche,"De gouden knol blinkt niet voor iedereen", Apache, 2021 https://apache.be/2021/02/17/vrije-aardappelmarkt

75 LandBouwLeven, "Aardappelcontracten juridisch bekeken", 2020 https://www.landbouwleven.be/9518/article/2020-11-19/aardappelcontracten-juridisch-bekeken

76 Gedragscode voor het opmaken van contracten in de aardappelsector", https://belpotato.be/_library/_files/GEDRAGSCODE_CONTRACTEN_AARD2021.pdf

77 Vilt, "FACTCHECK: Aardappelen duurder in winkel, maar krijgt de boer ook minder?", 2024 https://vilt.be/nl/nieuws/factcheck-aardappelen-duurder-in-winkel-maar-boer-krijgt-minder

on the free market it might have been a great season, but many lost their harvest and had to replenish the agreed contract with potatoes on the free market, at record prices. One farmer told Greenpeace about situations where a befriended farmer dropped off several truckloads of potatoes at the factory, but then instead of receiving his payment for the potatoes, he received a bill to pay for the extra potatoes that they needed. It's a risky job to farm potatoes, and the business is filled with stories like these.

However, when the harvest is better than expected, the potatoes on the market exceed demand, which means that the price of potatoes goes down again and is reflected in the free market price but also in the following year's contract price. Volatility is a key reality in the potato industry: some years when the harvest is really good, the farmer is able to make a living; other years, the farmer suffers incredible losses.

One of the results of these practices is a landscape where small-scale farms are rapidly disappearing and production is increasingly dominated by large-scale farmers deeply entwined with the industrial processors. Farming in an industrial and monocultural way. Farmers are pulled into a cycle of productivism in an attempt to meet the demand that is expanding exponentially, which intensifies the rush to mechanize and scale up. Additionally, the new production requirements call for ever-heavier and more expensive equipment (storage sheds, harvesting and cultivation equipment, etc.). Get bigger or die trying seems to be the refrain in Belgium agriculture. With a small margin per tonne of potatoes, farmers need to grow more potatoes to keep their business afloat. When calculating the yearly cost for potato cultivation, the Flemish Test Centre for Potato Cultivation noted that the potato crop will continue to face challenging times. According to it, saving on costs will be difficult, so to offset rising prices for their agricultural inputs, farmers must continue to aim for higher yields per ha.[78]

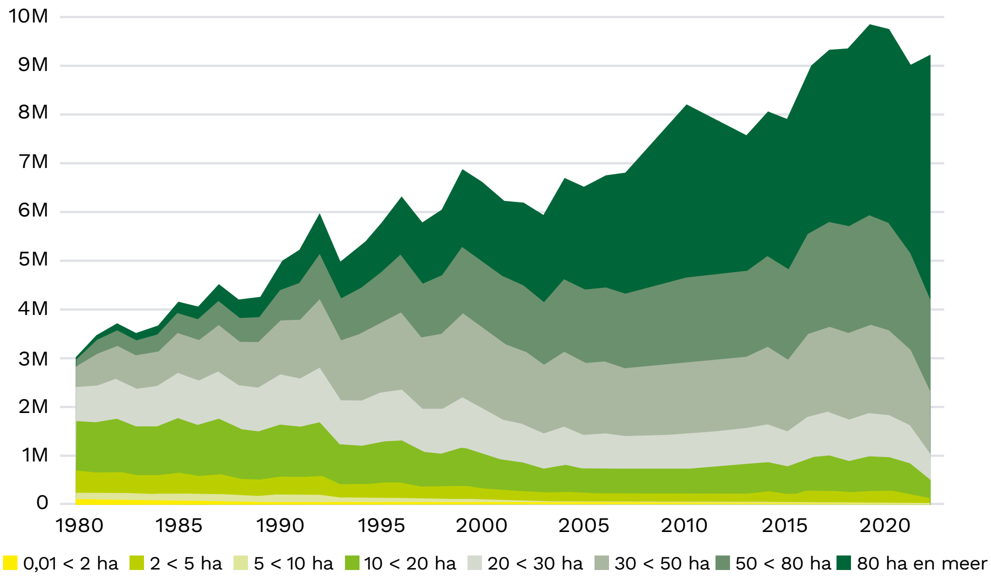
This productivist agricultural model is reinforced by the speed at which manufacturing takes place. Large, specialised farms are the only ones that can keep up, and they have to keep growing and investing in ever-bigger, more expensive machinery. The graph below shows this evolution. Data from Statbel on the size of the potato cultivation area per farm since 1980 shows how large-scale potato cultivation did not really exist until the industrial frites revolution. Farmers had many different crops and animals, with potato cultivation being only one of their activities. But times changed, and survival required growth. One farmer Greenpeace spoke to confirmed that you need large volumes to make a liveable income, and 100 hectares is no longer enough. But a significant investment is needed to lease all of the required land, buy the seed potatoes and equipment as well as agricultural inputs such as fertilisers and pesticides. And even then, you can never be sure of the results.

78 Landbouwleven, "Hogere opbrengst kan kostenstijgingen opvangen", 2023 https://www.landbouwleven.be/16172/article/2023-03-04/hogere-opbrengst-kan-kostenstijgingen-opvangen

For years, farmers were driven by the European agricultural model, outlined after World War II, which focused on more, bigger and cheaper. Given the low margins in the agricultural industry, making food as cheap as possible required more efficient production in ever larger farms. As seen below, the Belgium potato farmer survived only by increasing in size and ramping up production.

Go big or go home: increasingly large potato cultivation in Belgium

Potato cultivation area in hectares, divided by size categories: 1980-2022



Source: Eurostat

To be able to survive with the low margins inherent in modern European agriculture, farmers need to squeeze everything they can from their fields. If margins are low, productivity per hectare needs to increase. Increased productivity requires massive amounts of fossil fertilisers, pesticides and other chemicals needed to increase crop yield.

Paradoxically, slowly but surely the very nature that agriculture depends on for its harvest suffers under this industrial model. A model that is not in balance with nature is unsustainable for future generations.

C. FARMERS ON THE FRONT LINE OF CLIMATE CHANGE: THE CONSEQUENCES OF AN INDUSTRIAL POTATO MODEL

The European agricultural model isn't economically viable but also with planetary limits. The entire value chain of food production is responsible for over a quarter of all greenhouse gas emissions and has the largest share of threats to biodiversity.[79] At the same time, the climate crisis is eating away at our food security. Recent extreme weather events had a tremendous impact on the potato farmers of Belgium who saw their yields and income destroyed. It was made painfully clear that farmers in Belgium would be among the first to feel the impact of climate change. They are on the front line of climate change in Belgium and all around the world. Fian[80], Apache[81], Médor[82] and many others have already done great work on this aspect of potato cultivation in Belgium.

Potato crops are very sensitive to extreme weather, which makes potato farmers particularly vulnerable to climate change and extreme weather events. Most Western European-grown potato varieties thrive at stable and moderate temperatures, and prefer soils that are moist but not too wet. Periods of drought, heat waves and extreme rainfalls have an impact on the quality and quantity of yields.[83]

Farmers' harvests are becoming increasingly unpredictable. A brief overview of the potato harvest over 5 years shows the impact of extreme weather on potato cultivation:

79 European Commission, "Field to fork: global food miles generate nearly 20% of all CO2 emissions from food" 2023 https://environment.ec.europa.eu/news/field-fork-global-food-miles-generate-nearly-20-all-co2-emissions-food-2023-01-25_en

80 Manuel Eggen, "Boze patatten! Hoe de aardappelteelt gekaapt werd door de agro-industrie.", FIAN Belgium, 2021 https://www.fian.be/IMG/pdf/studie-boze-patatten-fian_en_aia.pdf

81 Apache, "De Frietbonzen", 2021 https://apache.be/dossier/frietbonzen

82 Médor, "Des frites, oui mais à quel prix ?", 2021, https://medor.coop/nos-questions/des-frites-oui-mais-a-quel-prix/

83 Vito, "De Impact van extreem weer op de aardappelteelt", 2021, https://vito.be/nl/nieuws/de-impact-van-extreem-weer-op-de-aardappelteelt

2023

Extreme rainfall in 2023 was a disaster for potato farmers in Belgium. Persistent rain prevented them from harvesting. As a result, 5 to 10% of the potatoes rotted in the ground that year. Many of the potatoes that were harvested later in the year were no longer suitable for consumption.[84]

2022

While 2023 was extremely wet, 2022 was characterised by a long, hot and dry summer. The potato harvest was extremely disappointing due to the severe drought. According to the PCA, yield was at least one fifth less than the average of the past 10 years.[85]

2021

In the summer of 2021, historically heavy rainfall and subsequent flooding left a trail of destruction in large parts of Wallonia: 39 people died and thousands lost their homes.[86] Potato farmers across Wallonia and Flemish Brabant suffered heavy losses due to potatoes rotting away in their flooded fields.[87]

2020

The Covid-19 pandemic–which started in Europe in February/March 2020–had a significant impact on the Belgian potato market. Cafés and restaurants were closed across the globe and as a result the potato price collapsed. In addition, the harvest itself was also worse than expected.[88]

2019

This was actually a record year for potato cultivation and potato processing in Belgium. A small highlight in an otherwise sombre list.[89]

2018

This extremely hot year resulted in the worst potato harvests between 2013 and 2022. Whereas in 2017 farmers had an average of 48 tonnes of crops per hectare, this dropped to only 33 tonnes in 2018: a decrease of 31%.[90] In addition to the historically bad harvest, many of the harvested potatoes were too small and the quality was inferior, making them unsuitable for consumers.[91]

In the coming decades, with global warming reaching dangerous highs, we can only expect more of these extreme weather events according

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84 West-Vlaanderen Werkt 2024,"Op toekomst anticiperen met resistentere rassen", 2024, https://indd.adobe.com/view/24fb45dc-2414-4dbb-bf1e-8bd26d2210e9

85 Agripress, "Droogte 2022: aardappeloogst zal zwaar tegenvallen", 2022, http://www.agripress.be/start/artikel/615772/nl

86 Wallonie.be, "[Inondations] Liste et catégorisation des communes reconnues comme calamités naturelles", 2021, https://www.wallonie.be/fr/actualites/inondations-202-communes-wallonnes-reconnues-comme-calamites-naturelles

87 Agripress, "Overstromingen 2021: aardappelen worden stinkend duur", 2021, http://www.agripress.be/start/artikel/614252/nl

88 Wim Schepens, "Corona en slechte oogst brengen aardappelboeren in problemen: prijzen kelderen van 110 euro naar 30 euro per ton", VRT NWS, 2020 https://www.vrt.be/vrtnws/nl/2020/10/02/coronavirus-en-slechte-oogst-brengen-aardappelboeren-in-de-probl/

89 VLAM, "Aardappelbarometer 2023", 2023 https://www.vlaanderen.be/vlam/sites/default/files/publications/2023-05/aardappelproductie%202013-2022.pdf

90 Ibidem

91 Pieterjan Huyghebaert, "Droogte mogelijk dramatisch voor de oogst: "Dit zal tot kerst voelbaar zijn"", VRT NWS, 2018, https://www.vrt.be/vrtnws/nl/2018/07/12/droogte-mogelijk-dramatisch-voor-de-oogst-dit-zal-tot-kerst-voe/

to a 2021 report by the Intergovernmental Panel on Climate Change (IPCC).[92] According to the report, extreme heat has been an issue more frequently and more intensely since the '50s, and some extreme heat events in the past decade would have been very unlikely without human impact on the climate. In an interview with EOS Science magazine, IPCC contributor and VUB climatologist Philippe Huybrechts said that the risk for floods in Belgium will only rise in the coming years. At the same time, temperatures and longer periods of drought will also increase.[93]

The 2024 harvest will once again be marked by extreme weather

The 2024 growing season has become another chapter of hardship for Belgian potato farmers, who continue to face the unyielding impacts of worsening weather conditions. This year has been marked by severe and continuous rainfall that has led to overly saturated fields, making it nearly impossible to maintain the planting schedules necessary for a successful harvest. The incessant rains, which began in the autumn of 2023, have left the soil compacted and damaged, significantly raising production costs and risks for the coming season. The Royal Meteorological Institute of Belgium reported the largest amount of rain between October 2023 and April 2024 since the start of the measurements in 1833.[94]

Moreover, a survey done by the agricultural news outlet Nieuwe Oogst indicated that over half of Dutch farmers have already experienced yield losses due to weather extremes, a clear indicator of the dire effects of climate change on agriculture.[95] With more than 61% of farmers reporting significant losses due to adverse weather, and continuous downpours eroding the potential for this year's crop yields, the agricultural community is bracing for what will be a challenging 2024.

One of the affected farmers testified in the Belgian newspaper De Standaard about his hardships[96]:

> *"I'm 68 years old and have never experienced this before in my life. For seven months we've been unable to enter our fields because of the constant rain. We're nowhere with respect to preparing the land and sowing. The potatoes should have been planted by now. For early onions, it's already too late"*

92 IPCC, "Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change", 2021 https://report.ipcc.ch/ar6/wg1/IPCC_AR6_WGI_FullReport.pdf

93 EOS Wetenschap, "Hoe zal België eruitzien als de aarde blijft opwarmen?", 2021 https://www.eoswetenschap.eu/natuur-milieu/hoe-zal-belgie-eruitzien-als-de-aarde-blijft-opwarmen

94 De Standaard, "Terwijl we niets doen voor het klimaat, spoelt ons eten weg", 2024 https://www.standaard.be/cnt/dmf20240505_96095391

95 Nieuwe Oogst, "Ruim helft van akkerbouwers kampt met opbrengstderving door weersextremen", 2024 https://www.nieuweoogst.nl/nieuws/2024/05/03/ruim-helft-van-akkerbouwers-kampt-met-opbrengstderving-door-weersextremen

96 De Standaard, "Boeren raken door aanhoudende regen in zware tijdnood", 2024, https://www.standaard.be/cnt/dmf20240507_97062823

A survey at the end of May conducted by the farmers union 'Boerenbond' concluded that 55% of the potatoes had not yet been planted and the possible window of doing so had nearly closed.[97]

Pesticides: Spraying dirty chemicals to stay afloat

Due to their notorious vulnerability to a myriad of diseases and pests, potato cultivation is the largest consumer of pesticides per hectare in Belgium. This high dependency on chemical interventions, however, comes with significant environmental and health costs. Especially the industrial potato varieties commonly cultivated in Belgium, such as Fontane and Challenger, are primarily selected for their high yields and processing qualities but are particularly susceptible to diseases. A potato farmer we spoke to testified that while organisations such as FIWAP are working to promote potato varieties that are more disease and weather resistant[98], the industry is apparently not interested in these varieties.

FIAN, referring to a government study, notes that potatoes use on average 17.6 kg of pesticides per hectare. Well below, in second and third place, are beets and wheat (6.4 kg/ha and 2.8 kg/ha).[99] This significant pesticide use placed Belgium fifth in Europe for pesticide use per hectare in 2021, more than double the EU average.[100]

To illustrate, in 2022 there was a total of 96 062 hectares dedicated to potato cultivation.[101] Roughly calculated using an average of 17.6 kg of pesticides per hectare, this equates to approximately 1.7 million kilograms of pesticides, accounting for a staggering 33% of all pesticide use in Belgium[102] while only covering 11% of the agricultural land.[103]

The environmental implications of such intensive pesticide use are profound. Pesticides not only disrupt local ecosystems by harming beneficial insects, birds and soil organisms, but also contribute to water pollution and pose health risks to humans, especially the farmers themselves. Pesticide use in potato cultivation, where fungicides and herbicides are extensively used to manage blight and prepare for harvest, is having an especially concerning impact on water quality. The challenge of reducing pesticide use is critical, underscored by the potential health costs linked to pesticide exposure,

97 Ine Renson, "Ik sta voor de keuze: laat ik mijn aardappelen rotten in de loods of in de grond?", De Standaard, 2024 https://www.standaard.be/cnt/dmf20240530_97260720
98 FIWAP, "Présentation de la liste des pommes de terre robustes 2022" https://fiwap.be/article/presentation-de-la-liste-des-pommes-de-terre-robustes-2022/
99 Manuel Eggen, "Boze patatten! Hoe de aardappelteelt gekaapt werd door de agro-industrie.", FIAN Belgium, 2021 https://www.fian.be/IMG/pdf/studie-boze-patatten-fian_en_aia.pdf
100 FAO "Pesticides use - Use per area of cropland", 2021, https://www.fao.org/faostat/en/#data/RP
101 Statbel, "Land- en tuinbouwbedrijven" https://statbel.fgov.be/nl/themas/landbouw-visserij/land-en-tuinbouwbedrijven#figures
102 Eurostat "Pesticides Sales", 2022 https://ec.europa.eu/eurostat/databrowser/bookmark/d93d0e6c-4cfd-47ad-a832-794f3a23cd3d?lang=en
103 Statbel, "Land- en tuinbouwbedrijven" https://statbel.fgov.be/nl/themas/landbouw-visserij/land-en-tuinbouwbedrijven#figures

which are estimated at €4.4 billion annually in Belgium.[104] The UN report of the Special Rapporteur on the right to food stated that: *"Pesticides can persist in the environment for decades and pose a global threat to the entire ecological system upon which food production depends. Excessive use and misuse of pesticides result in contamination of surrounding soil and water sources, causing loss of biodiversity, destroying beneficial insect populations that act as natural enemies of pests and reducing the nutritional value of food."*[105]

Reducing pesticide use in potato cultivation could significantly contribute to overall reductions in national pesticide application. For example, if Belgium shifted its agricultural focus and only produced the potatoes needed for domestic consumption (about 250,000 tonnes), and repurposed the remaining land for less pesticide-intensive crops like wheat, pesticide use nationwide could drop by 26%. This is already half of the 50% reduction proposed by the EU[106]. This shift would not only align with environmental goals but also bolster the health and sustainability of the agricultural sector.

Fertilisers: Fossil fuelled potato crops

Due to the heavy depletion of nutrients in the soil caused by intensive potato cultivation, potatoes are among the crops that require substantial inputs of fertilisers to sustain industrial growth. Earlier research by FIAN concluded that an average of 255 kg of nitrogen fertiliser was used per hectare.[107] Multiplying this by the 96 thousand hectares of potato fields in 2022[108], this roughly translates to about 24.5 million kg of nitrogen fertilisers. This accounts for a significant portion of Belgium's nitrogen fertiliser usage, with potato cultivation using approximately 20% of the total nitrogen fertiliser applied in the country, despite occupying only 11% of the arable land.[109]

This heavy reliance on nitrogen fertiliser, produced from fossil gas in the petrochemical factories of Antwerp, is not without consequence. Impacts include our deteriorating water quality. The Flemish Environmental Agency reports a worrying trend in Flanders where water quality has continued to deteriorate, with nitrate levels in some watercourses exceeding safe standards. According to their report, the major culprit remains the excessive fertilisation of Flemish fields.[110]

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104 Heleen De Smet, "Halvering pesticiden van tafel: natuur, boer en burger verliezers", 2024, Bond Beter Leefmilieu, https://www.bondbeterleefmilieu.be/artikel/halvering-pesticiden-van-tafel-natuur-boer-en-burger-verliezers

105 Pesticide Action Network Europe, "Pesticides and the loss of biodiversity", https://www.pan-europe.info/issues/pesticides-and-loss-biodiversity

106 Food, Farming, Fisheries, "Farm to Fork targets - Progress", European Commission https://food.ec.europa.eu/plants/pesticides/sustainable-use-pesticides/farm-fork-targets-progress_en

107 Manuel Eggen, "Boze patatten! Hoe de aardappelteelt gekaapt werd door de agro-industrie.", FIAN Belgium, 2021 https://www.fian.be/IMG/pdf/studie-boze-patatten-fian_en_aia.pdf

108 Statbel, "Land- en tuinbouwbedrijven" https://statbel.fgov.be/nl/themas/landbouw-visserij/land-en-tuinbouwbedrijven#figures

109 Eurostat, "Consumption of inorganic fertilisers", 2022 https://ec.europa.eu/eurostat/databrowser/bookmark/86746cf1-1957-4cf4-a2a9-348ef73a4c13?lang=en

110 Vlaamse Milieumaatschappij, "Nutriënten in oppervlaktewater en grondwater in landbouwgebied 2022-2023", 2024, https://www.vmm.be/publicaties/nutrienten-in-oppervlaktewater-en-grondwater-in-landbouwgebied-2022-2023

Among other policy recommendations, the Flemish Environmental Agency recommends: “Source-oriented measures that address the source of the problem through crop choice and fertilisation practices.” What this means is that the Flemish Government itself is saying that we need to choose to cultivate fewer nitrogen-heavy crops. To put it simply, it recommends reducing our nitrogen emissions by planting fewer potatoes and more of other crops that are less nitrogen dependent.

And this might be a necessary option to consider, knowing that in the 2024 Nitrogen Decree, the Flemish Government targets significant reductions in ammonia and nitrogen oxide emissions by the end of 2030, aiming for a 40% and 45% reduction respectively.[111]

Protecting nature goes hand in hand with protecting agriculture

Over the decades, the adoption of such intensive practices has not only depleted the soil quality but also pushed the agricultural lands to their limits. This model, heavily reliant on excessive fertilisers and pesticides, has proven to be unsustainable, posing severe risks to the environment and public health. The reality is that the agricultural soil, burdened by relentless chemical inputs and monocropping, is tired and deteriorating, unable to sustain the very crops it’s meant to nurture.

The relentless pursuit of industrial farming in the modern food system, driven by the demand for higher yields at lower costs, has led to a critical juncture in Belgian agriculture, which culminated in the 2024 farmers protests in Brussels.[112]

As climate change intensifies, potato farmers will find themselves increasingly vulnerable to extreme weather events, which devastate crops and livelihoods with growing frequency and ferocity. A system in which we place all the risks of potato farming on those who cultivate the land, while the profits go to large agro-industrial conglomerates, is untenable in the long term. What Belgium and its farmers need is a fair price for a fair product.

111 Stikstof in Vlaanderen, “Maatregelen om stikstof terug te dringen”, 2024, Vlaamse Overheid, https://www.vlaanderen.be/stikstof-in-vlaanderen/maatregelen-om-stikstof-terug-te-dringen
112 Inge Ghijs, “De Boerenbond klampt zich vast aan een versleten model”, 2024, De Standaard, https://www.standaard.be/cnt/dmf20240131_97785987

CONCLUSION

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A WINDOW INTO MODERN AGRICULTURE IN BELGIUM

This report seeks to reframe the narrative around agriculture by challenging the dominant practices driven by the agro-industry, which not only marginalise farmers but also threaten environmental sustainability. This exposé of the Belgian potato industry reveals a portrait of exploitation where the intense farming practices encouraged by large agro-industrial entities squeeze the very lifeblood from both the land and the farmers who cultivate it. By focusing on the plight of the potato farmers, who find themselves at the mercy of powerful corporations that reap enormous profits, this report advocates for a systemic transition to agro-ecology, ensuring that farmers not just survive, but thrive in a system that values their welfare and the health of the planet. The current system is marked by volatility, a lottery where the farmer invests his time and money into his fields, not knowing whether he'll earn a living.

The struggle of the Belgian potato farmer becomes a lens through which we can view the broader crises of modern agriculture. The relentless push for higher yields has led to a perilous imbalance, emphasising efficiency and profit over ecological and social stability. The stark disparities in revenue—the billions earned by the top processors contrasted with the meagre earnings of the farmers—underscore a broken system where equity is sidelined by greed.

When Greenpeace asked Guy from the farmers' union ABS for a comment on our report, he responded that: *"The farmer who braves nature and weather in these difficult conditions to produce food deserves greater appreciation."*

We agree. A fundamental change of direction is needed. A drastic transformation of agricultural policies is the only way to provide relief. The unequal power relation between the farmer and the industry and supermarkets needs to be broken. A transition to honest products for honest prices needs to be assured in the next governmental agreement. An agricultural system needs to be in balance with the nature it depends on, and not focused on the search for industry profits.

The cultivation of potatoes has been co-opted by a model of agriculture that prioritises scale and speed over sustainability and equity. The environmental costs are palpable, as seen in the degradation of soil quality, the heavy reliance on chemical pesticides and the vulnerability to climate change, which increasingly manifests itself in devastating weather events that rob farmers of their livelihoods. The report's findings highlight the urgent need for a shift from this exploitative model to one that supports sustainable practices, diverse cropping systems and resilient agricultural communities. Pitting farmers and environmentalists against each other does not contribute to a healthy agricultural model. It plays into the hands of the big players in the industry who want to leave everything as it is, with their own gain as the priority.

In conclusion, our report is more than a critique; it is a call to action. It demands that we bridge the gap between economic activity and ecological necessity, ensuring that the drive for profit does not continue to undermine the foundation of sustainable farming. For Belgium, and indeed for the world, the path forward lies in embracing a model of agriculture that truly respects the land and those who toil upon it, ensuring that neither is sacrificed for the other. This is the only way to ensure that the agricultural sector can sustainably contribute to the health and well-being of all, now and in the future.

DEMANDS AND POLITICAL RECOMMENDATIONS

A fair price, for a fair product

If we want to protect our farming and nature for future generations, then we'll need to transition to a different agricultural system that respects farmers and the nature we all depend on for our daily food.

As climate change exacerbates the vulnerabilities of an already strained system, it's essential to advocate for a paradigm shift in agricultural practices and policies. For the potato industry and trade specifically, it's important to strive for fairer market conditions, so that farmers are released from the industrial farming model that squeezes our agricultural lands like a lemon.

1. Promote agricultural cooperatives

A first move towards a shift in the unequal power relations would be strengthening farmer cooperatives that can provide farmers with the collective bargaining power needed to secure fair contracts and resist exploitative industry practices. This solidarity is crucial for advocating changes that benefit the farming community as a whole.

2. Eliminate industry-set pricing

The Belgapom price is an industry set price quotation that favours the processing industry and not the farmer. We need to replace the Belgapom price with pricing mechanisms that reflect true market conditions and the costs of sustainable farming practices.

3. Government as mediator

Establishing a governmental role as an impartial arbiter in negotiations between the potato industry and farmers will help ensure fair practices and prevent the overpowering influence of large corporations. The current consultative body between farmers and industry is heavily dominated by the industry.

4. Price observatory and regulatory oversight

Enhance the capabilities of price observatories to conduct thorough analyses of market dynamics and pricing. Investigations by competition authorities should be routine in order to check for and sanction unfair practices in the agro-industry.

5. Ensure a fair price for a fair product

Prices paid to farmers must not fall below the cost of sustainable cultivation. This will ensure that farming remains viable without sacrificing environmental and health standards.

6. Support for robust crop varieties

Investing in research and development of non-GMO robust potatoes varieties that require fewer chemical inputs such as fertilisers and pesticides can significantly reduce environmental impact. These varieties need to be favoured much more by the agro-industry and large retailers in order to guarantee them a market and enable them to be grown on a large scale.

7. Protection against extreme weather events

The current protections against extreme weather events are proving to be insufficient to protect farmers during times of extreme weather. Support mechanisms need to be developed to protect farmers from the financial risks associated with extreme weather and ensure that natural disasters do not lead to economic ruin. While farming will always be an unpredictable trade, all the risks associated with bad harvests are borne by the farmers.

The new governmental agreement provides opportunities to safeguard the future of our farmers and the planet

The above recommendations towards governments concern the potato industry in Belgium, but a more comprehensive transformation is required across the entire agricultural sector. The forthcoming governmental agreement presents a critical opportunity to enshrine respect for farmers and environmental protection as non-negotiable pillars of our agricultural policy. The **recommendations below apply to the entire agricultural and food sector in Belgium.**

1. The adoption of a law **effectively protecting agricultural prices** (framework to set prices on the basis of production costs, including environmental protection) and **rebalancing the forces within the agri-food chains** (transparency and disclosure of margins and profits of large retailers and the agro-industry, control and capping of margins, severe penalties to protect complainants from abuse, etc.). To be coherent, Belgium should also advocate for regulation of world agricultural trade, and take a position against free trade agreements that endanger the transition of our food systems.

2. Adopt and implement a **massive funding plan for the agro-ecological transition** of Belgian food systems, with at least 25% of budgets allocated to the agricultural and food sectors effectively supporting agro-ecology, including organic farming.

3. Develop a coherent plan to **enable farmers to move away from pesticides and synthetic fertilisers**. This plan must include measures such as sharing competence at ministerial level, public research, assistance to farmers, subsidies and fair purchase prices that include the constraints of chemical-free farming.

It’s essential that we transcend the false dichotomy between financial viability for farmers and ecological sustainability. The next agreement must embody principles that foster an integrated approach, where agricultural practices and environmental stewardship are mutually reinforcing, not mutually exclusive. By embedding these values into the heart of policy-making, we can ensure that nature and agriculture advance hand in hand.

To know more, have a look at our political memorandum.

20 mesures phares pour une politique solidaire climatique et pour la nature en 2024

20 speerpunten voor solidair klimaat- en natuurbeleid na 2024

Colophon

RECORD PROFITS FOR INDUSTRY AND PEANUTS FOR FARMERS

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