Gas shortages hit Dutch greenhouses

GRUBBENVORST, Netherlands — Greenhouse owner Pieter Wijnen would like to focus on growing vegetables, but since Russia's invasion of Ukraine in February, his life has revolved around gas and electricity prices rather than his red and yellow bell peppers or mini cucumbers.

"In a greenhouse like this in the wintertime, you need to heat it," he said of his 32-hectare (79 acre) facility in the southern Dutch province of Limburg, which grows 11 million kilograms of bell peppers per year, many of which end up in German supermarkets.

"When prices are going up, and it will be much more than we are used to, then we must change our plans."

Among other measures, Mr. Wijnen is cutting the area he will keep warm at Wijnen Square Crops this winter and growing fewer, larger cucumbers — as well as selling excess electricity he generates back to the grid to hedge costs.

Greenhouses have helped make the Netherlands the world's second largest agricultural exporter after the US. But the €8-billion industry grew up with cheap gas, and is now facing a crisis that will hasten a switch to other energy sources and could see many businesses fail.

With Russia restricting gas supplies in response to Western sanctions over its invasion of Ukraine, European prices have soared to 20 times the level of a year ago.

Industry group Glastuinbouw Nederland says up to 40% of its 3,000 members are in financial distress. That could mean less out-of-season fruit, vegetables and flowers in European supermarkets, and production shifting to warmer countries such as Spain, Morocco and Kenya.

Until recently, Dutch greenhouses used around three billion cubic meters of gas a year, or about 8% of the national total. That has been falling as renewable alternatives become available, but the scale of the decline this year is as much as sign of distress as adaptation, growers say.

According to Statistics Netherlands, the industry's gas usage plunged 23% in the year through June. "A large number of growers are choosing to close down their business because they don't expect any change in the short term," said Michel van Schie of Royal Holland-Flora, the cooperative that runs the world's largest flower auction in Aalsmeer, south of Amsterdam.

Supermarkets have preemptively slashed orders for flowers by around a third in expectation of consumers spending less amid the cost of living squeeze, he added.

The Dutch greenhouse industry is deeply entwined with natural gas due to the legacy of the Groningen gas field, which was Europe's largest for decades until production was scaled down in the 2010s due to the earthquakes it triggered.

Some larger greenhouses like Mr. Wijnen's feature on-site co-generation plants that burn gas to create both heat and electricity — an efficient system with 2.4 gigawatts of capacity distributed nationwide, about 14% of the Dutch total. — ***Reuters***

Salt industry output seen held back by reclamation, import competition

THE salt industry is unable to boost production due to the reclamation of shoreline and competition from imports, an organization of farmers said.

"Due to cutthroat trade liberalization and side-by-side reclamation projects, local salt farms started closing one after the other," the Kilusang Magbubukid ng Pilipinas (KMP) said in a statement.

"Cheaper imported salt also flooded the markets, driving small salt producers and marginal fisherfolk into bankruptcy," it added.

Before the Philippines signed on to the General Agreement on Tariffs and Trade, Bulacan used to be among the country's biggest producers of salt, according to the KMP.

Apart from Bulacan, Pangasinan, Occidental Mindoro, and Las Piñas City were also key salt producers.

The Department of Agriculture has said that the self-sufficiency ratio for salt is equivalent to 7% of demand. The remaining 93% is supplied by China and Australia.

"Our over-dependence on rice and other food imports undermines our capacity to produce food staples locally," KMP Chairman Rafael V. Mariano said in a statement.

"Back in the day, salt making was considered profitable and many families relied on it for their livelihood as Manila Bay provided clear waters for salt beds. But land reclamation became insatiable. Now, several reclamation and expansion projects along Manila Bay, spanning from Cavite, Pasay, to Bulacan, are in the pipeline," Mr. Mariano added. — **Luisa Maria Jacinta C. Jocson**

Labor dearth set up Malaysia for 3rd year of palm oil losses

KUALA LUMPUR — Malaysian palm oil planters are letting thousands of tons of fruits rot as the third year of a worker shortage has left companies unable to increase their harvesting during the peak production season.

Palm oil output in Malaysia, the world's second-largest producer, is forecast to decline, or at best remain unchanged, from last year's 18.1 million tons, according to planters and analysts.

Plantations across the Southeast Asian nation are facing their worst labor crisis since the industry began in 1917, with the arrival of migrant workers that are the core of the industry's labor force at a "snail's pace," the Malaysian Palm Oil Association's (MPOA) Chief Executive Joseph Tek, told Reuters, despite the lifting of coronavirus-related hiring restrictions.

A lack of skilled harvesters means companies cannot fully capitalize on the peak harvest season that spans from August to November, forgoing a boost of growth from recent rains.

"The plantation industry is no longer at the breaking point, it has been pushed beyond the breaking point," Mr. Tek said.

Production shortfalls in Malaysia will support prices for benchmark crude palm oil futures, the most-traded vegetable oil in the world, which have lost half their value after hitting a record in March.

Travel restrictions enacted in 2020 to fight the COVID-19 pandemic left the Malaysian palm oil industry short of 120,000 foreign workers needed to maintain trees and harvest fruit bunches. After that, oil palm yields plummeted to near 40-year lows in the 2020/21 marketing year, adding to a broader global edible oil shortage triggered by the Russia-Ukraine war.

That pushed palm oil prices to record highs in March, inflating prices of foodstuffs, detergent and other palm oil-based products.

Since then, though palm oil prices have slid lower following the resumption of exports from rival Indonesia, the world's biggest palm oil producer, and a rebound in world oilseed production, with estimates of all-time high soybean output in the US and Brazil.

Chicago soybean oil has fallen 25% since hitting its all-time peak in April.

Malaysia's palm industry expected their labor woes to ease after the government lifted the COVID-19 freeze on recruitment in February, with the MPOA expecting the entry of 52,000 migrant workers.

However, only several hundred workers have arrived, largely because of slow government approvals and concerns over worker protections.

The MPOA estimates only 12% of approvals for migrant workers granted to companies across all industry sectors in Malaysia have successfully translated into boots on the ground.

Migrants, mainly from Indonesia and Bangladesh, make up around 80% of the workforce in Malaysian estates. Malaysia's Ministry of Human Resources, which is responsible for approving the intake of foreign workers, did not immediately respond to Reuters queries for a comment on the labor crunch.

Messages sent to the Minister of Human Resources Saravanan Murugan were not replied to as well.

FGV Holdings, the world's largest crude palm oil producing firm, said it has received 647 migrant workers this year and it has only filled 62% of its required workforce. The firm is optimistic it will receive 7,000 workers by the end of the year, FGV said in a stock exchange filing on Aug. 30.

However, any incoming workers will miss the crucial high crop season. As harvesting time at some plantations extends to as much as 90 days from the usual 10 to 15, producers are losing up to a quarter of their crops, the MPOA said.

It estimates opportunity losses from unrealized crop and palm products could exceed 20 billion ringgit ($4.44 billion) by the end of the year. — ***Reuters***