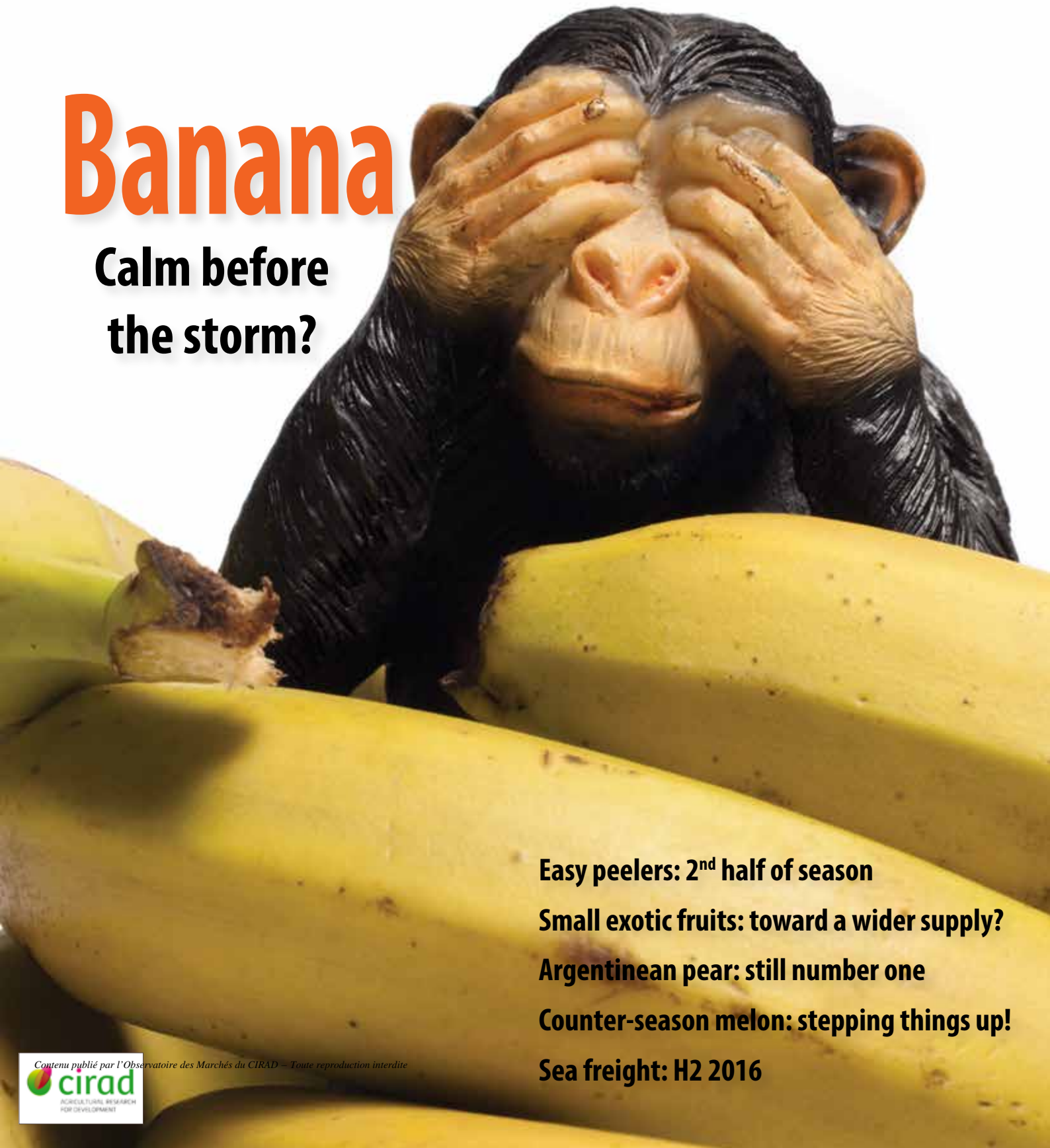


# Banana

**Calm before  
the storm?**



**Easy peelers: 2<sup>nd</sup> half of season**

**Small exotic fruits: toward a wider supply?**

**Argentinean pear: still number one**

**Counter-season melon: stepping things up!**

**Sea freight: H2 2016**

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**By way of New Year's wishes, I would like to review some of the great misfortunes** which the world can expect over the coming decades. True, it is not really a conventional New Year's greeting. Yet how could we continue to send each other so many good wishes while, bit by bit, the world "as it once was" is falling apart. Judging from what Gaël Giraud, Chief Economist of the French Development Agency has said (AFD, <https://www.youtube.com/watch?v=49BMrVaV-ol&sns=fb>), if we continue with the same economic rationale, according to the forecasts of Graham Turner, the world will collapse in 2020 or 2050. The date will simply depend on the notorious peak oil, the point when world crude oil production will plateau out before declining, due to exhaustion of reserves exploitable by any extraction techniques. In every case, peak oil or no, it is climate change transformations that will tip the world into the shadows. There are five reasons for this: rising water levels, melting glaciers, soil erosion and desertification, the collapse of soil fertility (and peak phosphate, which goes hand-in-hand), and finally the exhaustion of the deep-lying ground water resources. The avenues of action proposed by the author include: curbing the South's demographic explosion, especially in Sub-Saharan Africa, and promoting decarbonised sustainable agriculture, which will help feed this expanding population. In October 2016, the British daily newspaper *The Guardian* looked into whether agro-ecology would save the world from hunger. A major omission from the strategies of the development banks, agriculture is coming back into fashion. Under the pressure of climate events, populations which are or soon will be hungry, migrations which have only just begun, agriculture is being forced to reinvent itself. So let's wish for 2017 to be the year of a two-fold green revolution, a theme so dear to Michel Griffon.

Denis Loeillet



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AGRICULTURAL RESEARCH  
FOR DEVELOPMENT



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Cover photograph: © Can Stock Photo

# Banana

## November/December 2016

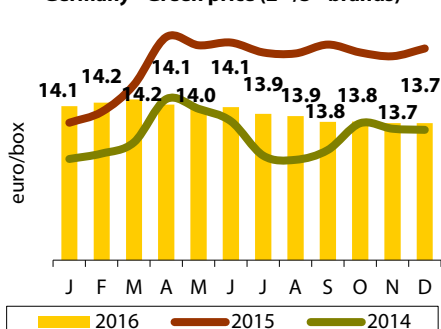
In **November**, the supply pressure remained high despite livelier demand (falling temperatures, weak competition from seasonal fruits). The overall dollar banana supply remained large: Ecuadorian volumes were lower than last year, and the Costa Rica continued its seasonal fall, though Colombia attained an incoming shipments peak at historically high levels (+ 50 %). In addition, the big shortfall from the French West Indies due to the impact of Cyclone Matthew (- 29 %) was offset by very high African imports. Hence despite more fluid sales, some stocks remained available and prices stagnated.

In **December**, the supply pressure eased off, with Colombian volumes finally embarking on a more significant fall, despite levels remaining above average. The combined Africa-FWI total fell below average because of the downturn by Africa, which could no longer offset the growing FWI shortfall (- 54 %). However, this fall came late, with demand beginning its seasonal downturn in the run-up to the end-of-year festivities. Hence there were stocks available throughout this period, and prices maintained barely average levels in Western Europe. In Eastern Europe, prices were below average for the season due to the avalanche of volumes from Western Europe. Finally, the situation in Russia remained difficult because of a steep increase in volumes observed in November and December. In Spain, the period was marked by still high shipments from the Canaries, and prices stagnated well below average.

### NORTHERN EUROPE — IMPORT PRICE

December 2016 euro/box	Comparison	
	previous month	average for last 2 years
13.75	0 %	- 5 %

### Germany - Green price (2<sup>nd</sup>/3<sup>rd</sup> brands)

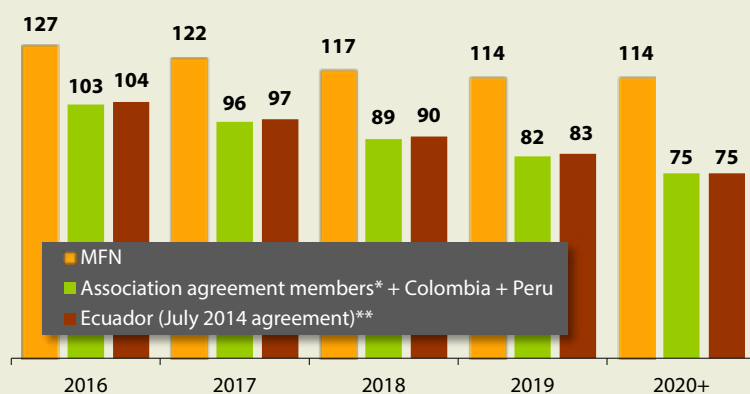


■ **Banana Customs duty in the EU: Ecuador's turn.** The proportion of European dollar banana imports now subject to a preferential Customs regime is up to 98 %! On 1 January, Ecuador joined the signatories of the association agreements or trade agreements long since signed by all the big and small dollar suppliers (Colombia, Costa Rica, Guatemala, Honduras, Nicaragua, Panama, Peru and El Salvador). For the older signatories, the duty went from 103 to 96 euros/t (1.75 euro/box). In the case of Ecuador, there was a much greater reduction, with duty plummeting by 30 euros at a stroke, down to 97 euros/t. This makes for a substantial gain per box, of 0.55 euros. Ecuadorian producers believed that they could take advantage of this tax relief by increasing the minimum price. Yet they did not count on the pugnacity of their exporters. Ultimately, the producers clawed back less than 0.11 euros.

Yet of more concern is the spread of this customs advantage to the entire import industry, which for 2017 will result in a generalised fall in contract prices, especially the leading one: the Aldi price. According to some leaks, it could actually drop by more than one euro per box between 2016 and 2017, to below 13 euros per box. Not all of this all should be attributed to the purchase price reduction by the German supermarket sector, since other factors contribute to this downward trend, especially the world increase in production potential. To return to European Customs duty, the next step is set for 2020, when it will go down to 75 euros/t. There should be no doubt that in the meantime, another negotiation will already have started between the Europeans and dollar suppliers, aimed at cutting duty further. Yet that is another story.

Source: CIRAD

### Banana - EU - Customs duty for third countries excl. ACP (euro/tonne)



\* Costa Rica, Panama, Honduras, Guatemala, Nicaragua, El Salvador / \*\* Ecuador should benefit from the agreement from 1st January 2017 / Processed by Cirad-FruiTrop

### EUROPE - RETAIL PRICE

Country	December 2016		Comparison	
	type	euro/kg	November 2016	average for last 3 years
France	normal	1.64	+ 3 %	+ 2 %
	special offer	1.39	+ 8 %	- 1 %
Germany	normal	1.37	- 1 %	+ 4 %
	discount	1.18	- 1 %	- 2 %
UK (£/kg)	packed	1.00	- 2 %	- 10 %
	loose	0.75	0 %	- 1 %
Spain	platano	2.08	+ 2 %	- 4 %
	banano	1.28	- 1 %	- 3 %





# SUSTAINABILITY AT DEL MONTE

ADVERTORIAL

For **Del Monte Fresh Produce**, sustainability is a management practice that guides our daily business activities. As a company involved in agriculture for 125 years, we recognize the careful balance of all of our stakeholder's interests guides and our business activities. The three pillars on which we base our sustainability strategy and objectives are:

- **Planet** : Ensure that our products are produced in an environmentally friendly manner
- **People** : Contribute to the growth and development of our employees and the communities where we operate
- **Product** : Provide our customers with fresh, healthy, safe, quality products grown in a sustainable manner

## Examples of sustainable practices

Del Monte operations have established **reforestation programs** to minimize the impact on the natural resources with an astonishing achievement in Central America, of more than 10,000 hectares of land preserved and reforested which equals nearly 13,700 football fields, while the forest areas with absolute protection include over 6,000 hectares. Del Monte regularly conducts tree plantings in and around the farms in partnership with local communities, while established wildlife reserves allow native plants and animals around our farms to thrive.

**The Del Monte waste management program** includes proper waste disposal. The fruit and plant wastes are composed and recycled in Del Monte fields for waste reduction, while **sustainable packaging alternatives** such as CHEP Pallet program in Costa Rica and Guatemala enable the company to use the returnable pallets minimizing the need for timber used for disposable pallets

Thanks to the company's **social and health policies** as well as numerous programs, Del Monte provides workers with free transportation, and Del Monte Fresh families enjoy free or subsidized housing in Central America. **Community involvement** also contributed to the annual maintenance of public roads, with over 2,200km repaired. In 2016 over 700 students with outstanding academic performance benefited from scholarship programs in Central America.



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Since 2004 Del Monte® bananas and pineapples grown in our owned farms in Costa Rica, Guatemala and Kenya have been SCS **Sustainably Grown**

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## Sustainable fresh produce: banana focus

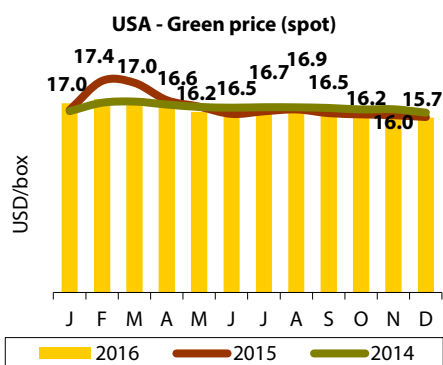
The **SCS Sustainably Grown Certified** program covers two of Del Monte highest profile products – fresh bananas as well as fresh and processed pineapple. To achieve this certification Del Monte owned banana farms in Costa Rica and Guatemala as well as our own pineapple farms in Costa Rica and Kenya were audited by independent auditors against the tough requirements of the SCS Sustainably Grown certification standards. For decades, bananas have consistently been one of the most popular fruit for consumers worldwide and the highest single item contributor to the bottom line of retailers. Del Monte Fresh Produce is one of the largest vertically integrated suppliers of bananas worldwide with the supply to the European market from farms in Guatemala, Costa Rica, Brazil and Colombia. Del Monte Fresh Produce is positioned to ensure consistent supply of premium bananas on a year-round basis.

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## Banana

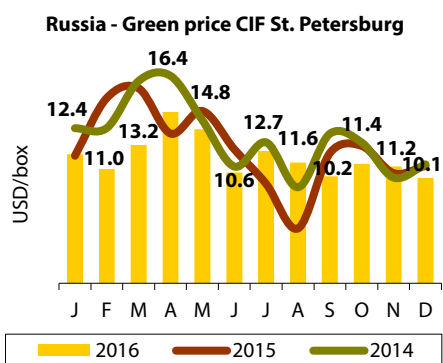
UNITED STATES



## UNITED STATES - IMPORT PRICE

December 2016 USD/box	Comparison	
	previous month	average for last 2 years
15.72	- 2 %	- 2 %

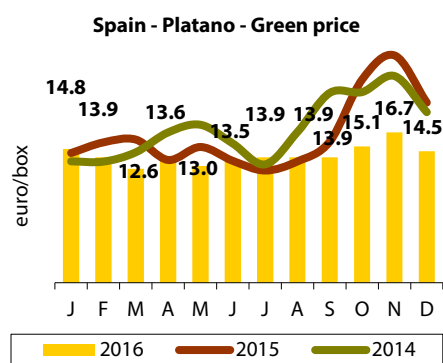
RUSSIA



## RUSSIA - IMPORT PRICE

December 2016 USD/box	Comparison	
	previous month	average for last 2 years
10.10	- 10 %	- 11 %

CANARIES



## CANARIES - IMPORT PRICE\*

December 2016 euro/box	Comparison	
	previous month	average for last 2 years
14.50	- 13 %	- 25 %

\* 18.5-kg box equivalent

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## ■ Banana monitoring: the EU as the final rampart.

In October 2016, the European market confirmed the very good trend observed one month previously, exceeding 6 million tonnes over twelve months (November 2015 to October 2016). This is practically 300 000 t more than one year ago, and 745 000 t more than for the same period of 2012-2013.

October 2016 brought a third consecutive month of increases. On the import side, the ACP group members registered by far the best performances, with a rise of nearly 25 % from October 2015. Imports from the dollar sources ebbed by 2.5 %, though less than European production which recorded the worst performance with a drop of 5.7 %. This figure is an expression of the depressive effects on Martinique's volumes of the transit of Storm Matthew (late September). For Guadeloupe, October 2016 was similar to October 2015. The Canaries continued their momentum with a 10.5 % improvement. Over the first ten months, the balance was highly positive. The market climbed by a volume of nearly 6 %, benefitting both imports (+ 4.3 %) and European production (+ 7.8 %).



We are a long way from this scenario in the United States, whose banana market has remained becalmed for three years at just over 4 million tonnes (annual rate). There is nothing happening Stateside, except perhaps a hint of weakness from Guatemala, which dropped by 3 % from the beginning of the year, and Costa Rica which recovered its standing thanks to a 25 % rise over ten months, after a terrible 2015. All the other sources were in the red, especially Colombia which cut its volumes to the USA by 25 % in the space of one year due to the effects of El Niño, but also very much favouring trade to the EU. For this source, things should rebalance by the next review, because of a very strong late production peak in November.

Source: CIRAD

## Banana — January to October 2016 (provisional)

000 tonnes	2014	2015	2016	Difference 2016/2015
<b>EU-28 — Supply</b>	<b>4 748</b>	<b>4 853</b>	<b>5 079</b>	<b>+ 5 %</b>
<b>Total imports, of which</b>	4 231	4 331	4 517	+ 4 %
MFN	3 332	3 445	3 554	+ 3 %
ACP Africa	464	467	532	+ 14 %
ACP others	436	419	431	+ 3 %
<b>Total EU, of which</b>	517	521	562	+ 8 %
Martinique	158	166	170	+ 2 %
Guadeloupe	61	53	56	+ 5 %
Canaries	281	286	320	+ 12 %
<b>USA — Imports</b>	<b>3 874</b>	<b>3 905</b>	<b>3 877</b>	<b>- 1 %</b>
Re-exports	460	463	468	+ 1 %
Net supply	3 414	3 443	3 410	- 1 %

EU sources: CIRAD, EUROSTAT (excl. EU domestic production) / USA source: US Customs

## EUROPE - IMPORTED VOLUMES - DECEMBER 2016

Source	Comparison		
	November 2016	December 2015	2016 cumulative total compared to 2015
French West Indies	↘↘	- 57 %	- 4 %
Cameroon/Ghana/Côte d'Ivoire	↘	- 2 %	+ 11 %
Surinam	↘	- 32 %	- 13 %
Canaries	⇒↘	- 3 %	+ 12 %
Dollar :			
Ecuador	↗	- 6 %	- 1 %
Colombia*	↘	- 9 %	0 %
Costa Rica	↗	+ 21 %	+ 9 %

Estimate made thanks to professional sources / \* total for all destinations





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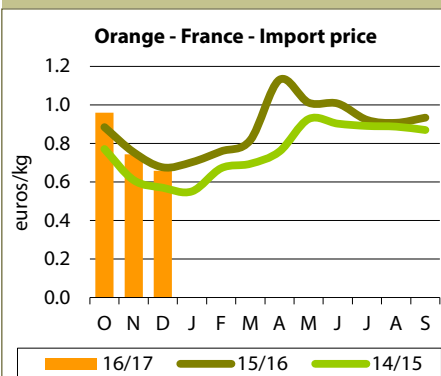
**Hall 7.2C Stand B-09**



# Orange

## November/December 2016

With its large production potential, Spanish Naveline continued to make rapid progress on a clear market (South Africa ending early, absence of stocks). Prices in November were high, though they following the seasonal downward trend, even for the smaller sizes more abundant this season. However, with the arrival of big volumes of Salustiana in late November, Naveline sales were less fluid. In December, shipments were disrupted by heavy rains in Spain. The market remained balanced thanks to the supply shortfall, though this was in step with demand, traditionally less dynamic in the run-up to Christmas (competition from other fruits). So prices managed to maintain stable levels slightly above average for the season.



PRICE	Type	Average monthly price euro/15-kg box	Comparison with average for last 2 years
	Dessert orange	9.90	+ 7 %
	Juice orange	10.20	+ 4 %

VOLUMES	Type	Comparison	
		previous month	average for last 2 years
	Dessert orange	↘	- 2 %
	Juice orange	↘	- 2 %

VOLUMES	Varieties by source	Comparison		Observations	Cumulative total / cumulative average for last 2 years
		previous month	average for last 2 years		
	Spanish Naveline	↘	- 16 %	Supply on a downward trend, entering shortfall in December due to rains at the production stage and to lower demand (competition from Salustiana and other seasonal fruits).	- 7 %
	Spanish Salustiana	↘	- 2 %	After starting with very large volumes in November, campaign back to a slightly below-average level (rains).	+ 4 %

## ■ Egyptian orange: desert continuing to turn green.

Egypt, already the world number six orange producer, is continuing to extend its orange planted areas at a high tempo. This trend is due to the profitability of the sector, with its very strong competitiveness strengthened by the devaluation of the pound. The country has improved its standing on the traditional markets (especially Russia, where the country also took advantage of the embargo on Turkish produce in 2015-16 and on Community produce), as well as breaking through in Asia. Surface areas have increased by more than 10 000 ha over the past five years, with exports at the same time going from one million tonnes to nearly 1.5 million tonnes. The trend should pick up speed in 2016-17. In October 2016 the government launched a new programme granting permits for reclaimed desert land. This policy has been able to increase the country's agricultural surface area by more than one million hectares since its implementation in the 1930s. The first lot of this new package covers 210 000 ha (out of a total of 630 000 ha), situated in Minya Governorate (centre), in the Toshka area (Upper Egypt) and Farafra oasis (west of the country). The irrigation, a crucial problem, will be 80 % provided by wells (nearly 5 000 in the Minya and Farafra areas). While the desert is turning green, the fossil groundwater could well run increasingly dry.

Source: USDA

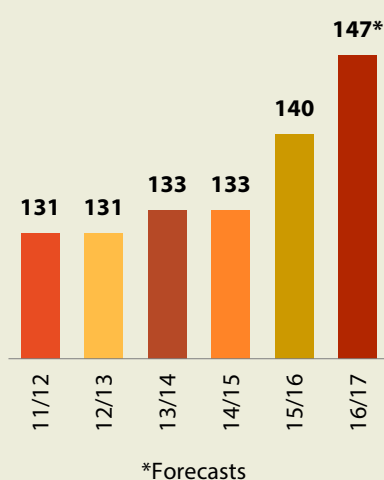


## Orange – Egypt – Exports January to September

000 tonnes	2014	2015	2016
Arabian Penin.	257	525	542
Eastern Europe	226	254	325
Asia	109	142	191
EU-28	75	120	183
Others	166	258	224
<b>Total</b>	<b>833</b>	<b>1 299</b>	<b>1 465</b>

Source: USDA

## Orange - Egypt - Planted areas (000 ha / Source: USDA)





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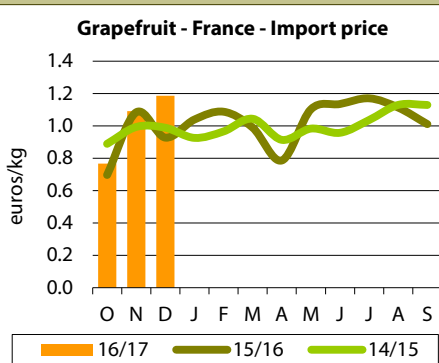


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# Grapefruit

## November/December 2016

The market went through a sluggish period. The Mediterranean supply progressed in November with moderate volumes. While demand was slow, sales of Israeli, Turkish and Spanish grapefruit took advantage of Florida's absence (late start toward the end of November) and the distribution sector's abandonment of the last Mexican batches. The end of the Mexican campaign was catastrophic (quality problems, abundance of small sizes), and there were stocks available until late December at very low prices. Rates for Mediterranean grapefruits managed to maintain levels slightly above average. The arrival of December, a traditionally quiet time of year, led to a distinct slowdown in sales. Floridian volumes remained in shortfall, and prices in December were high.



PRICE	Source	Average monthly price euro/17-kg box equivalent	Comparison with average for last 2 years
	Mediterranean	11.55	+ 46 %
	Florida	21.15	+ 21 %

VOLUMES	Source	Comparison	
		previous month	average for last 2 years
	Mediterranean	↘	+ 1 %
	Florida	↘	- 25 %

VOLUMES	Source	Comparison		Observations	Cumulative total / cumulative average for last 2 years
		previous month	average for last 2 years		
	Mexico	-	-	Large stocks until late December. Quality problems, small sizes and lack of interest from the distribution sector.	-
	Israel	↘	+ 1 %	After an early start, supply impeded by the Jewish holidays. Levels below average.	- 14 %
	Florida	↘	- 25 %	Shipments very low from the beginning of the late-starting campaign.	- 31 %

■ **Argentinean lemon: production fall expected in 2017.** In its report published in late December, the USDA predicted a harvest of slightly less than 1.4 million tonnes, down by just over 100 000 t from the previous one. Another frost, which occurred in early September 2016 in Tucuman, was the cause. The USDA has predicted a similar uptake to last season by the industrial sector, the main outlet for Argentinean production, at approximately 1 million tonnes. The derivatives market did not react to this news. In early January, the concentrated juice rate maintained 2 250 USD per tonne (400 gpl fob Argentina), while the essential oil rate remained at 38 000 USD per tonne (exw Europe).

Source: USDA

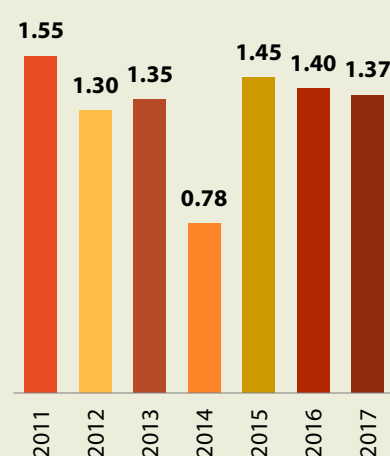
■ **Tunisian Maltaise: bumper production and export ambitions.** Maltaise production set a record level of nearly 190 000 t in 2016-17, as opposed to just over 110 000 t in 2015-16. The export programme is ambitious and is reckoning on volumes of approximately 26 000 t, i.e. 10 000 t more than in 2015-16. The Fruits Interprofessional Group is planning promotions in France: a stand at the Paris International Agricultural Show, in-store events in Marseille, tastings in Nice, Toulouse and Strasbourg. Russia is also being targeted (participation in the Prodexpo show, subsidised transport), as is Algeria.

Source: African Manager



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**Lemon - Argentina - Production**  
(million tonnes / Source: USDA)



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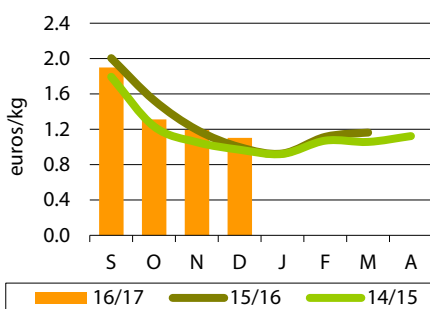
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## Easy peelers

### November/December 2016

The first Spanish Clementines were available in mid-November in medium quantities. Competition intensified with the arrival of Corsican and Moroccan clementines (Berkane), volumes of which were above average. Faced with rather sluggish demand, prices came undone in November. However, intense rainfall in Spain from late November delayed picking, causing losses, the appearance of quality problems and therefore an increase in sorting rejects for Clementines. Hence the other sources and varieties were able to take advantage of this dip at a time of better demand (Christmas promotions). So prices were able to strengthen throughout December.

Easy peelers - France - Import price



Source: ORC

■ **Orri variety: the smartphone as the orchard lawman 2.0.** The Orri Running Committee, responsible in particular for protecting the Orri variety internationally, recently launched an app for verifying the legality of plantations of this variety, via the GPS function on a smartphone. In two months, the 700 look-ups made were able to detect 6 % illegal orchards. This is a highly dissuasive system due to its simplicity of use, which could well seriously curb illegal planting of this Spanish variety, prized above others for its profitability (between 0.80 and 1.20 euro/kg in 2015-16 according to the ORC). 32 000 illegal trees were uprooted in 2016, taking the total uprooting to more than 60 000 trees.

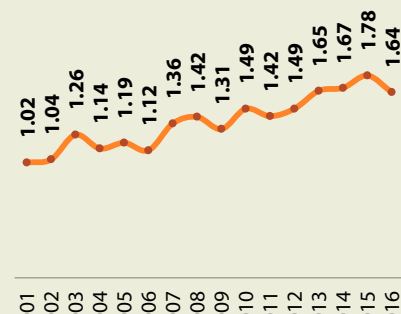
records were beaten for the Navel orange and for the three easy peeler families (Satsuma, clementine, hybrids). Despite the small sizing in the Sundays River region, lemon exports nonetheless managed to equal the excellent level from 2015. Grapefruit shipments were down, though less than predicted since the March rains helped the fruits to fill out. It was Valencia which registered the most noteworthy downturn, with the season halted nearly five weeks earlier than normal for lack of production. The EU-28 and Middle Eastern markets proved very open, with Russia and Japan bearing the bulk of the fall in production.

Source: CGA

■ **Review of the 2016 South African citrus campaign: growth on hiatus.** As forecast, the marked growth trend in export volumes saw a hiatus in 2016, because of difficult weather conditions, in particular in the north of the country with an intense drought and hail in the Hoedspruit zone. With just under 109 million boxes packed, the total registered a downturn of 7 to 8 % from the previous two years. New volume

Citruses - South Africa - Export

(million tonnes / Sources: CGA, Comtrade)



Citruses – South Africa – Exportations

million 15-kg box	2014	2015	2016	2016 compared to	
				2015	2014-2015 average
Easy peelers	10	10	12.2	+ 22 %	+ 22 %
Lemon	13.2	15.1	15.1	0 %	+ 7 %
<b>Total oranges</b>	<b>76.6</b>	<b>77</b>	<b>67.9</b>	<b>- 12 %</b>	<b>- 12 %</b>
Navel	26	24.5	26.2	+ 7 %	+ 4 %
Valencia	50.6	52.5	41.7	- 21 %	- 19 %
Grapefruit	15.6	16.1	13.8	- 14 %	- 13 %
<b>Total</b>	<b>115</b>	<b>118</b>	<b>109</b>	<b>- 8 %</b>	<b>- 7 %</b>

Source: CGA

PRICE	Source	Average monthly price euro/kg	Comparison with average for last 2 years
	Clementine	1.13	+ 14 %
	Hybrids	1.01	+ 8 %

VOLUMES	Source	Comparison	
		previous month	average for last 2 years
	Clementine	↗	+ 1 %
	Hybrids	↗	+ 19 %

VOLUMES	Varieties by source	Comparison		Observations	Cumulative total / cumulative average for last 2 years
		previous month	average for last 2 years		
	Spanish Clementine	↗	- 18 %	Supply increase interrupted by the rains in late November. Seasonal increase ongoing, though smaller than in previous years. Quality problems.	- 9 %
	Moroccan Clementine	↗↗	+ 104 %	Steep rise in supply from Berkane in a clearer market context.	+ 89 %
	Corsican Clementine	↗	+ 28 %	Clementines peak, harnessing the good demand.	+ 30 %
	Spanish Clemenvilla	↗↗	+ 19 %	Early start and rapid rise by Clemenvilla, exhibiting better quality.	+ 28 %



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# Pineapple

## November/December 2016

Demand in November was lifeless. The 1st and 11th of November, public holidays on certain markets, made marketing that bit more complicated. Faced with poor sales and increasing stocks, certain operators had to resort to selling their fruits at after-sale prices, though this provided no improvement on the market. So operators heavily reduced their imports, which in the middle of the month helped considerably reduce stocks and halt the price fall. However, given the extremely weak demand, sales remained very quiet, curbing any price rise. At the end of the month, the transit of Hurricane Otto across Costa Rica led to the belief that the supply could be greatly reduced at the end of the year. However, the main production zones were spared, and producers confirmed the magnitude of their volumes in December.

From the beginning of the month, the situation on the air-freight market was fairly tight. The lifeless demand and abundance of the supply forced operators to heavily rein back their imports to regain sales fluidity, which helped the market remain stable. The supplies from Cameroon, Benin and even Côte d'Ivoire had some quality concerns, most often due to rainfall at the production stage. The situation was also difficult for Sugarloafs. These fruits, less and less coloured, struggled to find buyers, though they did maintain a fairly stable price between 1.80 - 2.10 euros/kg.

The Reunion supply, which was large and unbalanced, weighed heavily on the Victoria market. At the beginning of the month, the abundance of small fruits, rather out of favour, forced operators to sell at after-sale prices. The situation improved at the end of the month, thanks in particular to a better size balance and a reduction in the Reunion supply.

In December, the Sweet supply was smaller than predicted. In the first half-month, the fall in the supply was due to the transit of Hurricane Otto, which prevented the week 47 exports, as well as to numerous shipping delays, which limited volumes in week 50. Hence rates were able to stabilise, whereas demand remained fairly lifeless. At the beginning of the second half-month, the arrival of the delayed fruits coincided with a recovery in demand for Christmas. The temporarily bigger supply was nonetheless lower than demand, helping rates strengthen during Christmas week, despite some quality problems. The last week was marked by shrinking demand, causing stocks to form and rates to slump.

In the first half-month, sales were complicated on the air-freight market, since demand was not really interested. The decision by the Beninese authorities, on 15 December, to ban exports of coloured pineapples, as well as concerns over freight availability out of Cameroon,

caused a distinct reduction in the supply, which was well below demand. Hence sales were more dynamic in Christmas week. However, just after Christmas, the air-freight market had to face a downturn in demand, forcing several operators to cut back on their imports considerably. Sugarloaf sales remained difficult, between 1.80 and 2.00 euros/kg, with operators struggling to market this previously coloured fruit in the green state.

In December, the Victoria supply saw a steep increase, confirming its festive nature. Sales were fluid and rates fairly high before Christmas. More imbalanced after the festivities, the Reunion supply, comprising small fruits, saw its rates range widen.



© Guy Bebbiner

### PINEAPPLE - IMPORT PRICE IN FRANCE - MAIN SOURCES

Weeks 2016		44	45	46	47	48
Air-freight (euros/kg)						
Smooth Cayenne	Benin	1.80-1.90	1.80-1.90	1.80-2.00	1.80-2.00	1.80-2.00
	Cameroon	1.80-2.00	1.80-2.00	1.80-2.00	1.80-2.00	1.80-2.00
	Ghana	-	-	2.00-2.20	2.00-2.20	2.00-2.20
	Côte d'Ivoire	1.80-1.90	1.80-1.90	1.80-1.90	1.80-1.90	1.80-1.90
Victoria	Reunion	2.30-3.80	2.30-3.80	2.80-3.80	3.00-3.60	3.00-3.50
	Mauritius	3.00-3.50	3.00-3.50	3.00-3.50	3.00-3.40	3.00-3.40
Sea-freight (euros/box)						
Smooth Cayenne	Côte d'Ivoire	6.00-8.00	6.00-7.00	6.00-7.00	5.00-7.00	5.00-7.00
Sweet	Côte d'Ivoire	7.00-9.00	7.00-9.00	7.00-9.00	7.00-9.00	7.00-9.00
	Ghana	7.00-9.00	7.00-9.00	7.00-9.00	7.00-9.00	7.00-9.00
	Costa Rica	5.00-8.00	5.00-7.00	5.00-7.00	5.00-7.00	6.00-8.00

### PINEAPPLE - IMPORT PRICE IN FRANCE - MAIN SOURCES

Weeks 2016		49	50	51	52
Air-freight (euros/kg)					
Smooth Cayenne	Benin	1.80-2.00	1.80-2.00	1.80-2.00	1.80-2.00
	Cameroon	1.50-1.90	1.70-1.90	1.80-2.00	1.80-2.00
	Ghana	2.00-2.20	2.00-2.20	2.00-2.20	2.00-2.20
	Côte d'Ivoire	1.80-1.90	1.80-1.90	1.80-1.90	1.80-1.90
Victoria	Reunion	3.00-3.60	3.00-3.60	3.00-3.80	2.00-3.80
	Mauritius	3.00-3.40	3.00-3.40	3.00-3.50	3.00-3.50
Sea-freight (euros/box)					
Smooth Cayenne	Côte d'Ivoire	6.00-8.00	7.00-9.00	7.00-9.00	7.00-9.00
Sweet	Côte d'Ivoire	7.00-9.00	9.00-11.00	9.00-11.00	9.00-11.00
	Ghana	7.00-9.00	9.00-11.00	9.00-11.00	9.00-11.00
	Costa Rica	7.00-9.00	7.00-9.00	8.00-10.00	7.00-9.00

### PINEAPPLE — IMPORT PRICE

Weeks 44 to 52	Min	Max
Air-freight (euros/kg)		
Smooth Cayenne	1.80	2.20
Victoria	2.30	3.80
Sea-freight (euros/box)		
Smooth Cayenne	6.00	9.00
Sweet	7.00	11.00



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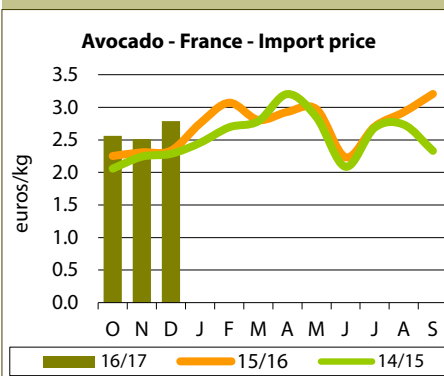
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# Avocado

## November/December 2016

After a fall in November, the Hass supply from all sources climbed in December, still at above-average levels (+ 26 %). Despite the hesitant demand given the high import and retail price levels, the bulk of the supply was absorbed. Some marketing difficulties were observed in early December because of the abundance of small sizes. So the pressure increased on this segment, and prices gradually fell. Nonetheless, they remained highly satisfactory and above average, above all for large and medium sizes. For the green varieties, prices dropped more steeply in November, due to the increasing supply from Israel and Spain. However, the return to an average supply level in December (Ettinger ending, Pinkerton beginning) helped rates to strengthen.



PRICE	Varieties	Average monthly price euro/box	Comparison with the last 2 years
	Green	7.41	+ 10 %
	Hass	11.95	+ 29 %

VOLUMES	Varieties	Comparison	
		previous month	average for last 2 years
	Green	↘	+ 1 %
	Hass	↗	+ 26 %

VOLUMES	Source	Comparison		Observations	Cumulative total / cumulative average for last 2 years
		previous month	average for last 2 years		
	Israel	↗	+ 12 %	Gradual start by Hass with volumes above average and small sizes abundant. Green varieties falling. Transition between Ettinger and Pinkerton.	+ 18 %
	Spain	↗	+ 63 %	Hass campaign starting and progressing strongly. Volumes much bigger than normal. Shipments slowing down in early December due to the rains.	+ 46 %
	Mexico	↗	+ 5 %	Slight rise in volumes. Small sizes abundant.	+ 18 %
	Chile	↘	+ 14 %	Imports falling in December, though levels still above average. Small sizes.	+ 50 %

## Mexican avocado cultivation area: past the 200 000 ha mark.

Avocado fever continues unabated in Mexico. According to the USDA's latest strategic monitoring report on the sector, surface areas expanded by 16 000 ha in one year, to in excess of 200 000 ha now. With such a vast cultivation area, the Mexican harvest should approach the 2-million tonne mark in the medium term, despite the country's very modest yields (varying with the cultivation systems, though slightly less than 10 t/ha nationwide). "Minifundio" remains by far the most widespread production model: 75 % of the 20 000 country's producers have surface areas ranging from 0.5 to 5 ha. Furthermore, the irrigation rate remains low overall, barely 30 % in Michoacán. The cultivation area dynamic varies with the States. Growth is picking up speed in Michoacán (+ 13 000 ha), the State more than ever at the centre of the country's avocado industry, which on its own accounts for three-quarters of national surface areas. Jalisco holds second place with nearly 18 000 ha, but is seeing its strong growth dynamic run out of steam (+ 800 ha);

which is a surprise, given this region's particularly attractive production calendar, complementing Michoacán's calendar (see FruiTrop 243). The State of Mexico is making great strides forward (+ 1 300 ha), with its avocado area nearing 10 000 ha. The Mexican avocado interprofessional association has announced its intention to step up its reforestation efforts, by planting approximately 300 000 pines in 2017 and 2018 (as opposed to a total of 500 000 between 2010 and 2016).

Sources: Infohass, APEAM, Mexican Min. of Agric.

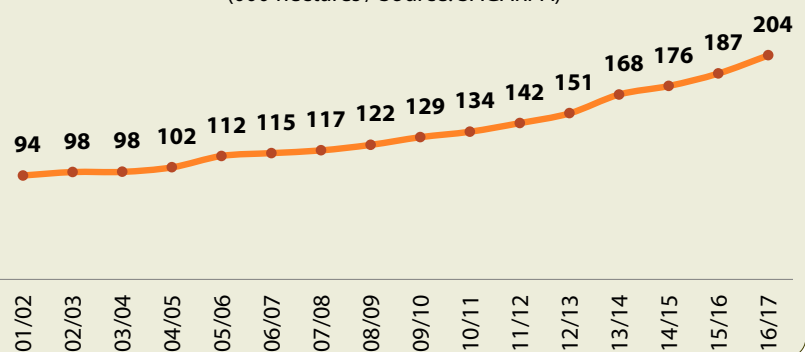
## Green tide rolling into Europe... ad nauseam?

Are you a fan of avocado-chocolate smoothies, fried avocado or an avo-burger, where the bread is replaced by half an avocado? If so, you will be delighted! The Avocado Show, a restaurant serving only dishes incorporating the avocado as a major component, has just opened its doors in Amsterdam. It is the first of its kind in Europe, following the concept already established across the Atlantic.

Source: Huffingtonpost

## Avocado - Mexico - Evolution of planted areas

(000 hectares / Source: SAGARPA)







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# Mango

## November/December 2016

November was characterised by a fairly stable market for the mango. The Spanish campaign wound down gradually with limited quantities of Keitt. The decline in Spanish volumes came alongside Brazil coming to the fore with its winter campaign in full swing. This increase in volumes, accompanied by a varietal modification (fall in Tommy Atkins and rise in Kent), proceeded gradually. In the middle of the month, Brazilian shipments became large and brought a degree of balance to the market between the expanding supply and more dynamic demand. The accumulation of tonnages and the start of the Peruvian campaign caused a deterioration in market conditions at the end of the period.

The air-freight market was more mixed. With the Peruvian campaign starting early, the price gap with Brazilian produce gradually widened as time went on. The Brazilian produce, of more varied quality, underwent a perceptible price cut in the first half-month. In the latter part of November, the overabundance of produce drove all rates downward.

December was considerably more eventful than the previous month. The overlap of the Brazilian and Peruvian campaigns led to a significant oversupply, which actually choked the market in the second half-month. The Peruvian export campaign, which came early as predicted, first of all saturated the air-freight market, with substantial overall tonnages, and more importantly exceeding the market absorption capacities. Prices gradually took a downturn. The rates specified below correspond to sales of superior quality produce. Many sales were made at lower prices (from 2.00 euros/kg). The market was also disrupted by logistical problems, causing shipments delays and the sale of highly

mature batches, which therefore earned less value.

The very steep rise in incoming Peruvian shipments in the second half of December literally drowned the market, although the Brazilian shipments were ebbing at the same time. For several weeks, the European market received particularly big volumes, much more than 400 containers per week, a hitherto unknown tempo for the mango. So the formation of stocks weighed down heavily on transactions, with increasingly frequent sales from 2.00-2.50 euros/box, especially for small sizes. Market conditions could face a slow and difficult recovery.



© Régis Domergue

### MANGO - INCOMING SHIPMENTS (estimates in tonnes)

Weeks 2016	44	45	46	47	48
<b>Air-freight</b>					
Brazil	80	80	70	100	80
Peru	50	60	120	100	100
<b>Sea-freight</b>					
Brazil	4 580	5 210	5 150	5 590	5 940
Ecuador	40	60	60	60	80
Peru	80	80	80	480	1 500

### MANGO - INCOMING SHIPMENTS (estimates in tonnes)

Weeks 2016	49	50	51	52
<b>Air-freight</b>				
Brazil	60	30	20	20
Peru	110	110	60	90
<b>Sea-freight</b>				
Brazil	5 720	5 170	2 440	1 850
Ecuador	22	130	180	130
Peru	3 450	5 390	6 100	6 180

### MANGO - IMPORT PRICE ON THE FRENCH MARKET

Weeks 2016	44	45	46	47	48	Nov. 2016 average	Nov. 2015 average
<b>Air-freight (euro/kg)</b>							
Brazil Kent	4.50-5.50	4.00-4.50	4.00-4.50	3.50-4.30	3.00	3.80-4.35	4.35-5.10
Brazil Others	4.00-4.30	-	-	-	-	4.00-4.30	-
Peru Kent	5.50-6.00	4.50-5.00	4.50-5.00	4.50	4.00	4.60-4.90	4.85-5.50
<b>Sea-freight (euro/box)</b>							
Brazil T. Atkins	5.00	5.00	5.00	5.00	5.00	5.00	-
Brazil Palmer	6.00-7.50	6.00-7.00	6.00-7.50	-	-	6.00-7.30	-
Brazil Keitt	6.00-7.50	6.00-7.50	6.00-7.50	6.00-7.50	5.00-7.00	5.80-7.40	5.75-7.50
Brazil Kent	6.50-7.50	6.00-8.00	6.00-8.00	6.00-7.50	5.00-7.00	5.90-7.60	5.75-7.50
<b>By truck (euro/box)</b>							
Spain Keitt	7.00	7.00	7.00	7.00	-	7.00	16.00

### MANGO - IMPORT PRICE ON THE FRENCH MARKET

Weeks 2016	49	50	51	52	Dec. 2016 average	Dec. 2015 average
<b>Air-freight (euro/kg)</b>						
Brazil Kent	3.00-3.50	3.00-3.50	4.00-5.00	3.00-4.30	3.25-4.05	3.85-4.35
Peru Kent	4.00-4.50	3.50-4.00	4.00-5.00	3.00-5.00	3.60-4.60	4.35-4.95
<b>Sea-freight (euro/box)</b>						
Brazil T. Atkins	4.50-5.00	4.50	3.50-4.00	4.00	4.10-4.35	-
Brazil Keitt	4.00-6.00	4.00-6.00	4.00-6.00	3.00-4.00	3.75-5.50	3.80-5.00
Brazil Kent	4.00-6.00	4.00-6.00	4.00-6.00	3.00-4.00	3.75-5.50	3.80-5.10
Peru Kent	4.00-7.00	4.00-6.00	4.00-6.00	3.00-4.50	3.75-5.85	4.70-5.60



# Pomegranate at its best

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# Litchi

## November/December 2016

The Southern summer was particularly intense this year, leading to abundant and early production across all the Indian Ocean sources. With the exception of S. Africa and Mozambique, from where the first shipments reached Europe in weeks 46 and 47 respectively, the sources started their campaigns early from week 45. The first batches sold at high prices for limited quantities. From the second half of November, volumes received became substantial and in excess of demand, dragging prices into a downward spiral. The downturn in tonnages from Madagascar from week 48 relieved the market, though the influx of merchandise from other sources, especially from Reunion, did not really allow rates to recover. The start of the Madagascar sea-freight campaign in week 49 also limited the sale of air-freight merchandise, public prices of which remained high. The implementation of promotions boosted sales, though their tempo was slower than that of the supply.

Madagascan sea-freight litchis were rated of exceptional quality, with good coloration, a good stage of maturity and

good shelf life. Furthermore, the proportion of large sizes was higher than in previous years, and finally, the taste quality of the fruits earned unanimous recognition. This convergence of factors boosted the rapid sale of the first ship's cargo, received on 5 December in Zeebrugge. The second ship arrived one week later (11 December), and entered the market shortly afterwards. The good uptake by the European distribution sector helped the marketing of the cargo of both ships, which was complete by the end of the year. Compared to previous seasons, Madagascan litchis enjoyed an additional week of sales thanks to the earliness of the campaign. Their rates dropped gradually, in line with the sale of large quantities. The majority of European distributors promoted this fruit on their shelves for the end-of-year festivities, at attractive prices which aided good sales of the product. Unimpeded by the weak competition from South Africa at the end of the year, the Madagascan litchis actually seem to have curbed sales of South African produce, due to their good overall quality and attractive prices.

■ **Spanish tropical fruits: water to increase production and profitability.** There is a bright idea to develop production of exotic fruits, which enjoy a strong and growing demand on the international market, in the Malaga region. This would involve using a small proportion of the waters of the River Guadario discharging into the sea. The project is being advocated by Enrique Colilles, manager of Europe's leading exotic fruits cooperative, Trops (turnover 200 million euros). The construction of a canal between the river and the Viñuela dam, storing water used for irrigating avocados and mangoes, would help resolve the recurrent problem of low yields (6 t/ha due to lack of sufficient irrigation, as opposed to more than double that in Israel), i.e. increasing the profitability of the sector. Furthermore, some of the 10 000 ha of the region's unharnessed land could be exploited, with major positive externalities in economic and social terms. The project would pay for itself within a decade, with the region's farmers ready to contribute to the funding. A fine idea which, let's hope, will not end up left to drift out to sea with the river water.

Source: El Pais

### LITCHI - INCOMING SHIPMENTS (estimates in tonnes)

Weeks 2016	45	46	47	48
<b>Air-freight</b>				
Madagascar	115	110	87	20
Mauritius	40	50	50	35
Reunion	10	30	85	135
South Africa	5	20	40	20
Mozambique	1	40	30	25

### LITCHI - INCOMING SHIPMENTS (estimates in tonnes)

Weeks 2016	49	50	51	52
<b>Air-freight</b>				
Madagascar	15	20	-	-
Mauritius	30	15	10	5
Reunion	120	100	180	110
South Africa	20	10	5	5
<b>Sea-freight</b>				
Madagascar	7 700	7 800	-	880
South Africa	-	-	300	-

### LITCHI - IMPORT PRICE ON THE FRENCH MARKET

Weeks 2016	45	46	47	48	Nov. 2016 average	Nov. 2015 average
<b>Air-freight (euro/kg)</b>						
Madagascar s	7.50	7.00	5.80-6.50	4.00-5.00	6.05-6.50	6.80-7.25
Madagascar v	8.00	7.50	6.00	7.00	7.10	7.00-8.00
Mauritius s	7.00	5.00-6.00	4.90-5.50	4.50-5.00	5.25-6.10	6.65-8.15
Mauritius v	9-11	6.00-8.00	5.00-7.00	4.00-5.00	6.00-7.75	8.50-11.00
Reunion v	14	7.00-13.00	5.00-9.00	5.00-7.00	7.75-10.75	11.00-13.00
South Africa s	-	8.50	5.00-7.00	4.00-5.00	5.80-6.80	5.50-6.00
Mozambique s	-	-	5.00-7.00	4.00-5.00	5.50-6.00	7.25-7.50

s: sulphur treated / v: on the vine

### LITCHI - IMPORT PRICE ON THE FRENCH MARKET

Weeks 2016	49	50	51	52	Dec. 2016 average	Dec. 2015 average
<b>Air-freight (euro/kg)</b>						
Madagascar s	-	-	-	-	-	5.50-6.10
Madagascar v	7.00	7.00	7.50	-	7.15	7.50
Mauritius s	-	-	-	-	-	5.80-6.50
Mauritius v	3.00-6.00	4.00-5.00	6.00-7.00	-	4.30-6.00	6.85-7.85
Reunion v	4.00-7.00	5.00-8.00	6.00-11.00	6.00-10.00	5.75-9.00	8.00-11.60
South Africa s	2.00-2.50	2.00-2.50	-	-	2.00-2.50	5.40-5.90
Mozambique s	2.00-2.50	-	-	-	2.00-2.50	6.65-6.15
<b>Sea-freight (euro/kg)</b>						
Madagascar	2.65-2.80	2.40-2.60	2.20-2.40	2.10-2.30	2.30-2.50	2.30-2.55
South Africa	-	-	3.00-3.50	2.00-2.50	2.50-3.00	3.50-4.00

s: sulphur treated / v: on the vine



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## Roots & Tubers

Q4 2016

### Sweet potato (SP)

The market was primarily supplied by Egypt and Honduras with white-fleshed sweet potatoes, at constant price levels. Orange-fleshed sweet potatoes came mainly from Israel, Honduras and Spain, with prices ranked according to the sources. Spain consolidated its presence in this market niche with mainly Beauregard variety tubers. This year brought a more marked presence of orange-fleshed sweet potatoes from Egypt, a country hitherto rather specialised in the white-fleshed sweet potato. This diversification is helping the source earn better value from its produce.

October brought batches of Italian white-skinned and fleshed sweet potatoes, which sold from 1.40 to 1.60 euro/kg. Batches of white-fleshed and/or violet-fleshed sweet potatoes from China sold in November on a footing of 1.20 euro/kg.

Some batches of French sweet potatoes also made their appearance in

November. Shipped in small quantities, this produce came from Normandy. Exhibiting fairly heterogeneous quality compared to the competition, it obtained sale prices of around 1.40 euro/kg, though it was not on the market for long.

### Yam

The yams market was supplied mainly by Ghana with white yams. Some Puna batches supplemented the shipments from Ghana, at a slightly higher price (+0.05 to +0.10 euro/kg). Brazil made regular white yam shipments, which on average sold at 0.50 euro/kg higher than competing produce. In mid-November French produce entered the market. Initially at 3.60 to 3.80 euros/kg, prices for this produce oscillated around 3.40 euros/kg until the end of the year.

### Cassava

Rates for the Costa Rican cassava were constant, with a slight leap in prices just before the festive period, followed by a fall in rates as demand waned.

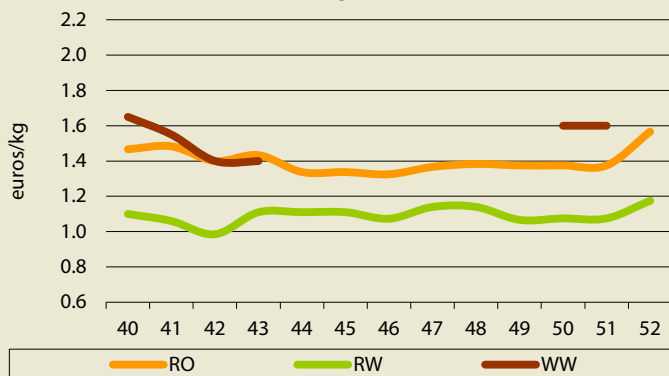
### Eddoe

Rates for Costa Rican eddoes were very stable, though with prices varying depending on the tuber size (1.80 to 2.50 euros/kg). What variations were observed at the beginning and end of the period were attributable to transient supply jolts.

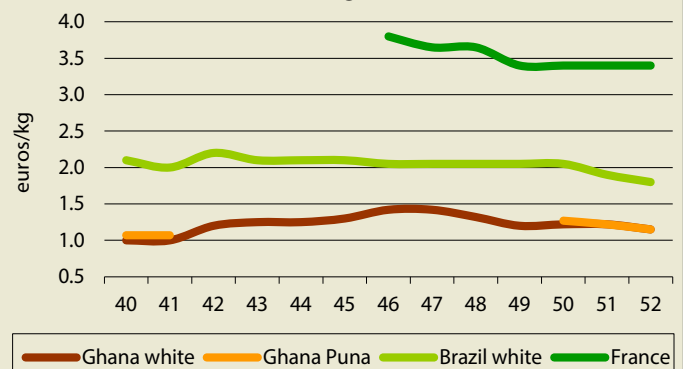


Yam

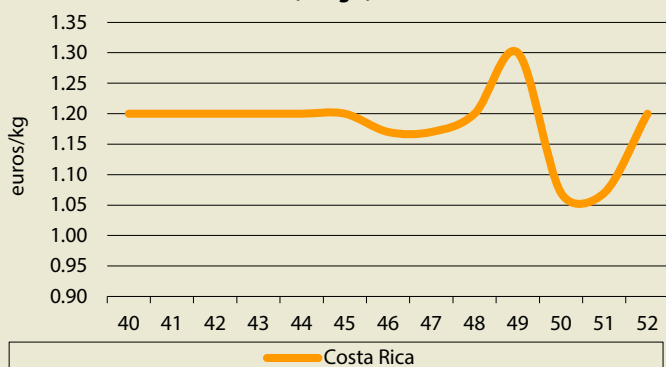
Sweet potato - France - Weekly average wholesale market price (Rungis)



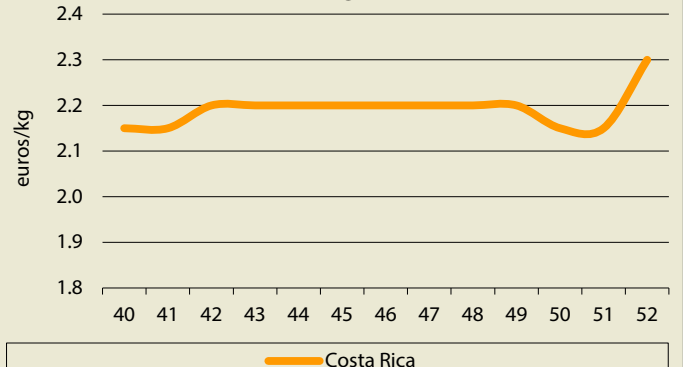
Yam - France - Weekly average wholesale price (Rungis)



Cassava - France - Weekly average wholesale price (Rungis)



Eddoe - France - Weekly average wholesale price (Rungis)



Sweet potato: RO: red-skinned, orange-fleshed / RW: red-skinned, white-fleshed / WW: white-skinned, white-fleshed / Source: Pierre Gerbaud



## Other exotics

Q4 2016

### Plantain banana

The big Colombian shipments from October dragged the market into a downward spiral. The poor demand led to poor sales, and consequently to fruit deterioration. So plenty of clearance sales were made in attempt to sell off as much merchandise as possible. Sales conditions were only gradually able to improve as stocks cleared, smaller quantities arrived and demand picked up. At the end of year, prices reached exceptional levels. Ecuadorian produce suffered the same trials and tribulations as Colombian produce throughout the period in question.

### Chayote and christophine

The French chayote and christophine campaign progressed with fairly stable prices for christophines, with more limited shipment volumes. Chayote rates dipped from mid-November. Costa Rican chayotes, scarce on the French market, sold at a stable and steady rate from

October to December. Christophines from this source came back onto the market in December with high prices.

### Dasheen

The supply progressed from October to December, leading to a drop in rates.

### Chilli pepper

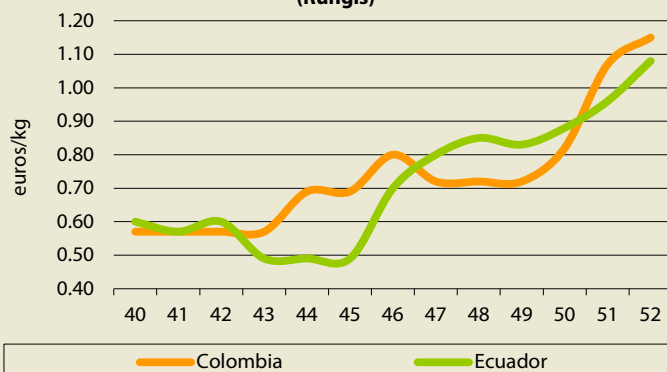
The market was primarily supplied by domestic produce. French produce monopolised the market as it progressed, leaving barely any room for competing produce. Chilli pepper rates, fairly low at the beginning of the period given the magnitude of the quantities available, recovered from mid-November due to the rise in demand and the simultaneous fall in incoming shipments.



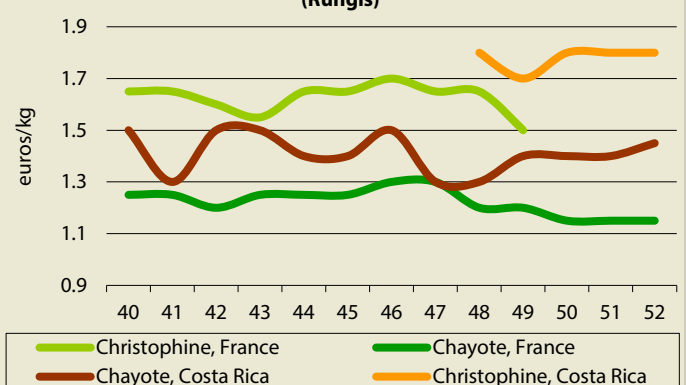
Photos © Guy Brehmer

Chilli pepper

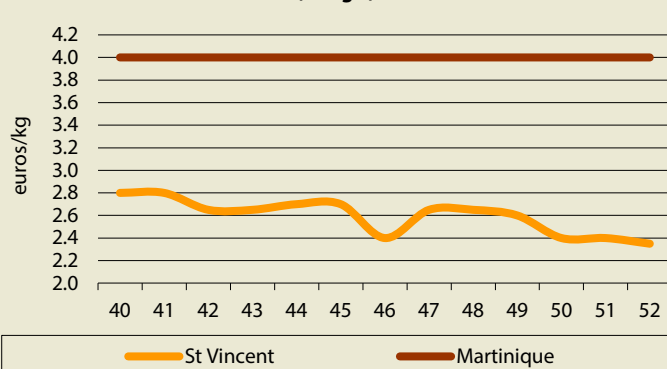
Plantain - France - Weekly average wholesale price (Rungis)



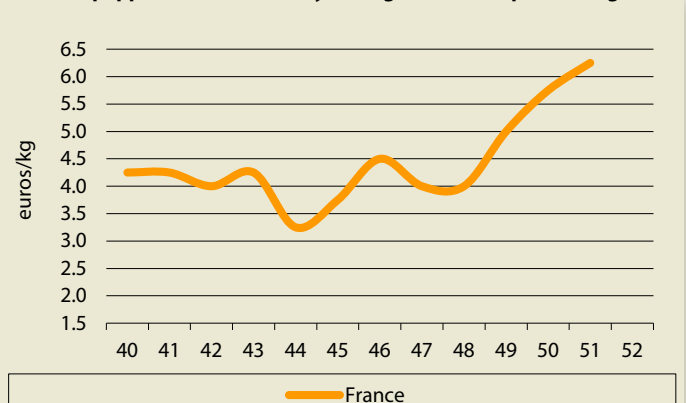
Chayote and christophine - France - Weekly average wholesale price (Rungis)



Dasheen - France - Weekly average wholesale price (Rungis)



Chilli pepper - France - Weekly average wholesale price (Rungis)



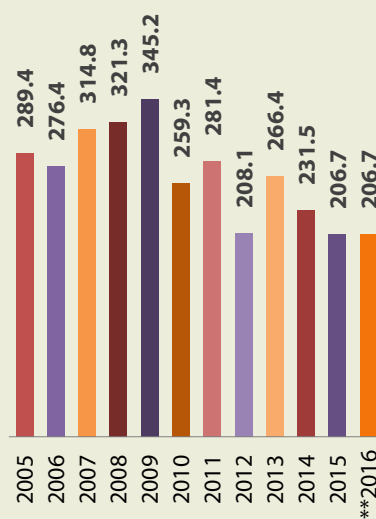
## Temperate fruit & vegetables

■ **Southern Hemisphere pear.** After several years of uncertainty, which have resulted in a considerable fall in pear imports from the Southern Hemisphere from 2010, European demand seems to be stabilising at just under 210 000 tonnes. The 2017 campaign could confirm this trend. The harvests have already begun in the Southern Hemisphere, in both South Africa or Argentina. The potential should overall be reasonable due to unfavourable climate conditions in Argentina. This source has suffered rains, but also hail and frosts which have damaged the potential. All this does not leave expectations of a bumper harvest, especially because of the short flowering period. The tonnage could be at most similar to the past two campaigns, itself a low figure. Conversely, South African production should increase a little more (+ 2 % on 2016). The climate conditions were not too unfavourable, plus there was an increase in surface areas (+ 1 %) and the entry into production of young orchards.

Source: Infofruit

### Southern Hemisphere pear\* EU Imports

(000 tonnes / Source: Eurostat)



\*Chile, South Africa, Argentina, New Zealand

\*\* January to August

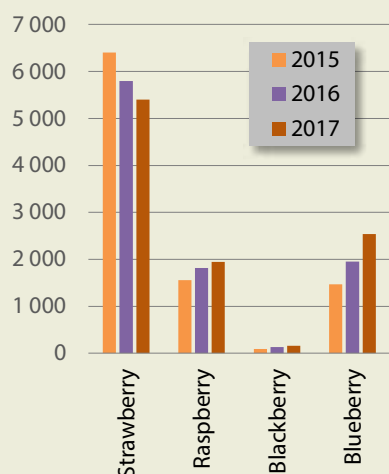


© Régis Domergue



### Berries - Spain - Planted areas

(hectares / Source: Freshuelva)



■ **Spanish berries.** Planting began slightly behind schedule in October in Huelva due to the high temperatures. Strawberry surface areas are continuing to fall (5 400 ha, i.e. - 7 % on 2016) according to Freshuelva, bearing in mind that they culminated at nearly 7 000 ha in 2014. The zone's total berry surface area is apparently up by more than 4 % (10 030 ha), with strong growth in the blueberry (2 538 ha, i.e. + 30 %) and to a lesser degree the blackberry which still represents only a small surface area (160 ha, i.e. + 23 %). The increase is also continuing for the raspberry (1 945 ha, i.e. + 7 %). So blueberry surface areas are now bigger than raspberry surface areas, yet it will take three years to attain the full harvest. It should also be noted that surface areas are migrating toward the west coast in order to provide for the water requirements.

Source: Freshuelva

■ **2017 climate: heading for neutrality.** While 2016 ranked among the ten warmest years since 1900, with temperatures + 0.6°C above normal for 1981 to 2010, levels were nonetheless lower than the previous two years (+ 1.2°C for 2014 and + 1°C for 2015). 2017 should confirm this trend, since it will be marked by the Pacific Ocean phenomenon known as "La Niña" (cooling of the waters of the Equatorial Pacific Ocean), which greatly influences world atmospheric circulation. This La Niña is fairly mild, and should even fade from the spring, giving way to a neutral, i.e. anomaly-free period.

Source: Infofruit







Hall 5.2 – D-01

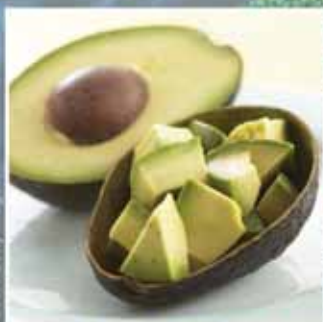
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Visual - Getty Images

## Sea freight

### November 2016

For the month of November there was no real market for large ships - neither was there demand, nor were there issues with over or under supply. Vessels were either ensnared in the congestion off Mersin or positioning to Chile for the start of the deciduous fruit season.

In contrast, the market for small tonnage was vibrant and forecast to remain so. This is largely because it is (currently) more difficult to containerize the demand drivers that make the market for the smaller units. After a relatively lacklustre year to the end of October, there was sufficient demand from a number of fish and potato cargo sources throughout the month to cause a shortage of capacity, which allowed operators to drive rates northwards.

Unusually for the time of year, there were reasons to believe that the imbalance in capacity (in favour of operators) would be maintained until early to mid January. Ordinarily at this time of year trawlers would be returning to port for the festive break, charterer demand would slow and rates would ease. If the projections made at the start of December are accurate, the opposite will be true. And if units are then absorbed into the South Atlantic squid trade, the market will stay firm well into the New Year.

Despite the amount capacity being re-delivered onto the market at the start of 2017 as a result of charterers switching modes, there were no immediate signs that vessel owners were planning to demolish tonnage. If the early indications are that demand in 2017 is to remain as weak as it was throughout 2016, this will change, particularly if oil prices trend higher.

### GREENYARD

■ **Univeg becoming Greenyard.** The group, freshly renamed, has asserted its commitment to promoting a healthier diet by increasing consumption of fresh fruits and vegetables, with its new signature "For a healthier future". The objective is to develop innovative solutions based on the know-how of the group's Fresh and Horticulture divisions, such as its "Grow Bag" for sustainable production of delicious tomatoes.

Source: Greenyard

### ■ Philibon celebrating its 60th anniversary.

The Boyer group's emblematic brand, created in 1957 by the company founder Claude Boyer, now encompasses a wide range of fruits produced in Metropolitan France or its Overseas Departments, or imported (70 varieties, from twelve sources). The melon, the fruit on which the company's success was built, nonetheless remains by far the number 1 speciality (25 000 t of the 30 000 t sold annually). Events will be put on throughout this anniversary year, with the produce bearing a commemorative logo.

Source: Philibon



### ■ Del Monte continuing its investments in fresh cut.

The US group will set up a new fresh cut fruits and vegetables production site in France, which should be operational in 2018. A 5 000 m<sup>2</sup> production unit with an initial daily output of 22 tonnes of finished products will be built in Croixrault (Somme). The site was chosen for its proximity to the main consumption centres of Paris and the surrounding regions, as well as the raw material supply zones (vegetable production area and exotic fruits import port nearby). The investment is worth an estimated 7.5 million euros.



Source: FDSEA 80

### ■ Anecoop: 25 years of water melon... without any seeds!

In 2017, the Spanish cooperative will celebrate the 25<sup>th</sup> anniversary of the launch of the seedless watermelon in Europe. This major innovation helped revitalise sales of this product, which at the time was in decline on the Old Continent. The figures attest to this success: Anecoop sold more than 2 million tonnes in 25 years, with annual sales of around 80 000 t in recent years (72 % "red striped", 10 % black, 3 % yellow and 15 % mini).



Source: Anecoop

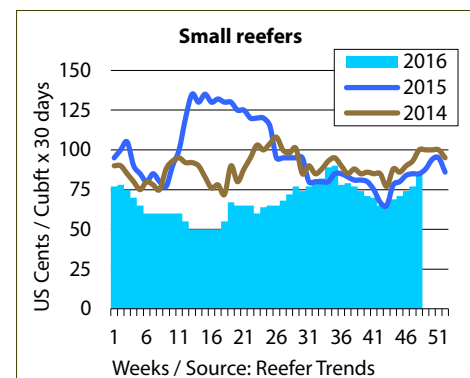
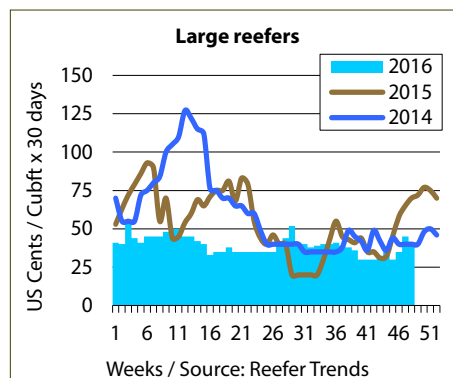
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### MONTHLY SPOT AVERAGE

USD cents/cubic foot x 30 days	Large reefers	Small reefers
November 2016	33	77
November 2015	44	83
November 2014	58	89







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## European easy peelers market

### Campaign into its second half... finally!

**The professionals are eagerly awaiting the second half of the easy peelers season, so poor have the results been so far. Their hopes of regaining a better economic profitability level should not be disappointed this season, though production is set to be much bigger in the medium term. FruiTrop offers a review of the prospects for this market segment, crucial to the cash flow balance of many Mediterranean producers.**



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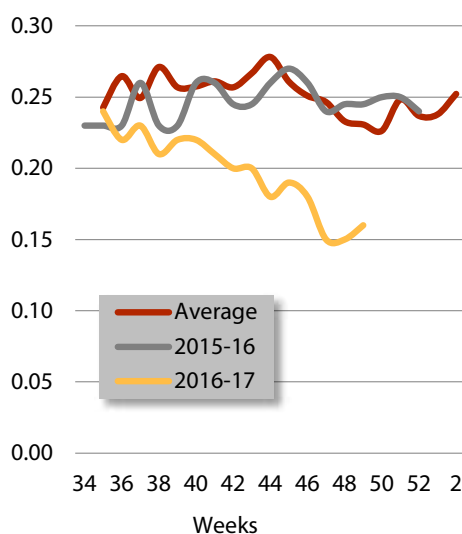
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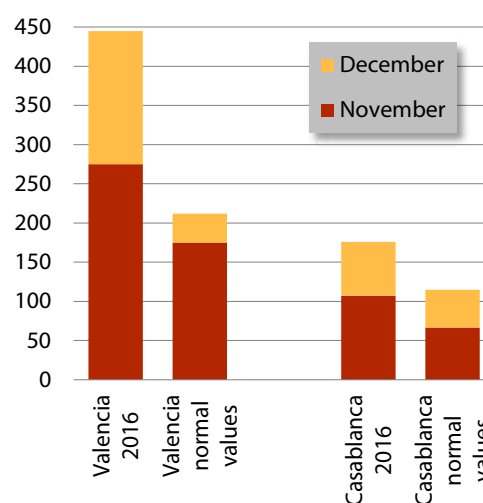
## Calamitous start to the season

No two successive seasons are the same. The 2016-17 campaign was set to be difficult, in contrast with an outstanding 2015-16 (see **Fruitrop** 245). This fairly bleak forecast was based on a very high production level from the main Community market protagonists, along with small sizing due to a severe generalised drought in the West Mediterranean. Reality outdid the forecasts in mediocrity during the first half of the campaign, with extremely unfavourable weather conditions to blame. The rainfall, so scarce since early 2016, was practically tropical at the end of the year throughout the West Mediterranean. The total precipitation registered from November to December was twice the normal figure in Valencia, and 1.5 times the normal in Casablanca, with Agadir receiving in the course of these two months volumes equivalent to the 2015 annual total. The total precipitation registered from November to December was twice as great as in 2015 in Valencia and three times as great in Casablanca, with Agadir receiving during these two months volumes equivalent to the 2015 annual total. This deluge was accompanied by extremely mild minimum temperatures, making fruit preservation problematic in the production zones, and weighing down on consumption in certain European countries. Some figures relating to the Nules clementine illustrate how disastrous this first part of the season was for producers: orchard prices fell below 20 eurocents in early November in the Valencian Community, and plunged to below 15 eurocents in late November, a level 30 % below the three-year average. Furthermore, the sorting rejects in December were as high as 40 to 45 % for professionals operating with the finest brands. The lost quantities can be probably be measured in hundreds of thousands of tonnes.

**Nules Clementine**  
Price at production stage  
(euros/kg / source: GVA)



**Rainfall in Valencia and Casablanca**  
in November and December 2016  
(mm / sources: Aemet, Infoclimat)





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## A transitional January, once again marked by the presence of fragile Nules

Thankfully, the second half of the season augurs better, if the major cold spell affecting much of Europe, at the time of writing these lines, continues to spare the West Mediterranean. January is a transitional month. There is major customer interest in late varieties (Nour and Hernandina clementines, late hybrids), whereas the volumes available of mid-season varieties (Nules, Clemenvilla) are less than normal due to production losses, the magnitude of sorting rejects or Clemenvilla going on the market ahead of schedule. The professionals consider that the Nules season should see a distinct ebb from 15-20 January, i.e. two weeks earlier than normal. Nonetheless, some leftovers of this variety will continue to be sold throughout the month. Furthermore, some promotions at highly competitive prices, scheduled in December in an extremely swollen market context, have given some bad signals. This background noise will weigh down on the market recovery, though certainly not prevent it. Furthermore, prices at the production stage of late hybrids have taken an upturn in Spain.

## Very good harvest level for late hybrids, but in an ultimately favourable context

The arrival of February should completely change the market configuration, in both quantitative and qualitative terms. While the late hybrids supply is set to be bigger than last season, volumes will remain entirely manageable, in particular if we consider that these cultivars reached the market ahead of schedule in January, and the void left by the early disappearance of the clementines. In Spain, the Nadorcott harvest was not adversely affected by the rain, with the fruits at a slightly advanced stage of maturity during these spells, while the majority of the cultiva-

**Easy peelers late hybrids – Mediterranean Basin – Exports**

000 tonnes	Varieties	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17 forecast	2016-17 / 2015-16
Morocco	Nadorcott	42	67	65	99	106	135	+ 27 %
Spain	Nadorcott	122	135	132	150	157	160	+ 2 %
	Or	-	-	-	-	26	33	+ 27 %
Israel	Or	49	49	53	65	68	90	+ 33 %
<b>Total</b>		<b>213</b>	<b>251</b>	<b>250</b>	<b>314</b>	<b>357</b>	<b>418</b>	<b>+ 17 %</b>

Professional sources





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## Ortanique

This tangor, a tangerine x orange hybrid, was established in Jamaica. Its external and internal qualities are highly variable according to climatic conditions. As a rule, the fruit is of average size to large, with the lower part slightly flattened and often bearing a small embryo. Pulp characteristics—tender and very juicy—are excellent. However, although peel colour is attractive under Mediterranean cultivation conditions, its weak point is that it is very thin and the fruit is difficult to peel.



## Nour

'Nour' is a true clementine, the result of a mutation of 'Cadoux' found at Ouled Teima in the Souss. The fruits are of average size and often have a characteristic small collar. The peel is a strong orange colour, rough and fairly thick but easy to remove. The flavour is sweeter and less acid than that of 'Fine' clementines.



tion area of this variety is outside of the hardest hit zones (60 % of plantations in the region of Murcia and in Andalusia). The potential should actually be just above the forecasts and last season's figure, with the fruit size increasing. Similarly, exports of Spanish Orri are set to be considerably bigger than in 2015-16, while maintaining a limited footing (going from 26 000 to 33 000 t). The situation is similar in Morocco, where the Nadorcott harvest is at a very good level, with an export potential in excess of 135 000 t (as opposed to 106 000 t in 2015-16). The prohibition at the US border for sanitary reasons, which has applied to fruits from Berkane since the end of the year, will not result in transfers onto the Community market (no Nadorcott production in this zone). Unlike its two West Mediterranean competitors and previous seasons, Israel has not had to cope with major climate problems this winter. Hence the Orri harvest is set for a very good level. Exports should approach 90 000 t, a figure up by approximately 30 % from the past campaign. Overall, across all sources and varieties (Orri + Nadorcott), the late hybrids supply will for the first time exceed 400 000 t. However, the rise from last season is only fifty thousand tonnes or so. Such volumes are indisputably within the market's capacity, in particular if we consider the context mentioned above.

## Structural growth trend in late hybrid volumes

This situation should enable producers to regain lucrative prices on this end-of-season segment, crucial for being so often the only one able to revitalise cash flows that have been hit by a structurally poor mid-season, without exceptions. Nevertheless, we might well ask for how long will that continue? Our average price barometer for these varieties indicates a distinct downward trend, even during last season, excellent though it was for all varieties. This is to be expected, given the distinct upward trend in volumes, which is nowhere near stopping. Producers mainly targeted this marketing period for their planting or conversion programmes, since it is the only one which has hitherto guaranteed a good profitability level and growth prospects, with the market completely saturated throughout the rest of the winter season. True, this planting trend has come to a complete halt in Israel, after two very difficult seasons in terms of climate, which sent yields and profitability tumbling. Some orchard uprooting could even occur in the climate thresh-



## Or and Orri

An induced mutation of the Orah mandarin (Temple and Dancy Hybrid), bred by the Volcani Center in Israel. It is a medium-sized fruit recognisable by fairly marked grooves running from the base of the peduncle and the occasional presence of a small fruit embryo. The skin is fairly pale orange, of medium thickness and is easily removed. The segments are soft and juicy with few pips. The flavour is very pleasant thanks to a good sugar:acid balance.



## Nadorcott

This natural hybrid of 'Murcott' originated in Morocco. The fruits are medium-sized to small and easy to peel, like clementines. The shape is irregular and slightly flat, like 'Murcott'. They ripen late and are seedless. The pulp is soft and melting with a large proportion of juice and acids, giving it a clearly characteristic taste.



### Late easy peelers – Mediterranean Basin – New varieties in production now or in the medium term

Sources	Varieties	Planted areas	Indicative export potential	Comments
Morocco	Nadorcott	5 200 ha (2016)	210 000 t	6 production centres in the country: Gharb, Beni Mellal, Safi, Chichaoua, Souss, Marrakech
Israel	Or	5 500 ha (2016)	150 000 t	
Spain	Nadorcott	4 520 ha (2015)	180 000 t	40 % Valencian Com. (Valencia/Alicante), 18 % Murcia, 41 % Andal (Huelva/Sevilla)
	Or	2 200 ha* (2015)	80 000 t	40 % Andalusia (Huelva 29 %), 14 % Murcia, 46 % Valencian Com. (Valencia 27 %)
<b>Sub-total</b>		<b>17 450 ha</b>	<b>620 000 t</b>	
Spain	Tango	3 000 ha? (2016)	120 000 t?	No official figures on planted areas. Production conditions?
	Others (Mor, GN, Tahoe, etc.)	low?		

\*Areas under licence / Professional sources, ORC, CVVP

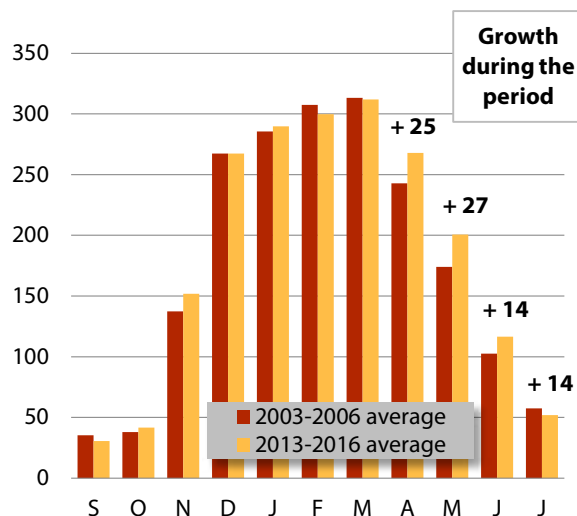
### Easy peelers 2<sup>nd</sup> half of the season – Mediterranean Basin – Marketing calendar

Varieties	Sources	D	J	F	M	A	M
<b>Clementines</b>							
Nour	Morocco						
Hernandine	Spain						
<b>Hybrids</b>							
Nadorcott	Morocco						
Nadorcott	Spain						
Or	Spain						
Ortanique	Spain						
Tango	Spain						
Or	Israel						

Professional sources

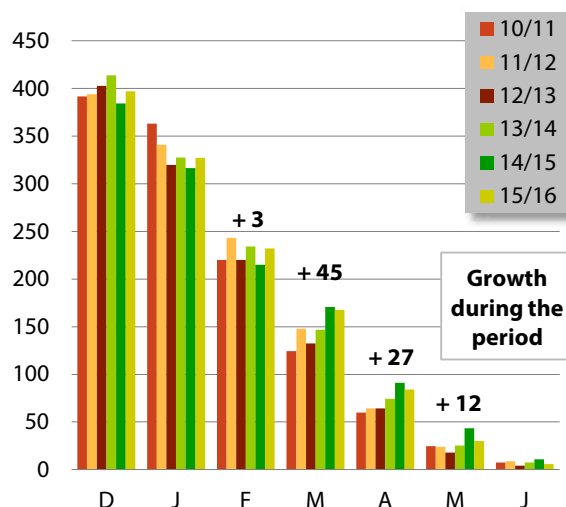
### Northern Hemisphere orange - EU-28 Monthly sales

(000 tonnes / source: Eurostat)



### Northern Hemisphere easy peelers - EU-28 Monthly sales

(000 tonnes / source: Eurostat)



old zones. Similarly, the granting of Nadorcott and Orri permits has now been frozen. Nonetheless, we can reasonably expect that the combined export potential of Spanish, Israeli and Moroccan Nadorcott and Orri should in the medium term approach 620 000 t, i.e. 200 000 t up from the present.

## Don't overestimate the capacities of the Community market, and target spring instead

On which outlets can these additional volumes be sold off? The consumption growth prospects for the Community market, where the bulk of these volumes are sold, are difficult to assess. The two examples below may nonetheless give some indications. The first line of thought concerns the orange (similar introduction process during the last decade of a new later varietal range of enhanced quality, with Lanelate and other varieties for the very end of the season). It seems to show that we should not overestimate the margins for progress. While the supplier country behind this innovation, Spain, very considerably increased its volumes sold, it was mainly through taking market share from its competitors. Overall consumption at Community level has risen only slightly. The analysis of the evolution of monthly volumes of easy peelers sold in recent campaigns can also provide some lessons, especially as to which period has the clearest growth margins. There is no perceptible dynamic in January and February (barring alternate bearing effects), when consumption is already high. There is however a very clear growth trend in March, April, and to a lesser degree in May.

Photos: Négis Domergue







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## Benefit from replacing Ortanique

Replacing one variety with another providing superior quality is a growth pathway which has proved its worth in the citrus industry. There is no lack of examples of this qualitative substitution, to employ the economics term, starting with perhaps the most iconic: substitution of Satsumas by early clementines such as Marisol, themselves later replaced by Clemenrubi. The new range of late hybrids may be a superior replacement for Ortanique, a variety with little going for it on the fresh market besides its lateness and transportability (large size, difficult to peel, etc.). At present, Ortanique is still well represented on the market (probably more than 150 000 t), especially in the Spanish range. Furthermore, it could be positioned as a "juice easy peeler", as is already the case with certain distributors today, or supply the Eastern European markets seeking attractive prices.

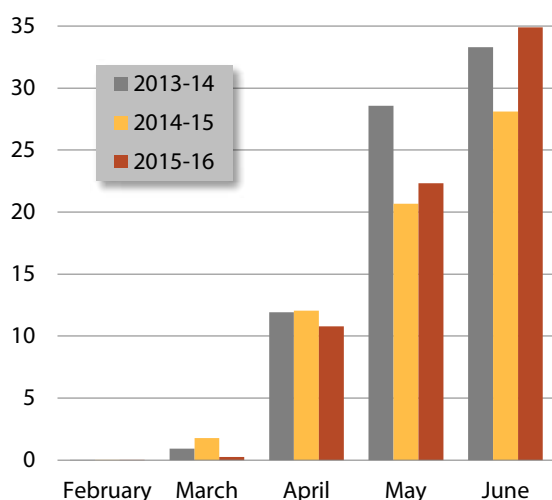
**Ortanique – Mediterranean Basin  
Production and exports**

tonnes	Production	Exports
Morocco	20 000	6 000-7 000
Spain	150 000-160 000	135 000-140 000
Cyprus	na	20 000?
Israel	5 000	1 500
<b>Total</b>		<b>160 000-170 000</b>

Professional sources, CLAM

**Southern Hemisphere easy peelers - EU-28  
Monthly sales**

(000 tonnes / source: Eurostat)



## Little growth to be expected from substitutions with Southern Hemisphere production

Conversely, the possibilities for substitution with the earliest Southern Hemisphere produce appear more limited. On the one hand, the quantities involved are limited over the period in question (volumes falling to between approximately 35 000 and 40 000 t, of which more than 20 000 t for May alone). On the other hand, they largely comprise Satsuma at this time of year, a speciality to which the British market seems to want to remain loyal.

## Safeguarding the late market's window of profitability

This article only reveals some food for thought, and makes no claim to be a market study. Nonetheless, it shows that the greatest vigilance is required as to the developments in the late easy peelers market. There are growth margins in the EU-28, through applying qualitative substitution or harnessing the potential of the spring market. However, the future volumes are not neutral. Hence work also needs to be put in to develop the remote diversification markets (North America and Asia, where it is still all to do); and why not also think about a promotion system like the one set up for club apples? Furthermore, some light also needs to be shed on the future volumes of other late cultivars which will start to enter production very shortly. The question can be posed in particular for Tango, both in terms of surface areas actually planted (no official figures) and the cultivation conditions of this variety. It is no exaggeration to say that the challenge is of utmost importance, since safeguarding the remaining window of profitability on this market segment is crucial for the Mediterranean citrus growing industries ■

**Eric Imbert**, CIRAD  
eric.imbert@cirad.fr







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## Small exotic fruits

### Toward a wider-reaching supply?

Exotics are gaining ground on the shelves. With imports more than doubling in 15 years (400 000 tonnes in 2015 as opposed to 150 000 tonnes in 2000) and a bigger presence in all distribution points, especially the conventional supermarket sector, small exotic fruits are bit by bit becoming incorporated into our consumption habits, and seemingly reaching all sections of the population.



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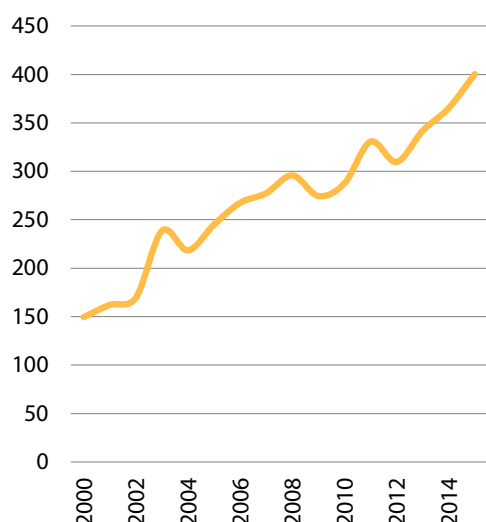
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**Small exotic fruits - EU****Evolution of imports**

(000 tonnes / Source: Eurostat)



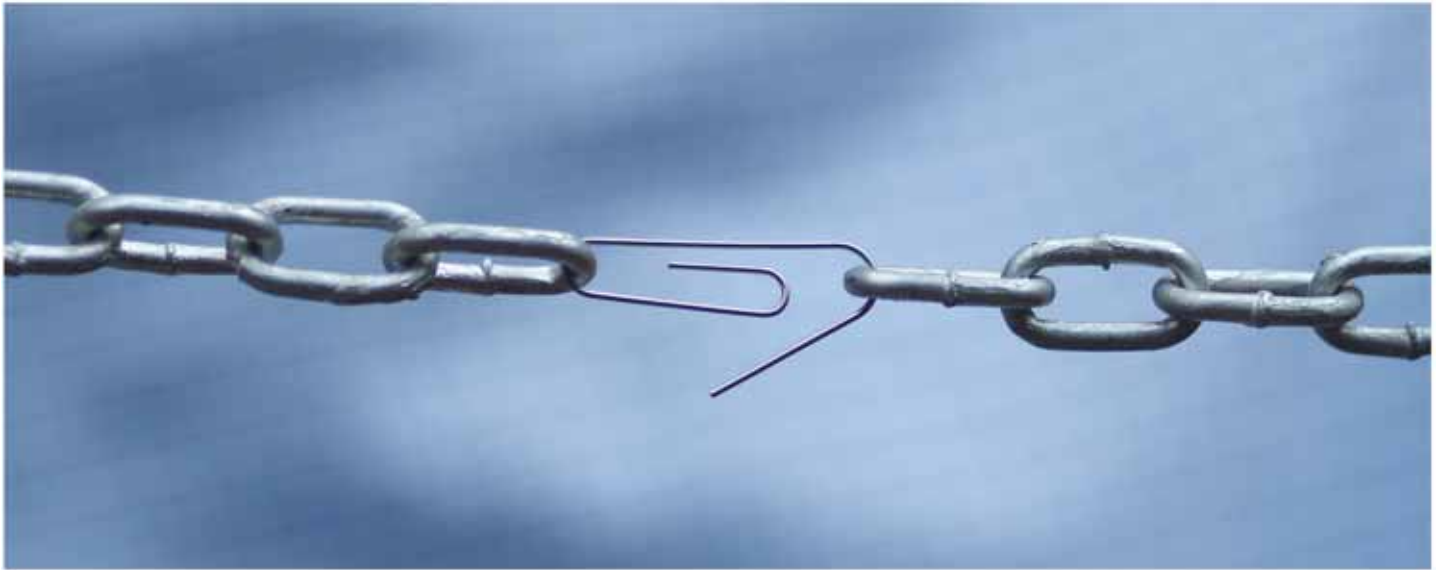
The term "exotics" conventionally evokes the banana or pineapple, the massive volumes of which imported by the European Union exceeded 5 million tonnes in 2015 for the banana, far ahead of the 800 000 tonnes of pineapple, and with a relatively low retail price (less than 1 euro/kg). Yet this term also evokes the avocado and mango, imported in smaller quantities (between 300 000 and 350 000 t in 2015) and with a higher wholesale price (2 to 3 euros/kg). However, many other exotic fruits are imported into the EU, though in distinctly smaller volumes (less than 150 000 t per fruit in 2015). They are the small exotic fruits, among which we can mention the papaya, guava, passion fruit, litchi, mango-steen, lime, coconut, durian and Sugarloaf pineapple, and many others besides.

The catering sector (foreign cuisine restaurants, bars, pastry and ice-cream makers), travel, the media (cooking programmes, written press), as well as the processing sector (juice), are all signs and means of incorporation of these fruits. Yet is this increasingly widespread distribution really synonymous with a wider-reaching supply, for certain fruits at least? Or is it not rather an illustration of increased segmentation? Under the cover of a desire to develop the market, is the supermarket sector actually seeking to secure a certain image by offering a wide range of small exotic fruits, while the supply remains limited and specific from most specialists?

Although the supply is expanding in the conventional supermarket sector, and is practically as diversified as in ethnic stores, there are persistent differences in terms of products, quality and price.



# Information... your weak link?



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Plantain bananas

## A limited supply from the small traders

Against all expectations, it is not the fruit specialists – small traders – who offer the most small exotic fruits. They offer a limited supply in the top-end segment, with customers primarily seeking local and/or high-quality produce. According to our study, the supply is generally limited to the Sugarloaf pineapple (100 % presence), lime (67 %) and a few other fruits (papaya, yellow passion fruit, fraysinette banana in 33 % of cases). These fruits are expensive and the air-freight route is employed to preserve their freshness.

## A diversified but highly specific supply in ethnic stores

Ethnic stores (Indian, Afro-Caribbean, Chinese and South-East Asian) are in second place in terms of presence of small exotic fruits. Although these stores encompass a great variety of products, their supply is very finalised and reserved for knowledgeable consumers. However, it is not uniform. Indeed, the same products are not sold by the Chinese and South-East Asian stores, as by the Indian or Afro-Caribbean stores.

The former stores are those offering the widest range. In addition to the conventional exotic fruits, some of their fruits are especially dedicated to consumers of Chinese and South-East Asian origin: durian, jackfruit, soursop, sugar apple, cherimoya, longan, tamarind, mangosteen, rambutan, dragon fruit, etc. Others are expanding the range of exotics through segmentation: purple passion fruit and plantain banana for Africans, avocado for the Japanese, longan for people who have spent time in Thailand, etc.). In addition, these stores take greater care with their fruits: they are often vacuum-packed and the source is clearly indicated.



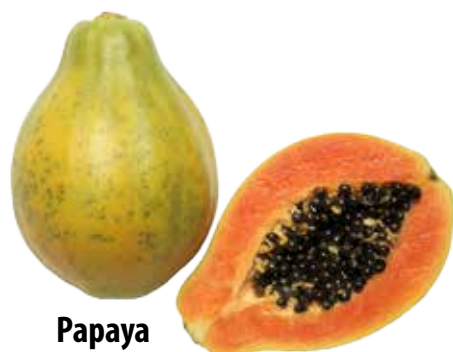
Guava



Mangosteen



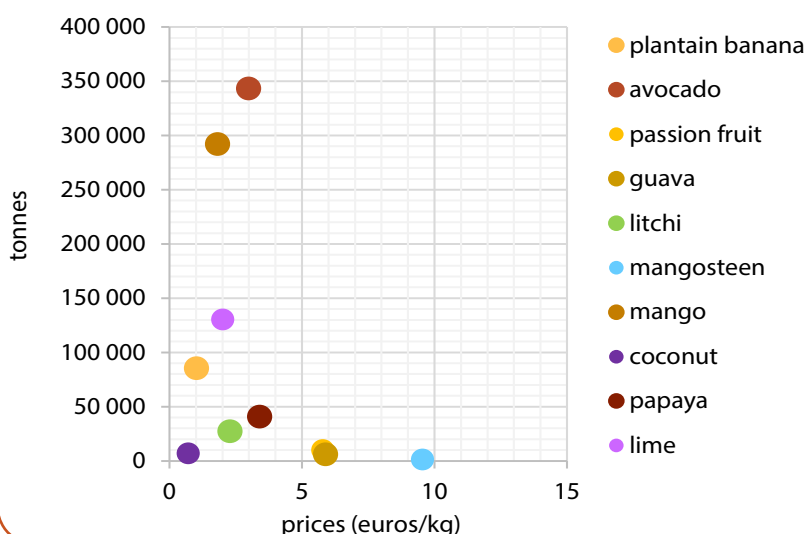
Coconut



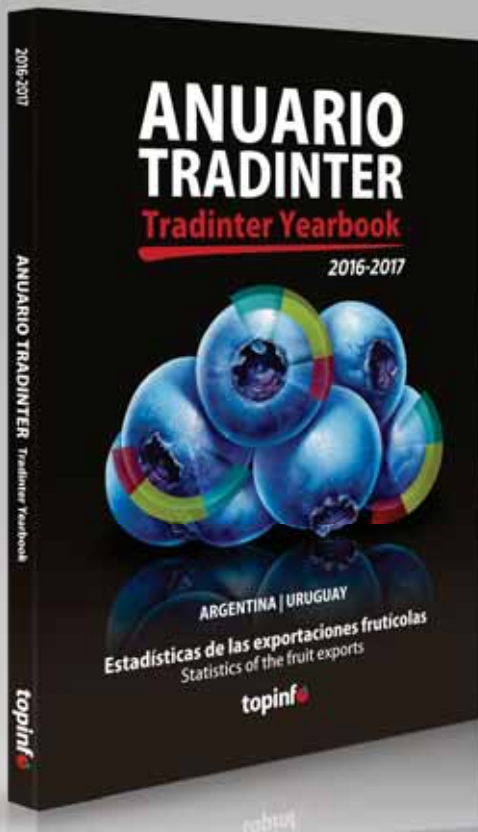
Papaya

### Small exotic fruits - EU - Volumes and wholesale prices in 2015

(Sources: Eurostat, RNM)







# Tradinter Yearbook

Statistics of all fresh fruit exports  
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Indian and Afro-Caribbean stores have far fewer fruits on their shelves. The lime and green banana are present as a matter of course. Yet it is the different varieties of mango which occupy the most space among the fruits. The bread fruit is sold in both types of store, though less frequently. In terms of specificities, Indian stores sell some tropical avocados, ripe bananas and some coconut. For their part, stores run by Afro-Caribbean populations offer plantain banana, yellow passion fruit, chayote and coconut. Note that products tend to be sold loose, and the sources are not always indicated (especially in Indian stores).

So in ethnic stores, the supply seems to be primarily aimed at knowledgeable customers, who regularly consume these fruits. Only the Chinese and South-East Asian stores segment their range to target other customers and offers visually attractive products. So they are among the distribution points which could encourage a wider reach for certain fruits, especially since they are present both in city centres and suburban shopping centres.



Photos © Léa Benoit

## An expanding range in the supermarket sector: wider-reaching supply, or commercial strategy?

The conventional supermarket sector (Carrefour, Auchan, Leclerc, etc.) is vying with the ethnic stores in terms of diversification of supply, even outside of the festive periods (Christmas, New Year's Day, Easter, etc.). Hence the banana, pineapple, avocado and mango have a 100% presence. The lime too has a high presence rate, as does the pomegranate (88 %), purple passion fruit and coconut (81 %). Whereas the former two are part of the temperate fruit shelves, the latter two are part of a separate section, specifically dedicated to small exotic fruits. They represent the essentials of the exotic range in the conventional supermarket sector. The section is regularly expanded by the physalis (50 %), Victoria pineapple, frayssette banana, plantain and kumquat (44 %), chayote and papaya (38 %), carambola (31 %), dragon fruit and mangosteen (19 %) and guava (13 %). More occasionally, these supermarkets also offer tropical avocado, pink banana, kaffir lime, barbary fig, yellow pitahaya, rambutan, tamarillo and tamarind.

This expansion of the range in the most popular consumer outlets could be likened to a wider reach of these fruits on the European market. True, small exotic fruits are tending to increase their presence in the conventional supermarket sector, and even have a specifically dedicated space in the festive period. However, they are often poorly cared for (overripe, damaged), seldom promoted (except during the festive period) and above all much more expensive than in other distribution points. Overall, nothing is done to encourage the consumer to buy them. These points raise a question as to the real intentions of the supermarket sector. Does it really want to reach as many consumers as possible? Is it not rather a mere commercial strategy, restricting small exotic fruits to the status of image products, which in addition help generate margins? If this is the case, this is not a distribution mode that will help small exotic fruits achieve a wider reach.

Only certain fruits also present in the discount supermarkets (Victoria pineapple, lime, coconut) and organic stores (lime, coconut) can lay a claim to widening the reach.



## “Grand Frais” chain: a higher-quality economic alternative

Conversely, Grand Frais – still a big supermarket, though specialised in fresh produce – has a supply that is not only more diverse, but also less expensive and higher-quality than the conventional supermarket sector. Indeed the presence of small exotic fruits there is greater than at other distribution points, while prices are among the lowest on the market. So Grand Frais has made itself an economic alternative, and can thus expect to reach a bigger number of customers.

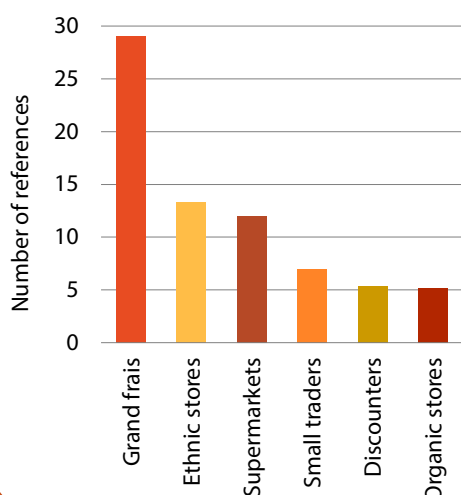
On top of the fruits available from the conventional sector are those sold by the ethnic stores. However, certain fruits practically absent from these distribution points are present in Grand Frais. These are often products originating from Central and South America (sweet granadilla, physalis, tamarillo), little consumed by the target populations of ethnic stores and rarely found in the conventional supermarket sector. As for quality, air-freight sources are favoured, unlike in the conventional supermarket sector. In addition, communication is aimed at consumers, by means of informative brochures near the shelves. Finally, the Grand Frais stores are easily accessible to all consumers by virtue of being based in suburban shopping centres, across much of France.

So all the factors seem to be there for this distribution point to enable a wider reach: high-quality produce at competitive prices, plus communication. On this basis, one fruit seems just right to illustrate segmentation of the small exotic fruits supply: the passion fruit. Thanks to a multitude of varieties and sources, it is present across the board and appears as an image product, and sometimes as an ethnic or top-end product, etc.



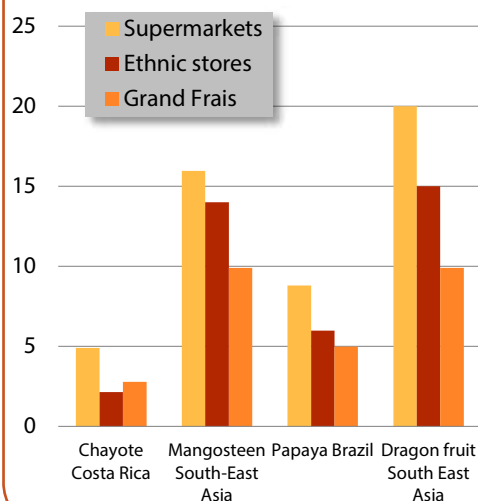
**Small exotic fruits - France  
Presence rate by distribution  
point in 2016**

(Source: Léa Benoit's survey)



**Small exotic fruits - France  
Retail prices comparison in 2016**

(euros/kg / Source: Léa Benoit's survey)



Photos © Léa Benoit



## The passion fruit, segmented supply in the distribution sector

Classified as a "small exotic fruit", the passion fruit is nonetheless well represented at the distribution points. Hence practically all supermarkets, many ethnic stores, small traders and discount stores have it on sale. Yet this single name conceals a host of varieties, as well as differences in terms of quality, price and objectives.

### Purple passion fruit and hybrids

Half of supermarkets offer purple passion fruits from Colombia, and sometimes South Africa and Vietnam. Colombian fruits are the only ones to arrive by sea-freight, which makes for a cheap supply but one which is very ordinary in terms of quality (low cutting point to withstand transport, limited shelf life, etc.). The other passion fruits

are mainly hybrids, larger and less acidic than the conventional purple. They are sold mainly by small traders and Grand Frais. Among the ethnic stores, Chinese and South-East Asian stores are practically the only ones where it is available, more to expand their exotic range by catering to the tastes of African customers (just as for the plantain), than for their Asian consumers.

As for price, the Colombian purple passion fruit is of course less expensive at the wholesale stage than the other purple and hybrid fruits (two-fold difference between Colombia and Reunion). It is for this reason that it can be found in the conventional supermarket sector. However, this difference is much less, or even non-existent, at the retail stage. So the supermarket sector offers a standard product, enabling it to generate margins, though without a view to developing the market, as it does not have the optimal quality to ensure full consumer satisfaction. Finally, the fruits found at small traders and ethnic stores are expensive, though often of better quality.

What does the future hold for the purple passion fruit? Opinion is divided. According to some, it has an exponen-





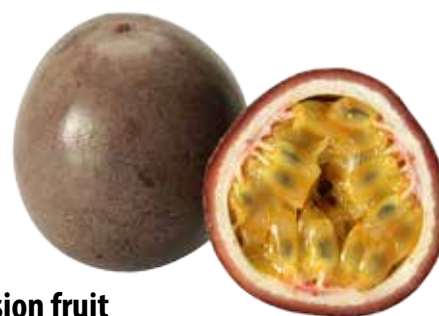
tial consumption trend, and could see further growth over the coming years, provided that sales focus on air-freight fruits, especially from Reunion, which are more highly rated for their taste quality. According to others, the passion fruit, whether purple or hybrid, is an expensive product, visually unattractive and with little sustenance (compared to a pineapple which can easily be shared), and so should remain a niche product.

### Yellow passion fruit and sweet granadilla

Two other varieties of passion fruit are also imported, though in much smaller quantities: yellow passion fruit and sweet granadilla. The former, more acidic than the purple passion fruit, is aimed more at catering and processing (ice-cream makers especially, who seek some acidity for their customers, but also for juices), whereas the latter owes its small volumes to its fragility and limited production zone (Andean). They are both heavily consumed locally, but are rare in Europe, which makes them more expensive. The yellow fruit is absent from the big supermarkets. It can be found at Grand Frais and in some ethnic stores (mainly Afro-Caribbean). The granadilla is present in some big supermarkets, Grand Frais and more rarely ethnic stores.

So these two passion fruits are for the moment primarily aimed at specific and knowledgeable consumers, but could gain in popularity due to their presence at Grand Frais ■

Léa Benoit



Purple passion fruit



Hybrid passion fruit



Sweet granadilla

*Study conducted based on distribution point surveys. The surveys of 42 distribution points (16 conventional supermarkets, 11 ethnic stores, 5 discount supermarkets, 5 organic supermarkets, 3 small traders, 2 Grand Frais stores) in Montpellier, Paris and Bordeaux, were conducted between May and June 2016. The first stage, conducted in Montpellier, helped identify which distribution points offered such and such a fruit, and the origins. The second, conducted in Paris, served to back up the survey, especially by inquiries in ethnic stores (Asian, African diasporas, etc.) situated in the 13th and 18th arrondissements. The third, again in Montpellier, this time compared retail prices between three types of distributor (supermarket sector, Grand Frais and ethnic stores). Finally, the last stage of the survey, in Bordeaux, was aimed at providing data from a conurbation other than Montpellier.*



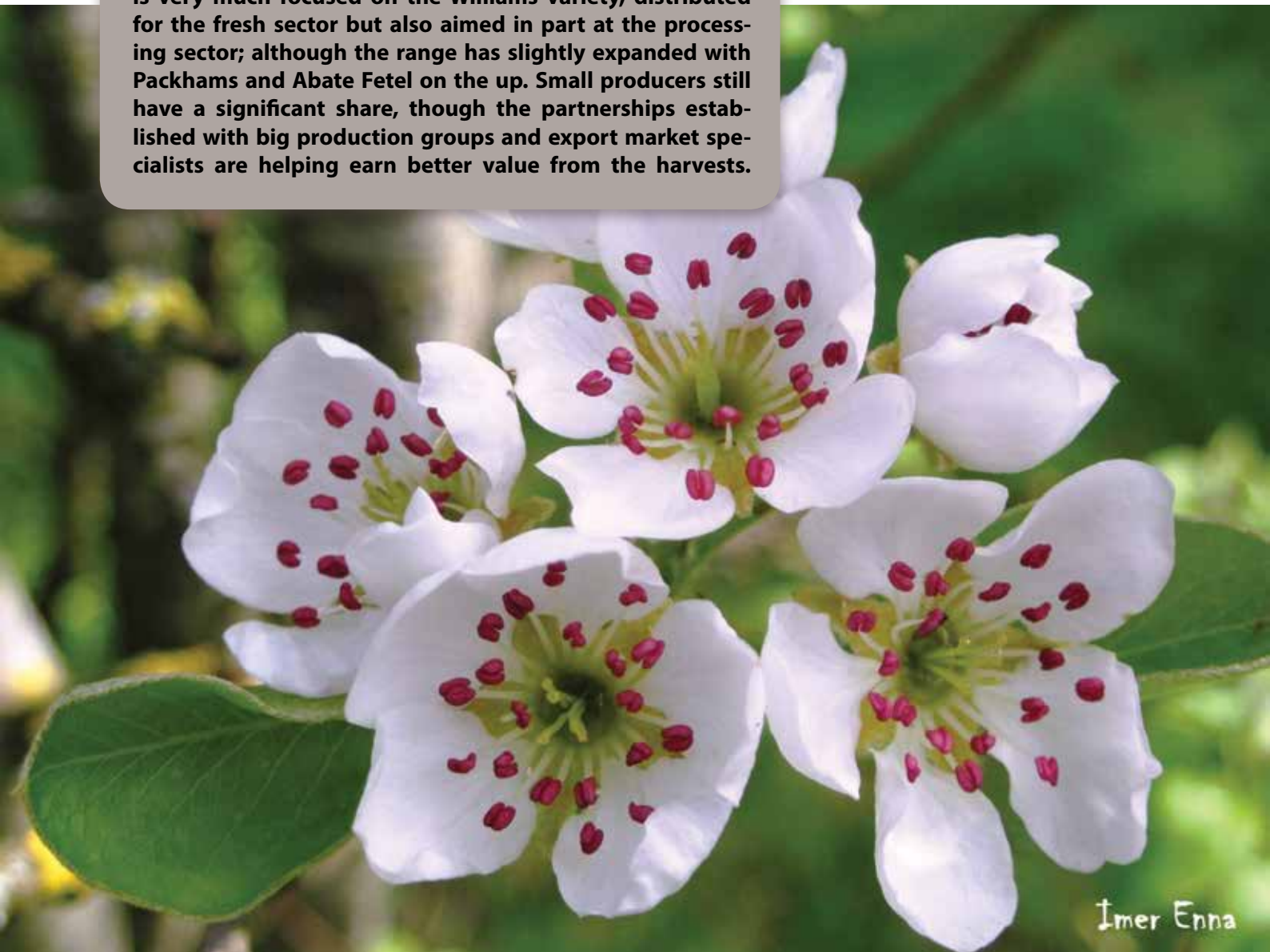
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## Producer country file

# The pear in Argentina

by Cécilia Céleyrette

In spite of the economic difficulties which have affected production in the fertile Rio Negro valley, Argentina remains by far the world's number one pear exporter, especially via the port of San Antonio/Bahia Blanca. Production is very much focused on the Williams variety, distributed for the fresh sector but also aimed in part at the processing sector; although the range has slightly expanded with Packhams and Abate Fetel on the up. Small producers still have a significant share, though the partnerships established with big production groups and export market specialists are helping earn better value from the harvests.







PEAR specialist  
Southern hemisphere

ARGENTINA  
SOUTH AFRICA  
CHILE



**Varieties:**

- Williams
- Red bartlett
- Comice
- Abatte
- Packam

**Contact:**

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## Pear – Argentina

### Location

The 23 000 hectares of pear orchards in Argentina are concentrated mainly in the provinces of Rio Negro and Neuquén (95 %), with the rest situated in the Uco valley in Mendoza province. Thanks to the installation of irrigation canals and infrastructures, fruit production developed on the fertile land of Alto Valle starting from the 1930s, firstly with Williams pears and Red Delicious apples, and then with the grape, tomatoes and stone fruits. This zone is situated at the confluence of the upper reaches of the Rio Negro and the lower reaches of the Rio Limay and Rio Neuquén. This water reserve provides a favourable context for fruit production over a zone 130 km long. Production also extends to the Valle Medio zone of the Rio Negro and the Rio Colorado, where it starts in an earlier slot. The climate conditions also ensure low sensitivity to fire blight. Sanitary protection of the orchards is supervised by the programmes of SENASA, FUNBAPA and the sanitary inspection services of the USDA. Most farms are small in size; of

the 2 700 fruit producers in Alto Valle, 56 % owned less than 10 ha in 2014, making up just 16 % of total surface areas, 14 % had between 20 and 50 ha (22 % of surface areas), and just 2 % had more than 100 ha (36 % of surface areas). Most producers are still independent, and sell their production to shippers/packing stations. The big producers' organisations come together under CAFI (the Argentinean chamber for integrated fruit growers).



© Regis Domergue





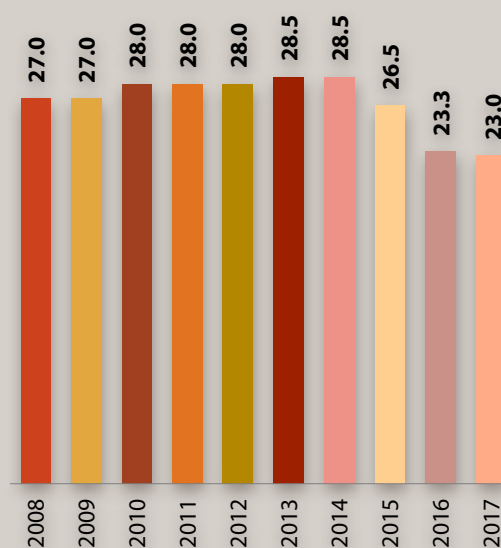
## Pear – Argentina

### Production

After expanding steadily until the early 2000s, surface areas in Argentina stabilised at around 20 000 ha. They gradually increased again to a peak of 28 000 ha in 2014, thanks to growing demand from certain emerging markets, especially Russia and Brazil. However, the economic difficulties in many countries and the loss of the source's competitiveness (less favourable exchange rate than for other Latin American countries, and big increase in production costs coupled with recurrent strikes) led to a big drop in surface areas. The fall would seem to be smaller this year, though the cultivation area should shrink again (23 000 ha) through the disappearance of small operators to give a production potential of 600 000 to 700 000 t, depending on the sources. Production has decreased in particular in the Mendoza zone in favour of other more lucrative crops, such as wine growing.



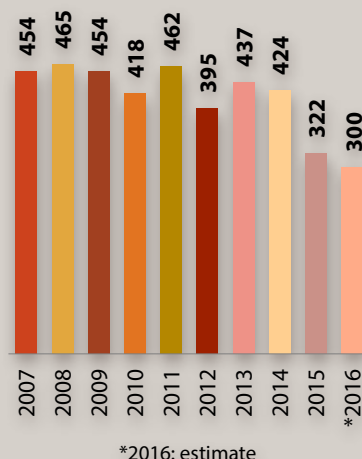
**Pear - Argentina - Evolution planted areas**  
(000 hectares / Source: USDA)



## Pear – Argentina



**Pear - Argentina - Exports**  
(000 tonnes/ Sources: USDA, WAPA)



### Exports

Argentina is still the world's number one pear exporter country, although its exports have declined in recent years. They have waned with the decreases in shipments to certain destinations, after peaking at 465 000 t in 2008. They first of all dipped to the European Union in the economic crisis of 2008, going from 160 000 t to just 60 000 t in 2016. While exports to Russia have held up better, boosted by the Russian embargo on European produce, they have also dropped since 2014, when they were still at 100 000 t, and currently struggle to get past 60 000 t. The situation has also deteriorated with Brazil, which imported up to 150 000 t of Argentinean pears in 2012-13, and whose protectionism further reduces the imports level every year (less than 100 000 t expected in 2016). Conversely, shipments to the United States remain stable.

### Production calendar and varieties

Argentina dominates the Southern Hemisphere pear market, spearheaded by the Williams Bon Chrétien variety, which represents more than 40 % of volumes produced in this country, ahead of the Packhams Triumph (30-35 %). The Beurré D'Anjou variety holds third position, with approximately 10 % of harvest tonnages. The remainder is divided between Red Bartlett (6 %) and Abate Fetel (2 %), as well as varieties such as Beurre Bosc, Beurré Giffard, Clapps and red Beurré D'Anjou. However, we should note that the share of Williams is set to fall, in favour of Packhams and Abate.

The harvest starts in late December/early January for the early varieties (Clapps, Coscia, Guyot, Giffard), on around 10 January for Williams and from early February for Abate and Packhams. These harvest start dates are supervised by INTA, with a view to achieving optimum maturity for preservation.

**Pear – Argentina – Production by variety**

000 tonnes	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Market shares
Williams BC	287	273	345	280	390	361	413	338	416	290	41 %
Packhams	257	250	290	250	261	247	246	266	270	260	36 %
Anjou	78	80	92	90	92	92	86	95	90	86	12 %
Others	117	120	168	150	100	101	118	95	100	80	11 %
<b>Total</b>	<b>739</b>	<b>723</b>	<b>895</b>	<b>770</b>	<b>843</b>	<b>801</b>	<b>863</b>	<b>794</b>	<b>876</b>	<b>716</b>	<b>100 %</b>

Source: WAPA

**Pear – Argentina – Production and marketing calendar**

Varieties	J	F	M	A	M	J	J	A	S	O	N	D
Williams												
Abate Fetel												
Packhams Triumph												
Beurré d'Anjou												



## Pear – Argentina

### Outlets

Although decreasing, a large proportion of production is aimed at fresh exports (between 50 and 60 %). 25 to 35 % goes to the processing sector, especially for the Williams variety. Local consumption absorbs only a small proportion of volumes (less than 15 %).

#### Pear - Argentina - Outlets

(Source: FUNBAPA 2014)



### Logistics

Fruit for the domestic market and Brazil is transported by refrigerated lorries. Sea-freight exports go via the port of San Antonio/Bahia Blanca. It takes approximately 17 to 19 days to reach Antwerp and Rotterdam, and 19 to 22 days to reach Russia via Saint Petersburg or the Black Sea.

#### Pear – Argentina – Main export firms

Firms	Exports January-June 2016 (t)	Market shares
Patagonian Fruits Trade SA	39 315	15 %
Productores Argentinos Integrados SA	27 545	11 %
Mono Azul SA Comercial IND	19 024	7 %
Kleppe SA	18 701	7 %
Ecofrut SA	13 847	5 %
Tres Ases SA	11 418	4 %
Montever SA	11 269	4 %
Univeg Expofrut	10 157	4 %
Cosur SA	8 226	3 %
Others	100 632	39 %
<b>Total</b>	<b>260 134</b>	<b>100 %</b>

Source: Tradinter

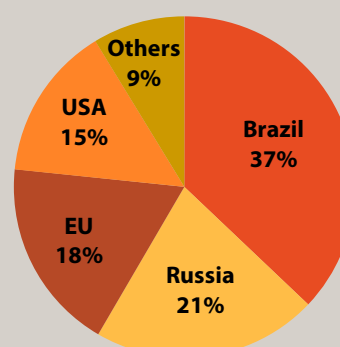
#### Pear – Argentina – Exports by variety

Varieties	Exports January-June 2016 (t)	Market shares
Williams	113 455	44%
Packhams	63 170	24%
Danjou	41 278	16%
Abate Fetel	24 022	9%
Red Bartlett	9 410	4%
Beurré Bosc	8 799	3%
<b>Total</b>	<b>260 134</b>	<b>100 %</b>

Source: Tradinter

#### Pear - Argentina Exports by destination in 2015

(Sources: USDA, Comext)



#### Pear – Argentina – Sea freight

Market	Port of departure	Port of arrival	Transit time
European Union	San Antonio/ Bahia Blanca	Antwerp, Rotterdam	17-19 days
Eastern Europe	San Antonio/ Bahia Blanca	St Petersburg Black Sea	20-22 days 19-20 days

## Counter-season melon

### Stepping things up!

**After going through a period of uncertainty, the melon market seems to be back on track, perhaps boosted by the range diversification. While this has already been underway for several years, with a wide range of varieties (Charentais, Cantaloupe, Piel de Sapo, Canary melon, Galia), the progress of the water melon, instead of eroding market share, actually seems to be expanding its reach.**





Type: Charentais, Magenta variety  
Qualities: excellent presentation and  
preservability. An attractive, salmon  
orange colour. Firm, sweet and juicy flesh  
with exceptional taste.  
Growing area: Morocco  
Harvest period: beginning of March /  
end of April.  
Marketed: France - Europe  
Channels: Supermarkets, Wholesalers,  
Catering trade

100%

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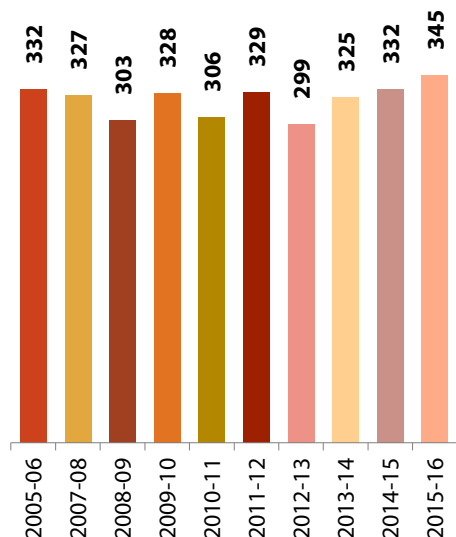


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### Melon - EU - Extra-Community imports (October to May)

(000 tonnes / Source: Eurostat)



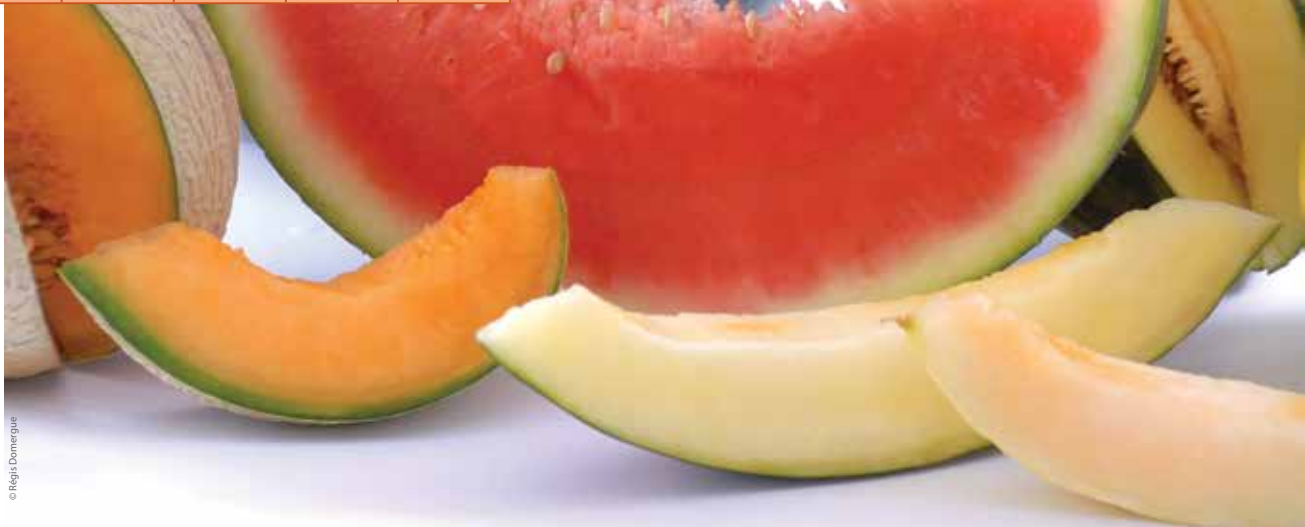
## When water melons take to the floor

After a period of uncertainty, Community melon imports again seem to have risen slightly over the past two campaigns, especially from Brazil and Morocco. Brazilian exports to Europe resumed, though slightly restricted and forced by a slowdown in domestic consumption. Several sources also saw their shipments boosted by the melon range diversification (Cantaloupe, Galia, Piel de Sapo, Canary, Honeydew), but also by the progress made by the watermelon. Hence Extra-Community melon imports increased by 4 % last year (345 000 t) due to a 3 % increase in Latin American shipments: + 8 % for Brazil (189 000 t) and + 10 % for Honduras (39 100 t), which above all seized market share from Costa Rica (51 700 t) and Panama (- 22 %). It should also be emphasised that the tonnage from Morocco (43 000 t) ultimately held up, in spite of the very poor climate conditions of spring 2016. Yet it is above all the Extra-Community water melon imports which increased last year (+ 33 % from 2014-15 between October and May, according to the European customs figures). They fluctuated around 185 000 t, with 55 000 t from Morocco (+ 56 %), 44 000 t from Brazil (+ 55 %), 34 000 t from Costa Rica (+ 14 %) and 23 000 t from Panama (+ 10 %).

### Melon – EU – Extra-Community imports (October to May)

Tonnes	2011-12	2012-13	2013-14	2014-15	2015-16
Brazil	157 056	150 427	155 305	174 670	188 954
Costa Rica	69 820	49 861	57 013	56 642	51 705
Morocco	45 304	47 704	42 787	40 041	42 889
Honduras	31 899	29 076	36 948	35 480	39 191
Senegal	11 190	12 081	15 582	11 486	11 423
Panama	3 934	1 982	4 162	5 599	4 366
S. Africa	-	-	-	1 519	1 854
Dom. Rep.	877	566	832	1 381	1 516
Israel	1 675	1 171	806	430	432
Guatemala	2 415	2 945	6 778	2 830	208
<b>Total</b>	<b>329 083</b>	<b>299 473</b>	<b>324 862</b>	<b>332 142</b>	<b>344 980</b>

Source: Eurostat





## Brazil gets the other sources dancing to a samba beat

Since growth has distinctly slowed down in Brazil, this country's exporters have had to turn back to the European market, which had been somewhat abandoned in favour of the domestic market because of the low price levels attained on the Old Continent in 2014 and 2015. Brazil has slipped into recession, and remains much affected by political uncertainty, although economists are predicting a bounce-back by the country's economy in 2017. The big production companies are nonetheless continuing to expand their melon surface areas. Some are predicting increases for this campaign of 5 % from 2015-16, in expectation of a 10 % production rise given the technical improvements (equipment, biological pest management, new varieties). However planting is being restricted by water availability, also required for other crops such as the banana and papaya, especially since the drought from recent years has further drained reserves. Overall surface areas have reportedly fallen to 13 700 ha, as opposed to more



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than 15 000 ha in 2008. Also, producers have opted to stagger planting in order to reduce production at the beginning of the season and extend it into Q1. Hence the last incoming shipments in 2016 were received in Northern Europe until mid-February. Some large volumes were still being sent at the end of the year from November, leading to stocks formation and price levels below 1.30 euro/kg for Cantaloupe (1.00-1.10 euro/kg into Northern Europe). The leftover production at the beginning of the year is moreover highly detrimental to the activation of the other sources, whether this be Honduras or Costa Rica, whose campaign begins between mid-December and early January, and ends in April. Imports actually fell last year with the campaign starting behind schedule (mid-February) due to the still substantial Brazilian presence, but also to sanitary problems (whitefly) hamstringing production, especially in Honduras. Consequently, after forcing their way onto the European market, these sources are instead targeting other destinations such as Asia. The first Honduran exports to Japan are expected this year.

## Still just as flat at the end of year

The autumn period, already of little interest in terms of activity (low consumption) is less and less popular among numerous sources. Some, such as Israel, have even abandoned the slot completely. The first Senegalese volumes appear only in late November, with initially some air-freight shipments, and then progressing with containers over the course of December in order to satisfy demand during the end-of-year festivities which is barely any stronger; since demand sees a strong shift toward the exotics, chiefly the mango and litchi. Some volumes from Morocco are also sold, since this production enables rotation in the crops calendar. The varieties used however are unsuitable for the season. Tests are underway to find new varieties suited to the land at this time of year, when the time between planting and harvesting is shorter (60 days), while satisfying the very strict requirements of the super-market sector. The tests performed at the end of this year seem to have yielded encouraging results in terms of appearance, size and sugar rate. January and February are also unfavourable months for this product, and the campaign does not generally restart before late February, with planting centred on the Easter holidays, especially in Morocco.



## Spring still leaving operators unsure of their steps

March and April are often chaotic because of the weather and the shifting date of Easter set by the church calendar. This year it should be highly favourable for the product (16 April 2017). Nonetheless, volumes are continuing to rise, whether from Senegal, with certain operators confirming their interest (11 400 t imported into Europe in 2016), or from the early zones of Morocco. Hence 2016 saw an increase in surface areas both in the Dakhla zone (250-260 ha of Charentais, according to the figures published at Medfel) and the Agadir zone (100-150 ha), with volumes concentrated in the hands of some big operators. Yet it is May most of all which remains complex to manage, with numerous supermarket sector operations and the development of the Marrakech zone which is overlapping more or less severely with the start of Spanish production. Surface areas in Spain seem to be stabilising (1 000 ha of Charentais), with small producers going out of business and melon surface areas shrinking in the Almeria zone in favour of the water melon. However, last year this did not help price levels climb at the end of the season (1.40 euro/kg on average into France, green Charentais, size 12). With volumes of around 3 000 t, French West Indies production is holding up, driven by domestic preference. Last year the product's profile on the shelf was boosted by placing a French Tricolour sticker on the melons, as a reminder that the produce originated from French Overseas Departments.



## Keep an eye on the greens, yellows or Galia gradually cutting in

Melon production is not limited to Charentais, which is so prized in France. The supply to the shelves is diversifying, especially since the green or yellow Charentais actually represents only a small proportion of production in certain countries. Hence out of a total of nearly 12 000 ha in Morocco, these varieties account for no more than 12 % of surface areas. Galia furthermore provides advantages such as its earliness. It is cultivated primarily in open fields in Morocco, over 3 000 ha located in the regions of Marrakech, Chichaoua, Kelâa and Agadir. However, the most representative is the hybrid canary yellow type, which covers approximately 7 000 ha between Agadir and the north of the country, but which is still reserved primarily for the local market. Piel de Sapo is cultivated over just 250 ha, with 50 ha in Dakhla. The big sizes (2 kg) are aimed exclusively at the Spanish market, whereas the small ones are sold on the German and British markets. Similarly, Senegal produces Galia for the British market, as well as some Piel de Sapo. The range is also being diversified in Brazil, and certain varieties, such as the yellows, took advantage in late 2016 of good demand from Northern Europe. So we can expect this range to develop to satisfy an ever wider segment of the population, as has been the case for many fruits and vegetables ■

**Cécilia Céleyrette**, consultant  
c.celeyrette@infofruit.fr

A report prepared by  
Denis Lœillet

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- p. 82 **United States – A featureless banana market**
- p. 83 **Russia – Banana market: calm restored**
- p. 84 **Retail and import prices: France, UK, Spain, Germany**

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# Banana

European market

## 2016: a relative calm before the storm?

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While the average annual import prices kept to decent levels in 2016, the last four months were very hard on the nerves of the industry's upstream operators. Whereas production capacities are intact or practically intact whatever the export banana production zone, at the other end of the chain, consumption is maintaining a good dynamic only in the EU - the rocket's last engine still firing. Let's pray that 2017 does not bring a failure.



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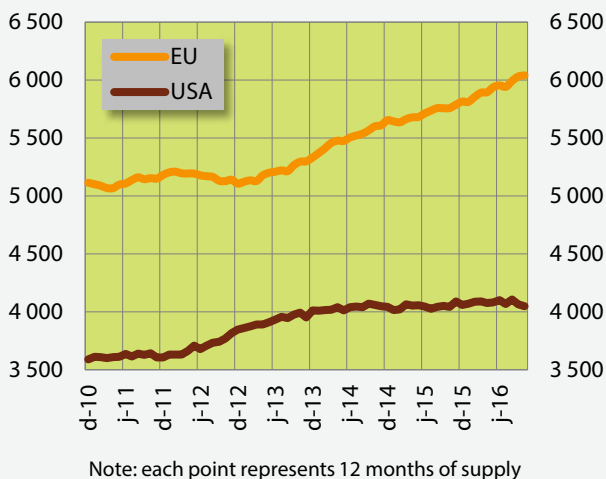
**The French banana** is grown in Guadeloupe and Martinique by 600 independent producers, and is the fruit of a virtuous production system which respects biodiversity and upholds our social model. The banana value chain has owned a network of 9 ripening facilities since 2009: **Fruidor**, the French leader.

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When it comes to reviewing the year, with very few exceptions, the players of the banana world are divided into two groups: optimists and pessimists, and 2016 is no different. This is particularly true since it went through some fairly complex developments. Optimists highlight the fact that while the annual average import price did have a downward trend (- 7 % for Germany), the reference year (2015) was so good that any other year would struggle to bear comparison. So the fall is not unreasonable. As proof, the 2016 import price was back to the 2013-14-15 trend at approximately 14 euros/box. The optimists add that 2016 confirms that since 2012, the German import price has plateaued out at an average of 14 euros, i.e. one euro more than the 13 euros for the period 2007 to 2011. They also reassure themselves with the observation that besides the hyper-contractualised German market, the European market has on average perhaps held up better. If we go by our barometer (representing the EU import price), the import price dropped by just 3 % over one year down to 13.6 euros/box, i.e. exactly the three-year average for 2013-14-15. Moreover, while there was a fall, in Germany or across Europe, it was primarily concentrated over the last four months of the year. The operators are actually emphasising that the summer months, especially June and July (with August more around normal), brought excellent earnings, and the beginning of 2016 only confirmed the very good end to 2015.

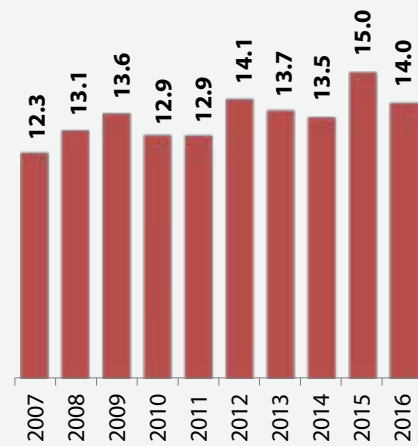
Operators at the import stage are especially relaxed since sales volumes continued to increase. The first quantitative reviews for 2016 confirmed an exceptional dynamic. The figures, still provisional, show a rise of 136 000 t of volumes imported into the EU-28, i.e. an annual growth rate of 2.6 %. More interestingly yet, this dynamic has been in place since 2012! Two figures express this euphoria: since 2012, the annual average growth rate of imports has been 2.2 % and, between 2012 and 2016, the annual import volume leapt up by 531 000 t.

**Banana - EU & USA - Estimated supply over 12 sliding months (November to October)**  
(000 tonnes / Sources: CIRAD, Eurostat, US Customs)



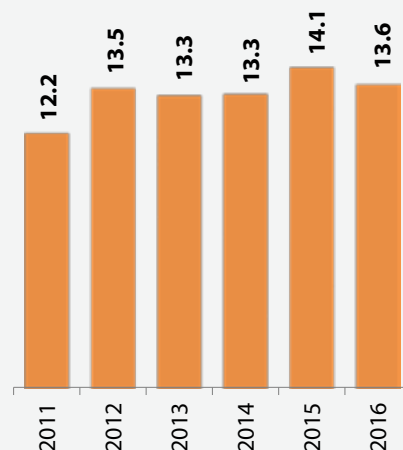
**Banana - Germany - Annual import price - 2nd and 3rd brands**

(euros/18.14-kg box / Source: CIRAD-Fruitrop)



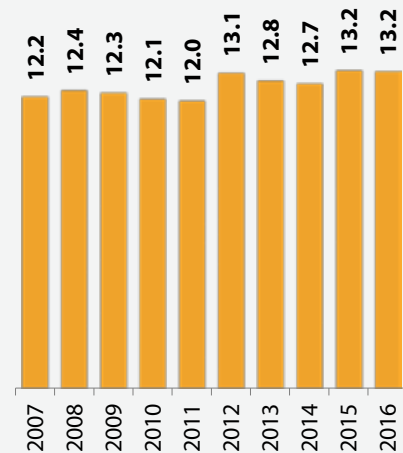
**Banana - EU barometer - Import price**

(euros/18.14-kg box / Source: CIRAD-Fruitrop)



**Banana - France - Annual import price**

(euros/box / Source: CIRAD-Fruitrop)







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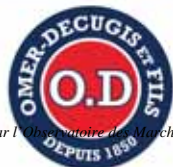
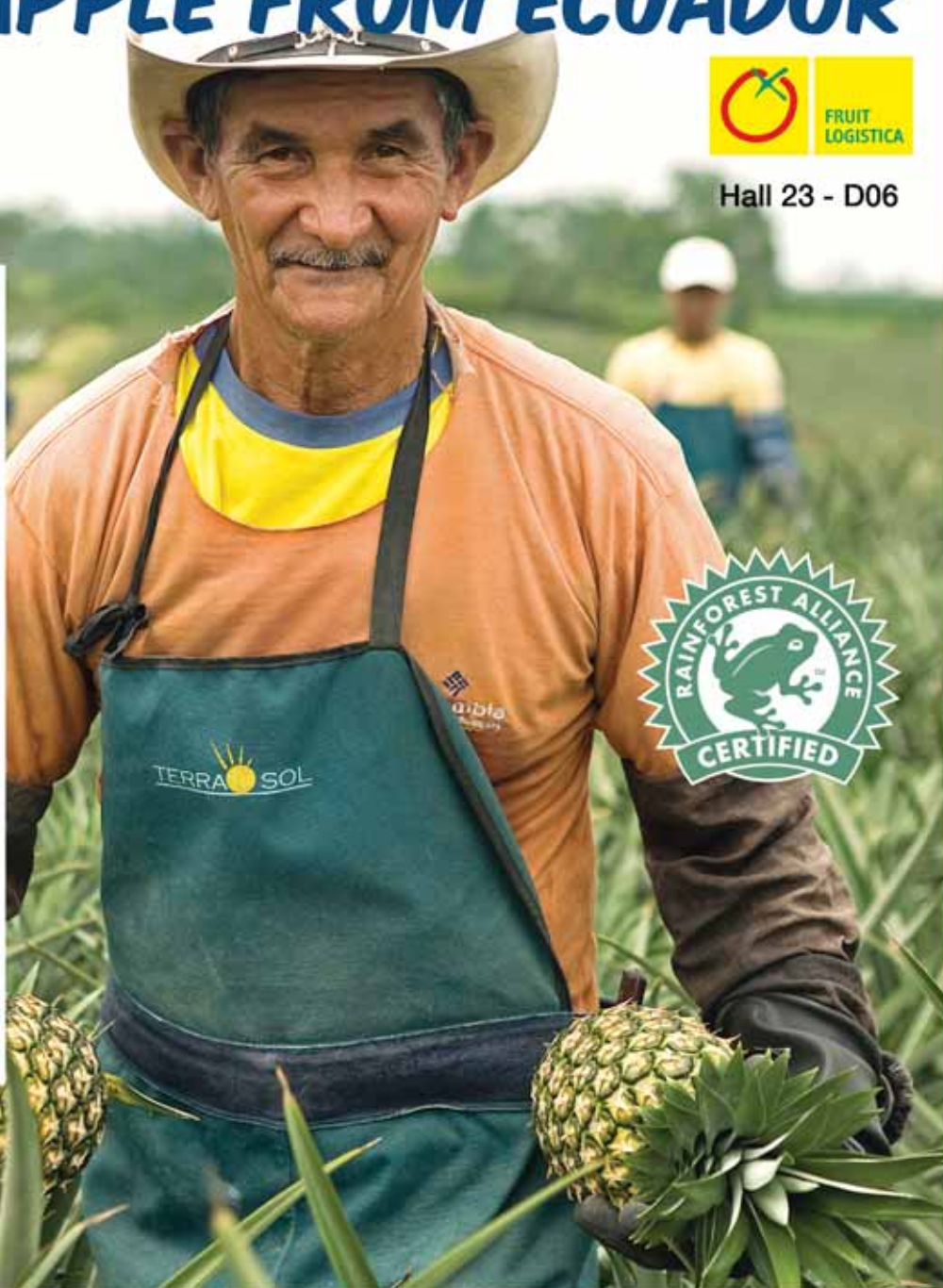


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## Pessimistic or simply realistic?

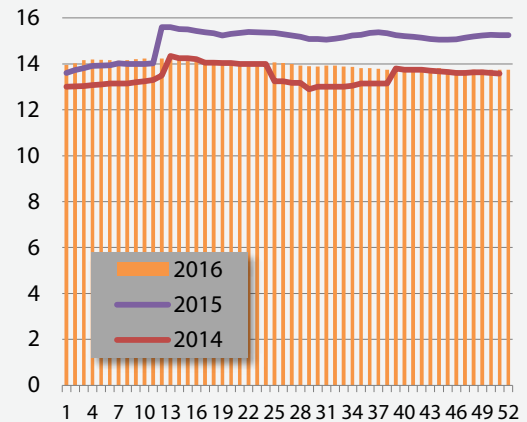
And then, there are the pessimists: those who see a plain loss of more than one euro per box, taking the view that the normal and unalterable price should be 15 euros as in 2015 with Germany as the benchmark, or 14.1 euros with our EU barometer. Above all, in how the 2016 campaign went, they see precursors of a lasting turnaround in the market. For them, the equation is very familiar. It combines a slowdown in world demand, with the EU the last buoyant market in terms of volume, and a steadily increasing supply. The years of figuratively rather fat cattle in terms of price and dynamic has driven the operators to follow the herd, and increase their production potential to gain market share. In using the rather vague term operators, I mean to cover both the producers-exporters (in all their organisational diversity) and the importers. Caught in their upward spiral, they have all abundantly supplied the world market, which swelled from 15.4 to 18.3 million tonnes between 2009 and 2016.

It is a sort of banal cynicism which has led the world market to produce ever more while hoping to see the competition deprived of its means of production. Since besides the price, and counter-intuitively for some, climate or sanitary vagaries are the driving forces behind the surge in the supply. If a zone or country is hit by cyclones, floods, tornadoes, etc., competing countries rub their hands together at the thought of the market share freed up and within their reach... rather than considering the human losses, let alone material ones, so devastating for local populations.



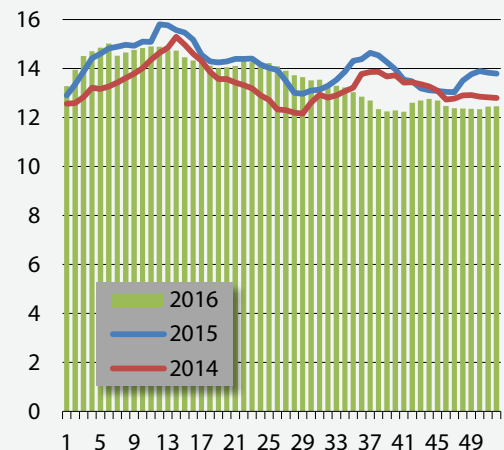
**Banana - Germany - Weekly import price  
2nd and 3rd brands**

(euros/18.14-kg box / Source: CIRAD-Fruitrop)



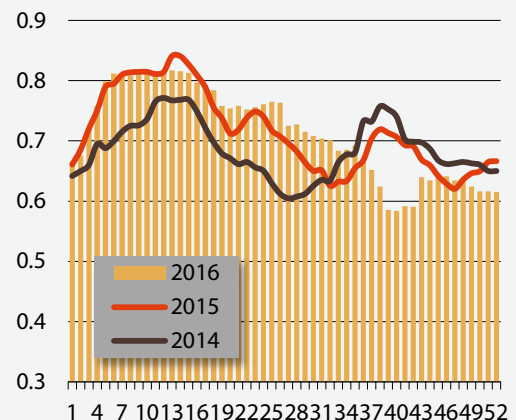
**Banana - EU barometer - Weekly import price**

(euros/18.14-kg box / Source: CIRAD-Fruitrop)



**Banana - France  
Estimated weekly import price**

(euros/kg / Source: CIRAD-Fruitrop)





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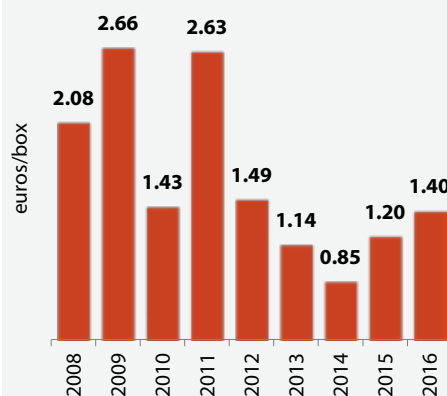


Bearing in mind that such vagaries never devastate the same place, barring exceptions, and that all the zones are affected at one time or another, but end up returning to the market, we end up with an infernal machine, which produces more and more bananas. Apart from certain secondary zones, which have for now been wiped off the banana exporting map (Jamaica, Windwards), the industries pick themselves up every time, sometimes less powerful than before (Belize, Martinique or Honduras), sometimes with greater vigour (Colombia or Côte d'Ivoire), and sometimes much later (Costa Rica). Then again, sometimes, as was the case with the so-called El Niño of the century in 2015-2016, the damaging effects predicted are not as terrible as that. Ecuador, always in the front line in these phenomena, actually enjoyed more favourable climate conditions for banana growing, without suffering serious effects, especially flooding. Here are the figures as proof. Over the first six months of

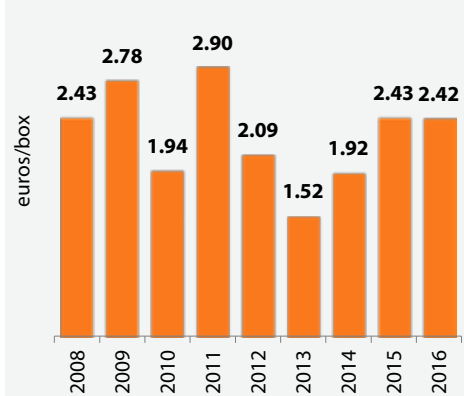
2016, Ecuador exported 1.5 million more boxes (+ 1 %) than in 2015, and nearly 17 million more (+ 11 %) than the three-year average for 2013-14-15.

For the sake of completeness on the subject, we should add that this El Niño has had adverse impacts on the Eastern part of Latin America and the Caribbean due to a long period of intense drought. This resulted, for example, in steeply falling Colombian exports between May and July (- 10 to - 20 %) and in a spectacular recovery starting in August, with a peak in October and November. This was also the case for the Dominican Republic, which suffered a severe drought, but which as soon as it emerged from it (May 2016), started to beat export records again. We can also mention the case of Surinam, which has been hard hit by Moko disease, but which is pulling out all the stops to return to its heights over the months and years to come.

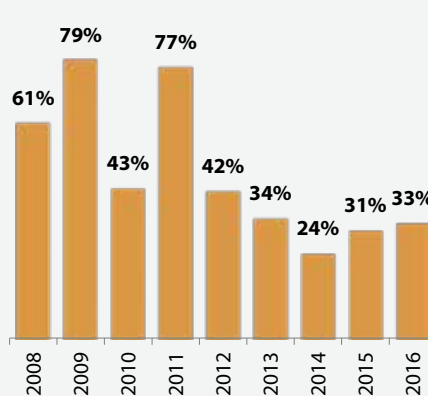
**Banana - France - Green price standard deviation** (weekly data / source: CIRAD-Fruitrop)



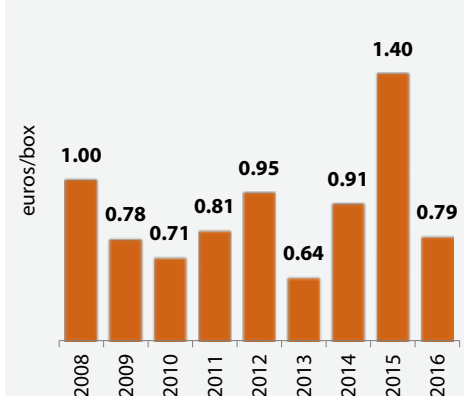
**Banana - Poland - Green price standard deviation** (weekly data / source: CIRAD-Fruitrop)



**Banana - France - Green price volatility** (weekly data / source: CIRAD-Fruitrop)



**Banana - Russia - Green price standard deviation** (weekly data / Source: CIRAD-Fruitrop)







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## EU consumption: while it lasts...

We also need to factor in the newly-created plantations and extensions. This is the case on both sides of the Atlantic: Guatemala is extending its surface areas, taking advantage of highly favourable agro-climatic and social conditions (taking price competitiveness as the sole viewpoint), Côte d'Ivoire seems to some to be Africa's new banana El Dorado, Cameroon and Ghana are increasing their surface areas or improving their productivity. Similarly, Colombia has unfathomable reserves of competitiveness (via irrigation for example), and thanks to better financial returns, is able to boost its relatively low productivity, without increasing its surface areas by one hectare. And this list is by no means exhaustive. An idea of the scale of the phenomenon can be provided by the increase in the volume of the international banana trade. As we have seen previously, the market increased by nearly 3 million tonnes in six years, i.e. between 80 000 and 90 000 hectares of additional banana plants, to attain the iconic figure of half a million hectares for the export planted area alone (see FruiTrop Banana Focus, January 2017).

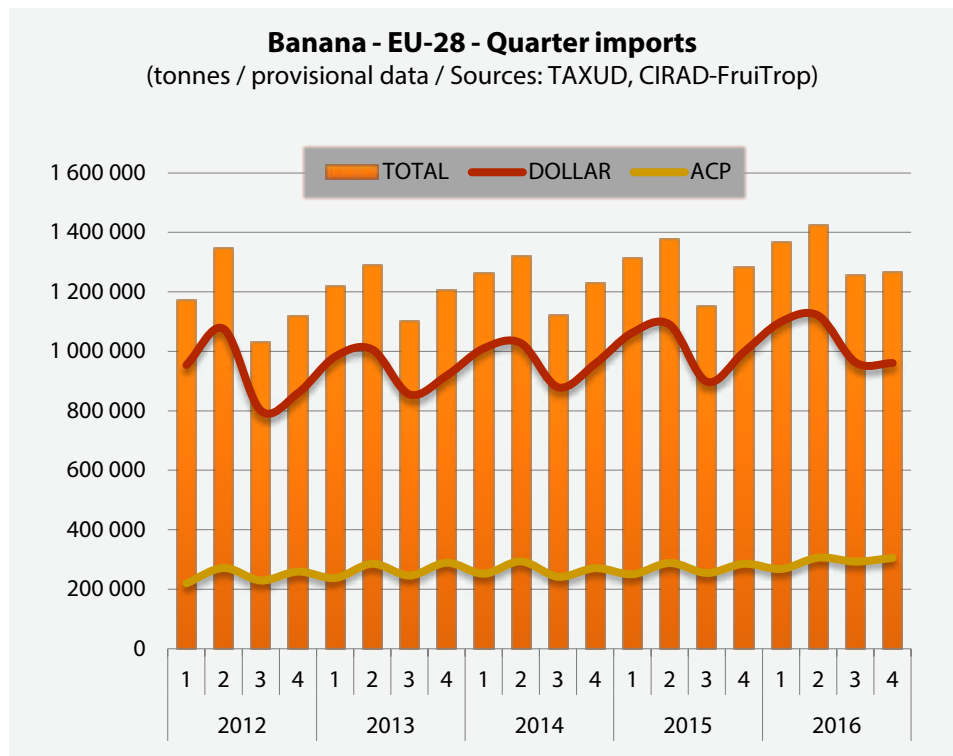
If production, and above all exports, are on the up, it is because there is rising demand at the other end of the chain. What can we say about the changes in consumption by the major import zones? Some main trends can be outlined. The first related to the United States +

Canada. While these two countries have long driven world demand, this is well and truly over for now. As we emphasised above, the EU has taken over and holds the role of world leader. Russia and Japan seem, for very different reasons, stuck at 1.2 and 1 million tonnes respectively, with no potential anticipation of improvement. More serious still, China has risen strongly to in excess of one million tonnes of imports, though this could be deflated rapidly if its borders are closed as quickly as they opened. As for the Near East, Middle East and Mediterranean, consumption is at best at a standstill. Asia, excluding Japan and China, South America and Africa, outside of the big exporter countries, also seem to be grounded. As you will have realised, this all too rapid world overview leads to the only possible conclusion: the banana market could now be in a situation of structural overproduction. The effects of this potential banana overabundance have not yet been fully expressed since all the market's determining factors (supply, demand, competing fruits, cost of intermediate consumptions, exchange rate, trading policy of States, diseases, etc.) have for years boosted the supply. Yet this is a fragile formula. While the ingredients are well known, their respective effects on the overall stability are highly variable.

Finally, the big question, the only one that really counts, is to know when the supply and demand curves will intersect, not on occasion as can happen in any agricultural sector, but cyclically. This will be manifested by prices charged on the big import markets which will no longer even cover the cost of the unpacked fruit at the plantation side.



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## Market restlessness making its big comeback

Leaving aside both pessimism and optimism, let's try to look at the recent past and draw some prospects for the future, at least for the short term. It has given us a highly unsettled market over the last four months of the year. It is hard to make a direct link between this restlessness, which practically turned into a crisis, and a generalised increase in the EU supply. In fact, the data produced by the European Commission over Q4 2016 (to be confirmed in February 2017 by Eurostat data) show a well-supplied market, but with no excess. Q4 2016 represents just 97 % of the volume imported in Q4 2015, yet 101 % of the Q4 average for 2013-14-15. Leaving European production to one side, let's look in detail at the structure of these imports. Three major countries have exceeded the trend by some margin: Costa Rica (122 % of Q4 2015), the Dominican Republic (125 %) and Côte d'Ivoire (113 %). Cameroon has not let up either, though its rise was more modest (102 % of Q4 2015). Taking a closer look (via the weekly data collected by CIRAD-Fruitrop), we should add Colombia, which had a relatively average performance for the quarter (88 % of Q4 2015), yet recorded two massive months, with 11% growth in October and 19 % in November from the same months in 2015. This can be explained fully by Colombia trading in favour of the EU, and its traditional production peak being deferred by around two months due to El Niño (drought).

Let's go back for a moment to the climate damage of late 2016. It was concentrated primarily in three zones: Martinique, Costa Rica and the Dominican Republic. For Martinique, it was the transit of Storm Matthew, at the very end of September, which destroyed a large part of the production capacities. While the sector recovered a good growth rate, the latter three months of 2016 were awful, with a 50 % decrease in volumes going onto the market. In the case of Costa Rica, it was Cyclone Otto which hit the far north of the country (border with Nicaragua) on 24 November 2016. While we might lament the human and material losses, the banana stock was only very marginally affected. The year ended with floods in the Dominican Republic over the last days of November. Cyclone Otto brought a great deal of rain to the zone. Fearing that the dams would burst, and in a complete state of unpreparedness, the authorities carried out massive deballasting, instantly flooding thousands of hectares of cultivated land, and in particular a good part of the Dominican banana stock (north-west region). The losses are still not known, but we might imagine that at least 30 to 40 % of surface areas were affected to a greater or lesser degree. The severity of the damage depends on how long the banana plants have their roots submerged. Within barely a few days, uprooting and replanting become vital.

We will not talk about the occasional climate damage inherent in banana production (cold spell, persistent Harmattan, drought, etc.) often associated with climate change and which disrupt production here and there, but which have no medium-term impact.







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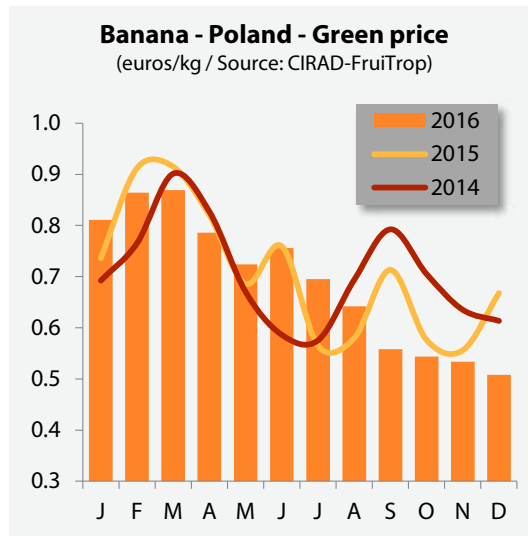


Global Gap / Rainforest Alliance

**BANANAS & TROPICAL FRUITS FROM IVORY COAST**

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## Poland: Europe's fuse

As further proof of this fragility of the European market, we have the evolution of Polish import prices. Despite its slow development, this country remains a clearance market for the big European markets, Germany and France. Hence the evolution of Polish prices is a good indicator of the balance of the European market. Over the last four months of the year they collapsed, falling in December by as much as 24 %, both from December 2015 and from the 2013-14-15 average! They went below 10 euros/box for nine of the thirteen weeks of the last quarter, for a record worst performance.

Meanwhile, elsewhere in Europe, prices fell though in infinitely smaller proportions. In France, for example, with the fall at its most intense (September), prices slipped by "only" 12 % from 2015, and even had the luxury of a 5 % rise in November. Over the year, and despite this big bad patch, the average remained the same as in 2015, i.e. 13.2 euros/box. Once again, this shows the greater resilience of the French market in the face of an influx of merchandise, especially of dollar banana volumes. Indeed, the main operators control all or some of their volumes, either by being producers, or by long-term contracts with a producer. So they take a longer-term approach, with the ability to ship to other countries what they deem to be surplus to the market's absorption capacities, and reduce to the appropriate portion the allocation for the spot banana. We have already mentioned the consequences of this policy on maintaining a price level. In previous editions of FruiTrop, we have also mentioned the adverse consequences on consumption. A specific review will be conducted in our special edition of April 2017, but we can already emphasise that France has a consumption per capita which is stagnant, whereas the EU-28 consumption is increasing on average. While the link is doubtless not so direct, and many other factors should be taken into account, defending a market seems nonetheless to be detrimental to its consumption dynamic. Over the past twelve months (December 2015 to November 2016), French consumption had dropped back to slightly below 540 000 tonnes, thereby wiping out three years of rises. We are eagerly awaiting the first marketing actions by the Banana Interprofessional Association (AIB), which officially came into being at the end of 2016, bringing together all the professional families of the French banana industry.





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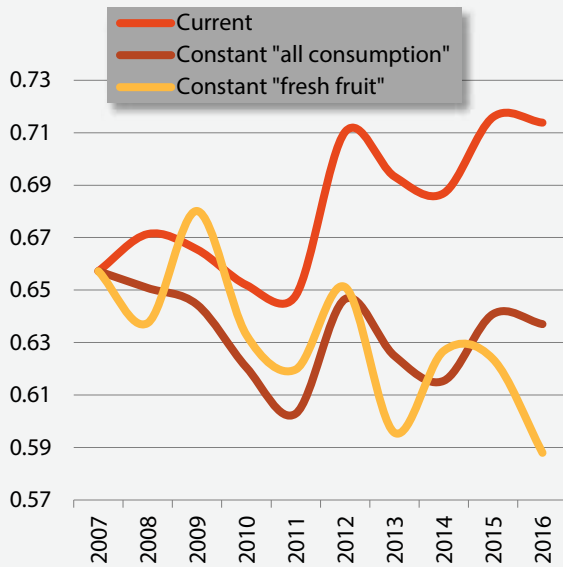
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**Banana - France - Import price  
on a current and constant euro basis**  
(euros/kg / Sources: CIRAD, INSEE)



Note: "all consumption" and "fresh fruit" deflators

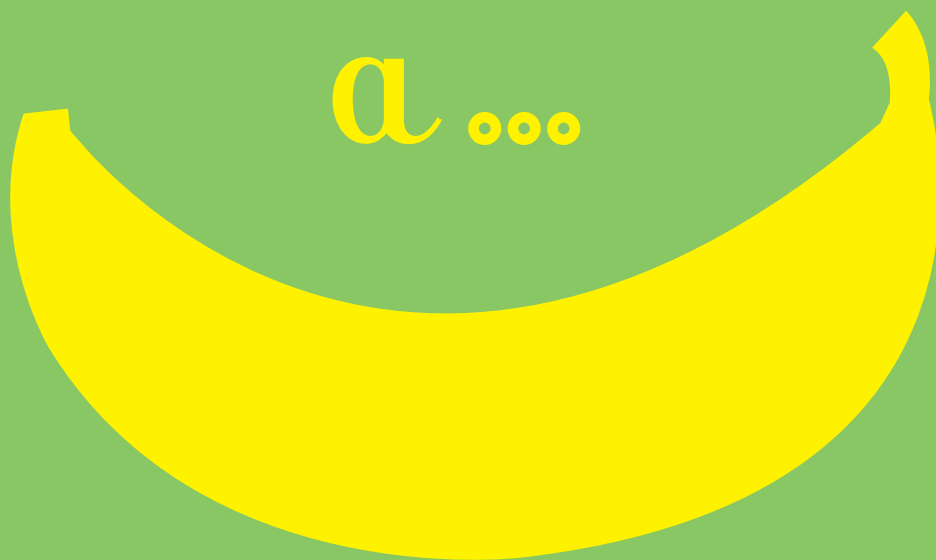
## Desperately deflationist

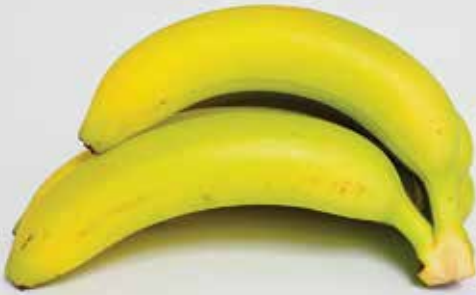
We saw a tighter situation in Germany, with a fall of one euro per box, to 14 euros on average for the year. On this highly contractualised market, we should note that the fall was divided evenly over the year, and ultimately was just the result of decrease in the annually negotiated prices. For 2017, the situation seems more serious since, according to our information, the contractual price is set to fall by another euro per box, to below 13 euros, a level not seen since 2011. Two factors have come together to make the annual price negotiations round a very high-risk period. The high production potential (little climate damage in the main production zones) was one of the causes. The second was the fall in European Customs duty for the Ecuadorian industry. On 1 January 2017, the cost price after customs clearance of the Ecuadorian banana was automatically cut by 55 eurocents per box, with the customs duty decreasing from 127 to 97 euros/tonne. This much-covered fall has been fully factored into the calculations of the distribution sector purchasers. Hence this preferential tariff granted by the authorities to a single supplier, albeit a major one (22 % market share), has been extended to all suppliers, whether dollar, ACP or European production. Together, these two effects lead inevitably to this sad downward record for 2017.





This  
is not  
a ...





Photos © Régis Domergue

What is harmful in this short-term downward trend is that it is converging with the very long-term trend. The gap is irreparably widening between value on a current euro and constant euro basis. The chasm has never been as great as in 2016. The calculation for France, highly representative of the general trend for import prices, shows that the added value per kilo of bananas fell by 11 % between 2007 and 2016 ("Fresh fruits" inflation rate, source: INSEE), i.e. a loss of 1.2 euro/box. Fortunately, the current basis price managed to climb by 9 %. Against the general price index ("Overall" inflation rate, source: INSEE), the situation is less dramatic, though still with negative figures. The European market is definitely not managing to build added value: indeed, it is tirelessly continuing to destroy it.

Worse still for the banana market, the competition from other fruits was moderate overall. The 2015-16 citrus campaign was light and late, while the apple campaign avoided the pitfall of the Russian embargo thanks to a strong export flow (fall in the euro). According to the FranceAgriMer news service, in 2016, it was not the summer fruits which curbed banana consumption, already idling at this time of year: "In 2016, the summer fruits and vegetables market saw rates overall above the five-year average, due to an imbalance between a more moderate supply for most products and demand boosted by the summery climate conditions". Two major campaigns (pip fruits and citrus) are in progress (2016-2017). At the time of writing, while the beginning of the apple campaign was relatively good, things have got a bit more complicated since December 2016, with sales slowing down and prices failing to take off. For citrus, after a normal start in terms of price and volume sold, the intense rains in December in Spain have changed the face of the end of the campaign, which should finish sooner than forecast, with the late varieties starting earlier.

## The day after

Which other factors should be taken into account for the months and years to come? While Brexit is in the making, with even our British friends themselves somewhat in the dark, one of the collateral effects of the June 2016 referendum has been the drastic fall in the pound sterling, which has put the banana business in trouble. The value of imports should logically have increased due simply to the unfavourable exchange rate. Yet British distributors have continued to take the banana hostage and wage a ferocious price war. So the intermediate operators are forced to absorb the increase in the import price (due to the tumbling pound sterling) and provide the British supermarket sector with ever cheaper fruits. Can you spot what's wrong with that picture?



Furthermore, the prospect of a euro/dollar exchange rate at parity is of course playing on everyone's mind. The effects of such a downward movement by the euro have been abundantly described in previous **FruiTrop** reviews. We might just reiterate that it is increasing the prices of European imports from the dollar zones, such as Costa Rica or Ecuador, and even now Colombia, whose advantage in terms of exchange rate has tended to disappear in recent months. While the exchange rate trend is driving producers toward the North American markets (USA and Canada), the latter are by nature very much closed-off to extra-contract volumes. Furthermore, Guatemala, an ultra-competitive source, leaves little room for its competitors. The CFA zone (Cameroon and Côte d'Ivoire), however, is ideally placed thanks to a fixed exchange rate with the euro.

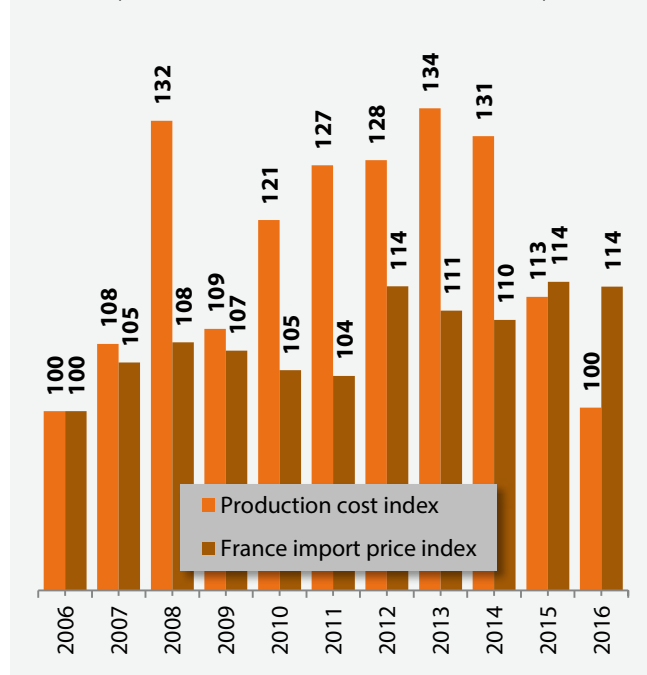
As for energy prices, we are back to an upward cycle, which we can safely say will be very moderate, and which in any event will depend on the stringency in the application of the reduction agreement signed between the OPEC members (plus Russia). The level of 50 USD/barrel was well and truly breached at the end of 2016. The World Bank is reckoning on a 25 % increase in 2017 from 2016, i.e. 55 USD per barrel on average. The cost price should of course rise, since the price of the other agricultural inputs, i.e. boxes, plastic, fertilisers and phytosanitary products, is directly indexed to the price of crude oil.

As mentioned above, the news regarding regulation of the European market will turn on the scheduled fall in EU Customs duty, and above all the entry into force of the trade agreement with Ecuador on 1 January 2017. At a stroke, the duty applied will go from 127 to 97 euros/tonne, i.e. approximately from 2.3 euros to 1.8 euro per box, a very long way from the 176 euros/tonne (3.2 euros/box) in place in 2012.

Between a sale price which is declining on all sides and a rising cost price, the only good news remains the good consumption trend, although that is true only for the EU. It would be hard to find a more explosive situation. And because I need to end as I began, from an optimistic perspective, we will conclude with the slightly cynical confidence of a European importer questioned about the market outlook: "We shouldn't be unduly worried, something will always happen to alter the balances. We don't yet know what, but the only certainty is that there will be an event". The depth of the analysis may appear superficial, yet given what has happened for the past decade, we can only hail the visionary aspect of this statement ■

**Denis Lœillet, CIRAD**  
denis.loeillet@cirad.fr

**CIRAD experimental "Banana cost index"**  
(excl. salaries / Index 100 = 2006 / Source: CIRAD)



# Europe

## Even lower banana retail prices

by Denis Lœillet

**W**hile for previous years we have managed to detect a pan-European trend in terms of retail price changes, it will be practically impossible to do the same for 2016. In the past, three main types of highly distinct behaviours by the European distribution sector have been observed. "Stowaway" behaviour (2012) was characterised by the distribution sector following and even largely exaggerating the inflationist thrust of the green banana price, with the tags constantly changing. "Good partner" behaviour (2014) saw the sector reduce its retail sale price while the import price stagnated. Finally, in its "cuckoo" behaviour phase (2013), like the bird of the same name, the sector exploited others' resources by increasing its own margin while import prices fell.

Back in 2015 (see *FruiTrop* no.238, page 78), we did not manage to connect the year to one of these typical behaviours. We can observe the same absence of a general trend in 2016, though with a fly in the ointment: the lowest prices are, comparatively, increasingly low. In other words, we can see in the Spanish banana segment, in the German discounter segment and in the British pre-packed reference that retail prices have dropped by between - 1 and - 8 %. The most considerable fall is again, as always, in the United Kingdom, where the Brexit referendum result, which has led to a fall in the pound against the euro or dollar, has in no way quieted the price war between distributors. The fall on the other markets was very moderate.

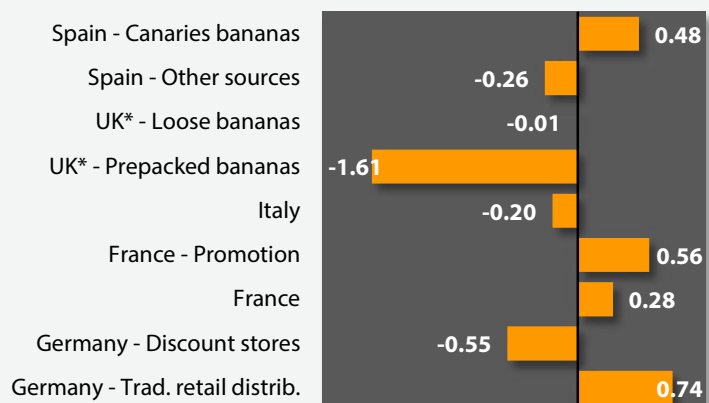
Conversely, in the French conventional or promotional segments, the German non-discounter segments and the Spanish Canaries platano segments, prices increased. True, the upward trends were also moderate, but we should recall that import prices ebbed: between 0.40 and 1 euro per box between 2015 and 2016. Let's finish this quick analysis with two peculiar examples. Spain provides the first, with a dazzling drop in green banana price (super extra reference) of 14 %, with the retail price making a 1 % gain. The Canaries producers will know what to make of that. The second example comes from France which stands out as an exception, with retail prices increasing in both the non-promotion and promotion references, while the import price dropped slightly (- 1 %) ■

### Banana – Europe – Import and retail prices

euros/box	2015	2016	Ecart	Diff. %
<b>United Kingdom (£/box)</b>				
Retail price - Loose bananas	13.1	13.1	-0.01	0 %
Retail price - Prepacked bananas	19.8	18.2	-1.61	- 8 %
<b>Spain</b>				
Retail price - Canaries	36.5	37.0	0.48	+ 1 %
Retail price - Other sources	23.6	23.4	-0.26	- 1 %
Import price - Super Extra Canaries	16.4	14.1	-2.31	- 14 %
<b>Germany</b>				
Retail price - Trad. retail distribution	24.6	25.3	0.74	+ 3 %
Retail price - Discount stores	22.3	21.8	-0.55	- 2 %
Import price	15.0	14.0	-1.00	- 7 %
<b>France</b>				
Retail price	29.5	29.8	0.28	+ 1 %
Retail price - Promotion	24.3	24.9	0.56	+ 2 %
Import price	13.3	13.1	-0.12	- 1 %
<b>Italy</b>				
Retail price	33.2	33.0	-0.20	- 1 %
Import price	13.7	13.5	-0.14	- 1 %
<b>Czech Republic (CZK/box)</b>				
Retail price	578.9	573.0	-5.91	- 1 %
<b>Reference EU Barometer (CIRAD)</b>				
Import price	14.1	13.7	-0.43	- 3 %

Sources: TWMC, RNM, CIRAD

### Banana - Retail price Difference between 2016 and 2015 (euro/box)



\*£ per box / Sources: TWMC, RNM, CIRAD, national authorities





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# United States

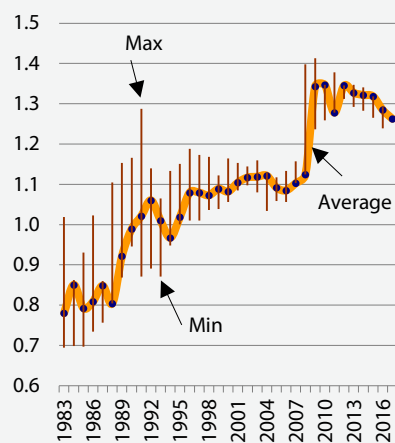
## A featureless banana market

by Denis Lœillet

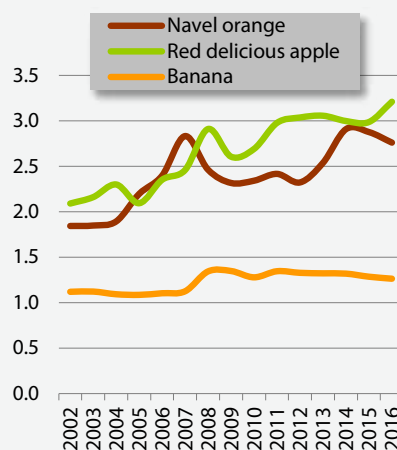


For an analyst, the US market is bleak. Nothing much has been happening there for years, and this was the case again in 2016. Within the field of non-contract green banana prices (the only ones known), the annual average confirms those of 2015 and 2014, i.e. 16.6 USD/box. Even weekly volatility behaved itself, going from 1.2 to 0.5 USD/box. The price fluctuated on average between just under 16 and 18 USD/box throughout the year. For retail prices, 2016 confirmed the very slow downward trend, with the consumer price back to a level of 1.26 USD/kg. The banana remains highly competitive, with the Navel orange and Red Delicious apple registering levels at least twice as expensive. The only novelty, which we will discuss in greater detail in the special supply edition of April 2017, is the apathy of the US market in terms of consumption. The initial trends show imports which barely cover the population increase. As such, making the retail price the only way of selling more bananas is a nonsense that this market, the world's second biggest, has once again demonstrated brilliantly for us ■

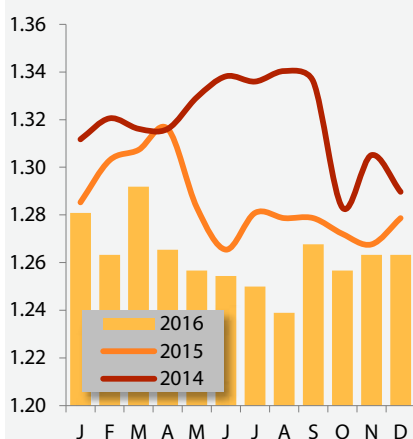
**Banana - USA - Annual retail price**  
(USD/kg / Source: Bureau of Labor Statistics)



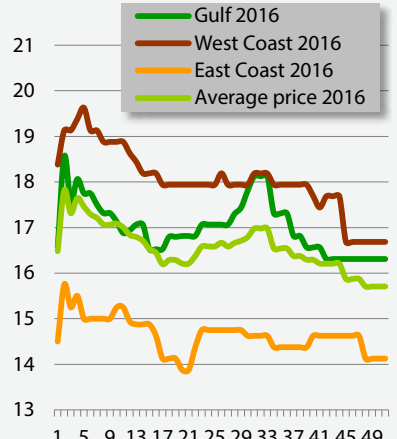
**Fruit - USA - Annual retail prices**  
(USD/kg / Source: national authorities)



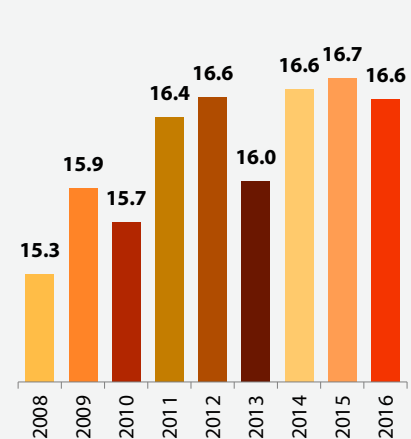
**Banana - USA - Monthly retail price**  
(USD/kg / Source: national authorities)



**Banana - USA - Spot import price**  
(USD/box by week / Source: Sopisico)



**Banana - USA - Annual spot import price**  
(USD/box / Source: Sopisico)





# Russia

## Banana market: calm restored

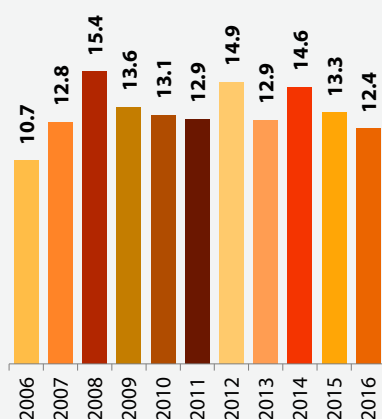
by Denis Lœillet

**A**fter a year of unexpected developments in 2015, the Russian market recovered a relative sense of peace in 2016, with volatility back to a completely normal level for Russia. The weekly differences remain surprising for the uninitiated, but restrained: from 8.3 to 18.0 USD/box CIF St Petersburg. Given the sizeable standard deviation, the annual price analysis is fragile. In 2016, it emerged as 6 % below the 2015 level, at 12.4 USD/box.

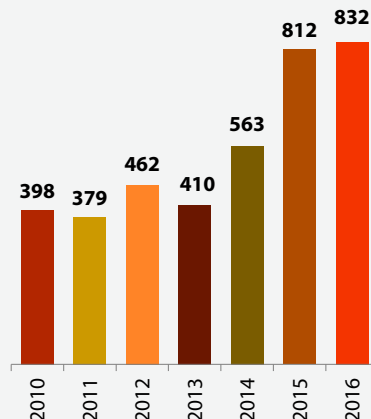
The local currency analysis is more interesting. Between 2013 and 2015, the price had doubled due to the collapse of the rouble against the US dollar. It gained a little more height in 2016 with a 2 % increase, to 832 roubles/box... far removed from recent developments. Due to the inflation remaining high (definitely an annual rate of more than 6 %), the price per kilo of bananas on a constant rouble basis slumped to 15.5 roubles. The same rule applied as elsewhere: the price per kilo of bananas is by far the most competitive in the fruits and vegetables section. In spite of everything, the Russians do not seem to be consuming more; quite the opposite. As proof, the market has been shrinking for some years ■



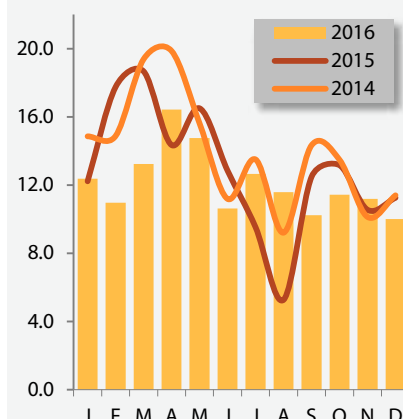
**Banana - Russia - Annual import price - CIF St Petersburg**  
(USD/box / Source: CIRAD-Fruitrop)



**Banana - Russia - Annual import price - CIF St Petersburg**  
(rouble/box / Source: CIRAD-Fruitrop)

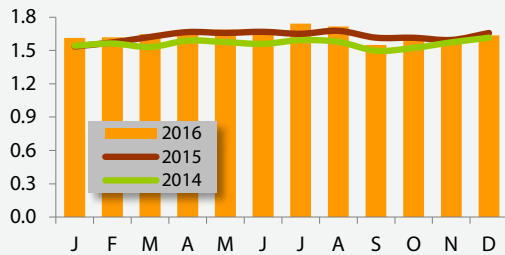


**Banana - Russia - Monthly import price - CIF St Petersburg**  
(USD/box / Source: CIRAD-Fruitrop)

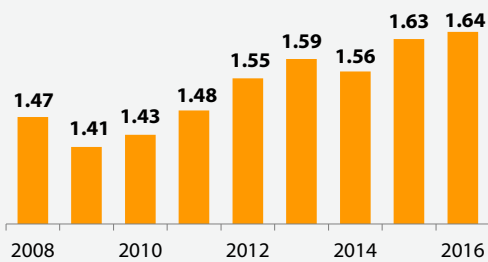


# France

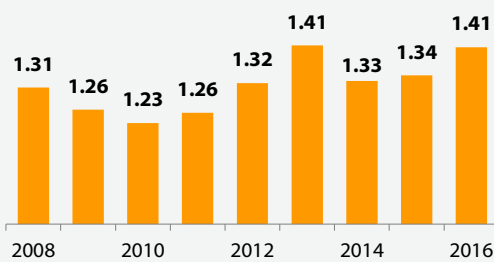
**Banana - France - Monthly retail price**  
(euros/kg / Source: RNM, CIRAD-Fruitrop)



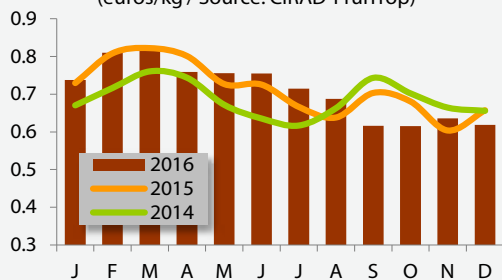
**Banana - France - Annual retail price**  
(euros/kg / Sources: RNM, CIRAD-Fruitrop)



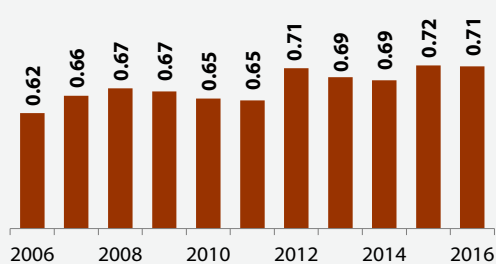
**Banana - France - Annual promotional retail price**  
(euros/kg / Sources: RNM, CIRAD-Fruitrop)



**Banana - France - Estimated import price**  
(euros/kg / Source: CIRAD-Fruitrop)

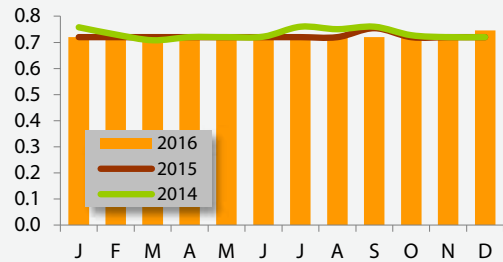


**Banana - France - Annual import price**  
(euros/kg / Source: CIRAD-Fruitrop)

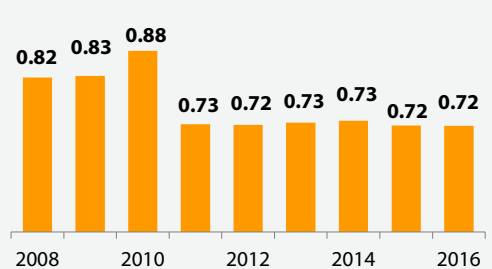


# United Kingdom

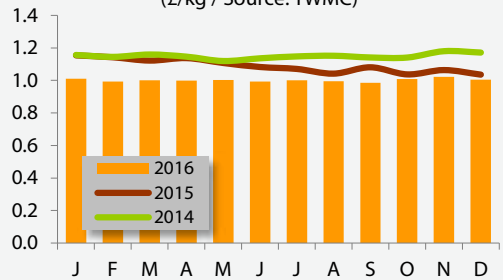
**Loose banana - UK - Monthly retail price**  
(£/kg / Source: TWMC)



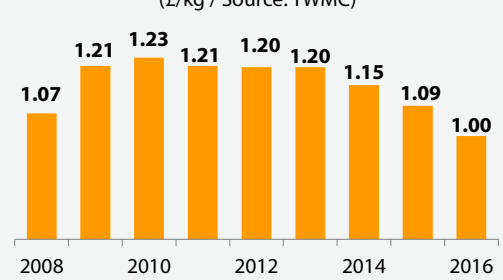
**Loose banana - UK - Annual retail price**  
(£/kg / Source: TWMC)



**Prepacked banana - UK - Monthly retail price**  
(£/kg / Source: TWMC)



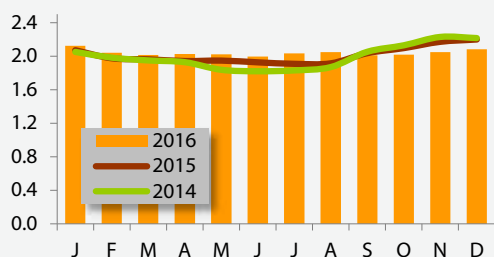
**Prepacked banana - UK - Annual retail price**  
(£/kg / Source: TWMC)



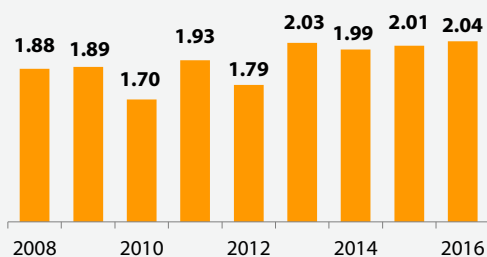


# Spain

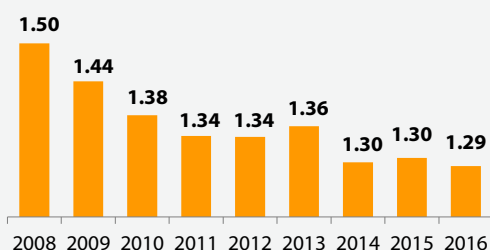
**Canaries banana - Spain - Monthly retail price**  
(euros/kg / Source: national authorities)



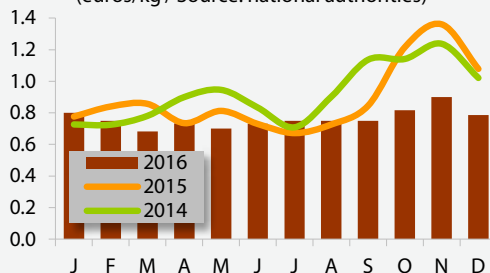
**Canaries banana - Spain - Annual retail price**  
(euros/kg / Sources: national authorities)



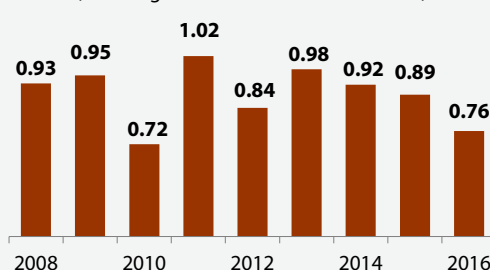
**Banana excl. Canaries - Spain - Annual retail price**  
(euros/kg / Source: national authorities)



**Canaries banana - Spain - Green price**  
(euros/kg / Source: national authorities)

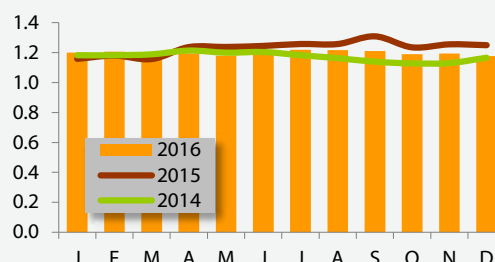


**Banana - Spain - Super extra import price**  
(euros/kg / Source: national authorities)

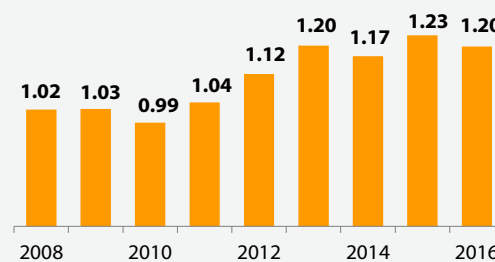


# Germany

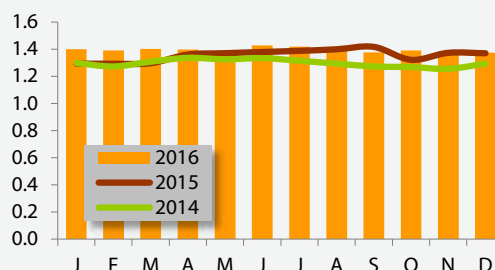
**Banana - Germany - Monthly retail price**  
**Discount stores** (euros/kg / Source: TWMC)



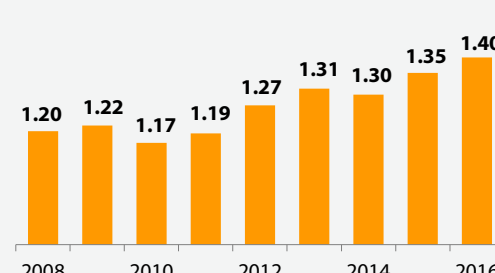
**Banana - Germany - Annual retail price - Discount stores**  
(euros/kg / Source: TWMC)



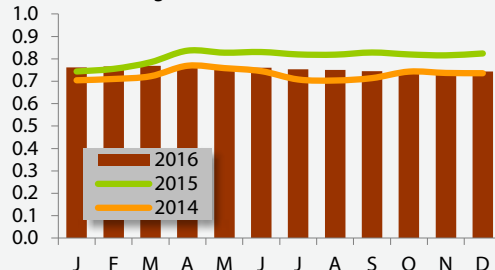
**Banana - Germany - Monthly retail price**  
**excl. discount stores** (euros/kg / Sources: national authorities)



**Banana - Germany - Annual retail price**  
**excl. discount stores** (euros/kg / Source: TWMC)



**Banana - Germany - Green price**  
(euros/kg / Source: national authorities)



## Sea Freight

### H2 2016

**A good month for specialized reefer owners and operators of large tonnage has come to be defined in terms of fleet capacity optimization levels, and no longer the average TCE rate. In this context, much of the second half of 2016 fell into this category. While the spot market has not completely disappeared, activity levels have fallen dramatically - the factors and variables that impact on the demand for tonnage have changed now that the carriers have invested heavily in slot capacity and therefore have greater flexibility at their disposal.**



© Denis Locillet



It is unlikely that this new dynamic will change. Within the new environment there is scope for spot market excitement, but it is limited: going forward, a good squid catch in the South Atlantic, when it happens, is realistically the only success determining factor of what used to be the seasonal February through April peak season. Otherwise, the annual banana surplus east of the Andes between September and November, which brings some life to the charter market in the second half of the year, brought more misery to banana charterers than it did opportunity for the second successive year. This will change - but only once the economies of the principal Black Sea and North African receivers recover and their ports re-open!

The short-term chances of this happening are slim indeed and this autumn saw something of a reverse – or, put another way, another nail driven into the coffin of the charter market! The Algerian government has taken a more active role in what the country imports and has imposed quotas on bananas and seed potatoes in much the same way Nigeria has imposed controls on certain import items. Both trades rely heavily on the reefer. The reason behind the new restrictions is the combination of the low price for oil and the currency (US\$) required to pay for the cargo. The Algerian Dinar is weak – it has lost 23% of its value against the greenback over the course of the past 24 months.

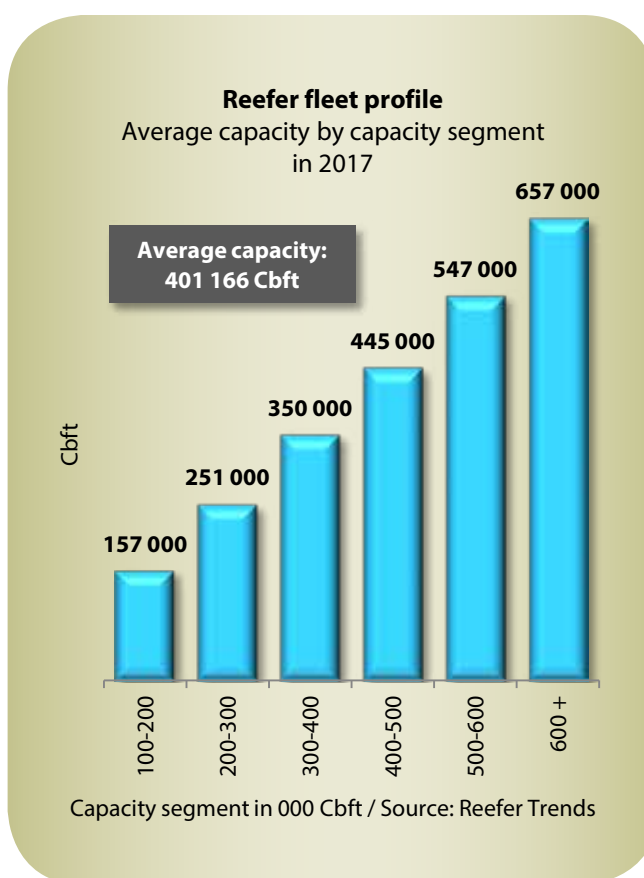
The Algerian intervention is a double whammy for the reefer business. Firstly, quotas and licences tend to favour smaller container-friendly consignments and stem the outflow of funds - the number of reefer vessels discharging bananas into Algerian ports in the second half of 2016 fell dramatically when compared to the corresponding period in 2015. Secondly, the loss of Algeria as a market has put greater pressure on Mersin, as the Turkish port is now the only destination in the eastern Mediterranean in which reefer vessels can discharge spot traded bananas. The general volatility and low CIF value achieved between September and December discouraged speculation, despite the low exit price for bananas in Ecuador and competitive rates on offer from both carriers and reefer operators. A lot of fruit was left behind!

From the Period business perspective, what was good news for owner/operator Maestro was the opposite for Chartworld, as the former wrested Chiquita's 4-vessel Med banana service away from the latter. As it stands, the Seatrade pool will absorb the four vessels re-delivered by Del Monte and Turbana, plus two from De Nadai at a time when the operator is introducing its own high ca-

capacity, fully cellular ships. These are to be deployed in the liner service between New Zealand and Europe at the expense of its conventional tonnage.

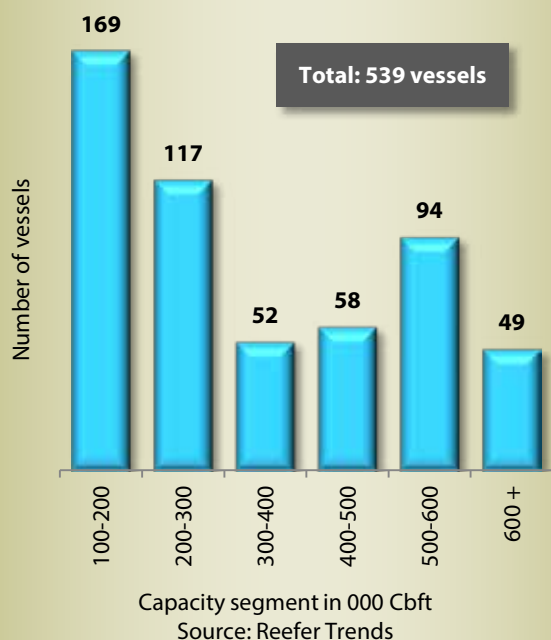
It will be interesting to see how Seatrade rises to the challenge. The combination of the dismal performance of the spot market, aggressive pricing from the lines, the containerization of core reefer trades and more of the same likely in 2017, when the market will have to absorb the additional 'inconvenience' of four specialized reefer newbuilds to be operated by Star Reefers and Baltic Shipping, will surely lead to extensive demolition.

After a strong performance between 2013-2015, owners and operators of small tonnage had a disappointing 12 months in 2016. The principal market-determining variable for the small segment is the health of the Nigerian economy in general and demand for fish in particular. The oil dependent economy continued to suffer from the global glut throughout 2016. The decision to allow the naira to float freely in June was broadly welcomed by the international community, but its overnight loss of value against the US\$ in the region of 30% obviated the need for any artificial restrictions on fish imports!



### Reefer fleet profile

Number of vessels by capacity segment in 2017



Although interest did strengthen throughout October, there was always enough tonnage to satisfy demand and charterers were able to keep a lid on rates. However the congestion caused by an over-supply of bananas in Mersin eventually took its toll. The number vessels having to wait up to two weeks for a berth from October onwards also affected the supply of small units, some of which had been chartered to cover banana fixtures. This coincided with the start of the citrus shipping season from Morocco and Spain to North America, greater interest at last from Nigeria and the start of the N Cont to N Africa seed potato season. By the end of November the market had tightened significantly and spot rates were on an upwards trajectory.

## Seatrade

Details have emerged on how Seatrade, the world's largest reefer operator, is to deploy its newbuild fully cellular container vessels. The highlights of a customer advisory read as follows: "Seatrade has so far ordered 18 fully containerized vessels of 2,200 TEU, equipped with 750 reefer plugs, water cooled reefer system and 185m length overall. "From January

2017, 8 of the vessels will be deployed in Seatrade's New Zealand to UK/N Cont service via Peru and the USA."

Seatrade has been operating a direct service from New Zealand to Europe for the past 17 years. During this time it has carried Zespri kiwifruit to Northern Europe as well as other products such as apples, onions, meat and wine. To the end of 2016 the vessels used on the service were traditional specialized reefer vessels with below deck capacity and 40' High Cube reefer container capacity on deck.

Up to January 2017, the service has been seasonal and volumes and capacity were restricted due to vessel sizes. The assumption therefore is that the new liner service will operate year round. The service is to call at Paita in Peru and Philadelphia on the US east coast en route from Tauranga to Antwerp, Rotterdam and Tilbury.

While the newbuilds will displace existing reefer tonnage on the route, it remains to be seen how much of an impact the service will have a) on the number of charters kiwifruit marketer Zespri fixes for 2017, and b) on the competitive carrier services from New Zealand, which transship in Asia and/or the US. Reefer operators will be hoping that Seatrade will gain market share from the carriers without cannibalizing demand for specialized reefer capacity.

### Reefer fleet profile

Average age by capacity segment in 2017







to 7.9 years. 'This is significantly below the industry average of 12 years as recently reported by Drewry [maritime consultancy].'

Given Maersk Line's current financial position, the gloomy forecasts for container shipping in the short to medium term, and the marginal profitability of reefer for all the carriers, it is not a surprise to see Maersk halving its annual investment. There is significant overcapacity of reefer equipment on the market: voyage rates on many core reefer trades are lower than they were 5 years ago and per diem rates for leased containers are so low as to make any further investment a questionable risk.

If other carriers and lessors adopt a similar level or downsizing strategy to Maersk, there will be consequences: in the short term, cargo interests will have no choice but to accept the risks associated with using ever older containers. The reason why the aged stock held by reefer lessors is lower than that for the stock held by the lines is that after 6 years, a reefer box is that much more difficult to lease out, largely due to damage, and lessors dispose of their stock accordingly.

If the prospects for container shipping remain as bleak as forecasts suggest, there must at some stage be a reefer capacity crunch, given the 2.5% per annum compound rate of growth in reefer to 2020 predicted by Drewry.

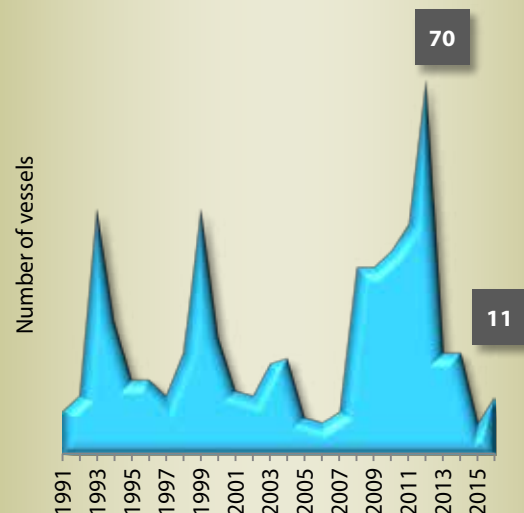
## Reefer container capacity

The scale and duration of the downturn in the container business is reflected in the figures and forecast (see table). Maersk Line, the world's largest carrier of reefer slot capacity and equipment has not been immune to the general malaise.

In late September the carrier revealed that the number of reefer containers it is to acquire in 2016 is roughly half the number it purchased in 2015. Much can be deduced, inferred and extrapolated from the Maersk Line Press Release. Given Maersk's pre-eminence in reefer, the text provides not only an insight into the aspirations of the Danish carrier, but it also sheds light on the development of the fastest growing and most profitable sector in container shipping.

The Release states: 'Maersk Line's 2016 investments in new reefer container equipment are adding 14,800 reefers to the world's largest reefer fleet of more than 270,000 containers. 'While part of the reefers replace older equipment, the investment will expand the reefer fleet and cater for Maersk Line's future growth in the reefer segment. 'Adding to the 30,000 reefers acquired in 2015, the investments lower the average age of Maersk Line's reefer fleet

### Specialised reefer demolition



Source: Reefer trends

Currently it makes more strategic sense than commercial sense for the lines to invest in reefer - the segment is not generating a healthy return, either for the lessors or for the lines. In order just to maintain existing capacity levels, manufacturers will need to produce a minimum 100,000 units this year and for the next several years. With the recent addition of the MCI container manufacturing facility in Chile, there will be huge overcapacity issues in the short to medium term unless the carriers and lessors start ordering more units. There are few prospects of this happening unless the new alliances manage to constrict supply sufficiently to force through General Rate Increases (GRIs).

While the specialised reefer mode may have as little as a 5% share of total reefer capacity, it moves 23% of global reefer seaborne trade, according to Drewry estimates. Realistically, it will only be when the specialised reefer mode disappears that the carriers will be able to make reefer pay. But that may not be for some time if the oil price stays low and the reefers can then for reefer container manufacture in 2016 and 2017 reby continue to compete successfully on cost and therefore on price.

## Forecast

Unless a number of specialized reefer vessels are demolished in the first quarter of next year, it is high-

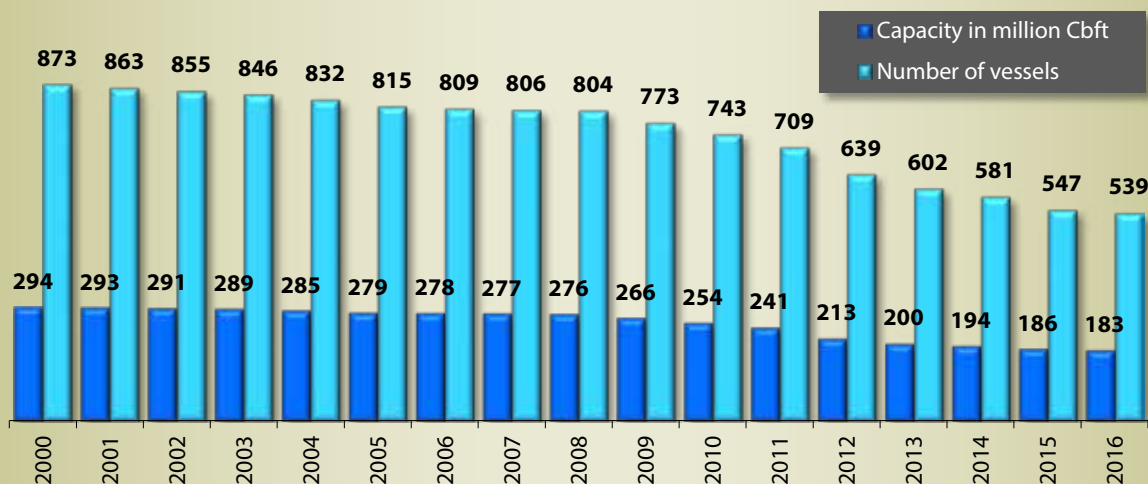
ly likely that 2017 will be as disappointing for reefer owners and operators as was 2016. There is already too much capacity chasing too little cargo, and with so much more tonnage either being introduced or redelivered to operators at the start of the year, the supply/demand imbalance will be too great to sustain the mode.

The change in structure forced on the specialized reefer modus operandi by the aggressive, loss-leading strategy of the carriers has made the spot market nigh on redundant for banana charterers. With few exceptions, everything moves in liner trades. The challenge for the specialized reefer is to prove that it can add value to customers at either end of the supply chain so that when the oil price, the key component in the cost chain, eventually strengthens, it can still justify its position in the cold chain.

Going forward there are several dangers for operators of smaller units: most immediately, if the Falkland Island squid catch is once again poor there will be a capacity surplus. However the greater fear is that the more fuel-efficient large units are not demolished and instead encroach on the core fish trades that are the staple diet of the small reefer vessel. A large reefer can part-load a fish cargo on the eastern seaboard of the Atlantic at a lower per MT rate than a small unit and still generate a higher TCE yield than a full banana cargo ■

**Richard Bright**, consultant  
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**Reefer fleet profile**  
Number of vessels and total capacity



Source: Reefer trends



# Wholesale market prices in Europe

## November 2016

					EUROPEAN UNION - EURO				
					Germany	France	Holland	UK	Belgium
AVOCADO	Air	TROPICAL	BRAZIL	Box					17.59
			DOMINICAN REP.	Box			12.80		
	Sea	FUERTE	CHILE	Box			6.00		
			PERU	Box			6.00		
			SPAIN	Box			7.00		
		HASS	CHILE	Box	13.50	10.50	11.50	15.00	
			COLOMBIA	Box	13.50		11.58		
			KENYA	Box			13.00		
			MEXICO	Box			11.50		
			PERU	Box			12.50		
			SOUTH AFRICA	Box			12.00		
	Truck	NOT DETERMINED	SOUTH AFRICA	Box					7.47
			ISRAEL	Box				8.25	
			SOUTH AFRICA	Box			8.00		
			ISRAEL	Box			5.50	6.63	
		RYAN	SPAIN	Box				7.00	
			SPAIN	Box	15.00		12.00	10.00	
			SPAIN	Box			6.50	6.25	4.98
			SPAIN	Box					
BANANA	Air	RED SMALL	ECUADOR	kg				5.25	
			COLOMBIA	kg			6.90		
			ECUADOR	kg				5.67	
	Sea	SMALL	ECUADOR	kg			1.90		
CARAMBOLA	Air		BRAZIL	kg					4.89
			MALAYSIA	kg				5.31	
CHAYOTE	Sea		COSTA RICA	kg				1.56	
COCONUT	Sea	NOT DETERMINED	COTE D'IVOIRE	Bag			9.00	11.92	14.07
			SRI LANKA	Bag					8.80
		YOUNG GREEN	THAILAND	Bag				11.50	
			COSTA RICA	Bag				16.50	
DATE	Sea	DEGLET	ALGERIA	kg			5.20		
			ISRAEL	kg				3.50	
		KOUAT ALIGH	TUNISIA	kg				1.88	
			ISRAEL	kg			11.00	7.04	5.51
		NOT DETERMINED	ALGERIA	kg				2.80	
			TUNISIA	kg					1.65
		GOLDEN	PERU	kg				4.00	
DURIAN	Air		THAILAND	kg				12.00	
EDDOE	Sea		COSTA RICA	kg				1.97	
GINGER	Sea		BRAZIL	kg				1.42	1.29
			CHINA	kg			1.70	1.27	1.25
			PERU	kg	2.23			2.31	
GUAVA	Sea		BRAZIL	kg					3.05
KUMQUAT	Air		ISRAEL	kg				4.50	
LIME	Sea		BRAZIL	kg	1.11	1.11	1.70	1.47	0.79
			MEXICO	kg		1.11		1.13	0.84
			GUATEMALA	kg				1.23	
LITCHI	Air		MAURITIUS	kg			9.00		
			SOUTH AFRICA	kg			8.00		
			REUNION	kg			8.00		
			MADAGASCAR	kg	5.20		7.00	6.75	
MANGO	Air	KEITT KENT	MEXICO	kg			5.00		
			BRAZIL	kg			4.38	4.50	
			MEXICO	kg			5.00		
			PERU	kg			5.29		
	Sea	NAM DOK MAI ATKINS	THAILAND	kg				12.00	
			BRAZIL	kg			1.38	1.19	
			ECUADOR	kg			1.25		
			BRAZIL	kg			1.63	1.88	
	Truck	KEITT KENT NOT DETERMINED	BRAZIL	kg	1.69			1.88	
			BRAZIL	kg					1.56
			BRAZIL	kg	1.69		1.75	1.97	
			SPAIN	kg			5.00		
		PALMER OSTEEN	SPAIN	kg			2.00		
			SPAIN	kg					

					EUROPEAN UNION - EUROS				
					Germany	France	Holland	UK	Belgium
<b>MANGOSTEEN</b>	Air	THAILAND	kg					10.00	
		INDONESIA	kg					10.00	
<b>MANIOC</b>	Sea	COSTA RICA	kg				1.40	1.39	
<b>MELON</b>	Sea	CHARENTAIS	BRAZIL	kg			1.30		1.64
		CANTALOUPE	BRAZIL	kg			1.40	1.25	0.82
		GALIA	BRAZIL	kg				1.25	1.70
		HONEY DEW	BRAZIL	kg			0.95	0.65	0.95
		SEEDLESS WATER	BRAZIL	kg			1.00	0.74	
		WATERMELON	BRAZIL	kg			0.85	0.71	0.81
		PIEL DE SAPO	BRAZIL	kg				0.85	0.88
<b>PAPAYA</b>	Air	FORMOSA NOT DETERMINED	BRAZIL	kg				3.22	
			BRAZIL	kg		3.57	3.50		4.30
	Sea	SOLO	JAMAICA	kg				3.71	
			BRAZIL	kg					2.47
			ECUADOR	kg				1.57	
<b>PASSION FRUIT</b>	Air	PURPLE	COLOMBIA	kg	4.88	5.50	5.50	5.63	4.91
			KENYA	kg		5.50		5.38	
			THAILAND	kg				8.00	
			VIETNAM	kg			9.00		
		YELLOW	REUNION	kg			14.00		
			COLOMBIA	kg				8.75	
			ECUADOR	kg				7.40	
<b>PHYSALIS</b>	Air		COLOMBIA	kg			10.00	6.67	
	Sea		COLOMBIA	kg	6.25			5.41	8.80
<b>PINEAPPLE</b>	Air	MD-2 VICTORIA	BENIN	kg			2.10		
			MAURITIUS	Box				14.50	
			MAURITIUS	kg			3.80		
			REUNION	kg			3.80		
	Sea	MD-2	COSTA RICA	Box	7.25	7.50		7.94	
			COSTA RICA	kg			0.90		
			COSTA RICA	Piece					0.80
			COTE D'IVOIRE	kg			1.05		
			COTE D'IVOIRE	Piece					0.65
			ECUADOR	Box				8.50	
			PANAMA	Box				7.88	
<b>PITAHAYA</b>	Air	NOT DETERMINED RED	VIETNAM	kg				7.17	
			ISRAEL	kg				6.50	
			INDONESIA	kg				8.67	
		YELLOW	ECUADOR	kg				10.00	
<b>PLANTAIN</b>	Sea		COLOMBIA	kg			1.00	1.00	
			ECUADOR	kg			0.95	1.00	
			WINDWARD ISL.	kg					1.42
<b>POMEGRANATE</b>	Air	PURPLE NOT DETERMINED	IRAN	kg				2.84	
			ISRAEL	kg				2.25	
			TURKEY	kg					1.69
	Sea	WONDERFUL	IRAN	kg				2.00	
			CHILE	kg			1.80		
			EGYPT	kg				1.29	
			PERU	kg			1.65		
<b>SAPODILLA</b>	Air		THAILAND	kg				8.00	
<b>SWEET POTATO</b>	Air	RED/RED	ISRAEL	kg				6.50	
			INDONESIA	kg				8.67	
	Sea	NOT DETERMINED	CHINA	kg					1.08
			EGYPT	kg			1.05		1.22
			ISRAEL	kg					1.33
			CHINA	kg				1.13	
		RED/RED	HONDURAS	kg				1.25	
			CHINA	kg				1.35	
		RED/WHITE WHITE	CHINA	kg				1.35	
			HONDURAS	kg			1.40		
		ORANGE	EGYPT	kg				0.83	
			HONDURAS	kg				1.16	
			ISRAEL	kg				1.17	
<b>TAMARILLO</b>	Air		COLOMBIA	kg				7.10	
<b>TAMARIND</b>	Air		THAILAND	kg				3.75	
<b>TARO</b>	Sea		COSTA RICA	kg			2.70		
<b>YAM</b>	Sea		BRAZIL	kg			1.60		
			GHANA	kg				1.75	1.41

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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