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English version

CLOSE-UP:
SEA FREIGHT

GLOBALGAP: the mango
sector in Côte d'Ivoire

Citrus and exotics
Monthly review

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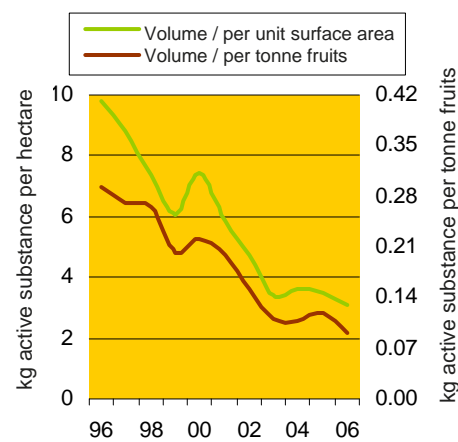
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Brazilian Real	3.1993
Czech koruna	25.99
Polish zloty	3.9592
Chinese yuan renminbi	9.1282
Estonian kroon	15.6466
Slovak koruna	30.17
Turkish lira	2.0987
South African rand	13.5835
South Korean won	1 833.58

Source: Central European Bank

Is the body of French and European law that weighs on agricultural production a good thing, especially as regards the rules that forbid certain practices or shortens the list of authorised pesticides?

This statement requires a little amplification. Banana production in Guadeloupe and Martinique provides an opportunity for this as the sector is particularly hard-hit by this 'less and less' dogma. The aerial spraying needed to manage Yellow Sigatoka disease is to be forbidden in the short term. The list of pesticides that can be used to control pests such as nematodes and the banana borer weevil is very short and the only post-harvest product that has escaped the axe is not as effective as those used by certain competitors, etc.

Banana - Martinique - Evolution of the use of pesticides - Insecticides and nematicides



Source : Chabrier et al, Phytoma 2005

Two approaches remain for West Indian growers: resisting change or innovating. The results already obtained such as a 50% reduction in pesticide application and the official launching of the 'Sustainable Banana Plan' at the beginning of December show that they have clearly come out in favour of innovation with a strong partnership with the agricultural research sector.

And what good comes out of all this? This lies in the value added that the sector may draw from these imposed constraints, as different products have different value. This is one of the fundamental laws of trade. For lack of diversity of supply, the banana world does not qualify for this logic. This might therefore be beneficial for French growers, should they finally succeed in obtaining the recognition of their true difference on the basis of objective criteria. The advantages of this kind of

progress do not stop there either. It can be hoped that the French West Indies can serve as an example for other production sources, thus leading the whole of world banana production to take more account of the environmental issues involved.

Denis Loeillet

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The world of fresh produce

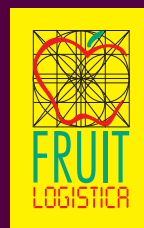


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GLOBALGAP certification

The example of the mango sector in Côte d'Ivoire

Certification has come in a difficult context. Exporters initially saw it as a fresh constraint, with investments to be made, personnel to be recruited, procedures to be set up, training to be dispensed, contracts to be signed with growers, certification bodies to be sought, fees to be paid, etc., and this right after a catastrophic season in 2006. In short, it was a true obstacle course.

In September 2007, less than a year after the first certifications, the situation changed rapidly with the deep-seated changes made to the EUREPGAP reference, which became GLOBALGAP. This resulted in new procedures to be set up, in minor requirements becoming major ones, the strengthening of control of growers, the incorporation of environmental and social aspects, etc.

New rules for sector organisation

New rules thus govern a sector that had hitherto been very little organised.

Like the exporters, growers had difficulty in understanding the issues involved in the certification of their plantations. It was only after many sessions held to promote awareness that they began to consider it as a true guarantee for the export sale of their production.

Everybody in the sector is concerned, from the company manager who becomes a GLOBALGAP association delegate to the factory watchman who is involved in setting up a pest control procedure. This is a real revolution for all players. The ways in which work is organised are changing rapidly, whether at packing stations or during harvesting in the fields.

Understanding the letter and the spirit of the reference

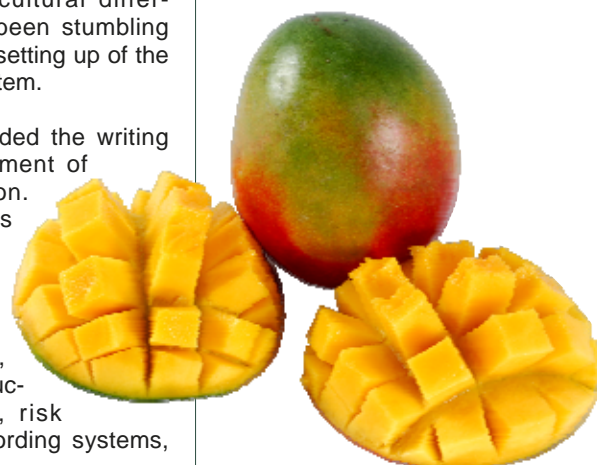
Understanding the GLOBALGAP references for the effective setting up of certification in African enterprises is not easy. Designed in Europe, it incorporates concepts that are still little known in Africa although they are firmly fixed in the minds of European consumers. This is the case of the protection of the environment, waste management, the sanitary and social protection of workers and the well-being of animals. These have become primordial for European consumers but are still remote from the vital requirements of African growers or workers. Differences in values and cultural differences have been stumbling blocks in the setting up of the reference system.

To this is added the writing and management of documentation. This involves drawing up manuals covering quality, procedures, working instructions, plans, risk analysis, recording systems,

control systems (control of producers, internal audit, certification audits), etc. 'Producing mangoes on paper' is a considerable novelty for the sector.

The first certifications were awarded mainly on the basis of documentary and visual inspection (visits to packing stations and plantations) with no verification of the setting up of procedures during or after the season. Without changing their working methods, some enterprises that received EUREPGAP certification in 2007 found themselves seriously lacking when GLOBALGAP arrived. Indeed, the auditor henceforth check the effective setting up of enterprise procedures and records.

Merely applying the procedures and other documentary systems used by one enterprise to another does not exist today. The procedures must be drawn up according to the certification references but also according to the specific features of risk analysis for each enterprise and the way in which each enterprise operates. This requires good understanding of the reference material.



© Régis Domergue

Certification of the mango sector is recent in Côte d'Ivoire, in contrast with the pineapple and banana sectors where the first certifications date back to 2001-2002 when the EUREPGAP reference was created. After pressure from importers and European super-market chains, the first mango enterprises were certified in early 2007 under Option 2 'Producer Group' for reasons of nature of production, handled by a large number of growers.

Deep-seated restructuring of enterprises

Certification leads to the internal restructuring of the business concerned. Whatever its status, it acquires another dimension with the creation of new positions, the setting up of a well-designed organisation chart and the obligation to possess a control and auditing unit, a quality assurance manager and a technical manager who handles production aspects.

This leads to the search for new skills as defined in GLOBALGAP reference material. The auditor also inspects the curriculum vitae of key personnel. The first difficulty is that of recruiting competent personnel in northern Côte d'Ivoire for seasonal work. Recruiting high-level personnel for one or two months work each year seems totally unrealistic in the light of cost. Many enterprises have therefore chosen to sub-contract tasks in the strict respect of GLOBALGAP rules and to sign occasional contracts with an internal inspector, an internal auditor, a technical manager and sometimes a quality insurance manager. This is the only practical method of meeting GLOBALGAP requirements and easing the financial burden on the enterprise.

Another concern is the training of key staff in GLOBALGAP requirements. Training and support from the Pesticides Initiative Programme (PIP - COLEACP) have been beneficial here for training quality assurance managers, packing station managers and internal inspectors and auditors. Other enterprises that do not have a

contract with the PIP have been supported by Bureau Veritas in Abidjan.

The producer group as a way of organising mango production

All the enterprises in Côte d'Ivoire are certified under Option 2, 'Producer Group'. Requirements, especially as regards the quality system, are more substantial than for certification awarded under Option 1 that concerns enterprises with their own plantations.

After being informal for a long time, relations between packing stations and growers are now being organised on a contractual basis. Signing contracts with mango growers, most of whom are illiterate, and defining obligations, duties and sanctions as planned by GLOBALGAP, are becoming the basis of the new organisation of production.

Both the number of certified growers and the planted area vary from one enterprise to another; the largest have nearly 80 planters and up to 350 hectares under mango. The selection and identification of the planters to be certified form part of the first stages. Which growers can meet the criteria and be subjected to a quality system? How can they be identified and coded in order to set up an effective traceability system?

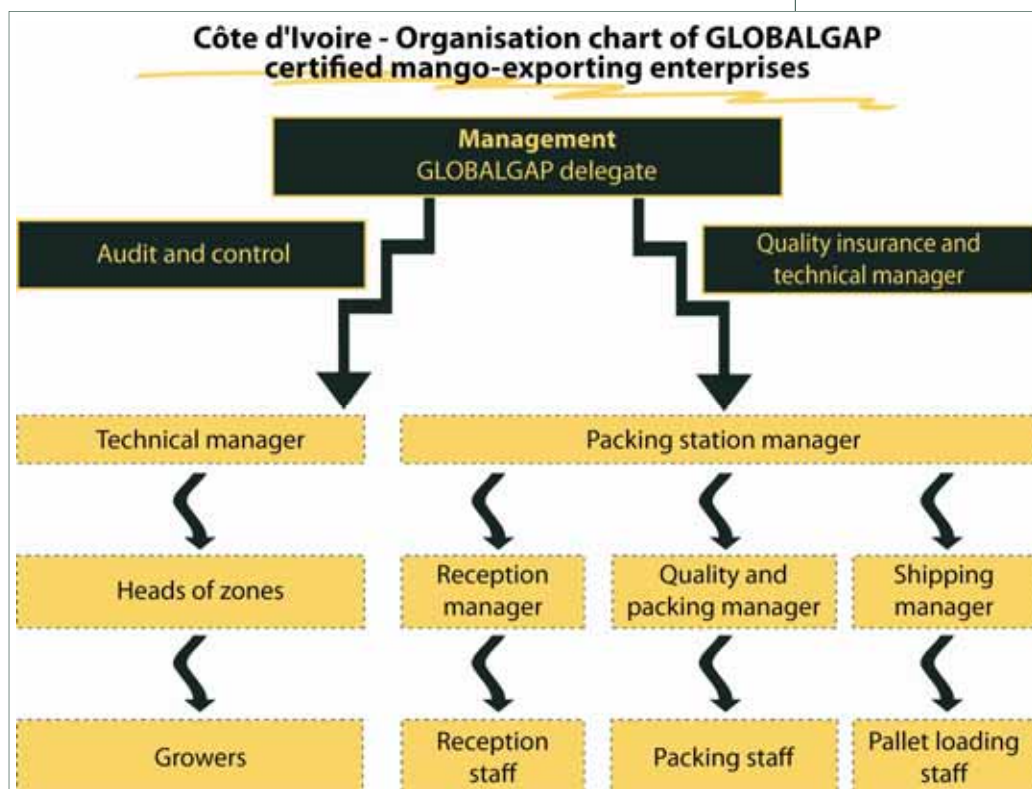
Traceability has made it possible to refocus and restructure supply. The end of runners on bicycles or motorcycles—long a complementary

method of supply for some export operations—is a good illustration of this, as it seems totally impossible to trace two or three boxes of mangoes.

Identification of plantations by plates is another visual component of certification. Every enterprise has its sign, with the colour and plantation code corresponding to its internal traceability procedure.

Drawing up the end-of-season inventory required by GLOBALGAP has made it possible to know the per-hectare export yields on each plantation and to make annual export forecasts.

Supervision of growers has been strengthened



Identification of GLOBALGAP certified mango plantations



with regard to the respect of the crop management sequences adopted by the enterprise. However, the cultural methods used have not been changed, with the exception of field spraying.

Furthermore, GLOBALGAP fertilisation and irrigation requirements cannot be applied to the mango sector as fertiliser is not used and the plantations are not watered.

Spraying of banana plantations banned by certified enterprises

Although Côte d'Ivoire has registered a whole series of pesticides for the leading export products coffee, cocoa, cotton, pineapple and banana, this is not the case for mango. The only product authorised is DUSBAN 4E, an insecticide whose active substance is chlorpyrifos ethyl (480g/l) and that is sold by only one pesticide firm, CALLIVOIRE. There are no registered fungicides and hence very little scope for pre or postharvest treatment for conformity with GLOBALGAP references. In addition, the insecticide has not been available in the production zone since the beginning of the slump in Côte d'Ivoire.

Thus, absence of choice combined with the complexity of the rules for crop spraying set by GLOBALGAP, together with the storage conditions for crop treatment chemicals, management of

waste containers, calibration of sprayers, application methods, medical monitoring of personnel performing spraying, etc., have led enterprises to suspending the spraying of certified plantations.

Exporters have nonetheless anticipated the possibility of spraying operations as they have planned storage premises for chemicals, either close to the factory or at production, spraying procedures, monitoring sheets, etc. However, they do not carry out any spraying for the moment, to the great regret of certain growers whose plantations are infected by mealybug or who

would like chemicals in order to address problems of anthracnose.

So far, none of the pesticide residue analyses performed in Europe on Côte d'Ivoire mangoes have shown any problems.

Hygiene in the field: difficulties remain

Respecting rules for hygiene is one of the bases of GLOBALGAP references, both in the field and in packing stations. These rules had to be adapted to local conditions in the plantations. Working in a zone in which water is scarce has led to the application of special rules



Pesticide storage facility

← near the packing station

at production ↓



Photos © Alexis Moulin



Field toilets

and in particular the transport of containers of water in harvest vehicles for hand washing in the field. Boxes and vehicles are washed at packing stations. The major problem remains that of toilets close to harvesting areas. Only a few plantations have been equipped with

these and this minor requirement is the only exception to the rules to be allowed.

Refitted packing stations

Much investment has been necessary for adapting packing stations. The installation of cloakrooms and hand washing facilities at the entry to the station, the construction or renovation of sanitary installations, the provision of a canteen premises for the personnel and the renovation or reorganisation of the premises for the storage of packing material are obligatory for the respect of rules of hygiene concerning the handling of fruits and vegetables.

The hygiene procedure to be used by visitors is displayed at the entry to the station. Inside, the hygiene instructions to be obeyed by the personnel are recalled by pictograms: no eating, no smoking, keep fingernails trimmed, clothing requirements, etc.

The installation of fire extinguishers, the posting of accident emergency instructions, the signposting of emergency exits and the provision of a first aid kit form part of the procedures for ensuring the safety of workers. Lights are protected in the packing area to avoid broken glass. A corridor is sometimes planned for pallet transport to prevent risk of accidental injury. Rat traps are installed and numbered inside and outside the station, in conformity with the application of the pest management plan drawn up by the enterprise. A daily cleaning schedule is drawn up for station maintenance operations. Some stations have planned waste pits outside the premises for incineration of fruits rejected during sorting.

The reorganisation of packing work

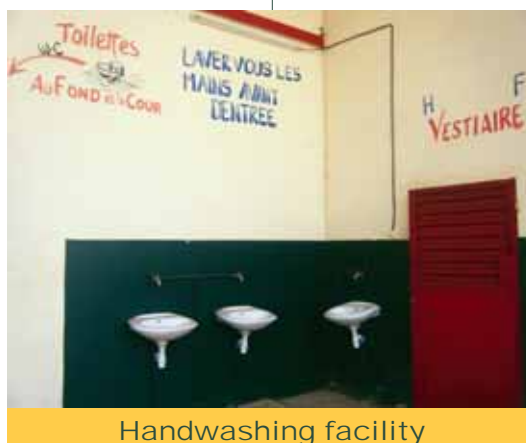
Packing work is reorganised in the new framework. The recruiting of seasonal workers is now subject to regulations. A medical check and a curriculum vitae as factors in hiring are a complete novelty in a sector in which family or social relations have long been the criteria for getting a job. Relations between employers and employees had remained informal but are now acquiring a contractual basis as is the case of those between growers and the packing stations.

Before each season, the entire harvest and packing personnel is obliged to attend obligatory training in rules of hygiene, traceability and the organisation of the packing station and the reports on these are monitored by the auditor. Setting up the traceability procedure at the packing station and internal quality control—

made obligatory by GLOBALGAP—requires the creation of new job positions. Thus, the internal quality control officer, whose job was previously performed by Bureau Veritas, handles the setting up of the procedure for quality control and batch reception at pallet packing. All this enhances the intrinsic quality of the fruits and slows any drift in quality, as experienced

by EUREPGAP certified enterprises in 2007 after the very rapid outbreak of problems of anthracnose.

The setting up of the traceability system in the packing station has required specific training of personnel supervised by the quality manager who coordinates the system: a receptionist who records all the batches, coders and a person



Handwashing facility



Packing station

Photos © Alexis Moulin

List of enterprises certified for mango in Côte d'Ivoire

Name	EUREPGAP reference	EUREPGAP-GLOBALGAP reference	Certification body
BAMBARA sarl	Certificate 2007-2008	Certificate 2008-2009	INTEGRA (Belgium)
ETS OUATTARA	None	Certificate 2008-2009	PROCERT (Switzerland)
KATOPE- SPEM	Certificate 2007-2008	Certificate 2008-2009	PROCERT (Switzerland)
MAJOTA	Certificate 2007-2008	Certification ongoing	PROCERT (Switzerland)
RANCH DU KOBÀ	Certificate 2007-2008	Certification ongoing	Bureau Veritas (Morocco)
SOLEIL D'AFRIQUE	None	Certificate 2008-2009	INTEGRA (Belgium)
VIDALKAHA	Certificate 2007-2008	Certification ongoing	Bureau Veritas (Morocco)
YENA	None	Certificate 2008-2009	PROCERT (Switzerland)

monitoring the batches on palettes. Some enterprises have started to use traceability software and in particular HORTITRACE developed by PIP.

Even if the recording system to be managed in the packing station is becoming complex, GLOBALGAP has enabled better organisation of work, the distribution of responsibility and a degree of improvement of workers' conditions, safety and health, as is suggested in the references.

A quality system and enhanced control

The quality system is now based on the quality manual and 11 procedures: inspection of documents, complaints, deviations from standard and corrective measures, field traceability, packing station traceability, sanctions, the withdrawal of produce, sub-contracting, control of records, internal audit and internal control. Operational procedures are added to this: workers' security, health and hygiene, hygiene during harvesting, hygiene at the packing station, integrated pest management, pesticide spraying, quality control, verification of measuring apparatus, accidents, pest control and the exceeding of maximum residue levels (MRLs).

Risk analysis covers two sectors: hygiene and work in the plantation and at the packing station. This is the basis of the hygiene and safety procedures for workers' safety and health.

Questions of waste management and protection of the environment are handled as secondary matters today via the setting up of plans that describe what enterprises plan to do.

With GLOBALGAP, internal control of growers is obligatory and must be performed on the basis of all the reference points so that their status can be defined. This is the first stage. The internal auditor then approves the status of the grower and of the packing station. The certification audit is not performed until

after this second stage. This makes a large number of stages before the final audit. Plus any possible failures to conform in all the phases of the various controls. It takes about six months for each enterprise to meet EUREPGAP and then GLOBALGAP standards. Today, nearly 70% of mango exports come from certified enterprises.

Certification is also a question of money

Some enterprises are still hesitant about becoming involved in the certification process. This attitude can be understood. Can the outlay involved in certification be recovered in the selling price of fruits in Europe?

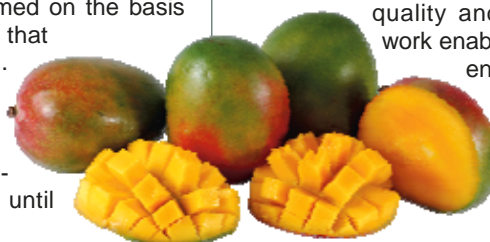
Depending on the facilities at the packing station, the investment to be made totals more than EUR10 000. Expenditure on training personnel, internal controls, internal audits and certification is significant. The certification alone costs from EUR 6 000 to 7 000 depending on the certification body, without counting the royalties that growers must pay to the association FOOD PLUS that manages the GLOBALGAP reference. As certification must be renewed each year, its cost becomes a standing expense for the enterprise. Certification also involves money.

What is certification worth on an over-supplied market? Not much, if only a passport for being able to sell goods to retail distributors that make certification a condition. Some exporters have considered that they could increase tonnage deliberately when they were certified, but certification is also a decoy.

Isn't it a new non-tariff barrier? The certification required by Europe will certainly remain a non-tariff obstruction for the ACP countries as certain requirements seem particularly extravagant. Requiring toilets in the fields is a minor requirement but one that could gain major status during the next revision of the references and may even endanger mango production in West Africa. How many plantations in Europe have toilets next to the fields in the fruit and vegetable or vineyard sector for example?

The opening up of markets, the improvement of quality and the reorganisation of work enabling better profitability for enterprises would seem to be the main immediate benefits to be drawn from certification ■

Alexis Moulin



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Historically the reefer business is immune to recessions - this year may be no different. However the scale of the economic downturn and the general reduction in global trade will surely have an impact on a number of variables that, in turn will influence the specialised reefer charter market in the short and medium term. Precisely what, when and where remains to be seen.

SEA FREIGHT

A report by Richard Bright

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World sea freight

Reefer set fair to survive credit crunch

The past 12 months has seen some extraordinary and unprecedented developments in global shipping. At the start of the year orders for new bulk carriers and container ships were at record highs and at record prices: charter rates were also at record highs despite the oil price soaring to record levels in July.

But in less than three months since the start of September the collapse in global stock values and economic confidence has been mirrored by the dramatic fall in charter rates, at a time when so much tonnage is still to be delivered to the market.

In presenting its Q3 results the world's largest container line Maersk warned of an uncertain 2009, and added that it was 'very likely' to lay up container ships in 2009 to counter what it called the deepest market downturn in three decades. At the beginning of December a total of more than 80 containerships were reported to be laid up at anchor off Singapore, Hong Kong and Shanghai.

Supply

The combination of the historically high bunker prices, an ageing reefer fleet and the equally historically high price achievable for second-hand steel on the beaches of the Indian sub-continent saw more than 30 reefer vessels demolished in the first eight months of the year. With an average age of over 21 global specialised reefer capacity could theoretically shrink dramatically over the next five years if this trend continues into 2009.

The likelihood of this happening however has been lessened since October with scrap prices falling from an August high of over US\$700 per l/dwt to US\$100 per l/dwt! The equally dramatic reduction in the oil price has made the older units suddenly economical once again and therefore likely to continue trading. Even if the flow of tonnage to the beaches of the Indian sub-continent dries up the endemic problem of chronic under-investment in the specialised reefer industry remains. Although there has been plenty of talk, as yet there have been no reefer newbuildings confirmed beyond those scheduled for Star, Seatrade and Fresh Carriers.

It remains to be seen whether there is enough reefer equipment and enough reefer slots available in the appropriate trade lanes for the container lines to compensate for the reduction in capacity on the other mode. The likely consequences of a shortfall will be felt at either end of the supply chain.

In the Asian shipyards, berths for containership newbuildings are being forfeited with the loss in several cases of the 10% deposit, so bleak is the medium term forecast for the mode. With yards soon to be in the relatively unusual position of chasing orders, now might be the time for cash-rich reefer owners to take advantage, especially as the cost of building and cost of steel are likely to fall. The next 12 months will be as good a period as any to assess the long-term commitment to the reefer sector of operators such as NYK and Eastwind. Will Greek investors be tempted back into the sector?

The next 12 months will also be a measure of the resilience of the specialised reefer mode in the face of more fragmented competition from the container lines. But the lines have a dilemma – do they sacrifice what has suddenly become the most profitable part of their business in the search for more market share? Or do they push for higher rates in the belief that demand for reefer capacity will not be matched by available supply?

Demand

Despite the 30-odd vessels that have been demolished since the start of the year there was no 'demand dividend' for Time Charter Equivalent spot rates in either the February to May 'peak' or in the second half of the year. A high exit price for



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bananas in Ecuador throughout the year coupled with uncertain markets in the Med restricted banana chartering. The credit crunch in the second half of the year exacerbated the situation.

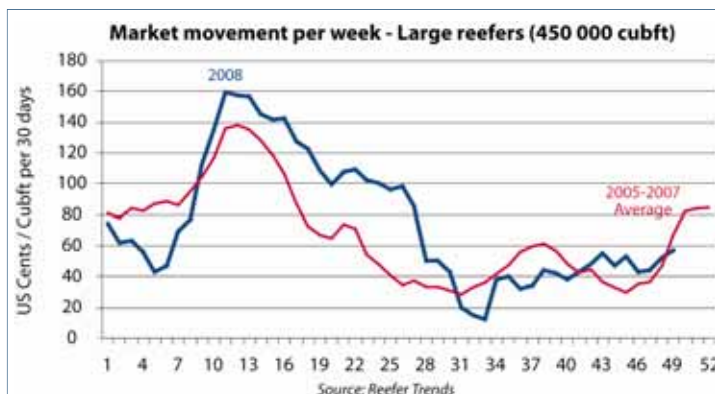
While the Spot market remained in the seasonal doldrums there were significant developments in the Period market: although the benchmark health indicator Canary Island seasonal tomato contract was fixed at only a marginal increase on last season, Russian charterers JFC and Sunway had little

choice but to pay top dollar for larger, more efficient modern units on longer deals.

With so much more of the Baltic fleet likely to be scrapped next year on the one hand and the Russian ports and terminals still unable to handle large numbers of reefer containers on the other it will be fascinating to see how the vertically integrated distributors choose to manage their supply chains once these units are demolished.

Speculation surrounds the intentions of Chilean charterer CSAV for the upcoming season. Historically the line has held the largest share of all fruit shipments, predominantly in the breakbulk mode. However this year it has elected not to renew its 8-vessel charter with Star Reefers, perhaps instead intending to gamble on the Spot market. Given the weakness of the container market it may also be intending to cover its requirements with reefer boxes.

Banana charterer Geest extended the four vessels it has on time charter from Seatrade for 3-years instead of the usual 12 months at 105c/cbft. Irish multi-national banana major Fyffes is reported to have extended its four 550'cbft E Class vessels for a similar period at a similar 20% increase.



Although Del Monte did fix three units on a 3-year charter with NYKCool for its transatlantic business the US multi-national is to switch modes and ship all its fruit from the Cameroon into northern and southern Europe onto liner services. This is the third time in five years that Del Monte has changed its shipping arrangements from West Africa – after having co-shipped with Compagnie Fruitiere on the Africa Express Line specialised reefer service in 2004 it decided to operate its own ships in 2005 and 2006. In 2007 it reverted to the AEL service but this will change again in 2009 when its volume of bananas and pineapples will all be shipped in reefer containers on liner services operated by Maersk (to UK & N Cont) and MSC (Marseilles and Fos).

Finally, Maersk demonstrated its intent to break into the Ecuadorian banana business by announcing the launch of its Ecubex service in February 2009. The 6-vessel string is to coincide with the peak season in Chile and will phase into a direct North Europe service every June. The line is to deploy six x 2,500 TEU N-Types with 'high' reefer capacity on the service. The vessel rotation from February to June is reported to be Guayaquil-Balboa-Rotterdam-Balboa-Guayaquil-San Antonio-Guayaquil with the first northbound call in Guayaquil on 13 February, 2009. The transit time from Guayaquil to Rotterdam will be 15 days.

Forecast

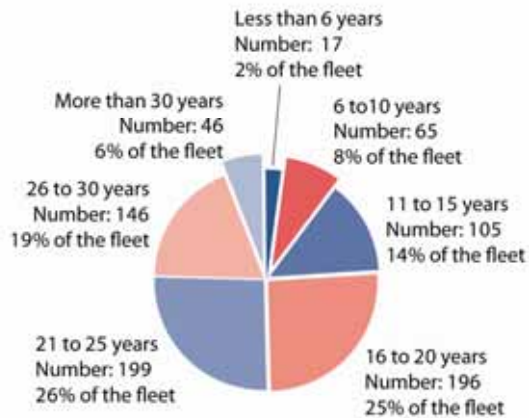
The end of 2009 sees all Seatrade, Star Reefers and NYKCool modern tonnage either fully chartered out at double-digit percentage increases on 2008 rates or committed to liner trades. Going forward any additional demand for modern units from those charterers uncovered or wishing to change away from a Spot-oriented strategy can only result in a scramble for what spare capacity remains. In these circumstances Period charters should continue to rise in spite of the global economic downturn. And if the traditional blue-chip charterers think it's bad this year, how will they view the market in 12 months when so much more of the Baltic fleet has been demolished?

How the Spot market performs over the next 12 months is harder than ever to predict: theoretically stable demand on a reduction in capacity will see rates rise, especially if there is a supply of more seasonal fruit, more bananas and similar volumes of South Atlantic squid to 2008. But with production costs increasing across the board, major markets in the middle of a recession and when the reefer container is ever more a lower-cost alternative, the picture is not at all clear ■

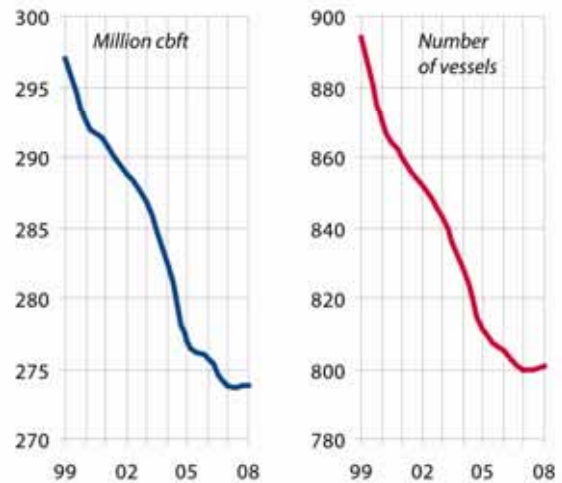
Richard Bright, consultant
info@reeferrends.com

SPECIALISED REEFER FLEET

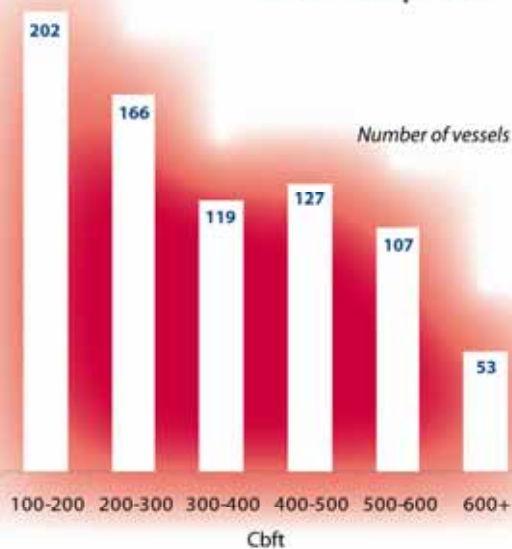
Specialised reefer fleet - Age profile



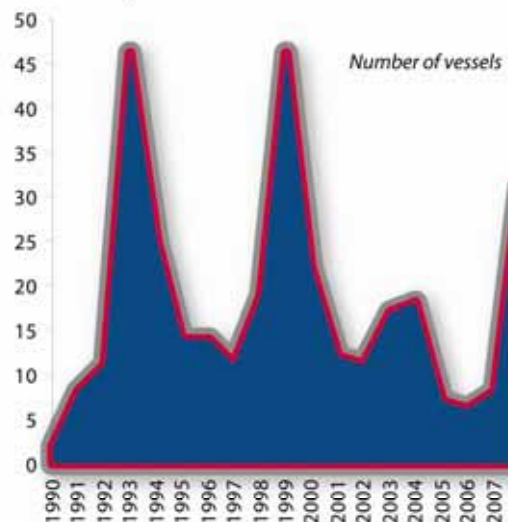
Evolution of specialised reefer fleet



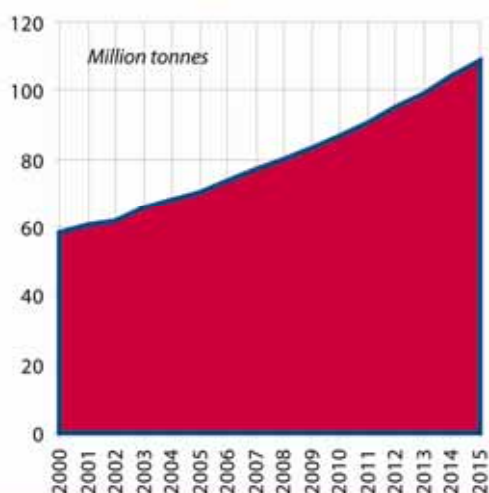
Reefer fleet profile



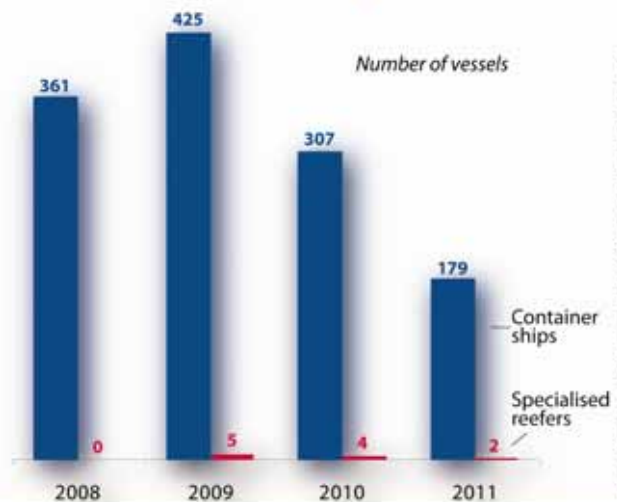
Specialised reefers demolition



Growth in global reefer trade



Newbuildings



Source: Reefer Trends, Drewry, Sontani / Graphics: Chez Vincent - Cirad



Banana market and sea freight

How recession-proof is the banana trade?

How will the global banana business feel the impact of what looks as if the slow-down becomes a severe global recession? Although it's a legitimate question it's not an easy one to answer. The banana business can roughly be divided into four unequal and heavily interlinked constituent parts (production, shipping, distribution and retailing), all of which to some extent will be affected by current recessionary trends. However what happens to the US Dollar against the Euro and UK Pound will arguably have a more profound influence than any changes in these four elements.

Production

At the head of the chain the cost of banana production has risen steeply this year, driven either by the price of oil and/or the increase in cost of fertilisers and pesticides. Although at the time of writing it had not been set in stone the Colombian Government is considering the possibility of imposing a minimum price for the first time to better protect its banana industry. The Costa Rican Government appears likely to raise the price payable to its independent producers, who account for approximately 52% of all production, for a third successive year.

There have been significant changes in the world's largest producer Ecuador: Ecuador's banana exporters have welcomed the Governmental decree that sees the official reference price regulated for contracted fruit, and not fruit that is spot traded. According to the decree, which was signed on 22 October the new arrangement will only protect producers a) on the state register and b) who sign procurement

contracts with registered exporters. Spot players will not be prevented from exporting but they will not be able to direct complaints to the Government, as has been the case in the past should exporters pay below the official minimum. The Government also decided not to bow to producer demands to raise the reference price.

Over the past three years the Ecuadorian exit price has averaged well over the state-decreed minimum, handsomely rewarding the independent producers who have chosen to gamble on the market instead of committing to contracts. Whether this continues in the face of a strengthening US Dollar against the Euro, Pound and Ruble, the global credit crunch, defaulting banks and worldwide recession remains to be seen. It is quite possible that the decision by the Ecuadorian Government will alter the market landscape as well as the local architecture of the banana business. If it does it is also likely to have an impact on reefer shipping, the second of the major elements in the banana mix.

Transportation

Here too there has been significant upward pressure on rates for the specialised mode: while timecharter rates are at historical highs reflecting a shortage of modern, fuel-efficient, container-friendly tonnage, next year's spot market may be frighteningly short of 'working class' units if the demolition schedule for the older units continues apace.

The combination of a higher price for FOB bananas and greater cost of reefer capacity may inhibit demand in Russia, the Med and Black Sea Spot markets and this might have a devastating knock-on impact on the Ecuadorian Spot traders if they do not sign contracts with exporters. If however they do sign up there will be a related increase in demand for specialised reefer programmed capacity, which will add further upward pressure on rate ideas. This is the dilemma the Ecuadorian independents will now have to face – either pay a higher rate or risk not being able to ship!

The addition of a weekly Maersk service from Guayaquil into Rotterdam in February may ease some of the pressure for the producers



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le plaisir



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and exporters, but on the other hand it may have a detrimental impact on the EU banana market.

Distribution

How will the importers and distributors be affected? With a strengthening US\$, higher costs for fruit and transportation on the one hand, much surely depends on total fruit supply and how much this impacts on the ability of the majors to force through higher costs to their customers.

Dole, Chiquita and Del Monte all have gearing issues, as do the principal Russian multi-nationals. Dole has been selling assets to finance its debt while Chiquita has taken steps to restructure. Del Monte is less exposed to bananas – as long as the pineapple trade remains as profitable as it has been, it should not be as vulnerable. Fyffes meanwhile is cash rich but heavily exposed to the EU market: its fortunes are tied to how the EU markets perform and this, to a large extent, depends on total volume supply. At least by reducing the number of reefer services into the EU Fyffes has taken what steps it can to improve its position.

Either by design or lack of reefer capacity the Russian majors have adopted the same credo: shipments to the Russian market are down in 2008 compared to 12 months ago. The year-to-date average CIF St Petersburg price has also been much higher than previously. With less Spot tonnage available this trend is surely set to continue, almost certainly at the expense of Ecuador if export volumes increase.

However there are also signs that all is not well in Russia: two of the 'Big 3' multi-national banana players are reported to be 'financially compromised'. Although the country's largest distributor JFC repaid the first tranche of its total Ruble 2bn loan on schedule, in November Sorus defaulted on a RUR1.175bn bond repayment and Sunway had its credit rating cut by Standard & Poor's to a CCC+, with a negative forecast. What will happen to Russian market supply and the Ecuadorian banana industry should the latter two companies (who control

approximately 40% of the Russian market) ultimately fail is beyond consideration.

Also, should the banks that finance the Med and Black Sea banana trades reduce or withdraw credit lines, the impact will inevitably be felt by Med traders CoMaCo, Adriafruit, Rastoder and Excelban, and subsequently Ecuador, which supplies 95% of bananas sold in these markets. This year Med market prices have been significantly higher than recent averages principally as a result of sharply lower volumes.

Retail

More than 60% of the US banana market is controlled by just three players, all of whom successfully leveraged their muscle earlier this year by imposing a surcharge to reflect sharply higher costs for fruit and fuel. Despite the subsequent reduction in costs, a high percentage of the surcharge remains. There is no reason why this scenario should change. Wal-Mart has thrown down the gauntlet to the majors by taking the first steps to source fruit itself with a 20K-box programme out of Costa Rica in Maersk containers. Given that Wal-Mart's weekly requirement is upwards of 400K boxes, the majors may rightly conclude that the Wal-Mart tactic is little more than a token gesture. Especially as it will be near impossible for the retailer to conclude contracts with enough Central and South American banana independents to satisfy its requirements.

What complicates matters in the EU banana market is the number of sources: as well as Dollar fruit the EU receives bananas from the ACP nations and its own producers. The increase in availability of logistics solutions, particularly any new container services adds to the general fragmentation. Because of this fragmentation the importers are in thrall to the retailers. With retailers everywhere wishing to prove to their customers that in times of recession they can keep prices down, the suppliers to markets where the sector is strongest (i.e. the EU) should theoretically suffer the most.

Discounting the Ruble crisis in 1998, historically the banana business has remained if not immune then relatively unaffected by recession. This time may be no different. However this time there are also complicating factors: highly-gear major players, more powerful retailers, a shortage of reefer capacity, a global shortage of credit and a recession with a much wider and more profound geographical spread. Given the inter-dependence of the relationships in the banana supply chain there is a feeling that if one of these links snaps, the whole structure from retail to producer may crumble ■

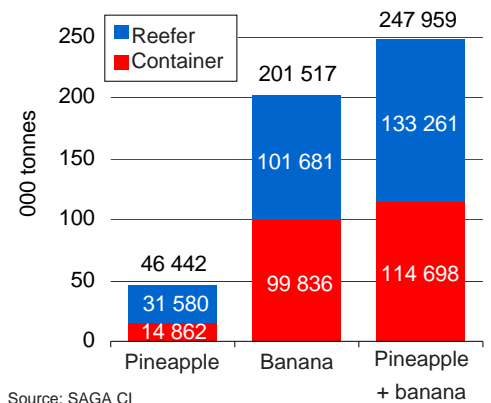
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Fruit logistics in Côte d'Ivoire: containers are the favourite for 2009

Côte d'Ivoire ships more than 350 000 metric tonnes of fruits (pineapple, banana, mango, coconut and papaya) by sea to Europe every year. However, a change in trend has been observed recently. Mainly transported on banana boats, fruits from Côte d'Ivoire have taken a large share of the refrigerated container market on regular shipping lines. More than 50% of the fruits shipped in the last 10 months travelled in this way. Container transport is becoming dominant and should increase in 2009. Since January 2008, more than

7 000 containers have been loaded in the port of Abidjan by Maerks line, MSC, Delmas (purchased by the CMA CGM group this year) and ZIIM/hapag. This represents nearly 100 000 t of bananas, 15 000 t of pineapples, 18 000 t of mangoes and 11 000 t of coconuts. In 2007, reefer ships still carried 64% of shipments of pineapples and bananas from Côte d'Ivoire. SCB operated 70% of these on Compagnie Fruitière's Africa Express Line (AEL), with two ships a week sailing to Port Vendres and Antwerp. Banana loadings in containers increased by 20 000 tonnes from 2007 to 2008. Today, nearly 50% of Côte d'Ivoire banana production is containerised. The decrease in volumes and the difficulty for small

Côte d'Ivoire - Pineapple and banana loading from January to October 2008



growers to schedule their picking operations has resulted in a slight decrease in the share of pineapple in container shipments. Mangoes and coconuts are loaded only in containers on regular shipping lines. Papayas, produced mainly by SCB, are loaded in deck containers on reefer ships and the quantity exported has increased considerably (+3 000 tonnes) this year. Currently 95% of the reefer ships are loaded with pineapple, banana and papaya by SCB.

Logistics - Côte d'Ivoire
Fruit loading distribution in 2007

Tonnes	Banana	Pineapple	Mango*	Coconut	Papaya**	Total	%
Container	77 183	16 585	21 274	14 583	-	129 675	36
Reefer	165 926	62 838	50	58	1 800	230 672	64
Total export	243 109	79 423	21 324	14 641	1 800	360 347	100

* including containers from Mali and Burkina Faso

** papaya loaded in deck containers on reefer ships / Source: SAGA CI



Serving the fruit in Côte d'Ivoire

Forty-five Gensets

Over two hundreds road tractors

A major multimodal hub serving : Mali - Niger - Burkina - Faso

Three dealings per week to the European main ports

A dedicated staff of twenty reefer specialists

A quality service recognised by ISO 9001 certification



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Indicators

The main fruits	In shares by total volume and expenditure on fruits for the month in France		
	%	Volumes	Expenditure
	Apple	25	19
	Grapes	17	21
	Pear	10	10

Pages

The trends for the main produce of the month significantly influence the overall situation of the fruit market. A column entitled 'Indicators' discussing these fruits precedes the pages devoted to a selection of exotic and citrus fruits.

Banana.....	21
Avocado.....	23
Orange.....	24
Grapefruit.....	25
Easy peelers.....	26
Litchi.....	27
Mango.....	28
Pineapple.....	28
Sea freight.....	30

OCTOBER 2008

Apple

The situation worsened markedly. First, the domestic market was more competitive and bi-colour apple production had started in all French regions. Second, export sales were also more difficult as picking had also started in European producer countries. As a result, prices fell substantially to a level lower than that of 2007 for 'Gala', the main variety traded at this time of the year.

Oct. 08 / Oct. 07

Price		Vol.	
=	↘	=	=

Grapes

A two-tier market. The situation remained difficult for black varieties in spite of a serious production deficit in 'Muscat de Hambourg', the main black grape sold at this time of the year. Sales were slow as quality was disappointing and retail prices high. In contrast, releases of 'Italia' remained fluid. Prices held at a higher level than in 2007.

Oct. 08 / Oct. 07

Price		Vol.	
=	↗		↘

Pear

The serious deficit in the main producer countries supplying the European market (Benelux countries, Italy and France) continued to affect the market. Prices had already been high in September and continued to rise, reaching historic levels.

Oct. 08 / Oct. 07

Price		Vol.	
↗	↗		↘

Sea freight

Although the Spot market remained in the doldrums for the month with approximately 10 vessels prompt at Cristobal at any one time, there was no significant downwards correction in either TC or box rate fixtures. Combined with a dramatic fall in the price of oil and associated drop in bunker costs this resulted in an improvement in the average monthly TCE yield.

Oct. 08 / Oct. 07

large reefers		small reefers	
↗			↘

Notes concerning market appraisal methodology

The statistics on the following pages are estimates of quantities put on the market in France. They are only calculated for the main supplier countries and are drawn up using information on weekly arrivals or market release statements by representative operators. The figures in the 'Main fruits' section above are provided by the CTIFL, with SECODIP being the source. The data published in the French market pages are provided solely as a guide and CIRAD accepts no responsibility for their accuracy.



SCB

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Banana

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OCTOBER 2008

As in September, the market was affected by general morosity. However, although supplies continued their seasonal increase, they were markedly smaller than in 2007. Deliveries from Africa—and especially Cameroon—were substantial. Likewise, volumes from the French West Indies continued to swell, exceeding the very limited level observed in 2007 (hurricane Dean) but remained moderate. Nevertheless, the increase was more than compensated by the deficit in deliveries from the dollar zones, especially in the second half of the month as many importers in northern Europe had implemented measures to limit imports to contract volumes alone. Thus, all the Latin American exporting countries shipped smaller volumes to the EU than last year, with the deficit ranging from slight for Colombia and Ecuador to more marked for Costa Rica.

However, the retail trade continued to exert strong pressure on prices, both in France and elsewhere in Europe. Numerous promotion operations were run with very attractive prices for shoppers. In spite of these excellent indicators, releases were only average in most of the large consumer countries of western Europe. Re-exports to the Eastern European markets were therefore massive, as demand was brisk there, and to a lesser degree to Spain where Canary Island bananas were in short supply.

Quay prices were down in comparison with those of September and distinctly lower than those of 2007.

Monthly and annual comparisons

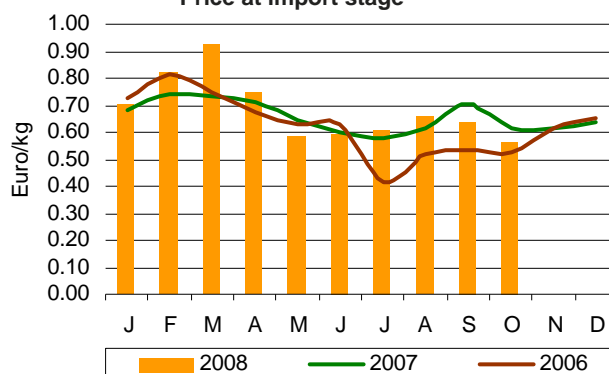
Volumes*	EU reference price**
October 2008 / September 2008	
↗ + 33%	↘ - 12%
October 2008 / October 2007	
↗ + 42%	↘ - 9%

* Arrivals from Africa/West Indies

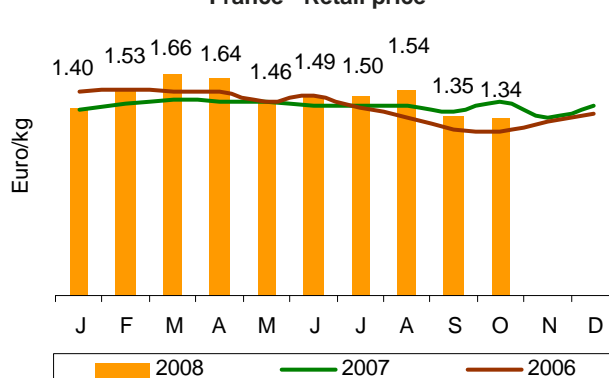
** Green price in Germany (GlobalGap)

French banana market — Indicators

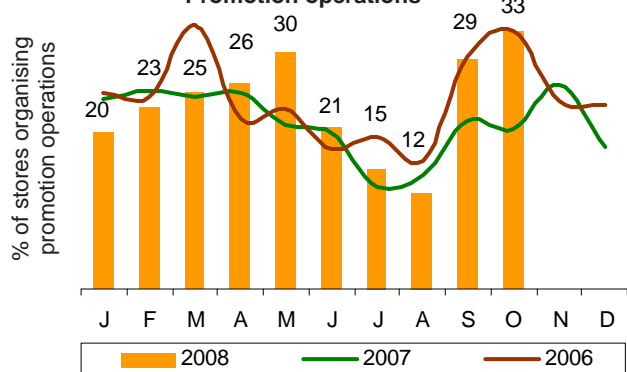
Price at import stage*



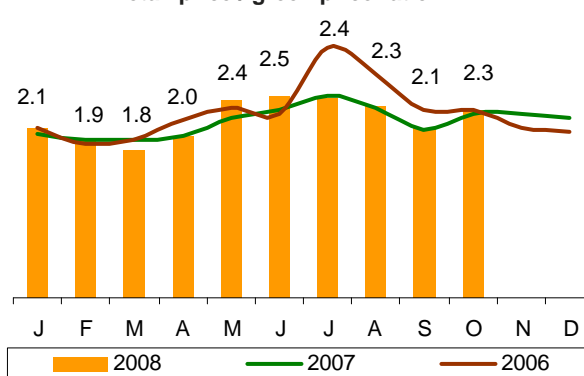
France - Retail price



Promotion operations



Retail price / green price ratio*



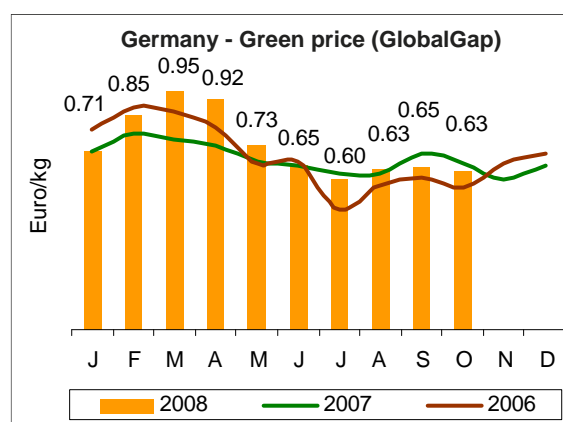
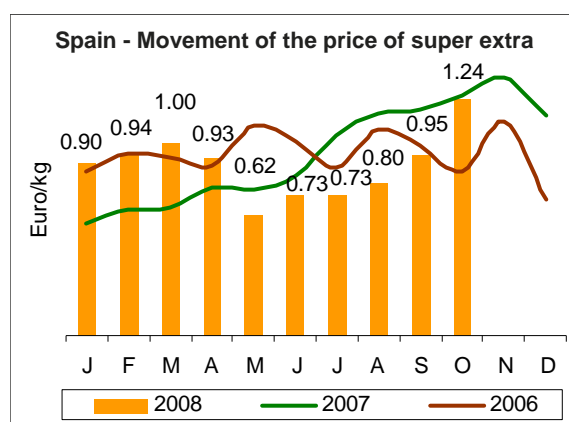
* African origin

European banana market — Indicators

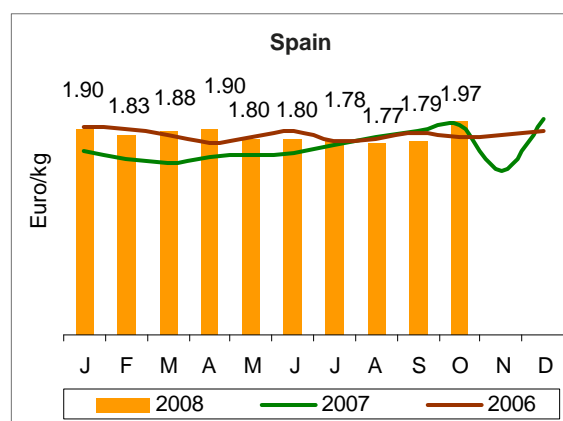
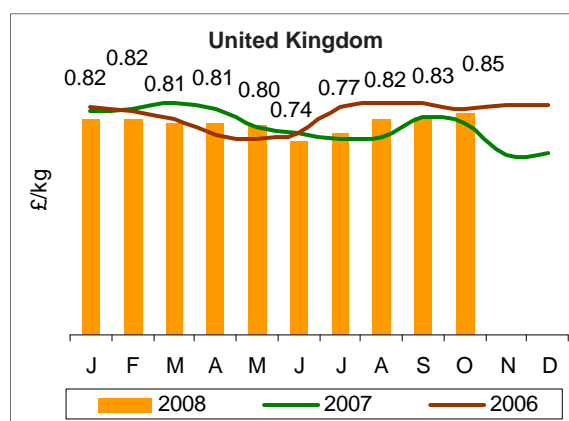
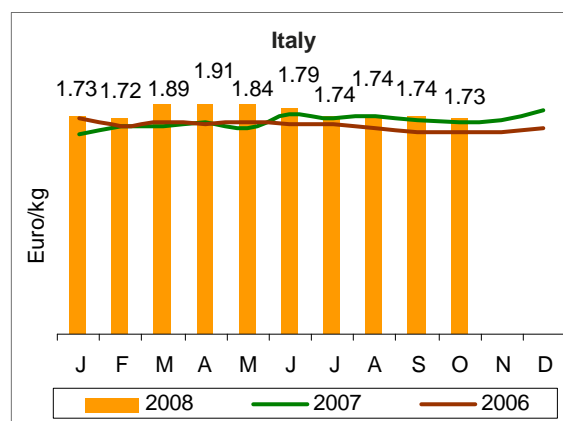
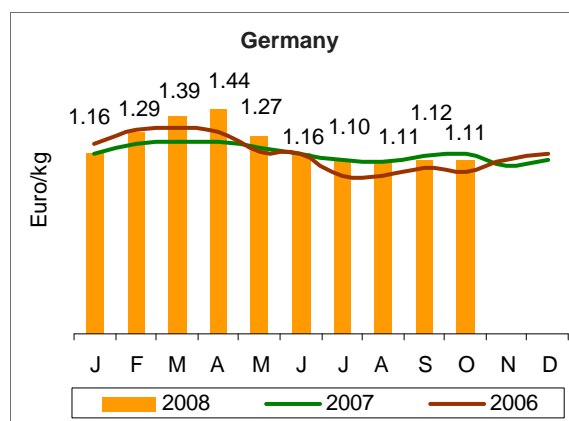
Main origins in Europe

Tonnes	October 2008	Comparisons (%)		Total season 2008	Season comparisons (%)	
		2008/2007	2008/2006		2008/2007	2008/2006
Martinique	11 219	-	- 44	120 049	- 12	- 35
Guadeloupe	4 689	+ 137	+ 2	39 929	+ 8	- 6
Canaries	25 717	+ 4	+ 4	315 735	+ 7	+ 11
Côte d'Ivoire	12 859	- 29	- 34	110 484	- 28	- 42
Cameroon	28 973	+ 54	+ 17	233 970	+ 18	+ 1
Ghana	3 579	- 18	+ 68	39 495	+ 27	+ 142

Green price in Europe



Retail price in Europe



Sources: CIRAD, SNM, TW Marketing Consulting



Avocado

OCTOBER 2008

After being very large in September, supplies decreased noticeably, with a clear deficit, especially in 'Hass'. Supply of the latter variety was based mainly on arrivals of Chilean fruits and these were moderate as a result of a serious production deficit and the attraction of the US market. The deliveries of Mexican fruits that complete supply at this time of the year were very small as the United States was also the main target for Michoacán exporters. A few last South African, Peruvian and Kenyan batches remained available until mid-month. Demand was fairly disappointing, especially in the second part of the month. Prices firmed as a result. Although the level reached was fairly high it was still cost to cost price.

The supply of green varieties increased with the start of the 'Ettinger' season in Israel and that of 'Bacon' in Spain. However, supply was smaller than average as even though the Spanish season got under way fairly quickly the Israeli harvest was still short, although larger than in 2007-08. Prices fell gradually but held at a level higher than average.

Monthly and annual comparisons

Volumes

Price

October 2008 / September 2008

↗ + 10%

↗ + 37%

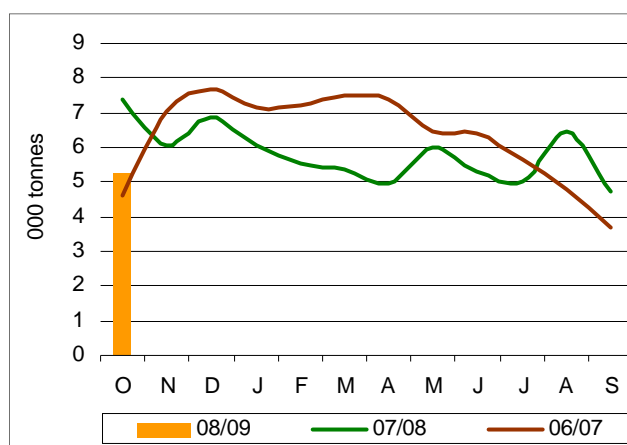
October 2008 / October 2007

↘ - 29%

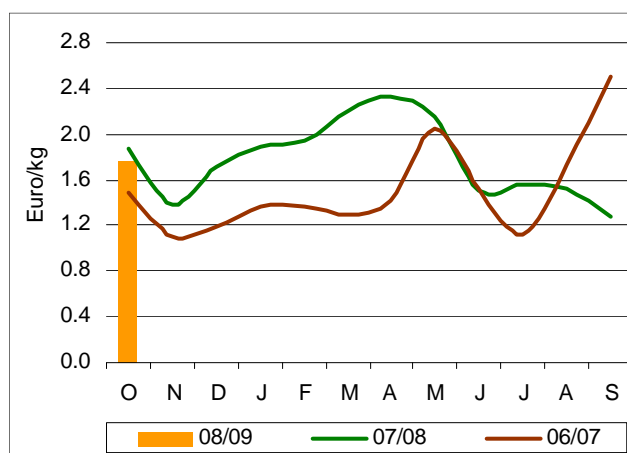
↘ - 6%

Estimated market releases in France

Volumes



Price at import stage



Estimated market releases in France by origin

Tonnes	October 2008	Comparisons (%)		Total season 2008/2009	Season comparisons (%)	
		2009/2008	2009/2007		08-09/07-08	08-09/06-07
Peru	383	+ 113	-	14 679	+ 55	+ 50
Mexico	912	- 50	- 31	993	- 63	- 56
Spain	1 291	+ 1	+ 27	1 504	- 1	- 56
Chile	1 034	- 53	- 22	1 084	- 62	- 58
Israel	640	- 15	- 10	640	- 15	- 10
Kenya	360	- 46	-	4 243	- 24	- 38
South Africa	627	+ 24	+ 172	11 338	+ 214	+ 153
Total	5 247	- 29	+ 14	34 481	+ 9	+ 13



Orange

OCTOBER 2008

The market remained fairly difficult. However, deliveries of southern hemisphere 'Valencia' were not prolonged as in 2007 and remained moderate from both South Africa and Argentina. However, large stocks were available, especially in northern European ports. In addition, demand remained fairly sluggish, especially during the first half of the month. As a result, the prices of southern hemisphere fruits remained stuck at the low levels of September.

In this very competitive context, Spanish operators were not really able to gain a firm foothold on the market before the end of the month. As the 'Naveline' harvest is large, production prices fell rapidly, following the dangerous spiral observed in 2006-07.

Monthly and annual comparisons

Volumes

Price

October 2008 / September 2008

↘ - 49%

↗ + 5%

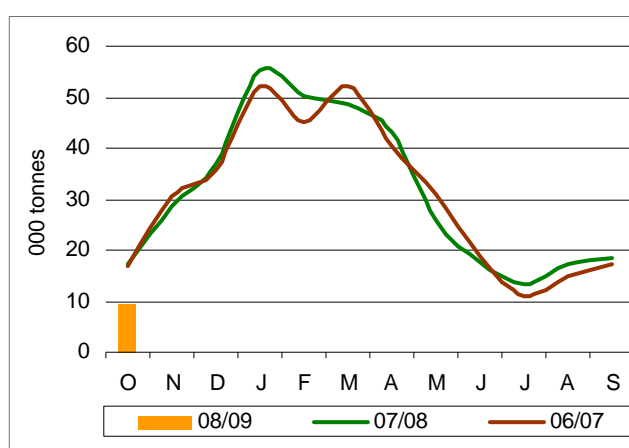
October 2008 / October 2007

↘ - 46%

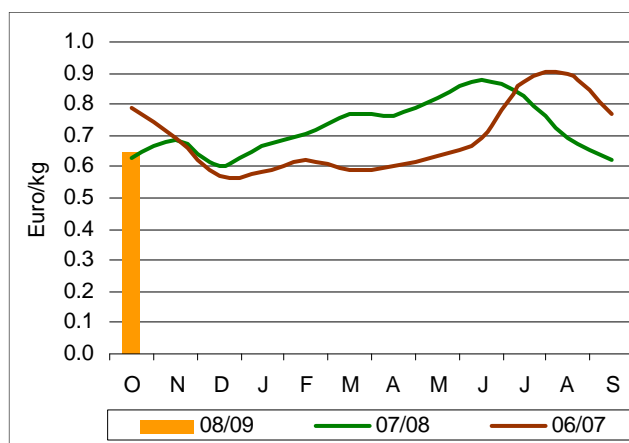
↗ + 4%

Estimated market releases in France

Volumes



Price at import stage



Estimated market releases in France by origin

Tonnes	October 2008	Comparisons (%)		Total season 2008/2009	Season comparisons (%)	
		2009/2008	2009/2007		08-09/07-08	08-09/06-07
Spain	3 119	- 7	- 58	3 119	- 7	- 58
South Africa	6 274	- 55	- 34	53 133	-	+ 43
Total	9 393	- 46	- 44	56 252	- 21	- 18



Grapefruit

© Eric Imbert

OCTOBER 2008

The winter season started early. However, supply from the northern hemisphere sources remained moderate except for Israeli fruits, as these were as plentiful as in 2007. The Florida season, back to a normal calendar, started in mid-month. However, quantities did not really gain momentum until the end of the month. In addition, few Turkish fruits reached the market as exporters had concentrated shipments more on Eastern Europe than in recent years.

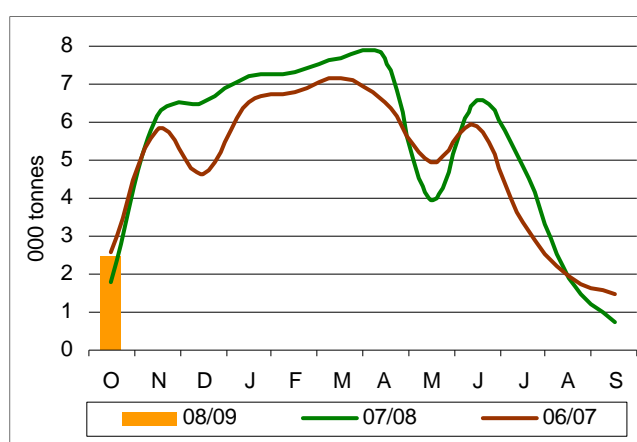
In this context, South American operators with high-quality fruits were able to maintain their references in supermarket chains. Sales of Mexican fruits held at a good level but the situation was more difficult for Honduras, as batches of uneven quality were observed, and Cuba, which entered the market very late. Prices remained stable and lower than average for fruits from Central American sources. Israeli operators had to make a quick price adjustment in order to enter the market and so their average price was lower than in previous seasons. Prices held better for fruits from Florida as smaller volumes were to be shifted.

Monthly and annual comparisons

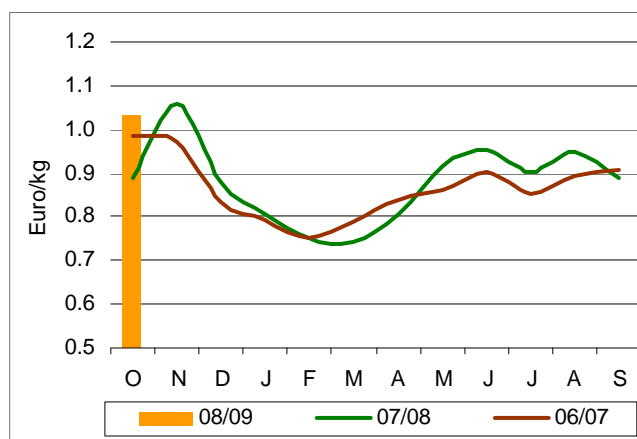
Volumes	Price
October 2008 / September 2008	
↗ + 244%	↗ + 16%
October 2008 / October 2007	
↗ + 41%	↗ + 16%

Estimated market releases in France

Volumes



Price at import stage



Estimated market releases in France by origin

Tonnes	October 2008	Comparisons (%)		Total season 2008/2009	Season comparisons (%)	
		2009/2008	2009/2007		08-09/07-08	08-09/06-07
Florida	1 190	+ 541	+ 53	1 190	+ 541	+ 53
Israel	883	+ 6	+ 37	883	+ 6	+ 37
Turkey	276	- 41	- 67	276	- 41	- 67
South Africa	142	- 50	- 57	10 632	- 3	- 36
Total	2 491	+ 41	- 4	12 981	+ 4	+ 402



Easy Peelers

© Régis Domergue

Monthly and annual comparisons

Volumes	Price
October 2008 / September 2008	
⬆️⬆️⬆️ + 1 897%	⬇️ - 56%
October 2008 / October 2007	
⬇️ - 2%	⬆️ + 2%

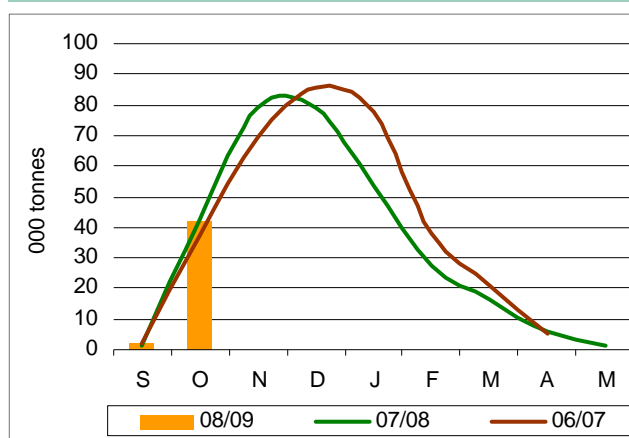
OCTOBER 2008

The start of the season was fairly satisfactory even though the volumes of early Spanish clementines available at production were larger than in 2007-08. Continued grubbing up of 'Marisol' was compensated by the increase in production of improved cultivars such as 'Clemenruby' and 'Oronules'. However, small fruit size and several rainy periods limited shipments. The volumes available were therefore similar or even smaller than those of 2007. Demand matched supply. The average price was at a fairly good level.

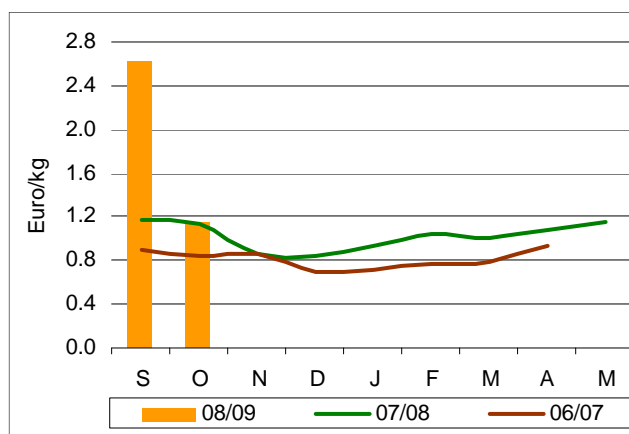
Supply of 'Fine' from Morocco remained very limited in spite of the ample harvest. As every year, shippers focused their shipments on the Russian and Canadian markets. Likewise, shipments of Corsican clementine remained very measured as supply was limited to the small amounts of early varieties available.

Estimated market releases in France

Volumes



Price at import stage



Estimated market releases in France by origin

Tonnes	October 2008	Comparisons (%)		Total season 2008/2009	Season comparisons (%)	
		2009/2008	2009/2007		08-09/07-08	08-09/06-07
Corsica	584	+ 103	+ 355	5 684	- 64	- 77
Morocco	340	+ 28	- 16	2 794	- 83	- 85
Spain	40 618	- 3	+ 10	2 081	+ 40	+ 9
Total	41 542	- 2	+ 11	10 559	- 69	- 76



Litchi

Import prices in Europe		
Euros/kg	Min	Max
By air		
Israel	2.50	4.00
Mauritius	9.00	10.00
By truck		
Spain	8.50	14.00

SEPTEMBER-OCTOBER 2008

As in preceding months, the European market received comparatively small amounts of litchi in October. Israeli fruits were clearly dominant until the beginning of the month. Spain also shipped litchis in September and October but in isolated batches and very limited quantities. The first batches from Mauritius at the end of October started the Indian Ocean export season and the most important period for litchi sales on the European markets.

The Israeli and Spanish litchi export seasons covered September and October, bridging the gap between the end of exports from Thailand in August and the beginning of the harvest in the Indian Ocean (Mauritius, Réunion, South Africa and Madagascar). The Israeli season that started at the end of June finished fairly late this year as the last shipments reached the European market at the beginning of October. Israel exported some 630 tonnes of litchi in 2008, slightly more than the 600 tonnes recorded in 2007. These quantities were fairly modest as Israel has exported as much as a thousand tonnes in some years. Shipments were spread over nearly four months and sales were fluid. The small volumes delivered put Israeli litchi in a niche market, with most of the fruits sold by traditional retailers. Prices remained high in September and October even though demand was sluggish.

Prices of between EUR3.10 and 3.50 per kg were observed on the Dutch market, with the average often being between EUR3.25 and 3.50 per kg. The lower prices were for fruits with less attractive appearance.

The price of Israeli litchis in Belgium in September was often set at between

EUR2.50 and 3.00 per kg as a result of poor demand for the fruit.

On the French market, the price of Israeli litchis remained stable at around EUR3.50 per kg, with a few peaks at EUR4.00 per kg when supply was small. Most of the small tonnage from Spain was also sold in France, generally at between EUR8.50 and 9.00 per kg in shops specialised in high-quality exotic fruits. In the first half of September, the simultaneous presence of litchis from both Israel and Spain adversely affected the sale of Spanish fruits. In the second half of the month, the gradual ending of Israeli litchi shipments resulted in a degree of awakening of demand for those from Spain, with their fine colour and appearance. At the end of the month, the prices asked by shippers became prohibitive at over EUR11.00 per kg, further limiting the distribution of the small quantities available. However, several dozen boxes of Spanish litchis were available on the French market at up to EUR13.00-14.00 per kg.

A few batches of Spanish litchis were also sold on the Dutch market in the first half of October at EUR8.50 to 10.00 per kg.

The first litchis from the Indian Ocean were shipped from Mauritius in the last week of October, mainly to the Dutch and French markets. Selling prices observed in Holland were around EUR9.00-10.00 per kg for sulphur-treated, destemmed fruits. The same fruits sold at EUR9.00 per kg in France. In addition to sulphur-treated, destemmed fruits, the French market also received a few batches of fresh fruits on the branch selling at EUR12.00 per kg.

The Indian Ocean season is particularly early this year. Weather conditions (heat and rainfall) during fruiting enhanced the rapid growth of the fruits and the export season got under way rapidly in the first weeks of November. This parameter is particularly important for the start of the sea litchi season, that will probably start on the European market well before Christmas, the traditional period for strong consumption of litchi. The current sluggish European market demand for tropical fruits in the context of the economic slump is such as to worry operators who count strongly on the Christmas season to sell the large quantities whose arrival is already scheduled.



Mango

OCTOBER 2008

Prices on the European mango market weakened markedly in October as a result of stepped up deliveries from Brazil and continued sluggish demand. After falling at the beginning of the month, prices stabilised in subsequent weeks. Supplies from Brazil formed the bulk of deliveries although a few batches of 'Keitt' from Israel sold at falling prices towards the end of the month. Shipments from Spain also completed supplies with 'Osteen' and a few 'Kent', with prices remaining fairly even and then losing ground at the end of the month.

Most of the mangoes on the European market in October were from Brazil. Shipments increased gradually while demand remained mediocre. The pressure of arriving shipments pushed prices down significantly at the beginning of the month; they then stabilised. Brazilian supplies consisted mainly of 'Tommy Atkins' and sold more readily on the northern European markets. In France, the fall was less marked as there is less interest in 'Tommy Atkins', with the latter being sold for lack of substantial quantities of other varieties. The downward movement was also worsened by the unsuitability of the fruits available as they were mainly small whereas demand was more for medium-sized or even large fruits. This situation lasted for the entire period. Brazilian shipments

of 'Kent' and 'Keitt' remained marginal. First considered as the start of the season with early fruits, these small batches did not gain momentum and were more like one-off deliveries. Meanwhile, Brazilian shipments to the North American markets increased markedly and fetched higher prices than in Europe, making exporters in Brazil more inclined to ship to this more profitable market.

The last volumes of 'Keitt' from Israel were sold at falling prices at the beginning of the month. A few residual batches were still changing hands in subsequent weeks but were no longer representative of supplies from this source. This year, Israel shipped nearly 13 000 t of fruits to Europe in comparison with 13 700 t in 2007.

Senegal shipped dwindling volumes in October; quality was unreliable and the fruits became increasingly difficult to sell. Received under satisfactory conditions, they deteriorated rapidly, developing dark patches on the peel. Many buyers preferred to source their fruits elsewhere rather than risk lasting poor sales.

The Spanish season continued throughout the month with the variety 'Osteen', the main variety shipped. Prices held but the ranges continued to be broad at from EUR6.00 to 8.00 per box according to quality and also brand. Indeed, considerable differences in price are seen for Spanish fruits, whose stage of ripeness and colour differ considerably according to the shipper. In addition, their sale via importers and also whole-

salers makes the sales systems confused and finally causes a price decrease across the market. Small quantities of 'Kent' were also sold—at higher prices.

The air mango market was supplied mainly by Brazil throughout the month. The increase in arrivals combined with modest demand weighed on prices in the second half of October. However, levels remained fairly high and did not encourage sales, which became increasingly difficult as the weeks went by. Persistent lack of colour also had an adverse effect. A few batches of 'Palmer' and 'Haden' from the same source sold with difficulty in the face of competition from 'Kent', a variety more firmly fixed in distributors' buying habit.

Mango — Weekly arrivals — Estimates in tonnes

weeks 2008	40	41	42	43	44
By air					
Brazil	10	15	30	25	40
By sea					
Brazil	2 000	2 400	2 300	2 500	3 400
Senegal	40	22	40	60	110

Mango — Import prices on the French market — Euros

Weeks 2008		40	41	42	43	44	October 2008 average	October 2007 average
By air (kg)								
Brazil	Palmer/Haden	4.00	3.50-4.00	3.50-4.00	3.50-3.80	3.50-3.80	3.60-3.90	3.10-3.40
	Kent	4.00-4.50	4.00-5.00	4.00-4.60	3.80-4.50	3.50-4.30	3.85-4.60	3.70-4.25
By sea (box)								
Brazil	Tommy Atkins	3.50-5.00	3.00-4.00	3.50-4.00	3.00-4.00	3.00-4.20	3.20-4.25	3.40-4.25
	Kent	-	-	5.50-6.50	-	5.00-6.50	5.25-6.50	5.10-5.50
	Keitt	-	-	-	-	5.00-6.00	5.00-6.00	nc
Senegal	Kent	5.00	-	5.50-6.00	4.50-5.00	5.50-6.00	5.10-5.50	4.00-4.50
Israel	Keitt	4.50-5.50	-	-	-	-	4.50-5.50	3.70-4.40
By truck (box)								
Spain	Osteen	6.50-8.00	6.00-8.50	6.50-8.00	6.00-8.00	7.00-8.00	6.40-8.10	5.80-7.50



Pineapple

Pineapple — Import price		
Euros	Min	Max
By air (kg)		
Smooth Cayenne	1.55	1.95
Victoria	2.00	3.50
By sea (box)		
Smooth Cayenne	5.00	7.50
Sweet	5.50	8.50

OCTOBER 2008

The fall in prices that began in September continued throughout October. Supplies of 'Sweet' were no larger but the poor demand did not match the volumes available and prices continued to slump. Sales of air pineapples were merely satisfactory, with the month marked above all by the irregular quality of the fruits from certain sources hit by heavy rainfall. The situation continued unchanged on the 'Victoria' pineapple market, with demand still sluggish. The availability of late season red fruits did not to help a recovery of pineapple sales.

Prices stabilised somewhat during the first half of the month and then continued to fall. In comparison, prices of 'Sweet' were EUR1.50 to 3.00 per box lower than at the same time in 2007. Three reasons account for this situation. First, demand was too small and sometimes nonexistent. Although arriving volumes were not large, they sold with difficulty and stocks formed. The second reason concerns the quality of the Latin American fruits that arrived in the first half of the month. Quality was very uneven, they lacked colour and ripened very rapidly, making storage difficult. As a result, clearance sales were run very early in the month in order to make the market as fluid as possible. Finally, shipments by Del Monte were reported to be very large and sold at very aggressive prices (from EUR6.00 to 7.00 per box) well below the usual levels, thus increasing the

pressure on the other brands released on the market. Only the promotion operations set up with supermarket chains succeeded in shifting quantities of fruits. The re-export market was therefore very slow in October. The situation was hardly any better for 'Smooth Cayenne'. Even though quantities were extremely limited throughout the month, sales did not improve and prices remained very low. However, some operators profited from the situation. The quality problems in 'Sweet' resulted in better sales of some batches of well-coloured 'Smooth Cayenne'. But here again, the worse was avoided thanks to supermarket promotion operations. Demand was still awaited from the Eastern European countries that are usually enthusiastic about pineapple.

The air pineapple market was not very lively. The decrease in supply

kept prices stable even if fruit quality was not perfect. Fruits from all sources experienced quality problems. The batches from Cameroon and Côte d'Ivoire were seriously affected by rain and alternated between coloured fruits and fruits that ripened very quickly. However, those from Benin seem to have been more even as regards quality although dips in prices of sugarloaf pineapple were observed (EUR1.90 and 1.95 per kg) following quality problems that were never completely solved.

Demand for 'Victoria' pineapple remained very small or practically nonexistent. The availability of red fruits and insufficiently shiny fruits explain this. The marked improvement in quality in the second half of the month did not have the expected effect on demand.

Pineapple — Import prices on the French market — Main origins — Euros						
Weeks 2008		40	41	42	43	44
By air (kg)						
Smooth Cayenne	Benin	1.80-1.90	1.80-1.95	1.80-1.95	1.80-1.95	1.80-1.95
	Cameroon	1.55-1.90	1.55-1.90	1.55-1.90	1.55-1.90	1.55-1.90
	Ghana	1.70-1.80	1.70-1.80	1.70-1.80	1.70-1.80	1.70-1.80
	Côte d'Ivoire	1.80-1.85	1.80-1.85	1.80-1.85	1.80	1.80
Victoria	Côte d'Ivoire	2.00	2.00	2.00	2.00	2.00
	Réunion	3.40-3.50	3.40-3.50	3.30	3.30	3.30
By sea (box)						
Smooth Cayenne	Côte d'Ivoire	5.50-7.50	5.50-7.50	5.50-7.50	5.00-7.00	5.00-7.00
Sweet	Côte d'Ivoire	7.00-8.50	7.00-8.50	7.00-8.50	6.50-7.50	6.00-7.50
	Cameroon	7.00-8.50	7.00-8.50	7.00-8.50	6.50-7.50	6.00-7.50
	Ghana	7.00-8.50	7.00-8.50	7.00-8.50	6.50-7.50	6.00-7.50
	Costa Rica	6.00-7.50	6.00-7.50	6.00-7.00	5.50-7.00	5.50-7.00



Sea freight

OCTOBER 2008

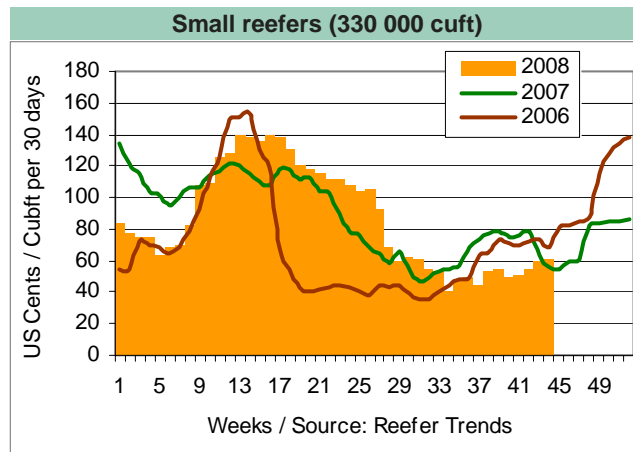
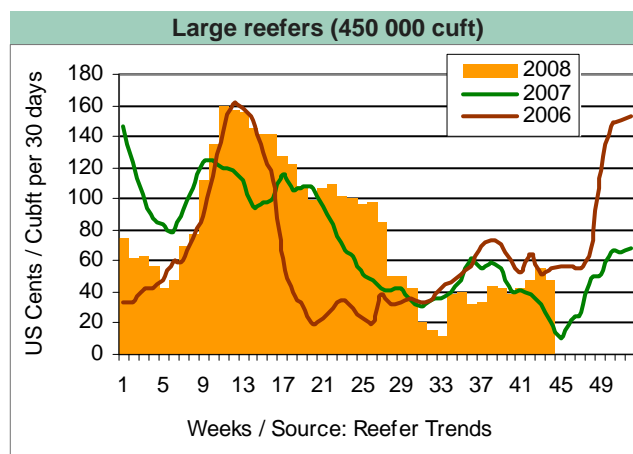
Although the Spot market remained in the doldrums for the month with approximately 10 vessels prompt at Cristobal at any one time, there was no significant downwards correction in either TC or box rate fixtures. Combined with a dramatic fall in the price of oil and associated drop in bunker costs this resulted in an improvement in the average monthly TCE yield.

The reefer story of the month centred around events in the Black Sea: in July, the Ukrainian Government initiated a purchase of approximately 50K MT of US chicken leg quarters, an amount that was over and above significant volumes of poultry that was already being exported via 'normal' commercial channels. While the US exporters have since fulfilled their contractual obligations it appears that several of them have been unable to collect payment from the Ukrainian Government and have consequently been unable to pay their suppliers. Since sealing the deal the Ukraine has fallen victim to the global credit crunch: its national currency has lost nearly a quarter of its value while its economy continues to reel from a drastic fall in global demand for steel. At least six reefer units carrying an estimated 36K MT of poultry, valued in excess of US\$65m remain to this day in limbo in the Port of Odessa, unable to discharge their cargo and accruing thousands of dollars per day in demurrage charges. Elsewhere, another potentially significant develop-

ment for the reefer business occurred in the US - a tentative agreement was reached to move forward the date for implementation of the Marketing Order for Southern Hemisphere grapes by 10 days. Currently, standards imposed by the California desert grape marketing order requires all imported grapes to meet minimum US standards by April 20. California desert grape growers have been attempting to move the date to 1 April, arguing that heavy volume arrivals of grapes at the end of the Chilean season have a negative effect on their market. A wider agreement may also see new phytosanitary protocols established that would not require grapes to be fumigated with methyl bromide before release into the US market. Grape exporters believe that fumigation compromises the cold chain and reduces the shelf life of their fruit. Any agreement would pave the way for greater containerization of grape shipments to the US. Finally in Chile it appears that CSAV, not long ago the largest carrier of fruit from the Southern Hemisphere's largest seasonal fruit exporter,

Monthly spot average		
US\$/cents/cubic foot x 30 days	Large reefers	Small reefers
October 2008	36	51
October 2007	32	57
October 2006	55	64

Weekly market movement



remains largely uncovered for its requirements for the forthcoming season. At the end of the month at least one of the vessels it has chartered was caught in the Ukrainian poultry crisis. With only a similar amount of reefer equipment and number of reefer slots for the container line services,

this may be a season that sees Chilean charterers return to a lot of Spot activity in January and February, especially if grape volumes exceed last year. With so much uncertainty surrounding some of the core reefer trades CSAV may yet have picked the right year to take a gamble.

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Wholesale market prices in Europe

October 2008

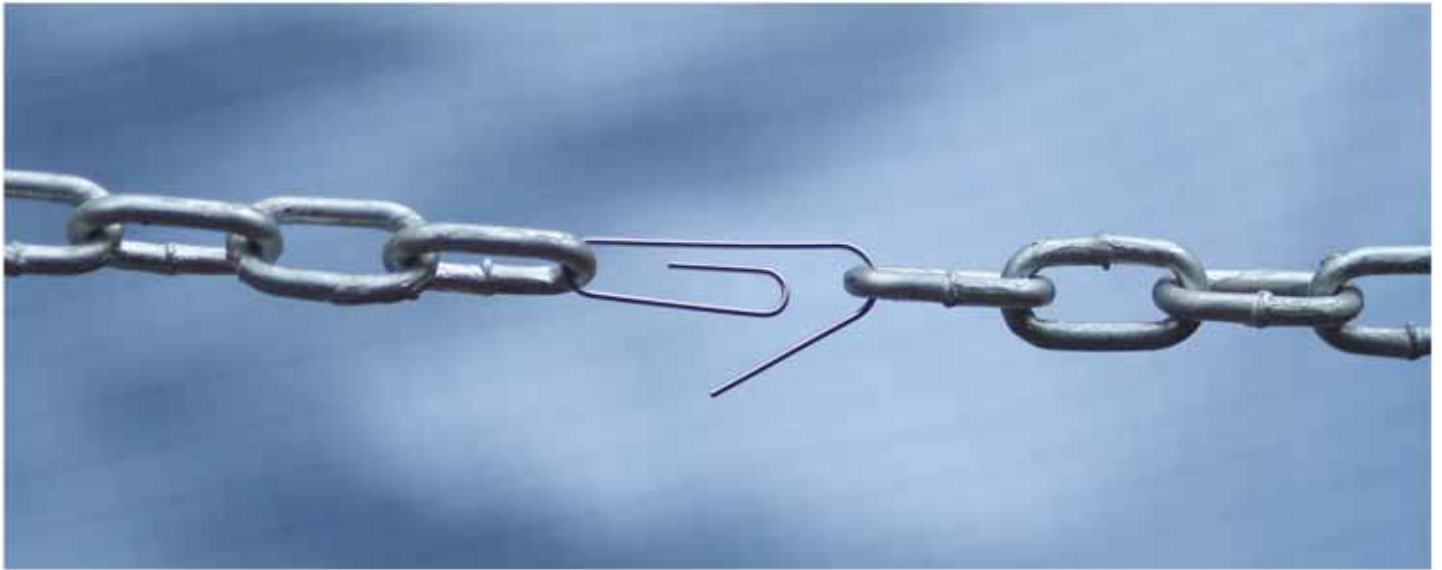
					EUROPEAN UNION — IN EUROS				
					Germany	Belgium	France	Holland	UK
AVOCADO	Air	TROPICAL	BRAZIL	Box			12.30		
			DOMINICAN REP.	Box			12.00		
	Sea	ETTINGER FUERTE HASS	ISRAEL	Box	7.25	7.00	6.40	6.50	
			KENYA	Box	6.50				
			KENYA	Box			8.25		
			MEXICO	Box			8.07		
			PERU	Box		7.50			
			SOUTH AFRICA	Box	7.00			9.75	
			CHILE	Box		10.00	8.33		
			SOUTH AFRICA	Box		6.50		6.43	6.96
	Truck	RYAN BACON	SPAIN	Box		4.50			6.96
BANANA	Air	RED SMALL	KENYA	kg				5.25	
			COLOMBIA	kg		6.53	7.12		
			ECUADOR	kg			5.80	4.33	
	Sea	SMALL	ECUADOR	kg			1.85		
CARAMBOLA	Air	NOT DETERMINED	COLOMBIA	kg					5.91
			MALAYSIA	kg		4.34	4.43	4.44	
			THAILAND	kg					3.80
	Sea		MALAYSIA	kg				2.78	3.16
COCONUT	Sea		COTE D'IVOIRE	Bag		10.63		6.67	10.12
			DOMINICAN REP.	Bag			9.00	12.75	9.17
			SRI LANKA	Bag		8.75		13.00	
DATE	Sea	NOT DETERMINED	EGYPT	kg			1.50		
			ISRAEL	kg		1.40	1.90	2.72	
			TUNISIA	kg				1.80	1.33
			ISRAEL	kg	7.20	6.30	8.00	7.45	5.69
		MEDJOOL	SOUTH AFRICA	kg		5.70			
GINGER	Sea		BRAZIL	kg	1.92		2.10	2.07	2.28
			CHINA	kg		1.23	1.55	1.15	1.33
GUAVA	Air		BRAZIL	kg		5.41	4.75	5.33	
KUMQUAT	Air		BRAZIL	kg					3.38
			ISRAEL	kg	3.00			4.75	3.80
			ARGENTINA	kg		4.22	4.50	4.75	
LIME	Air		MALAYSIA	kg				7.25	
			MEXICO	kg			3.80		
	Sea		BRAZIL	kg	1.84		1.95	1.72	1.72
			MEXICO	kg		2.00	2.00	1.89	2.23
MANGO	Air	HADEN KENT NOT DETERMINED	BRAZIL	kg				3.38	
			BRAZIL	kg		1.38	4.75		
			THAILAND	kg				7.05	
			BRAZIL	kg	3.50			3.38	
	Sea	PALMER ATKINS KEITT	BRAZIL	kg	1.00	1.00		0.97	1.06
			BRAZIL	kg	1.32				
			ISRAEL	kg		1.38		1.20	
			BRAZIL	kg	1.32	4.00	2.00		
	Truck	KENT OSTEEN	ISRAEL	kg				1.13	
			SENEGAL	kg			1.63		
			SPAIN	kg			3.30		
MANGOSTEEN	Air		INDONESIA	kg				7.25	
			THAILAND	kg				7.50	

					EUROPEAN UNION — IN EUROS				
					Germany	Belgium	France	Holland	UK
MANIOC	Sea		COSTA RICA	kg		1.22	1.21	1.17	
PAPAYA	Air	NOT DETERMINED	BRAZIL	kg			3.20	2.92	2.72
			COTE D'IVOIRE	kg					2.28
			ECUADOR	kg		2.00			
			GHANA	kg		2.85			
	Sea	FORMOSA NOT DETERMINED	BRAZIL	kg	3.10	3.06		2.89	
			BRAZIL	kg	0.77	1.67	1.70	1.54	
			ECUADOR	kg					0.87
			MALAYSIA	kg					1.52
PASSION FRUIT	Air	PURPLE	COLOMBIA	kg	5.00	4.50	5.50	4.00	
			KENYA	kg	5.25			4.38	4.43
			SOUTH AFRICA	kg				4.50	
			ZIMBABWE	kg		4.38		4.50	
		YELLOW	COLOMBIA	kg		7.57	8.40	7.25	
PERSIMMON	Air		ISRAEL	kg		1.90			2.05
PHYSALIS	Air	PREPACKED	COLOMBIA	kg		6.04	8.38	5.42	
			ECUADOR	kg					4.30
			SOUTH AFRICA	kg					3.80
	Sea		COLOMBIA	kg	3.75			3.75	
PINEAPPLE	Air	SMOOTH CAYENNE	CAMEROON	kg			1.85		
			GHANA	kg			1.80		
		VICTORIA	COTE D'IVOIRE	kg			3.05		
			MAURITIUS	Box		13.00			
			REUNION	kg			3.50		
	Sea	MD-2	SOUTH AFRICA	Box	11.50	10.25		11.38	
			COSTA RICA	Box	6.00	6.50		7.50	
			COSTA RICA	kg			1.00		
			GHANA	kg		1.50			
PITAHAYA	Air	RED	ISRAEL	kg			6.50		
			THAILAND	kg	5.75	5.00			
			VIET NAM	kg		5.79		5.99	
		YELLOW	COLOMBIA	kg		11.10	9.50	8.40	
			ECUADOR	kg				7.60	
	Sea	RED	VIET NAM	kg	3.00				
PLANTAIN	Sea		COLOMBIA	kg			1.00	0.86	
			ECUADOR	kg			1.00		
RAMBUTAN	Air		INDONESIA	kg				7.50	
			THAILAND	kg			9.50	7.00	
			VIET NAM	kg		7.00		6.75	
SWEET POTATO	Sea		EGYPT	kg			0.80		
			HONDURAS	kg					1.14
			ISRAEL	kg	1.33	0.91	1.10	1.06	1.21
			SOUTH AFRICA	kg			1.30		
TAMARILLO	Air		COLOMBIA	kg		6.01	8.40	5.60	
YAM	Air		BRAZIL	kg			1.73		
	Sea		COSTA RICA	kg			1.30		
			COTE D'IVOIRE	kg			1.00		
			GHANA	kg			0.90	1.00	

Note: according to grade

These prices are based on monthly information from the Market News Service, International Trade Centre UNCTAD/WTO (ITC), Geneva.
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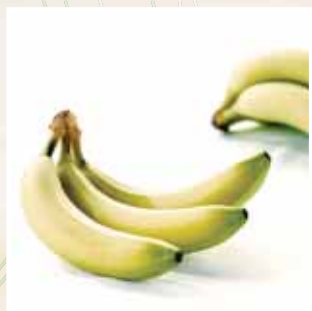
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