No. 254
Jan./Feb. 2018

FRuiTROP magazine

fruitrop.com
English edition

Banana

Is the party over?

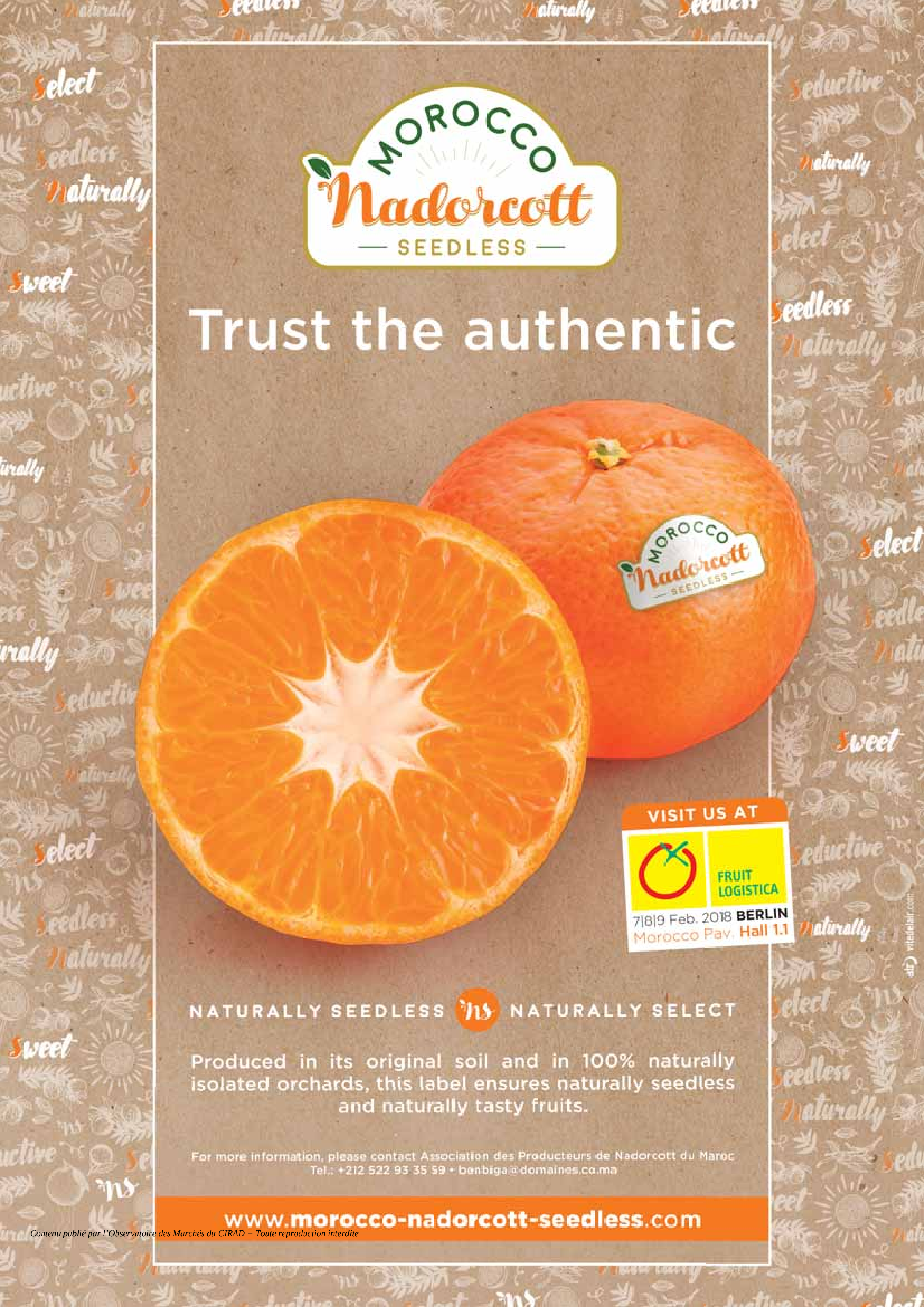
Hall 25 – C02
FRUIT LOGISTICA

Easy peelers:
A very good year in prospect

Counter-season melon:
Playing the game the right way!

Avocado:
WAO: an exemplary approach
Peruvian avocado

Papaya:
A success story


MOROCCO
Nadorcott
SEEDLESS
Trust the authentic
VISIT US AT
FRUIT LOGISTICA
7|8|9 Feb. 2018 BERLIN
Morocco Pav. Hall 1.1
NATURALLY SEEDLESS NATURALLY SELECT
Produced in its original soil and in 100% naturally isolated orchards, this label ensures naturally seedless and naturally tasty fruits.
For more information, please contact Association des Producteurs de Nadorcott du Maroc
Tel.: +212 522 93 35 59 • benbiga@domaines.co.ma
www.morocco-nadorcott-seedless.com

Long live vegetarians and their cohorts. *The entire fruits and vegetables industry wishes them a very hearty 2018, devouring tonnes of vegetables in all their forms throughout. It might not aid the future of humanity, but they will be contributing to the future of the sector. For a magazine such as* ***FruiTrop*** *which takes a close look at this field, we should be pleased with this natural bounty of plant produce, even though it sometimes seems to be akin to monomania, or even sectarianism. For omnivores and bon viveurs like me, this dietary restriction is caused by a severe case of "less is more" syndrome. The less we have available, the more awareness levels increase among consumers, or rather inhabitants of the planet Earth. So humanity will find its liberation through… nothing: no more fat, no more alcohol, no more meat, no more animal suffering, no more cholesterol, no more sugar, no more gluten, etc. The widespread principle of nothing is sometimes accompanied by a return to the earth, or more accurately a frenzy for raw products provided by Mother Nature. Consumption of "raw water", for example, is in vogue among the start-ups in Silicon Valley. It may be rich in minerals and low in chlorine or lead – but it is also rich in bacteria, viruses and parasites. And we will not make any comment on the fact that this natural water is nonetheless bottled in common plastic containers. The champions of the new economy, those who bear much of the responsibility for the general dehumanisation of our societies, are doubtless purging their sins by going back to the very origins of life; reinventing the art of Feng Shui in a 2.0 version. It is all perfectly staged. At this time of wishes for the future, let's hope for just one thing: that at least self-delusion does work.*


© Régis Domergue

Denis Lœillet

Publisher
Cirad
TA B-26/PS4
34398 Montpellier cedex 5, France
Tel: 33 (0) 4 67 61 71 41
Email: info@fruitrop.com
www.fruitrop.com

Publishing Director
Eric Imbert

Editor-in-chief
Denis Loeillet

Editor
Catherine Sanchez

Computer graphics
Martine Duportal

Iconography
Régis Domergue

Website
Actimage

Advertising Manager
Eric Imbert

Subscriptions
www.fruitrop.com

Translators
Jabtrad Ltd and Tradeasy

Printed by
Impact Imprimerie
n°483 ZAC des Vautes
34980 Saint Gély du Fesc, France

ISSN
French: 1256-544X
English: 1256-5458
Separate French and English editions

Subscription rate
EUR 325 / 8 issues per year
(paper and electronic editions)

Contents

Direct from the markets *(E. Imbert, D. Loeillet, C. Dawson, P. Gerbaud, T. Paqui, C. Céleyrette, R. Bright)*

The latest on...

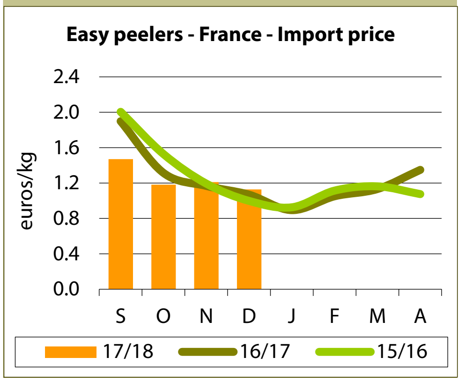
Close-up by Denis Loeillet: BANANA

Wholesale market prices in Europe

Easy peelers

December 2017

With demand picking up and supply starting to fall, the market was running at two speeds. Demand picked up considerably with the launch of end-of-year promotions and due to cooler temperatures. The clementine supply started to wane, falling below seasonal levels. The progress in marketing since the beginning of the campaign, the production shortfalls from the various origins (Spain, Corsica) and a big rise in sorting rejects (ripe fruits) led to the Corsican clementine ending early, and the Moroccan clementine rapidly winding down. Hence prices started to strengthen for high-quality batches, but remained low for those exhibiting more heterogeneous quality. Conversely, Israeli Or and Spanish Clemenvilla volumes only saw a very small rise, pending a clearer market context.



PRICE Source	Average monthly price euro/kg	Comparison with average for last 2 years
Clementine	1.06	+ 8 %
Hybrids	2.03	- 7 %

VOLUMES Source	Comparison: previous month	Comparison: average for last 2 years
Clementine	↘	- 9 %
Hybrids	↗	- 39 %

■ **World Bank supporting Moroccan agriculture.** The Bretton Woods institution has decided to grant a loan of 200 million USD in support of Moroccan agriculture. The objective is to support the growth of the sector generated by the Maroc Vert plan, by improving the competitiveness of the agribusiness sector and efficiency of the food markets, in particular via better integration of small and medium producers. In terms of the citrus industry, funds will in particular be earmarked for strengthening the "Maroc Citrus" inter-professional association (creation of regional representations) and the Citrus Inter-Professional Research & Development Centre (CIRDA), as well as helping set up and upgrade packing stations.

Sources: Maroc Citrus, World Bank

■ **Progress in the control of the Asian greening vector.** The Fundecitrus research teams (Sao Paulo), in collaboration with the teams at UC Davis (California) and ESALQ (Sao Paulo) have identified a pheromone attracting the Asian psylla, the vector of the Asian variant of greening. This major step forward will facilitate the development of high-performance insect traps, helping limit the spread of the disease, which is good news! While the disease is better controlled in Brazil, with the proportion of infected trees dropping for the first time in 2017 from 17 % to 16 %, the number of detections has continued to increase in the far north of Argentina, Mexico and many other production regions. And while the Mediterranean is fortunate enough to have been spared, the vector of the African variant of the disease is spreading rapidly in Portugal. It has recently been detected south of Lisbon, less than 200 km from the major production zones of the Algarve and Huelva in Spain.

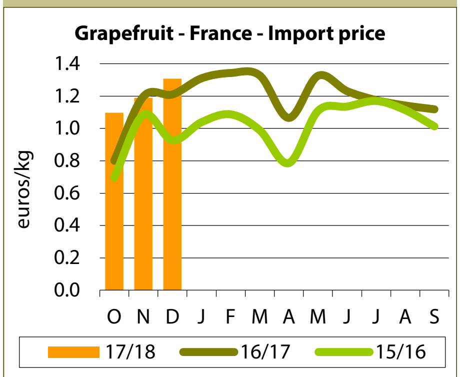
Sources: Fundecitrus, DGAV

VOLUMES Varieties by source	Comparison: previous month	Comparison: average for last 2 years	Observations	Cumulative total / cumulative average for last 2 years
Spanish clementine	=	+ 3 %	Nules volumes stable, and bigger than in previous years. Sorting rejects on the rise. Clemenvilla progressing slowly.	+ 3 %
Moroccan clementine	↗	- 28 %	Slowdown in shipments. Volumes in shortfall because of campaign ahead of schedule and quality concerns (sizing, advanced maturity).	- 10 %
Corsican clementine	↘	- 35 %	Big fall in volumes. Early end to the campaign due to being ahead of schedule, as well as production shortfall.	- 3 %
Israeli Or	↗	- 39 %	First shipments, smaller volumes than in previous years.	- 39 %

Grapefruit

December 2017

Some balance prevailed on the grapefruit market at the end of the year. The lack of interest in the product deepened with the arrival of the end-of-year festivities, traditionally synonymous with low consumption. The overall supply remained limited and below average. Incoming shipments of Mediterranean grapefruit ebbed in view of low demand (ongoing shortfall from Spain, Israeli volumes near average but smaller than in 2016). Floridian volumes remained very limited (losses due to Cyclone Irma). Finally, Mexican stocks were still available, gradually decreasing over the period. Hence a balance between supply and demand was met, and the prices of the various origins managed to remain stable for all suppliers, at above-average levels, in particular for Florida (+ 36 %) and Israel (+ 29 %).



PRICE Source	Average monthly price euro/17-kg box equivalent	Comparison with average for last 2 years
Mediterranean	14.42	+ 36 %
Tropical	27.23	+ 29 %

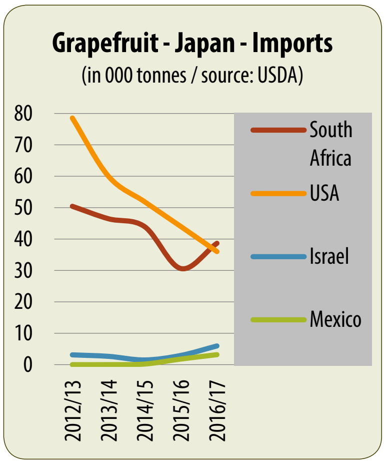
VOLUMES Source	Comparison previous month	Comparison average for last 2 years
Mediterranean	↘	+ 3 %
Tropical	↗	- 40 %

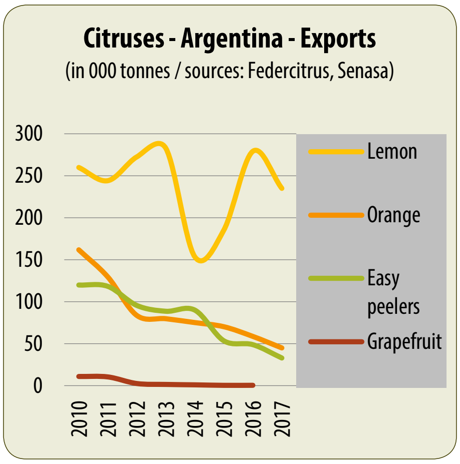
■ **Small leap in grapefruit consumption in Japan.** It is not a major move, nonetheless it does deserve to be highlighted, such is the contrast with a near-structural trend. Grapefruit imports on the world number two market rose slightly in 2017, after a long period of decline. Unsurprisingly, incoming Floridian shipments continued to follow the downward production trend. Conversely, the market was better supplied with a return to a higher import level from South Africa. Yet most of all, the new supplier countries continued their rise to prominence during the winter season, with continuing growth in incoming Israeli shipments (nearly 6 000 t in 2016-17) and Mexican shipments (more than 3 000 t). This move did have some impact on the Community market, to which these two origins sent nearly all of their volumes just a few campaigns ago.

Source: USDA

■ **Argentinean citruses: production slightly bigger in 2018 according to the USDA.** After the frosts of September 2016, the weather in 2017 was no more favourable for Argentinean producers: a summer heatwave, and torrential rain in March. The harvest level promises to be better in 2018, though without reaching its full potential because of another hot summer, especially in the Tucumán zone. Hence the lemon harvest is reportedly up by approximately 100 000 t to reach 1.4 million tonnes (+ 8 % on 2017 and + 2 % above the 2-year average). Will the reopening of the US borders, finally taking effect in 2018, be able to offset the downward trend in shipments to the EU-28 and Asia, where South Africa is gaining ground? The question is up in the air, but the level of green/yellow coloration required for fruits aimed at the big US market leaves some doubt over whether massive volumes can be shipped. The production of easy peelers and orange will climb considerably, to + 33 % and + 20 % above the 2-year average, respectively. The near-structural downward trend in exports of these two citruses, due to the country's lack of competitiveness, could well be extended nonetheless.

Source: USDA



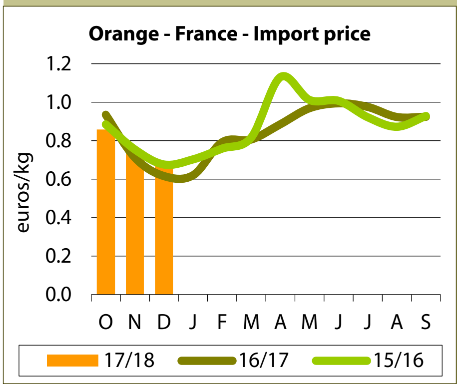


VOLUMES Source	Comparison previous month	Comparison average for last 2 years	Observations	Cumulative total / cumulative average for last 2 years
Mexico	↘	-	Last stocks available.	-
Florida	↗	- 40 %	Incoming shipments on the rise, though levels still well into shortfall.	- 58 %
Israel	↘	+ 3 %	Fall in imports due to weaker demand, levels around average.	+ 1 %

Orange

December 2017

The market was balanced despite shipments gathering pace. The table and juice orange supply saw distinct progress after being in shortfall in November. On the one hand, Navelina shipments increased, despite a reduced production potential, with volumes above average (+ 23 %). On the other hand, Salustiana imports also progressed after a late start to the campaign, and were 15 % above average. Sales remained decent, in step with volumes available thanks to the cold temperatures in the consumption zones, as well as to the weaker competition from easy peelers. Table orange prices followed the downward seasonal trend, though they remained higher than last year. In terms of juice oranges, rates were rather low given the sometimes advanced maturity of Salustiana.



PRICE Type	Average monthly price euro/15-kg box	Comparison with average for last 2 years
Dessert orange	9.98	+ 4 %
Juice orange	11.06	- 2 %

VOLUMES Type	Comparison previous month	Comparison average for last 2 years
Dessert orange	↗	+ 23 %
Juice orange	↗	+ 15 %

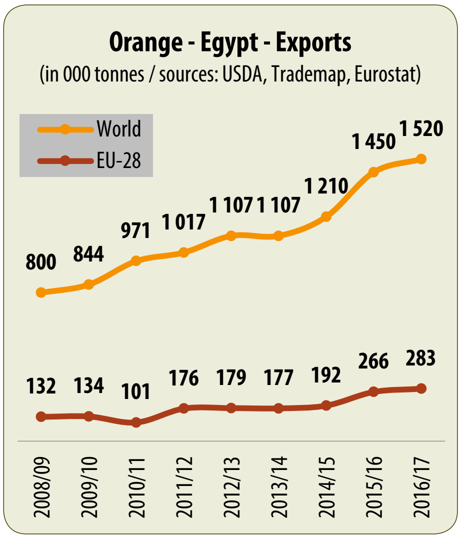
■ **Tunisian orange: harvest well below-average.** According to the Inter-Professional Fruits Group, production is just 214 000 t, down by more than 40 % from the previous record season, and more than 15 % below the four-year average. Maltaise, whose export season is underway, has an even bigger shortfall, with a harvest less than half that of 2016-17. Tunisia exports between 15 000 and 25 000 t of oranges per season. While France remains by far the main outlet, shipments to the neighbouring Libyan and Algerian markets are tending to progress.

Source: Gifruit

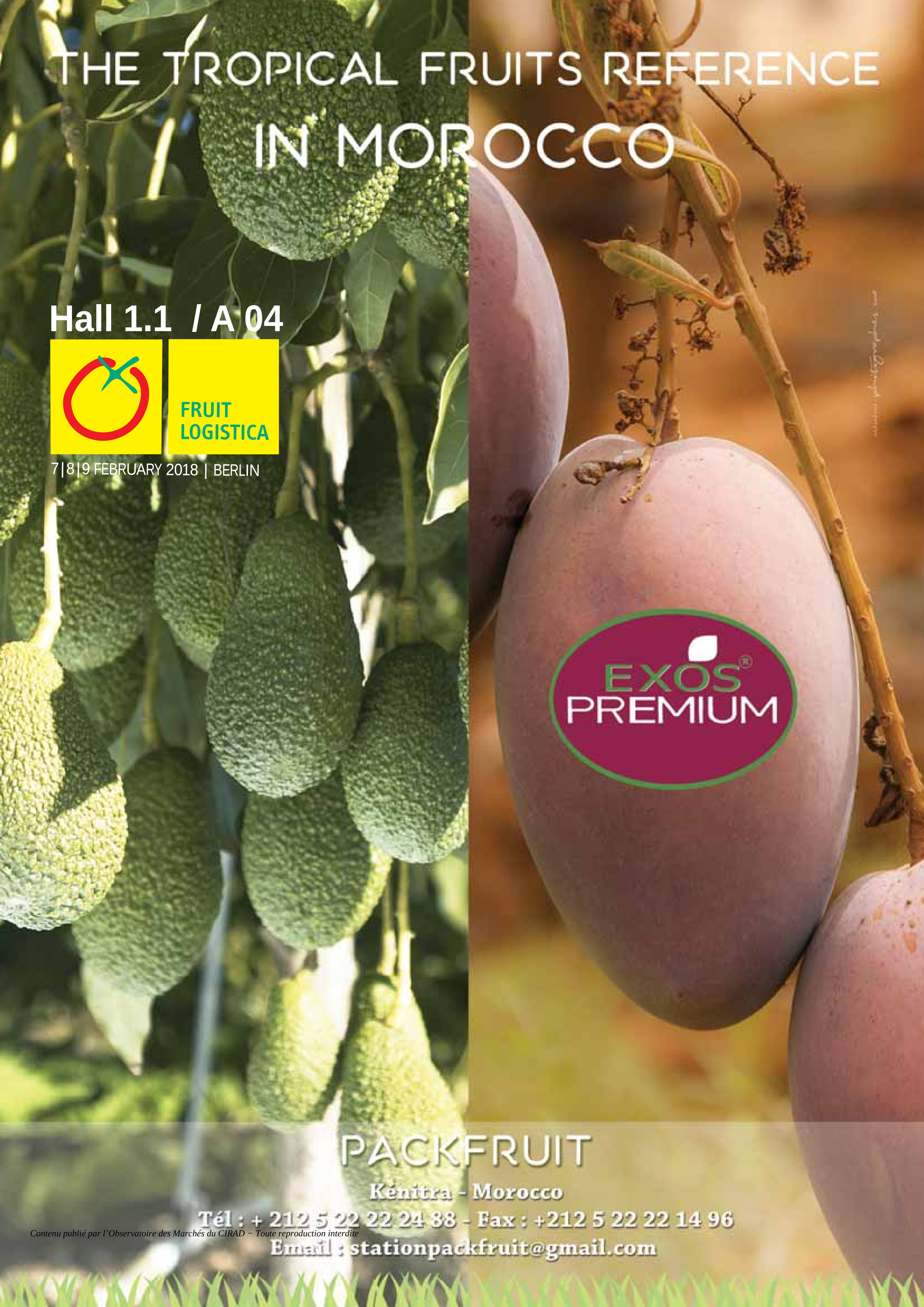
■ **Egyptian orange: boom continuing!** The orange cultivation area is continuing to expand at a frenetic rate. According to the USDA, surfaces areas increased by nearly 40 % over the past decade, to in excess of 150 000 ha in 2017-18 (of which more than 10 000 ha planted in the past two seasons). While these figures are probably very rough due to lack of official surveys, this strong growth trend is confirmed by the professionals. Demand on the local market remains very high: despite a marked increase in retail prices due to the resumption of inflation, the orange remains the most attractive fruit (half the price of the banana). Furthermore, the international market is increasingly keen on purchasing. Competitiveness, already very strong because of the low labour and water costs, increased with the devaluation in November 2016 (Egyptian pound/USD exchange rate going from 1 to 8.90 to 1 to 17.60 after one year). Furthermore, the quality level is more convincing thanks to the efforts made by the

Ministry of Agriculture to disseminate good agricultural practices, while a new system aimed at providing better guarantees in terms of food safety should be put in place in 2018-19. Exports exceeded 1.5 million tonnes in 2016-17. The EU-28 is now among the main customers (more than 280 000 t imported in 2016-17 according to Eurostat) alongside Russia and Saudi Arabia, with shipments to China tending to make strong progress (100 000 t in 2016-17).

Sources: USDA, Eurostat



VOLUMES Varieties by source	Comparison previous month	Comparison average for last 2 years	Observations	Cumulative total / cumulative average for last 2 years
Spanish Navelina	↗	+ 23 %	Shipments gathering pace and volumes above average in spite of the production shortfall. Campaign ahead of schedule and advanced maturity.	- 1 %
Spanish Salustiana	↗	+ 15 %	After a slow start to the campaign, shipments rapidly developing. Quality suffering from rather advanced maturity.	- 11 %


THE TROPICAL FRUITS REFERENCE
IN MOROCCO
Hall 1.1 / A 04
FRUIT
LOGISTICA
7|8|9 FEBRUARY 2018 | BERLIN
EXOS®
PREMIUM
PACKFRUIT
Kénitra - Morocco
Tél : + 212 5 22 22 24 88 - Fax : +212 5 22 22 14 96
Email : stationpackfruit@gmail.com

Banana

December 2017

Unlike in previous months, the end of the year proceeded smoothly in a clear context. The overall supply continued to subside, entering shortfall in December. Incoming African shipments ebbed, though they still maintained levels near average for the season, though they could not offset the French West Indies shortfall, which continued to widen due to the damage caused by Cyclone Maria. In addition, incoming dollar banana shipments continued their fall, returning to a level below average for the season. Hence Colombia continued its seasonal fall which had begun in November, following a very high peak of incoming shipments, reaching below-average levels (- 15 %). Due to temperatures remaining cool at the production stage, Ecuador's seasonal increase was late in coming, and so volumes remained stable and lower than in previous years. Finally, Costa Rica began its seasonal fall with similar volumes to the previous year. In terms of demand, despite a distinct downturn in promotions because of the arrival of the festive period, sales remained lively at the beginning of the month thanks to the context still being favourable for consumption (cold temperatures, weak competition from other fruits). Sales started to slow down more distinctly toward week 51, though the paucity of the supply helped maintain the balance. Hence the green banana price increases on the free market, which had begun in November, continued until week 51, when they were interrupted by the arrival of the end-of-year holidays. Nonetheless, prices managed to maintain higher levels than in 2016, and those stocks accumulated at the end of the year were only moderate.

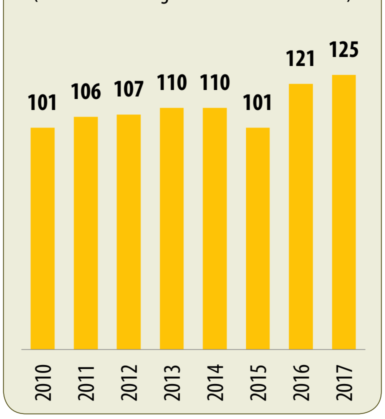
Costa Rican banana: 2017, a record year. The world number three Cavendish exporter did more than confirm its good performance from 2016: it set a new record in 2017! The 125 million 18.5-kg boxes it exported marked a rise of 4 million boxes from 2016, and nearly 15 million boxes from 2014, to beat the symbolic one-billion USD mark in terms of value. While volumes earmarked for the Community market remained practically stable, shipments to the USA continued to rise steeply, to the detriment in particular of Ecuador, which has been constantly losing ground on this market for the past two years.

Sources: Reefer Trends, Procomer, US Customs

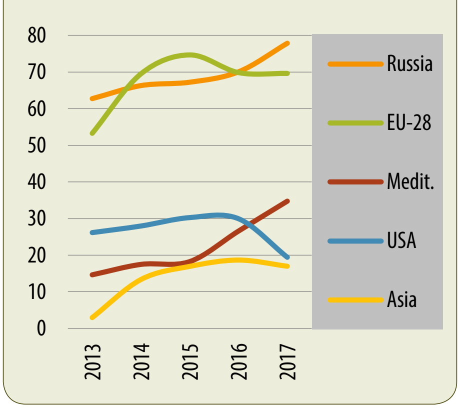
Ecuadorian banana: a fine export year, though with some dark spots. After two years of stagnation, the world leader's exports should peak at a record level of nearly 325 million boxes, according to an initial estimate based on professional figures. However, Ecuador did not take advantage of European market growth, which should be around 6 to 7 % in 2017. Shipments to this destination were barely stables. A similar status quo can be observed in Asia, seemingly confirming that the growth dynamic apparent until 2015 did not last. On the US market, Ecuador's plunge against more competitive origins seems to have been confirmed too. Fortunately there is some good news: demand took an upturn in Russia, with record import volumes in 2017 making it Ecuador's number one market. Similarly, the strong growth trend was confirmed in the Mediterranean, now number three in the outlets ranking.

Source: AEBE

Banana - Costa Rica - Exports
(in million 18.5-kg boxes / source: Corbana)



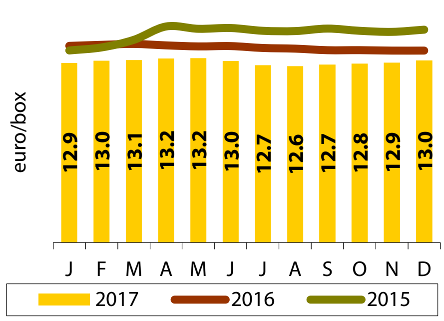
Banana - Ecuador - Exports
(in million boxes / source: AEBE)



NORTHERN EUROPE — IMPORT PRICE		
December 2017 euro/box	Comparison	
	previous month	average for last 2 years
13.04	1 %	- 10 %

EUROPE

Germany - Green price (2nd/3rd brands)

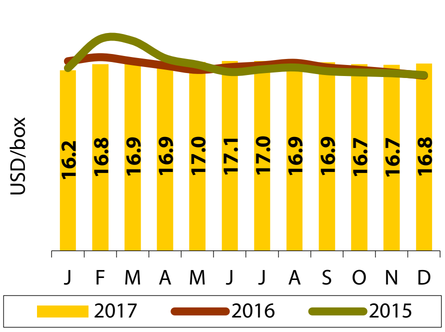


EUROPE - RETAIL PRICE				
Country	December 2017		Comparison	
	type	euro/kg	November 2017	average for last 3 years
France	normal	1.68	+ 6 %	+ 3 %
	special offer	1.53	+ 12 %	+ 9 %
Germany	normal	1.34	+ 2 %	- 1 %
	discount	1.17	+ 3 %	- 3 %
UK (£/kg)	packed	1.03	0 %	- 4 %
	loose	0.79	0 %	+ 8 %
Spain	platano	2.07	- 3 %	- 5 %
	banano	1.27	0 %	0 %

Banana

UNITED STATES

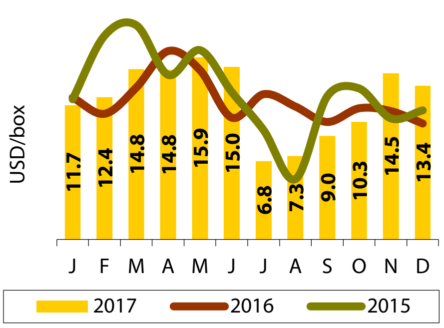
USA - Green price (spot)



UNITED STATES - IMPORT PRICE		
December 2017 USD/box	Comparison	
	previous month	average for last 2 years
16.80	+ 1 %	+ 7 %

RUSSIA

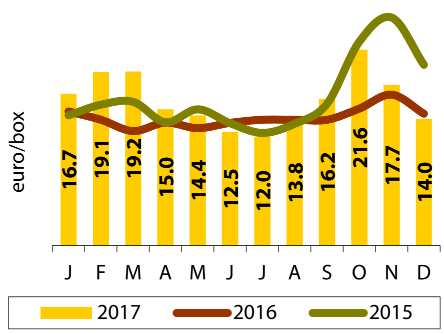
Russia - Green price CIF St. Petersburg



RUSSIA - IMPORT PRICE		
December 2017 USD/box	Comparison	
	previous month	average for last 2 years
13.39	- 7 %	+ 25 %

CANARIES

Spain - Platano - Green price



CANARIES - IMPORT PRICE*		
December 2017 euro/box	Comparison	
	previous month	average for last 2 years
14.00	- 21 %	- 19 %

* 18.5-kg box equivalent

■ **Banana consumption in the EU and USA: in record mode as usual.** According to Eurostat, in October 2017, the EU-28 set another consumption record... or rather three: a record October with 570 000 t, a ten-month record with 5.356 million tonnes and finally a twelve-month record (November 2016 to October 2017) with 6.353 million tonnes.

So October 2017 was an exceptionally heavy month, which told heavily on import prices. While the ACP origins and European produce were treading water (cyclones in the Caribbean and disease in Cameroon), the dollar origins smashed their supply levels. Ecuador, Colombia, Costa Rica, Panama, Honduras, Peru and Guatemala, every last one answered the call. From the beginning of 2017 (ten months), the dollar group had leapt up by 11.2 % while the ACP group lost 5.6 % (holding up in Africa, tumbling in the Caribbean). European produce was hit (- 13 %) in Guadeloupe and Martinique. But let's come back to the dollar group, where we need to report, and doubtless monitor, the recent surges by four countries: Panama (+ 22 %), Guatemala (+ 16 %), Nicaragua (+ 190 %) and finally Honduras (+ 116 %).

The data compiled by Taxud (real-time customs clearance data) help us estimate imports for November 2017 (to be confirmed at a later date by the Eurostat data). In the end, we get a more reasonable growth rate of around 1.7 % (comparison to November 2016 and November 2017).

The US market suffered the same fate as the European market; October 2017 was also a record month with more than 361 000 t consumed. This was 14 % up on October 2016, helping it to achieve a gain over ten months compared to 2016 with nearly 3.6 million tonnes (+ 5.1 %) and over twelve months with 4.212 million tonnes (+ 4.1 %). Ecuador (- 33 % over ten months) continued to come undone on the US market, favouring the EU. Costa Rica and Guatemala vied for the lead, strengthening their positions.

Source: CIRAD

Banana – EU & USA – Supply from January to October 2017 (provisional)

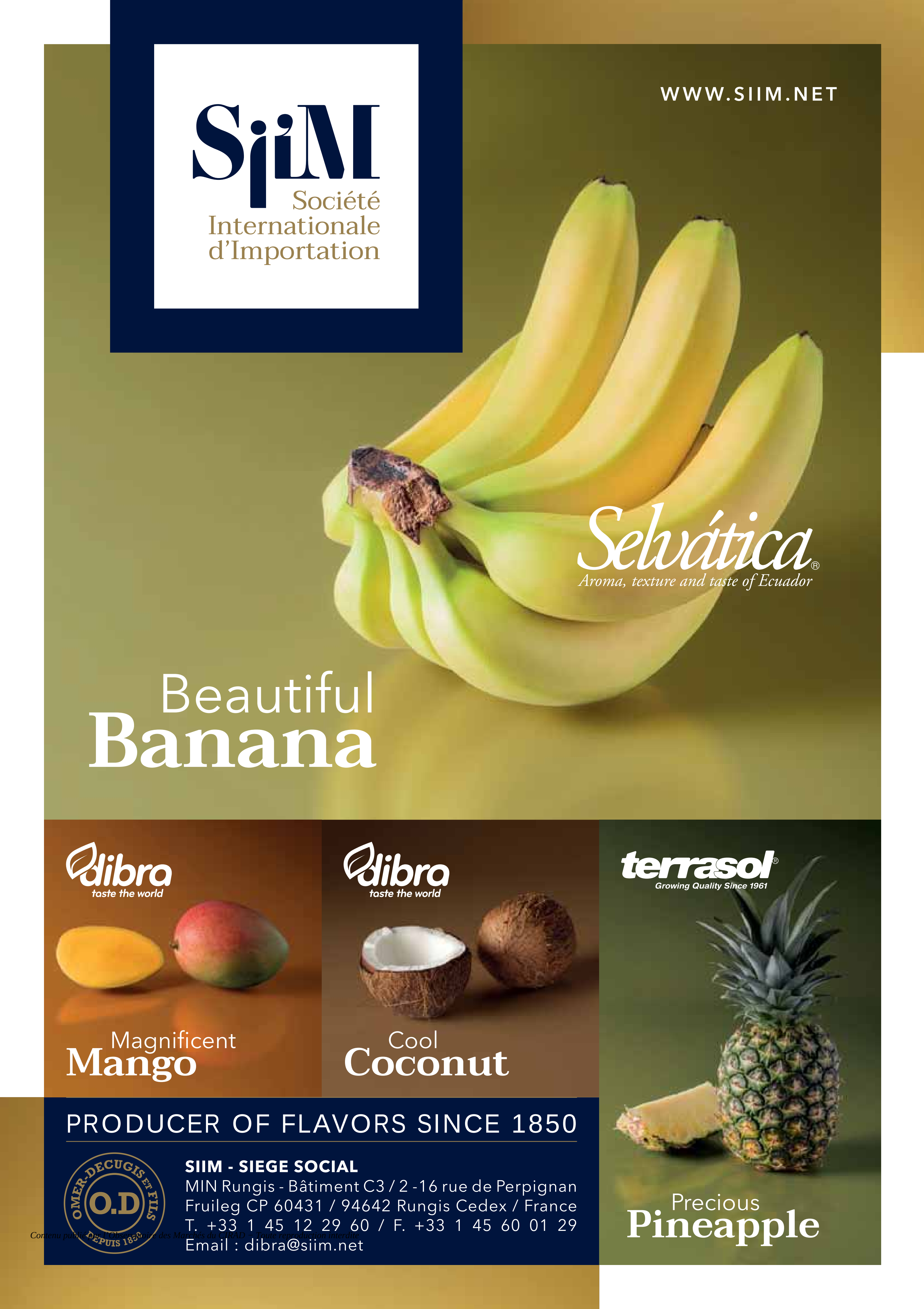
000 tonnes	2015	2016	2017	2017/2016 difference
EU-28 - Supply	**4 855**	**5 086**	**5 356**	**+ 5 %**
Total imports, of which	4 334	4 524	4 868	+ 8 %
MFN	3 448	3 559	3 957	+ 11 %
ACP Africa	467	532	532	0 %
ACP others	419	431	377	- 12 %
Total EU, of which	521	562	489	- 13 %
Martinique	166	170	115	- 32 %
Guadeloupe	53	56	40	- 28 %
Canaries	286	320	317	- 1 %
USA - Imports	**3 905**	**3 877**	**4 066**	**+ 5 %**
Re-exports	463	468	485	+ 4 %
Net supply	3 443	3 410	3 581	+ 5 %

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

EUROPE - IMPORTED VOLUMES - NOVEMBER 2017

Source	Comparison		
	October 2017	November 2016	2017 cumulative total compared to 2016
French West Indies	↘	- 63 %	- 34 %
Cameroon/Ghana/Côte d'Ivoire	↘	- 3 %	+ 2 %
Surinam	↘	+ 1 %	- 9 %
Canaries	↘	- 8 %	0 %
Dollar:			
Ecuador*	=	- 8 %	+ 3 %
Colombia*	↘	- 15 %	+ 6 %
Costa Rica	↘	- 17 %	+ 7 %

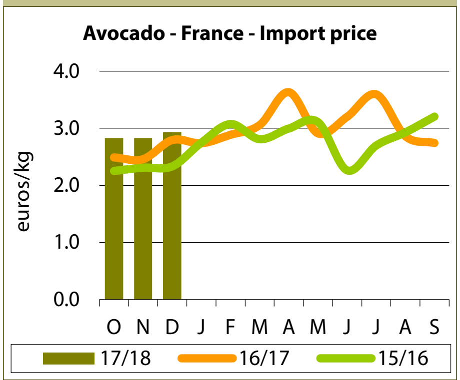
Estimate made thanks to professional sources / * total for all destinations


SiiM
Société
Internationale
d'Importation
WWW.SIIM.NET
Selvática®
Aroma, texture and taste of Ecuador
Beautiful
Banana
dibra
taste the world
Magnificent
Mango
dibra
taste the world
Cool
Coconut
terrasol®
Growing Quality Since 1961
Precious
Pineapple
PRODUCER OF FLAVORS SINCE 1850
OMER-DECUGIS ET FILS
O.D
DEPUIS 1850
SIIM - SIEGE SOCIAL
MIN Rungis - Bâtiment C3 / 2 -16 rue de Perpignan
Fruileg CP 60431 / 94642 Rungis Cedex / France
T. +33 1 45 12 29 60 / F. +33 1 45 60 01 29
Email : dibra@siim.net

Avocado

December 2017

The situation remained satisfactory. Hass volumes continued to fall, remaining near-average. Israel and Spain progressed but remained in shortfall, though the Mexican supply remained high and the Chilean supply was similar to 2016. Batches from Morocco, Colombia and the Dominican Republic topped up the supply. Sales in the supermarket sector were decent (end-of-year programmes), though very slow for wholesalers. Hence stocks involving batches of heterogeneous quality and brands not referenced by the supermarket sector were available. Hass prices continued to drop, especially on the wholesale segment with clearance sales, though they remained above average for the programmes. Demand for green banana varieties remained lively, and volumes waned with the end of Israeli Ettinger which gave way to Pinkerton, Arad and Fuerte. Prices strengthened.



PRICE Varieties	Average monthly price euro/box	Comparison with the last 2 years
Green	10.49	+ 40 %
Hass	12.30	+ 16 %

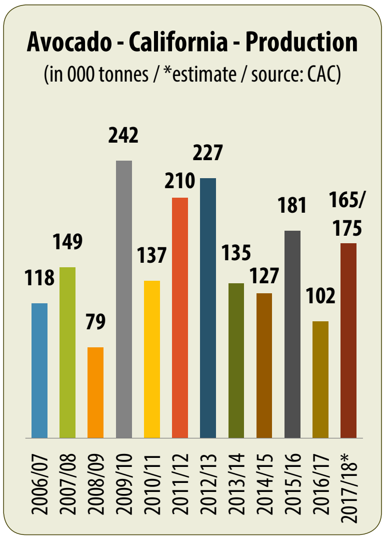
VOLUMES Varieties	Comparison	
	previous month	average for last 2 years
Green	↘	+ 1 %
Hass	↘	- 5 %

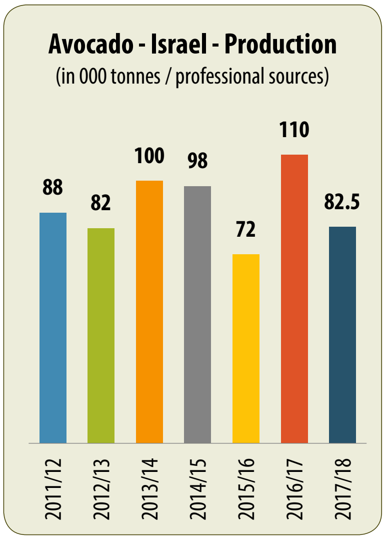
■ **Fires in California: avocado industry hit, but still not knocked out.** According to the latest information from the California Avocado Commission, approximately 2 000 ha of avocado orchards, i.e. 10 % of total surface areas, are situated in the area affected by the fires, covering an enormous expanse of 115 000 ha, with the strong winds helping them spread. The damage varies greatly, and is still hard to evaluate (600 ha hard hit, according to the latest estimate). Despite considerable losses by certain producers, especially in the hard hit Ventura and Santa Barbara zone, the 2018 harvest is nonetheless set for a very good level. The production estimate, which is within a range from 165 000 to 175 000 t, marks a rise of more than 60 % from the very lean 2017 season, and is 25 % above the four-year average.

Source: CAC

■ **Israeli avocado: a budget for research against alternate bearing.** The Ministry of Agriculture and the Plant Marketing Board have decided to grant a research budget of approximately 2.2 million euros to the avocado industry. The objective of the work is to mitigate the alternate bearing effect, a highly marked phenomenon in the avocado, especially in Israel. The programme is also receiving the support of one million euros from professionals.

Source: Israeli Ministry of Agriculture





VOLUMES Source	Comparison		Observations	Cumulative total / cumulative average for last 2 years
	previous month	average for last 2 years		
Chile	↘	- 5 %	Ongoing seasonal fall with similar volumes to 2016. Some quality concerns over certain batches (advanced maturity).	+ 31 %
Mexico	=	+ 53 %	Volumes stable and well above average. Quality concerns over certain batches.	+ 1 %
Israel	↘	- 3 %	Green varieties still falling, though with above-average levels (+ 7 %). Progress by Hass slow, and in shortfall (- 24 %).	+ 7%
Spain	↘	- 6 %	Imports of green varieties falling. Hass on the rise though volumes smaller than in 2016.	+ 7 %

Litchi

November/December 2017

The 2017-18 litchi campaign exhibited a distinct contrast from the previous one. The Southern summer was practically non-existent this year, with small temperature falls limiting tree flowering. The lack of precipitation from September/October also impeded fruit bulking. All the Indian Ocean origins were affected by these unfavourable weather conditions. Hence there was a later start to the campaign and smaller production. Mauritius and Reunion saw their production drop in particular. In Madagascar, the phenomenon was less perceptible because of the large production potential. However, these particular conditions caused great disruption in terms of harvesting and logistics.

In spite of everything, marketing began in week 41 with the first incoming shipments from South Africa involving the Third Month Red variety and then Early Delight. These fruits, whose taste quality was poorly rated, sold between 7.00 and 9.00 euros/kg in minor quantities. It was only from week 46 that the supply progressed, with Mauritius, Madagascar and Mozambique entering the campaign. The limited volumes on the market sold at high prices, harnessing the novelty effect. Rates gradually dipped until week 50, when the first conventional ship arrived from Madagascar, though they remained higher than last year because of the scarcity of the supply across Europe. Meanwhile, exporter origins shipped fresh fruits on the stem or trussed, with prices gaining particularly high levels, above the usual maxima. They reached their height with fruits from Reunion arriving from week 46 in marginal quantities. In early December, they sold at lower prices, due to poor sales caused by the price requirements of vendors and qualitative deterioration of the fruits.

The first ship from Madagascar was received on 11 December in the port of Sète. Though unloading was slow, it was able to supply the various European markets for the end-of-year festivities. Practically all of the cargo was sold during week 50 and the beginning of week 51. The second scheduled ship arrived in Zeebrugge on 19 December and enabled the European supermarket sector to restock for the holidays. The price of Madagascan litchis declined over the period, while maintaining higher levels than the previous campaign. In week 51, some containers from South Africa were offered for sale at higher prices than Madagascan containers, but rapidly dropping.

■ Maersk strengthens its line between Brazil and Europe. Brazilian fruit exporters have since November enjoyed a more frequent and direct service to Europe. Maersk has set up a service of four ships linking Brazil to the ports of Algeciras, Rotterdam and Tilbury. The line will be maintained throughout the peak fruit activity period, i.e. until late February.

Source: Reefer Trends

■ Vietnamese mango welcome in the USA. The borders were opened in late December. Fruits aimed at the US market will need to be accompanied by a sanitary certificate to prove compliance with a strict protocol (monitoring of orchards and packing stations, irradiation and inspection on arrival). According to the latest available figures, Vietnamese exports of guava, mango and mangosteen have boomed in recent years, going from less than 10 million USD in 2012 to 75-100 million USD in 2014 and 2015. They remain mainly aimed at China and South Korea, though they are also progressing to the EU-28, Australia and Canada.

Source: Reefer Trends

EUROPE

LITCHI - INCOMING SHIPMENTS (estimates in tonnes)

Weeks 2017	45	46	47	48
Air-freight				
Madagascar	-	60	120	120
Mauritius	0.5	10	15	20
Reunion	-	-	5	10
South Africa	30	50	90	100
Mozambique	5	-	30	20

LITCHI - IMPORT PRICE ON THE FRENCH MARKET

Weeks 2017	45	46	47	48	Nov. 2017 average	Nov. 2016 average
Air-freight (euro/kg)						
Madagascar s	-	8.00	7.00-7.50	5.50-6.50	6.80-7.30	6.05-6.50
Madagascar v	-	-	12-15	11-13	13.50	7.10
Mauritius s	-	-	8.50-9.00	8.00	8.25-8.50	5.25-6.10
Mauritius v	17-18	17-18	15-17	11-13	15-16.50	6.00-7.75
Reunion br	32-35	30.00	17-25	15-17	23.50-26.75	7.75-10.75
South Africa s	8.50-9.50	8.00-9.00	7.00-8.50	6.00-6.50	7.35-8.35	5.80-6.80
Mozambique s	9.00-9.50	7.50-8.00	7.00	6.00-6.50	7.35-7.75	5.50-6.00

s: sulfur treated / v: on the vine

EUROPE

LITCHI - INCOMING SHIPMENTS (estimates in tonnes)

Weeks 2017	49	50	51	52
Air-freight				
Madagascar	60	40	5	-
Mauritius	15	15	5	-
Reunion	15	30	30	30
South Africa	100	50	30	20
Mozambique	20	-	-	-
Sea-freight				
Madagascar	-	7 800	7 700	-
South Africa	-	-	300	-

LITCHI - IMPORT PRICE ON THE FRENCH MARKET

Weeks 2017	49	50	51	52	Dec. 2017 average	Dec. 2016 average
Air-freight (euro/kg)						
Madagascar s	5.50	5.00	-	-	5.25	-
Madagascar v	9-12	9-11	-	-	9-11.50	7.15
Mauritius v	11-13	10-14	-	-	10.50-13.50	4.30-6.00
Reunion v	16-18	16-18	16-22	15-22	15.75-20	5.75-9.00
South Africa s	5.00-6.50	5.00	5.00	-	5.00-5.50	2.00-2.50
South Africa v	-	9-10	10	10-13	9.65-11	-
Mozambique s	6.00	5.00	5.00	-	5.30	2.00-2.50
Sea-freight (euro/box)						
Madagascar	-	2.75-2.90	2.50-2.80	2.20-2.40	2.50-2.70	2.30-2.50
South Africa	-	-	3.00-4.50	2.50-3.25	2.75-3.85	2.50-3.00

s: sulfur treated / v: on the vine


Georges Helfer
Avocado Hunter
since 1972
GEORGES HELFER
MOROCCO
MARRAKESH
AVOCADO
FRESH FRUITS
KENYA
REPUBLIC OF KENYA
MADE IN
CHILE
MEXICO
PERU
40 years of experience
2 WAREHOUSES:
Rungis (94) and Plan d'Orgon (13)
8 sales executives
6 origins
8 ripening rooms
8,000 tons per year
innovative machines:
MATURITY CONTROL OF THE AVOCADO
2 TRAY SEALERS
4 BAGGING MACHINES
Georges Helfer - RUNGIS
1, avenue de l'Europe - Ent. 133
Tél : +33 1 45 12 36 50
Georges Helfer - Plan d'Orgon
Z.I du Pont - 717, avenue des Vergers
Tél : +33 4 90 73 19 19
www.georgeshelfer.com
contact@helferfrance.fr

Mango

November 2017

The European mango market remained buoyant in the first half of November. The production delay in Brazil led to a more limited supply, helping keep prices high. The Palmer and Keitt varieties partially made up for the shortage of Kent. The market swelled in the middle of the month, given firstly the progress of Brazilian shipments, and secondly the accumulation of three weeks of increasingly rapid incoming shipments. Furthermore, sales were more difficult since the supply was unbalanced, mainly comprising large sizes. With Kent becoming more prominent, a gradual decline in the other varieties could be observed, varying between the markets. Tommy Atkins volumes constantly dwindled, which helped them maintain fairly stable sales prices. Their more intense coloration favoured sales, compared to the other varieties, often greener in colour. In the second half-month, prices stabilised at around 5.00-6.00 euros/box, across all varieties, while the first containers from Peru were being received. At the beginning of the month, the Spanish mango campaign finished, with some residual batches of Osteen and some furtive shipments of Keitt.

Similarly, the air-freight market exhibited a positive trend in the first half of the month, given the moderate supply. For lack of sufficient quantities of Kent, Brazil shipped Keitt and Palmer. These varieties disappeared as Kent shipments increased. The Peruvian campaign, off to a fairly early start this year, began with Haden shipped in limited quantities. Kent quickly made up the bulk of Peruvian shipments, and combined with Brazilian volumes, they saturated the market. A considerable fall in prices was then seen, all the bigger due to the high price levels being charged at the beginning of the period.

EUROPE

MANGO - INCOMING SHIPMENTS (estimates in tonnes)

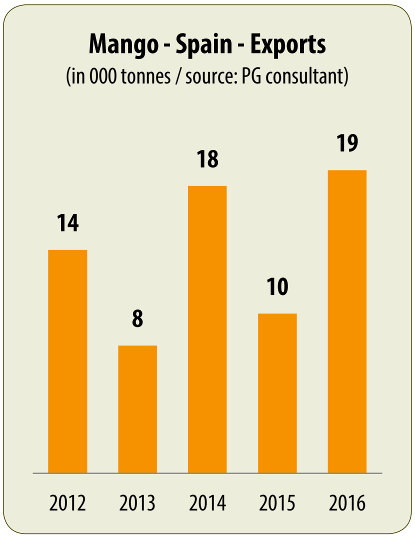
Weeks 2017	44	45	46	47	48
Air-freight					
Brazil	100	80	80	120	150
Peru	20	15	30	50	80
Sea-freight					
Brazil	4 330	4 420	5 920	6 200	6 180
Peru	-	-	40	40	80
Ecuador	-	-	-	40	40

■ **Heightened irrigation restrictions in Axarquia.** The drought in Southern Spain is continuing. The Viñuela reservoir, the main supply source for the 10 000 ha of irrigated tropical crops in Axarquia, was at just 22 % capacity in mid-December (as opposed to 36 % in 2016 and 56 % on average over the past ten years). The Spanish authorities have decided to strengthen the irrigation restriction measures, by reducing the volumes available from this source from December to February by 60 %. Meanwhile, aid will be launched to increase use of recycled household wastewater, currently very little used. The agricultural unions are condemning the short-term vision of the authorities, who have still not resolved to implement permanent solutions, and we cannot help but agree with them. The project to divert from the Viñuela reservoir a tiny part of the 700 hectometres of water that the River Guadiaro discharges to the sea every year is still not underway, despite professionals' readiness to provide financial support. It would help not only ensure a decent water supply to existing surface areas, but also reinvigorate the avocado and mango industries, which play a major economic and social role, and enjoy excellent prospects.

Sources: La Vanguardia, embalses.net

■ **Spanish mango: a fine 2017 season… set to usher in more.** Spanish mango production reached 22 000 tonnes this season, according to the Spanish Association for Tropical Fruits, i.e. a rise of approximately 10 % from 2016. Export volumes are not yet known with precision. Nonetheless, they were probably close to those of 2016, despite a more concentrated Osteen campaign. The association, which estimates surface areas at 3 400 ha, is forecasting production to triple, reaching 60 000 tonnes by four years' time.

Sources: Reefer Trends, AET



MANGO - IMPORT PRICE ON THE FRENCH MARKET

Weeks 2017		44	45	46	47	48	Nov. 2017 average	Nov. 2016 average
Air-freight (euro/kg)								
Brazil	Palmer/Keitt	3.50-4.50	4.00-5.00	4.00-5.00	-	-	3.80-4.80	4.00-4.30
Brazil	Kent	5.50	5.50-6.00	5.00-6.00	5.00	4.20-5.00	5.05-5.50	3.80-4.35
Peru	Haden	6.00	5.00	5.00	4.00-4.50	4.00	4.80-4.90	4.00-4.30
Peru	Kent	-	6.00-6.50	6.00-6.50	5.00-6.00	4.80-5.00	5.45-6.00	4.60-4.90
Sea-freight (euro/box)								
Brazil	T. Atkins	5.00	5.00-6.00	6.00	6.00	-	5.50-5.75	5.00
Brazil	Keitt	6.00-7.00	6.00-8.00	5.50-8.00	5.00-6.00	5.00-6.00	5.50-7.00	5.80-7.40
Brazil	Palmer	5.00-7.00	6.00-8.00	6.00-8.00	5.00-6.00	-	5.50-7.25	6.00-7.30
Brazil	Kent	8.00	7.00-8.00	6.50-8.00	5.00-6.00	5.00-6.00	6.30-7.20	5.90-7.60
Road-freight (euro/box)								
Spain	Osteen	8.00	9.00	-	-	-	8.50	-
Spain	Keitt	8.00	-	-	-	-	8.00	7.00


Our job:
to be involved
all the way
from production
to distribution
Hass
Avocados
Mangoes
We specialise in fruit imports/exports, and work directly with producers selected on qualitative criteria.
Based at the Rungis International Market, Sun 7 Fruits delivers throughout France and internationally.
Specialised in avocados, citruses and exotic fruits, we ripen mangoes and avocados all year round.
SUN 7 Fruits
47 Rue des Antilles - Bat I2
CP10116
94538 RUNGIS CEDEX
Tél : +33 (0)1 41.73.41.50
Fax : +33 (0)1 45.60.53.36
E-mail : sun7fruits@sun7fruits.com
http://sun7fruits.wix.com/sun7fruits

Pineapple

November 2017

In November, demand remained flat, rising little. In the first half, volume pressure seemed to be easing, with the operators considerably scaling back their imports. In addition, these reductions coincided with shipping delays. Nonetheless, sales remained quiet and prices stable. The arrival in week 46 of the delayed batches did not lead to a fall in rates. However, the market was segmented by batch coloration. The most highly coloured, few in number, sold more easily. The flatness of demand contributed to stocks expanding at the end of the month. Incoming batches then sold within the price ranges stated below, while the outstanding batches were offered at lower prices.

Throughout the month, the situation on the air-freight market remained complicated. In the first half, demand, still affected by the school holidays, remained lethargic and struggled to get going again. Several operators opted to considerably scale back their volumes in the hope of remaining fluid. Unfortunately, quality problems, especially on batches from Cameroon and Benin, accentuated the lack of interest among purchasers. Beninese fruits were coloured, but developed quickly and poorly. The situation was barely better on the Sugarloaf market, which remained split in two depending on fruit coloration. Pineapples from Ghana and Togo, more regular than their Beninese counterparts, sold better. The supply was topped up by batches of Central American and West African Sweet, selling for between 2.40 and 2.60 euros/kg.

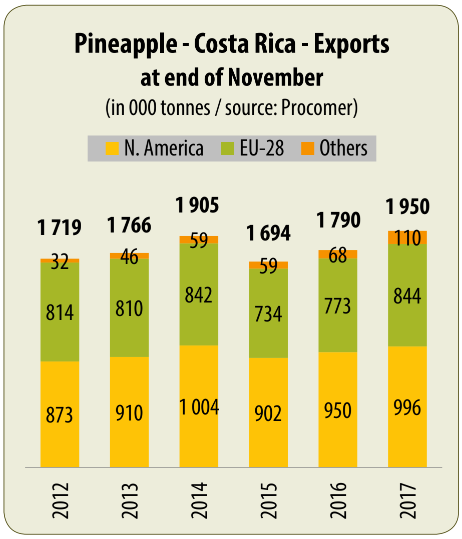
Throughout the month, the supply rose constantly on the Victoria market, especially from Reunion. Unfortunately, demand did not keep pace and the operators really struggled to prevent stocks from forming. Thanks to several promotions, they managed to prevent rates from falling, yet at the very end of the month, they had to give way on prices in order to avoid having to manage stocks in December.

Malaysian pineapple: taking on the Chinese market. The change in sanitary regulations on plant material imports should enable producers on Sarawak, the province in the north-west of Borneo, to develop large-scale production of MD2 pineapple earmarked for the Chinese market. The objective is to achieve an export tempo of 100 containers per month in 2020. China, whose market doubled between 2013 and 2016, imported just over 110 000 t in 2016, mainly from the Philippines and Chinese Taipei.

Sources: Reefer Trends, Comtrade

Costa Rican pineapple: 2017 a record year, just as for the banana. What a blessed year for Costa Rican fruit exporters! Like the banana, pineapple exports should reach a historic high point. In late November, volumes had already exceeded 1.95 million tonnes, i.e. 150 000 t more than in 2016 and 250 000 t more than in 2015. They should exceed 2.1 million tonnes, extrapolating the volumes for December. Shipments were up to all destinations, including the EU-28 and USA (+ 70 000 t and + 50 000 t by late November, respectively) or the diversification markets which now represent nearly 6 % of volumes (Eastern Europe, Asia and Central America). This increase in quantities was accompanied by a very slight parallel growth in value of 1 %.

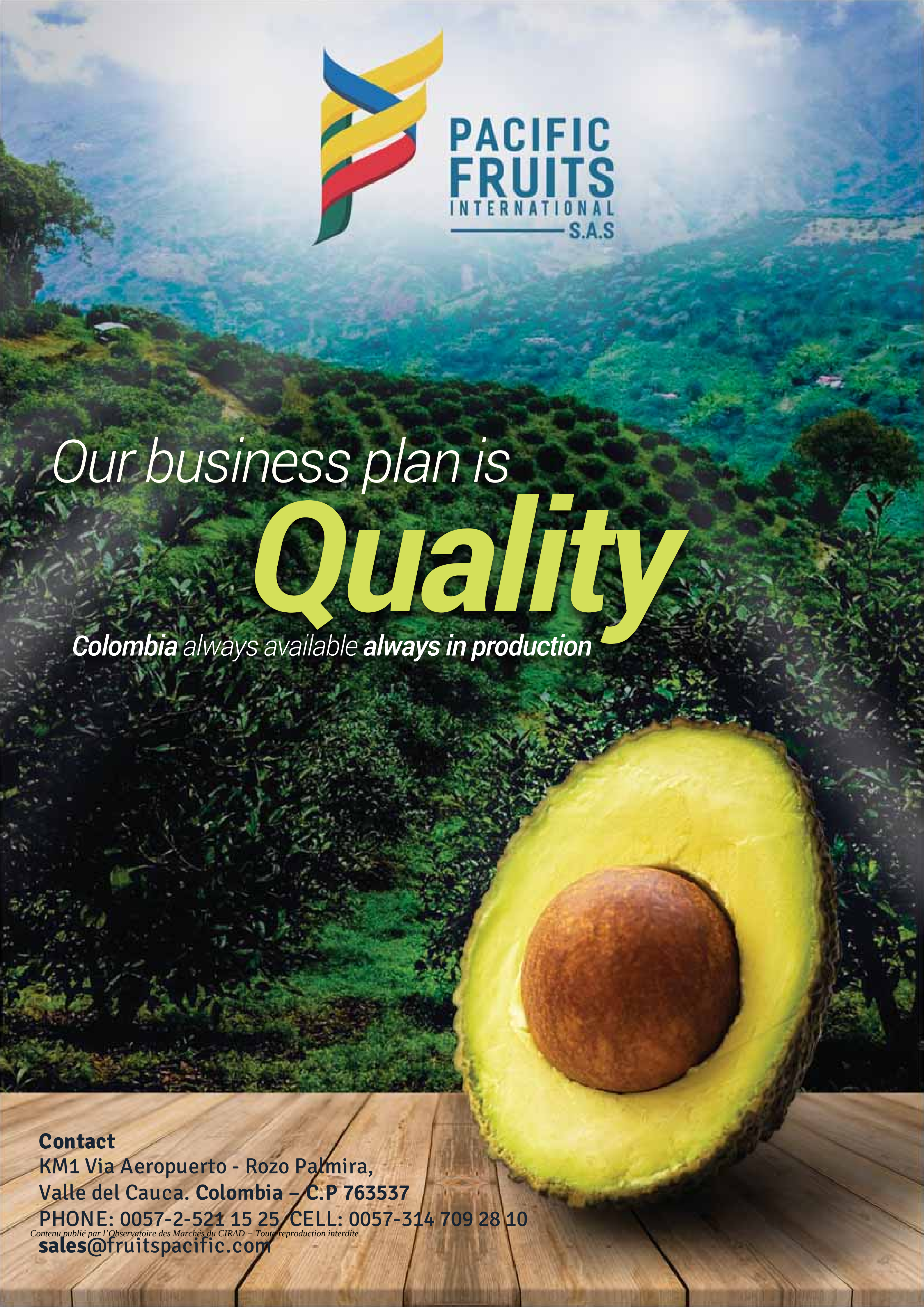
Source: Procomer



EUROPE

PINEAPPLE — IMPORT PRICE		
Weeks 44 to 48	Min	Max
Air-freight (euro/kg)		
Smooth Cayenne	1.70	2.30
Victoria	2.80	3.60
Sea-freight (euro/box)		
Smooth Cayenne	5.00	7.00
Sweet	5.00	8.00

PINEAPPLE - IMPORT PRICE IN FRANCE - MAIN SOURCES						
Weeks 2017		44	45	46	47	48
Air-freight (euro/kg)						
Smooth Cayenne	Benin	1.80-2.00	1.70-1.90	1.80-1.90	1.80-1.90	1.70-1.90
	Cameroon	1.80-1.90	1.80-2.00	1.80-1.90	1.80-2.00	1.70-2.00
	Ghana	2.10-2.30	2.00-2.20	1.90-2.20	2.00-2.30	2.00-2.20
	Côte d'Ivoire	1.80-2.00	1.80-1.90	1.80-1.90	1.80-1.90	1.70-1.90
Victoria	Reunion	3.00-3.50	3.00-3.50	3.00-3.50	3.00-3.50	2.80-3.60
	Mauritius	3.00-3.30	3.00-3.20	3.00-3.20	3.00-3.20	2.80-3.40
Sea-freight (euro/box)						
Smooth Cayenne	Côte d'Ivoire	5.00-7.00	5.00-7.00	5.00-7.00	5.00-7.00	5.00-7.00
Sweet	Côte d'Ivoire	7.50-8.00	7.50-8.00	7.50-8.00	6.50-7.50	7.50-8.00
	Ghana	7.50-8.00	7.50-8.00	7.50-8.00	6.50-7.50	7.50-8.00
	Costa Rica	5.00-7.00	5.00-7.00	5.00-7.00	5.00-7.00	5.00-7.50


PACIFIC
FRUITS
INTERNATIONAL
S.A.S
Our business plan is
Quality
Colombia always available always in production
Contact
KM1 Via Aeropuerto - Rozo Palmira,
Valle del Cauca. Colombia – C.P 763537
PHONE: 0057-2-521 15 25 CELL: 0057-314 709 28 10
sales@fruitspacific.com

Cashew nut

■ Cashew nut: astounding period of price stability in Q4 2017.

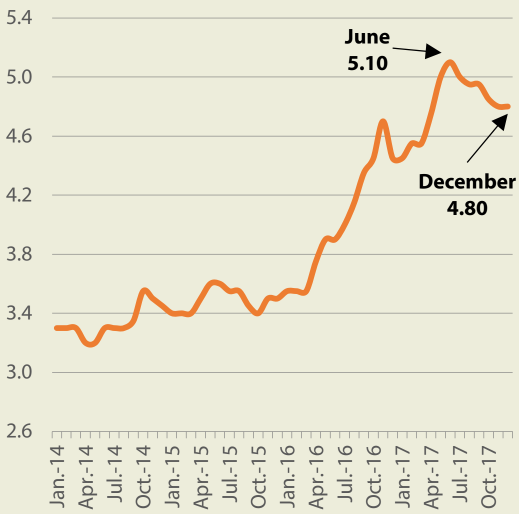
Rates for the WW320 cashew (the benchmark grade) remained relatively stable from the end of October onward, after gradually decreasing from July to mid-October.

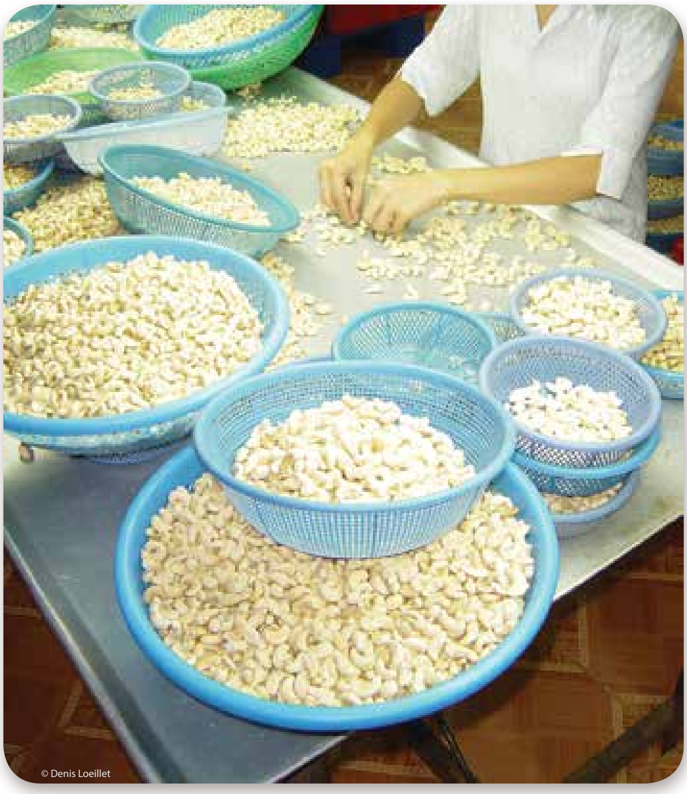
This price stability is a bit surprising since the commercial statistics from Vietnam and India, which together process 85 % of cashew nuts worldwide, confirmed a distinct increase in the world supply, especially because of production growth in West Africa (+ 150 000 tonnes) and East Africa (+ 75 000 tonnes).

At the same time, world consumption seems to be suffering from the historically high prices charged since 2016. While cashew imports have seen a distinct increase in the USA (+ 10 %) and a slight increase in Europe (+ 3 %), demand seems to have decreased considerably in China (- 10 %), the Middle East (- 8 %) and also India, the world's number one consumer country. Until now, the fall in demand from emerging countries and the increase from industrialised countries seemed to cancel each other out, and so consumption for 2017 should be relatively similar to 2016.

With an increasing supply and relatively stable demand, the balance for 2017 should see a distinct increase in world stocks, especially in the two processor countries.

Cashew nut - Average monthly price for grade WW320 cashew kernel FOB India
(USD/lbs / source: Service N'Kalo)





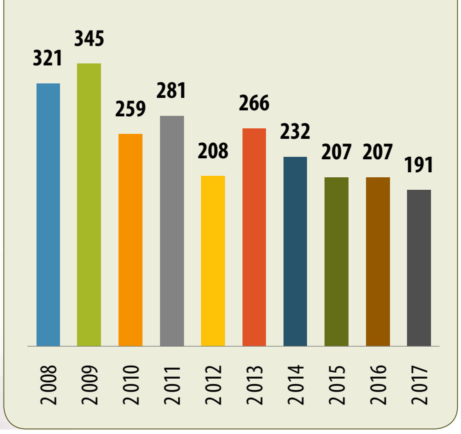
The big stocks carried over to 2018 will also be topped up by excellent raw cashew nut harvests in East Africa (in progress) and the forthcoming West African harvest which is still hard to anticipate in terms of yields, but which is set to be extremely early (high season starting in late January, as opposed to late February in a normal year), and which will be marked by an increase in production surface areas.

The only cloud on the horizon is that the abundant rainfall in Vietnam throughout November and August is hindering the production prospects of the world number three producer and world number one processor. So Vietnamese manufacturers, enjoying surplus capacity in terms of their own production and world supply, could like last year decide to launch into competition with no connection between supply and actual demand.

So for 2018 we anticipate another increase in the world cashew nut supply, which should lead to a gradual slump in prices. However, the irrational purchasing behaviour of Vietnamese processors could mean that prices, still high at the beginning of the year, hold up until the excess supply brings them to their senses.

Source: Service N'Kalô - Rongead

Temperate fruits & vegetables



Pear from Southern Hemisphere - EU - Imports
(in 000 tonnes / *Chile, South Africa, Argentina, New Zealand / source: European Customs, January to September)

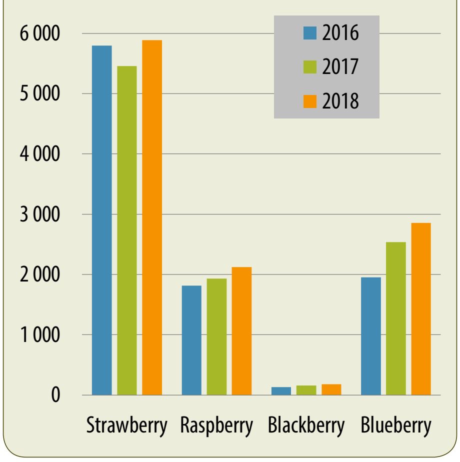
■ **Southern Hemisphere pears: potential in South America.** European pear imports from the Southern Hemisphere seems to have stabilised over the past three years at around 200 000 t, although the provisional figures provide a glimpse of another small downturn (190 900 t) to the EU, and some disparities: the ebb by Argentina (45 500 t, i.e. - 28 % on 2016), and to a lesser degree New Zealand (430 t, i.e. - 17 %), the return of Chile (56 600 t, i.e. + 18 %) and the small South African shortfall (88 300 t, i.e. - 7 %). The latter could also be marked this year because of the persistent drought which might limit sizing and yields for production which for now is expected to be down by 6 %, according to the initial info from the USDA. South American production could be stable, or even up (+ 2 % for Chile and + 13 % for Argentina), with the rather favourable winter weather conditions (rain and cold).

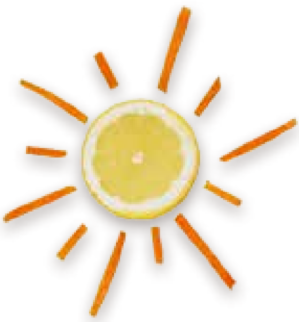
Sources: USDA, Eurostat

■ **Spanish berries: comeback by the strawberry?** Planting of berries enjoyed fairly good conditions in Spain, despite very dry weather which could affect yields, but which helped the campaign start early, in late November. Surface areas are continuing to expand, and should reach 11 145 ha this year (+ 11 % on 2016-17), according to the Freshuelva figures. Yet unlike in previous seasons, the increase is in part due to an upturn for strawberry surface areas (5 890 ha, i.e. + 9 %) after registering a fall last year. Planting is continuing for the raspberry (2 121 ha, i.e. + 10 %) and also, though at a slightly slower rate than previously, for the blueberry (2 858 ha) and blackcurrant (180 ha), with for each a 13 % increase, as opposed to + 30 % and + 23 % respectively in 2016-17.

Source: Freshuelva

Berries - Spain - Planted areas
(in hectares / source: Freshuelva / processed by Infofruit)





■ **Climate: no El Niño before the second half.** 2017 was marked by numerous hard-hitting phenomena, including hurricanes and catastrophic floods, as well as particularly damaging heatwaves and droughts. It should rank among the three hottest years ever recorded. The increase in carbon dioxide concentrations, rising sea levels and ocean acidification, among other climate change indicators, are continuing unabated. The extent of the pack ice remains below normal in the Arctic, while in the Antarctic, it registered a practically record minimum, whereas it was previously stable. As for 2018, experts from the World Meteorological Organisation are predicting a low-intensity La Niña, with surface temperatures in the tropical Eastern Pacific registering a downward trend since the autumn, characteristic of a La Niña anomaly, which according to the climate models involved and with a probability of 70 to 80 %, should persist from Q4 2017 until Q1 2018. The WMO has also stated, in view of these data, that an El Niño phenomenon can for now be practically ruled out before Q2 2018.

Source: WMO

Roots & tubers

Q4 2017

Sweet potato (SP)

From September onward, Egypt very much dominated the supply with the resumption of white-fleshed sweet potato exports. After entering the market at around 1.05 euro/kg on average, the rate dipped before stabilising at 0.90 euro/kg. Egypt also supplied pink-fleshed sweet potatoes, which obtained slightly higher rates, around 1.20 euro/kg. With less regular shipments, South Africa continued its marketing campaign with stable rates of around 1.40 euro/kg. Conversely, Honduras, a big white and orange-fleshed sweet potato supplier during the summer period, ended its shipments in late October for white-fleshed SPs and late November for orange-fleshed SPs, with steady sale prices of between 1.20 and 1.30 euro/kg.

Senegal finished its campaign in late October for orange-fleshed sweet potatoes, with their rates recovering for the last batches due to a smaller supply of this type of product at this time of year.

Rates for Israeli orange-fleshed sweet potatoes were higher, but dipped gradually, going from 1.80 to 1.60 euro/kg at the end of the period. Some Brazilian batches of white-fleshed sweet potato (1.50 euro/kg) and white-skinned and white-fleshed sweet potato (1.70 euro/kg) topped up the supply occasionally in November and December.

Yam

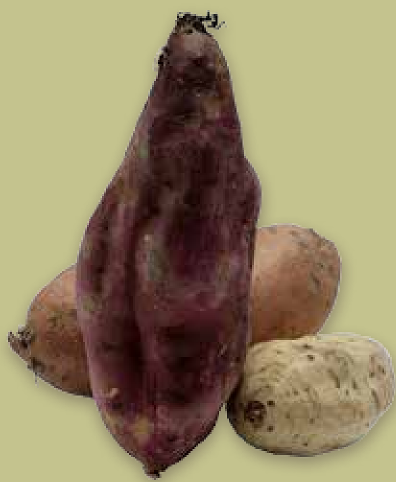
Prices for Ghanaian white or Puna yams were stable in October. They strengthened slightly in November and December. Late October saw French-produced yams enter the market, with rates strengthening from the second half of November until the Christmas holidays, before returning to their initial levels at the end of the year.

Cassava

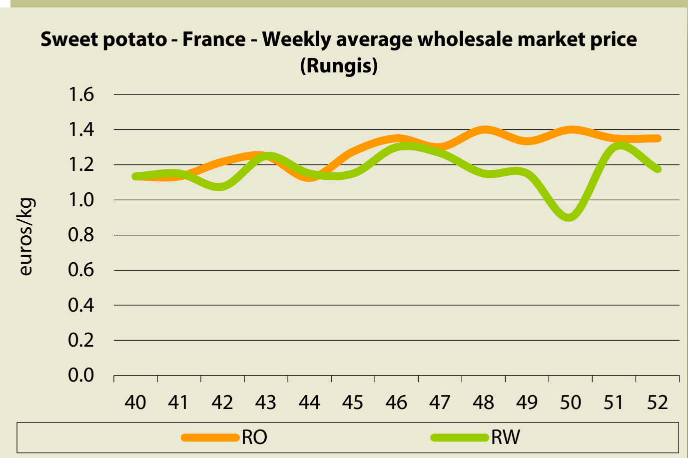
The price for Costa Rican cassava was stable, before dipping in the second half of November due to a larger supply and frozen demand.

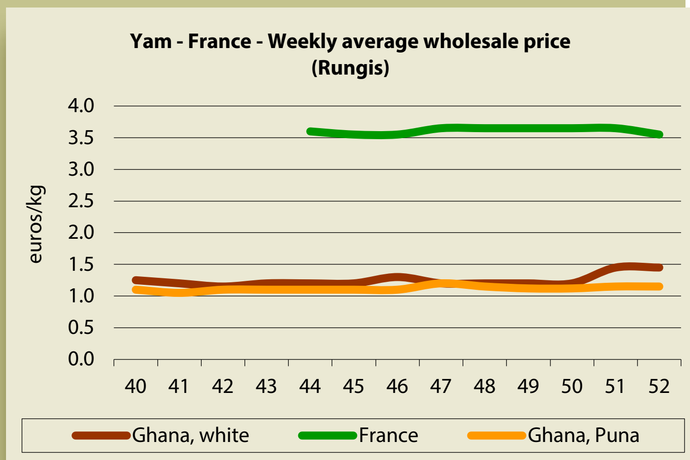
Eddoe

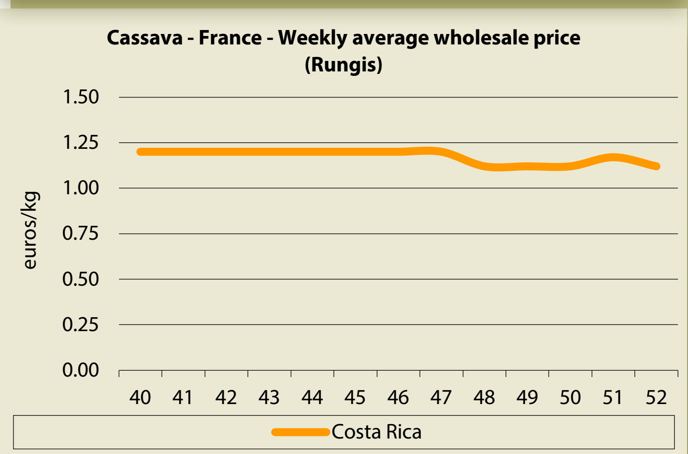
Rates for Costa Rican eddoes were eminently stable until mid-November, when they strengthened slightly for the festive period. At the end of the year, they returned to their early October level. Considerable price variations of 2.00 to 2.50 euros/kg could still be observed, depending on the product size.

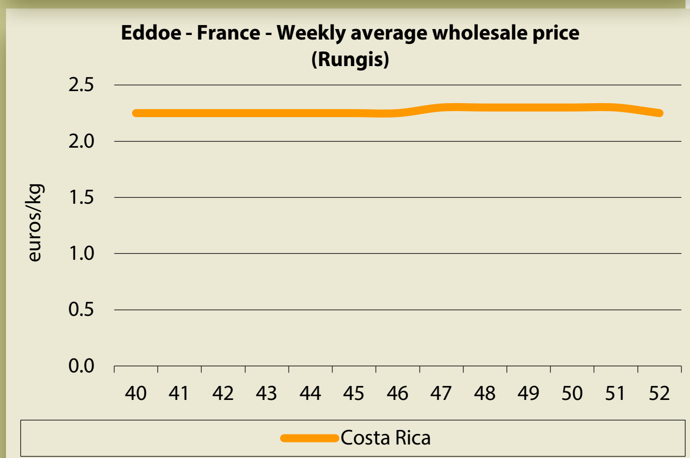


Sweet potatoes









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

Other exotics

Q4 2017

Plantain banana

October saw low prices for Colombian and Ecuadorian plantains, due to weak demand. The fall in the supply from November restored more favourable market conditions until the end of the period. In late November, the fall in the supply and pick-up in demand for the end-of-year festivities led to a price peak. After a slight downturn in early December, prices strengthened again until the end of the year.

Chayote and christophine

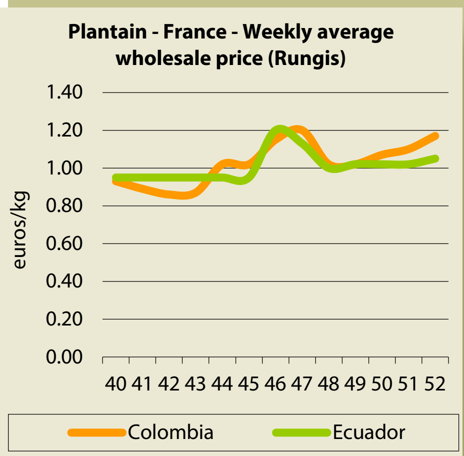
Prices were stable and steady for French produce throughout Q4. The christophine campaign came to a rapid end in December with lower quality produce, though the small quantities shipped helped prices hold up. Costa Rican produce sold in parallel then saw their rates strengthen.

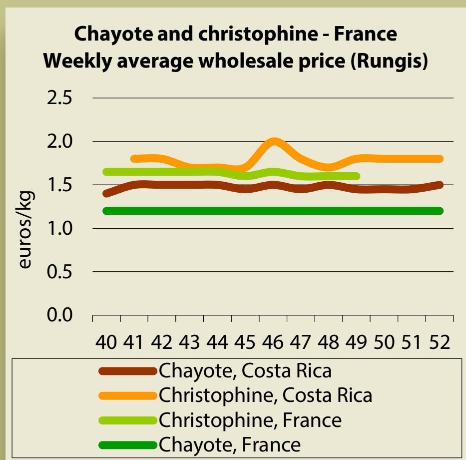
Dasheen

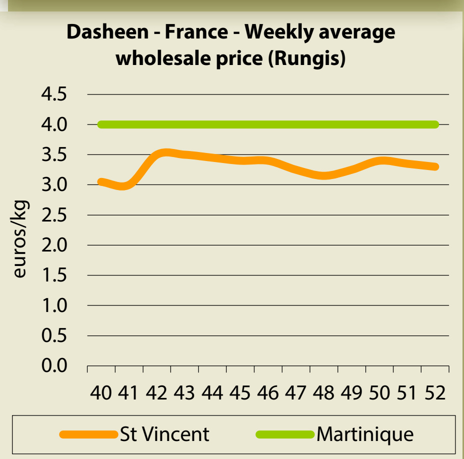
The price of Saint Vincent dasheens varied between 3.00 and 3.60 euros/kg, with peaks of up to 3.80 euros/kg due to fluctuating volumes and fairly stable demand. The highest prices were obtained in October when shipments were at their lowest. Small air-freight quantities were received regularly, selling on a footing of 4.00 euros/kg.

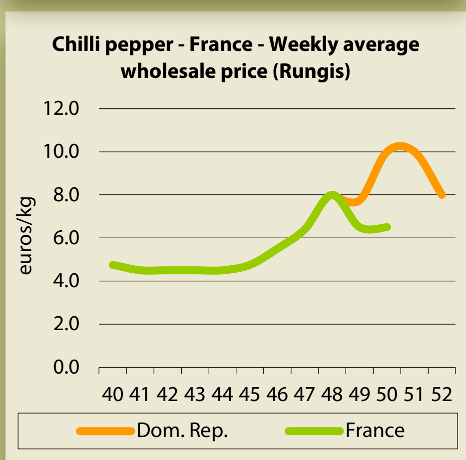
Chilli pepper

The market was mostly supplied by French produce in Q4. Prices remained stable in October during the production peak. With steady though smaller shipments from November, prices rocketed to 8.00 euros/kg on average. They dipped in December at the end of the campaign as the quality of the produce became less reliable. The Dominican Republic then took over, shipping restrained volumes which obtained high prices, enjoying good demand for the end-of-year festivities. Some batches from various EU countries were temporarily available, at prices aligned on those of French produce. At the end of the year, Israeli chilli peppers sold at around 7.00 euros/kg. Though exhibiting good visual quality, they received a mixed reception because of their less pronounced spiciness.









Sea freight

November 2017

The continuing lack of demand from banana charterers meant there was no spot market for large tonnage. There was little incentive to speculate: the Ecuadorian exit price for spot-traded bananas remained high throughout the month while pricing in the eastern Med markets remained volatile.

There was, however, one significant piece of period business: banana charterer Geest not only renewed its period deal with Seatrade, but it also added a fifth vessel to the current string in order to be able to extend its service to and from Europe and the Caribbean, which will from next year incorporate port calls into Colombia. The arrangement is the result of imaginative thinking on all sides: Geest is, to a large extent, exposed to the Dominican Republic, which this year dodged two hurricanes that could have, indeed should have, caused major damage to the country's banana industry. Adding a Colombia call allows what looks like more of a partnership arrangement with Seatrade than a straight charter, to mitigate the impact of any potential banana crop losses.

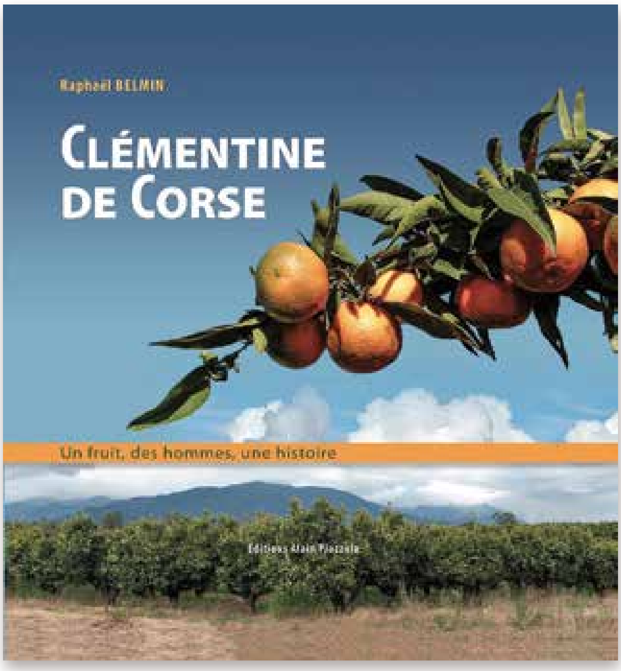
Seatrade meanwhile gets to deploy/utilise an additional vessel – and all the five vessels on the service will be larger than the current 535'cbft Streams, which have on deck capacity for 126 FEUs. The new deal will give Seatrade greater flexibility/less pressure on the load factors over the rest of its entire fleet.

The supply of small tonnage remained tight throughout the month and rates on spot fish and potato cargoes were good to firm. While demand for the small vessels was never spectacular, the trend of seeing more orders uncovered than there were vessels available was a feature of the month, especially as the contract potato charters started to load. Market prospects continued to look good for tonnage suppliers until the end of the year: the market will stay strong if the Algerian port of Mostaganem struggles to discharge all the vessels heading its way from the Netherlands, France and Denmark. Any congestion would delay the discharge of potatoes, which would suck in tonnage from elsewhere to fulfill loading commitments, thereby causing rates to spike.

■ **Release of the book "Corsican clementine: fruit, people and history" by Raphaël Belmin.**

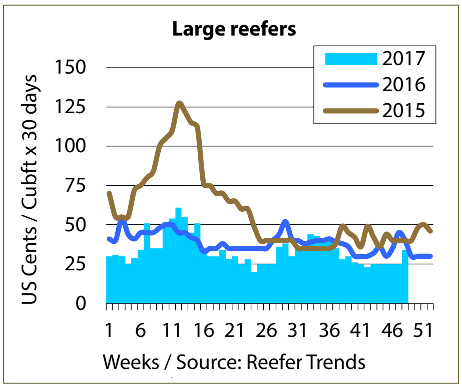
Across a wide range of professions – citrus growers, labourers, traders, crop scientists, researchers – they were all united by the same land, Corsica's eastern plain, a narrow strip lying between sea and mountains, and all shared a common destiny. Comprehensively reviewing the history of the Corsican clementine, this book invites the reader to ponder in general terms the conditions for maintaining sound and diversified agriculture in an increasingly globalised and uncertain world.

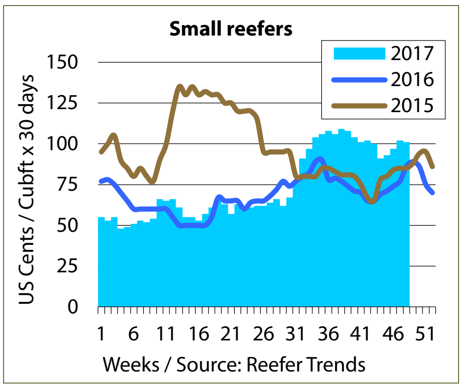
Editions Alain Piazzola
Tel. 33 6 09 53 38 48

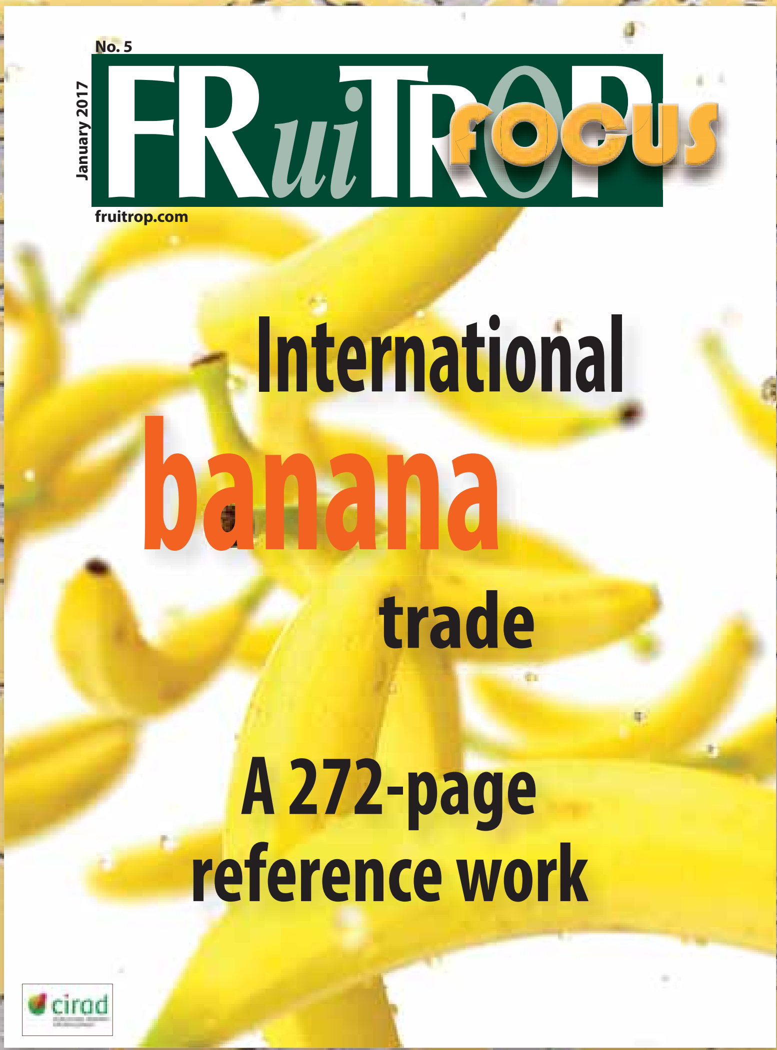


EUROPE — MONTHLY SPOT AVERAGE

USD cents/cubic foot x 30 days	Large reefers	Small reefers
November 2017	27	99
November 2016	33	77
November 2015	44	83







The banana trade, and much more, in a single work

- The workings and main trends of the world banana trade
- 17 detailed files on the main producer and exporter countries
- 10 files on the world's main import markets
- The basics of the crop science and post-harvesting
- plus all the essential statistics, the history of the world trade, etc.

Price: €100 before VAT

Available in 3 versions: French, English and Spanish

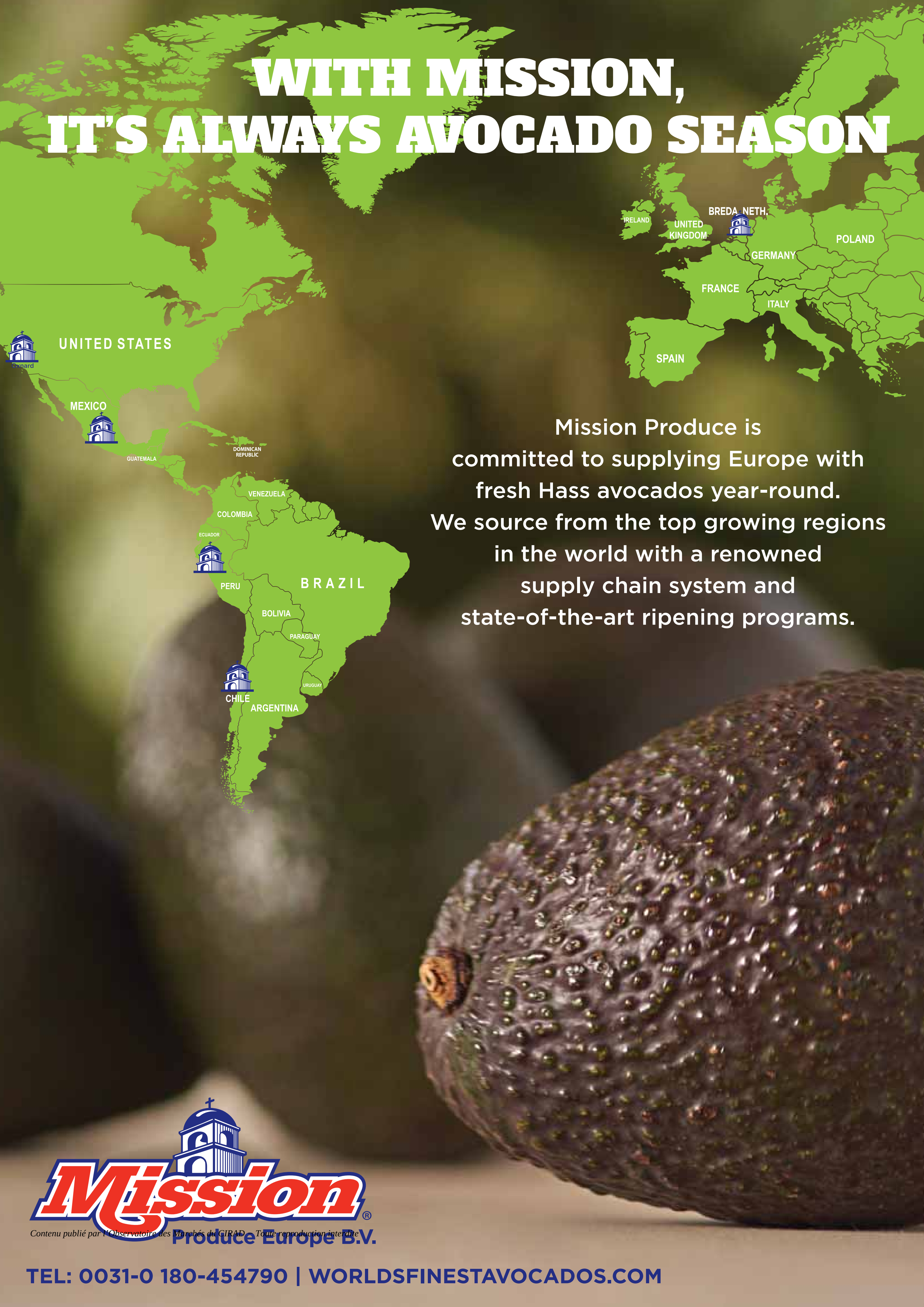
Order on-line at

www.fruitrop.com/en/FruiTrop-and-other-publications

European avocado market

WAO: an exemplary approach taking root

WAO! The acronym for the World Avocado Organization does indeed resemble an interjection expressing admiration. If this is a coincidence, then chance is right on the money, because we cannot help but take our hats off to this organisation. Firstly, for its uniqueness: the WAO is the only entity responsible for the generic promotion of an agricultural product to pull off the feat of being 100 % funded by professionals while working on such a large scale (EU-28, with the ambition of future expansion).



WITH MISSION, IT'S ALWAYS AVOCADO SEASON
IRELAND
UNITED KINGDOM
BREDA, NETH.
POLAND
GERMANY
FRANCE
ITALY
SPAIN
UNITED STATES
Oxnard
MEXICO
GUATEMALA
DOMINICAN REPUBLIC
VENEZUELA
COLOMBIA
ECUADOR
PERU
BRAZIL
BOLIVIA
PARAGUAY
URUGUAY
CHILE
ARGENTINA
Mission Produce is committed to supplying Europe with fresh Hass avocados year-round. We source from the top growing regions in the world with a renowned supply chain system and state-of-the-art ripening programs.
Mission®
Produce Europe B.V.
TEL: 0031-0 180-454790 | WORLDSFINESTAVOCADOS.COM

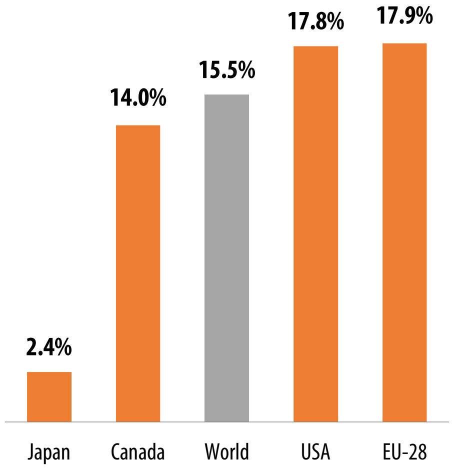
By way of comparison, the other large-scale campaigns conducted in Europe for dairy products, sugar or the apple – one of the few examples in the world of fruits – have been funded at least in part by Community finances. Heavyweight industries such as the banana, ten times bigger in terms of volume, do not have a similar tool, even in embryonic form.

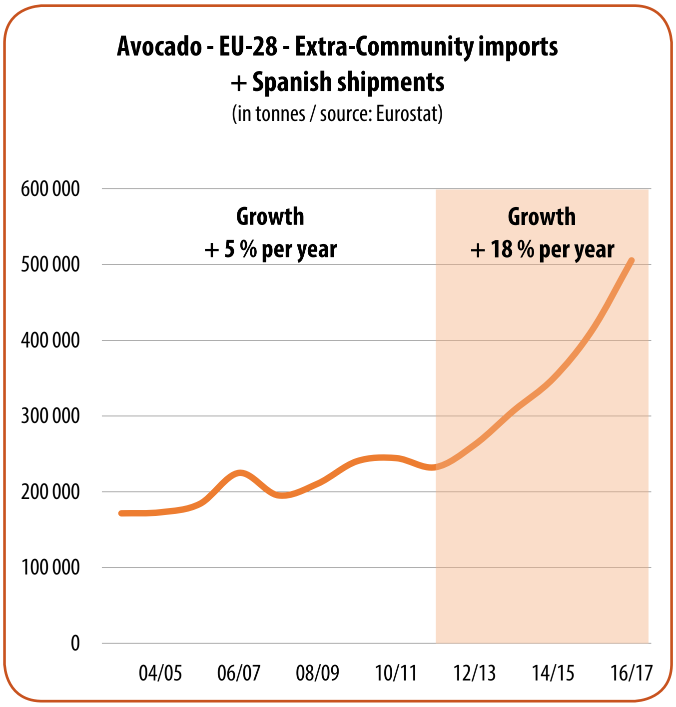
The WAO should also be congratulated for the responsibility and farsightedness of its approach: using the resources provided by the current period of grace to build up future demand, by anticipating the sometimes major production growth expected in countries such as Peru or Colombia. True, the success of the HAB in the USA was a very inspiring example, guaranteeing certain success. However, implementing a similar concept in a setting as complex as the European patchwork was a real challenge.

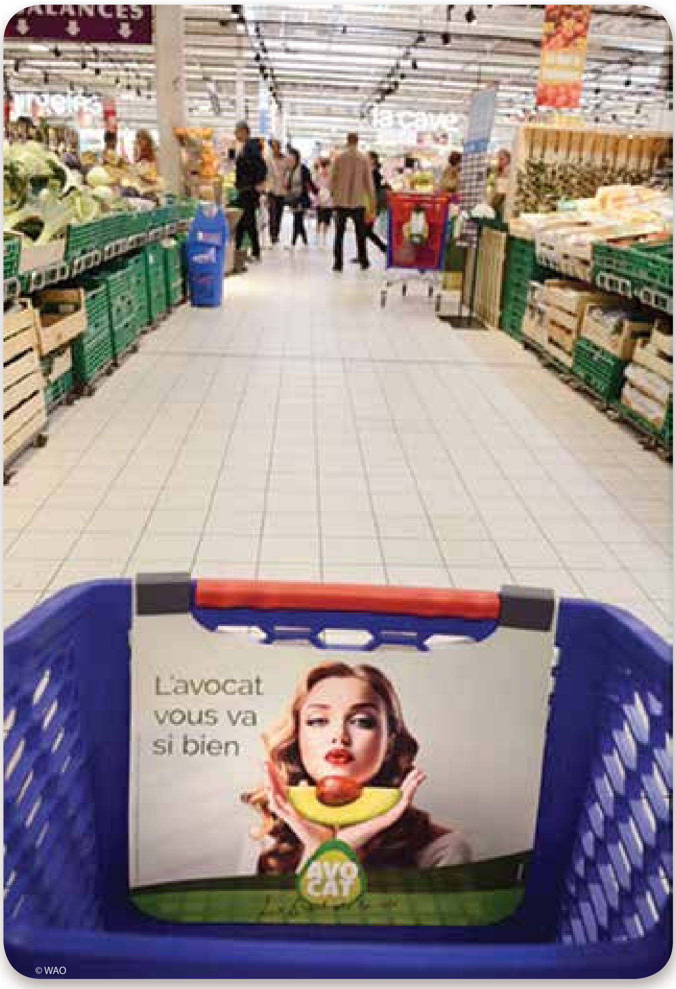
A more substantial budget in 2018, for a wider scope

In 2018 for its second year of activity, the WAO will extend its scope of work, with a budget to match. The organisation, formed in February 2017 from the Peruvian association of avocado producers and exporters (ProHass) and its South African counterpart (SAAGA) and private exporters from Chile, California and Mexico, now has a membership 120 strong. The 1.2 to 2 eurocents deducted from each box sold by each of them will provide approximately 2.4 million euros. This will enable Holland, Switzerland, Poland, Italy and Northern Spain to be added to the core zone set up in 2017 around the biggest markets on the Old Continent: France, the United Kingdom, Germany and Scandinavia.

Avocado - Comparison of main markets' annual growth between 2012-13 and 2015-16
(source: CIRAD)







Communication based on a multi-purpose "super fruit"

Just as in 2017, the actions will primarily be aimed at reinforcing the avocado's super fruit image, as is indicated by the name of the campaign, "Avocado Fruit of life". The pitch will be based on the nutritional benefits of this fruit rich in unsaturated fatty acids, potassium, proteins and vitamins E and B6, all these components having proven positive effects on blood cholesterol levels, the skin and immune system. This is a top-end strategic avenue, very much consistent with the structural trend of "super prices" at all levels of the industry, due to growing market tension! The diversification of usages will remain the other main avenue of work, by suggesting recipes which can make use of this multi-purpose fruit in any meal of the day, in particular in countries with flexible dietary habits.

The promotion/education work in these two avenues should help continue to increase both the penetration rate and purchase frequency. The target public will remain predominantly the "millenials", future opinion shapers for the upcoming generation, and more receptive to new food uses and non-traditional products than their parents.

Why change a winning formula?

Trade marketing will remain the number one promotion instrument. Just like last year, a panel comprising the main distributors of the countries concerned was put together. A tailored programme was defined with each of the chains. In particular, it comprises in-store actions (more than 2 000 in 2017), point of sale communication or communication via chain-specific media (website, brochure, magazine, radio, etc.). This is a win/win design for the WAO, which can harness the communication clout of these leading distributors.

The catering sector will also be a lynchpin, set to take on increasing importance. The idea is to use the role of these demonstration platforms to promote new modes of consumption of the product. There is no need to specify that it would not be Tex Mex chains acting as relays, but rather those able to promote less expected uses of the product. Six actions in partnership with catering chains were


ipm

conducted during autumn/winter 2017-18, with others scheduled for the spring/summer. By way of example, among past or ongoing actions, we might mention pizzas or pasta-based dishes including avocado served in the British chain Zizzi or German chains Vapiano and Kochhaus. In France, Avocado Week helped promote substitution of butter by avocado, transforming the iconic ham & butter sandwich with the support of the French brasserie association.

Finally, in terms of public relations, the organisation will remain very active in conventional communication: press, billposter campaign using as in 2017 media such as London's buses and taxis or a tram in Amsterdam. It will also have a high profile on the social networks, well-suited to a young public which is the core target: 60 million impressions on Facebook, 40 000 fans in the United Kingdom and more comments than on Ronaldo's page, a fine success after just six months in operation.

June 2018: Avocado Month

June 2018 will see a scheduled defining moment, with the launch of "Avocado Month". Throughout the period, communication actions will be in full swing (supermarket promotions, competitions on social networks, etc.). Pop-up restaurants will be set up in Berlin, Paris and London, where guest chefs will cook avocado-based dishes, such as in particular Patrick Drake from the famous "Avocado show", an Amsterdam-based restaurant fully dedicated to the avocado, or the well-known culinary blogger Colette Dike.

New members and new projects

Furthermore, 2018 should see the WAO receive further reinforcements. The organisation should bring in new members from Colombia and Mozambique. And there will be no lack of projects for the medium term: it has new markets in its sights. The association is contemplating supporting, starting perhaps in 2019, the development of the main consumption areas in Asia, which have also seen strong growth in recent years. Promotion actions could be conducted in the big Chinese conurbations (Shanghai, Beijing, Guangzhou, Shenzhen), in Hong Kong and Japan. Furthermore, the idea of setting up a European avocado interprofessional association has also been mooted ■

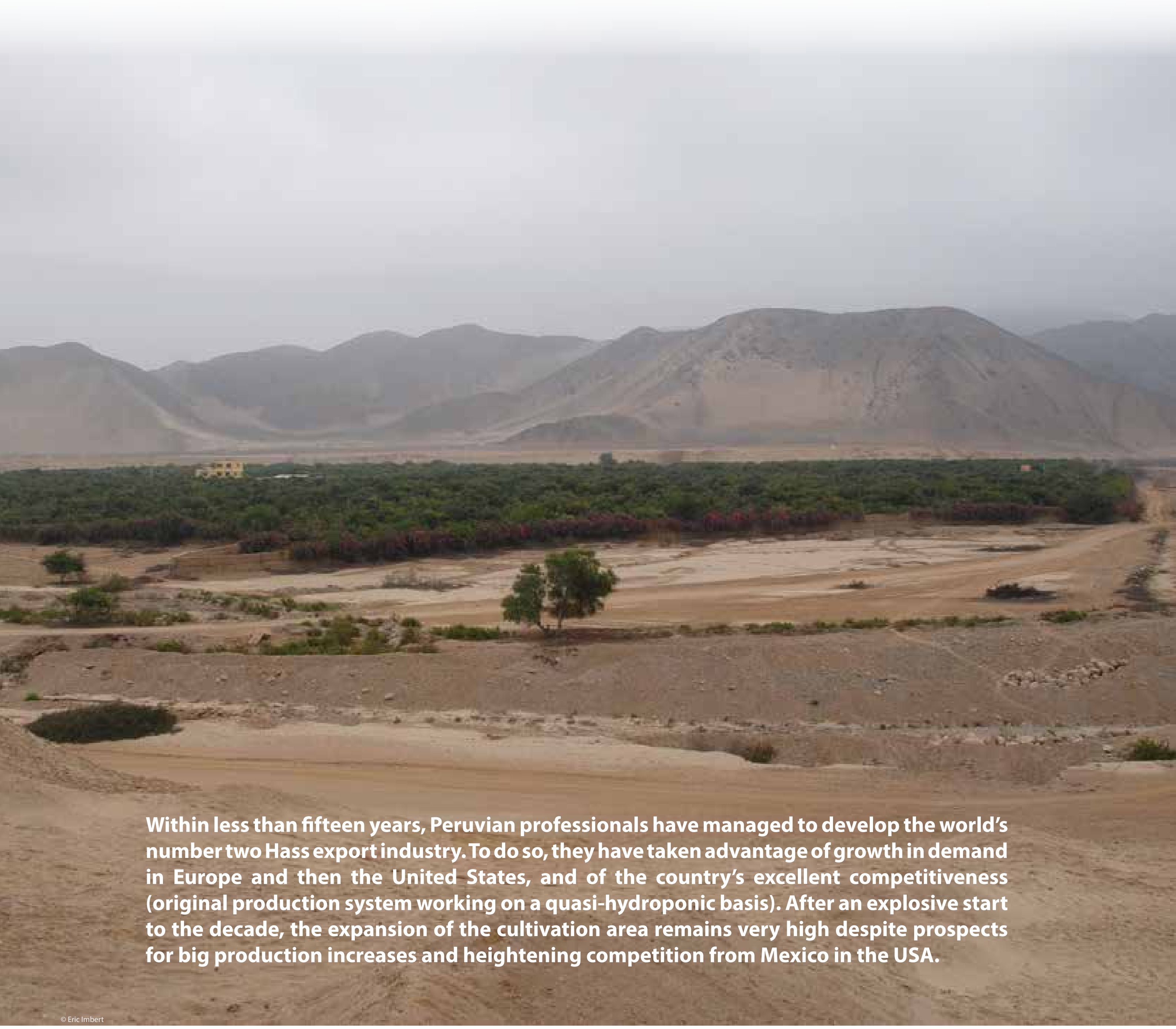
Photos © WAO

Eric Imbert, CIRAD
eric.imbert@cirad.fr

Producer country file

Peruvian avocado

by Eric Imbert



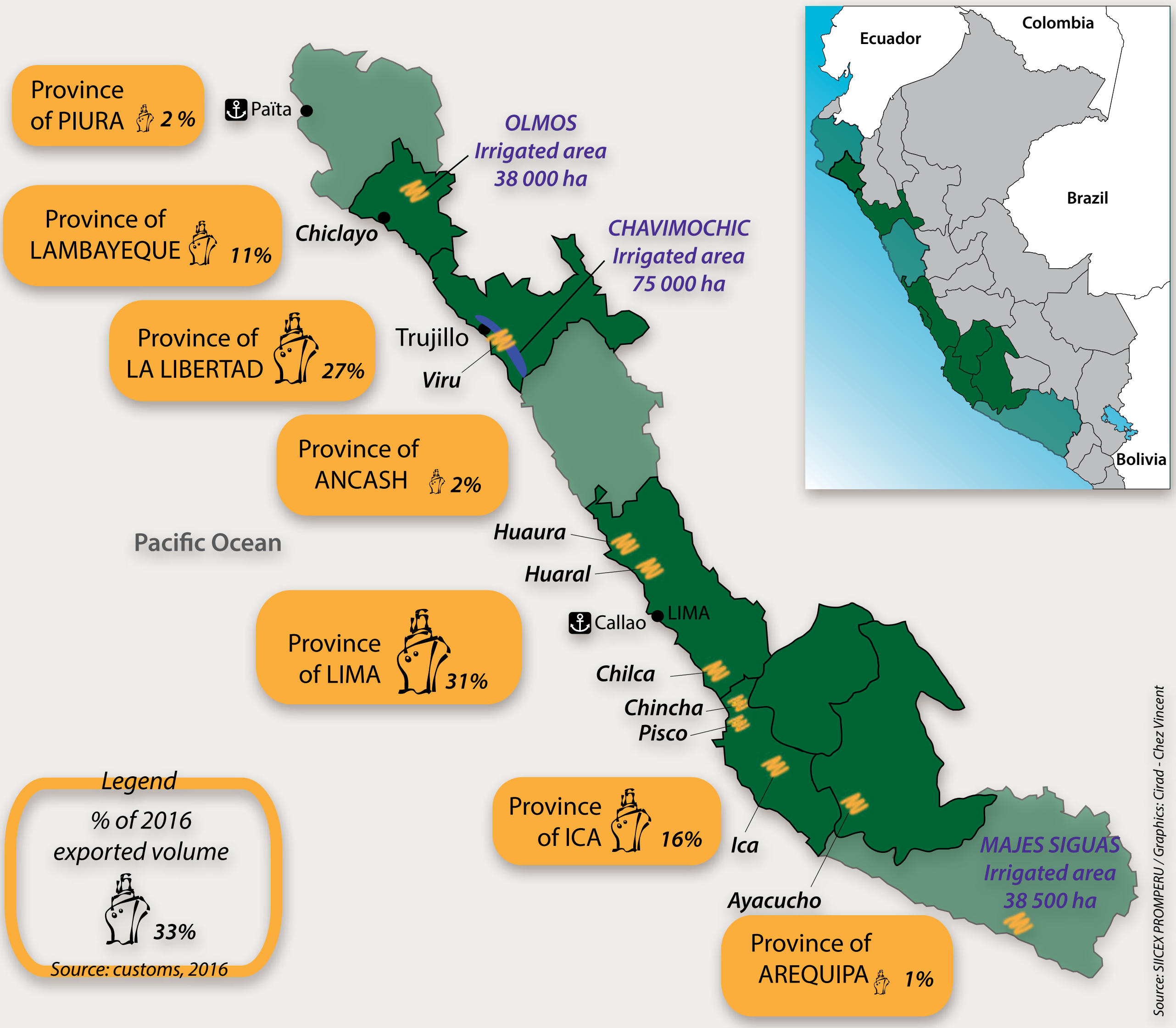
© Eric Imbert

Within less than fifteen years, Peruvian professionals have managed to develop the world's number two Hass export industry. To do so, they have taken advantage of growth in demand in Europe and then the United States, and of the country's excellent competitiveness (original production system working on a quasi-hydroponic basis). After an explosive start to the decade, the expansion of the cultivation area remains very high despite prospects for big production increases and heightening competition from Mexico in the USA.

Avocado – Peru

Location

The bulk of Hass production is packed into the 2 000 km-long arid coastal strip running from Chiclayo in the north to Arequipa in the south. This provides optimal cultivation conditions, despite a desert climate atypical for an equatorial region, due to the presence of the Andes Mountains to the east and the Humboldt cold marine current to the west. The soils are sandy, temperatures optimal for photosynthetic function and the phytosanitary pressure is low. In addition, the irrigation infrastructures or river valleys are able to take advantage of the abundant high-quality water reserves from the Andes, and make up for the near-total absence of precipitation. The central part of this zone houses the core cultivation area: the departments of Lambayeque (Olmos irrigated area), La Libertad (Chavimochic irrigated area), Lima (Barranca, Huaura, Cañete, Huaral, Huarochirí valleys) and Ica. Plantations are generally large-scale and industrial. The rest of the cultivation area, accounting for 5 to 10 % of production, is packed into the foothills or valleys of the Andes, where the cooler temperatures provide a different production calendar. The plantations, which are smaller and on more clayey soil, are staggered between 800 and 2 700 m, in temperate (Cusco, Junin, Pasco, etc.) or warmer climate levels (Moquegua, Arequipa, Apurimac, etc.).

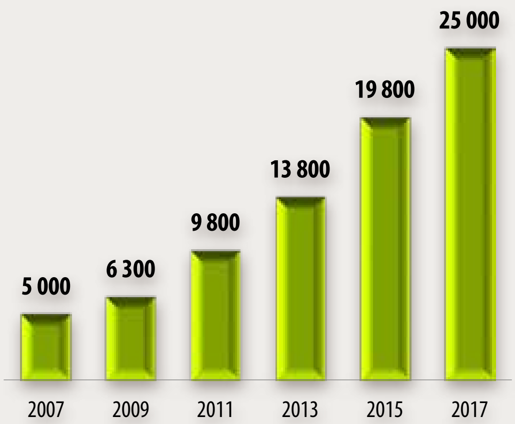


Avocado – Peru

Production

The avocado, introduced back in the 15th Century, is an important traditional crop. Production, of around 100 000 t, was sold only on the local market until the mid-1990s. At that time it was based only on native varieties of mediocre quality, and to a lesser degree on Fuerte. Since then, the political stabilisation of the country and measures promoting foreign investment have created conditions favourable for agri-business to take off. Investors have developed industrial plantations for export Hass, inspired by the success of the Chilean model and taking advantage of the country's exceptional competitiveness: cheap labour, pedoclimatic conditions and a good level of technical expertise have helped achieve exceptional yields, in terms of both production (from 15 to 30 t/ha) and packaging. The surface areas dedicated to this variety, less than 100 ha in 1994, saw exceptional growth of more than 1 000 ha/year in the latter half of the 2000s, which intensified further after the opening of the US market in 2011. The Peruvian cultivation area, comprising approximately 25 000 ha in 2017, for a harvest in excess of 250 000 t in 2017. Despite strong prospects for volume growth, the planting rate remains high, with the bulk of the investment made in early or late zones. Approximately 70 % of producers are signed up to the ProHass association, which provides both technical support and marketing assistance.

Avocado - Peru - Hass planted areas
(in hectares / Professional sources)



Hass avocado — Peru
Estimated production calendar

Regions	J	F	M	A	M	J	J	A	S
Sierra									
Olmos									
Central zone*									
Ica/Arequipa									
Global									

* from Chincha (north of Ica department) to Trujillo (Libertad department), as well as Lima and Ancash departments

Production calendar and varieties

Hass is increasingly monopolising the export sector: more than 95 % of volumes aimed at the international market, as opposed to approximately 80 to 85 % ten years previously. The other export varieties are Fuerte, which is still widely planted mainly to feed the local market, Ettinger, Zutano and Bacon. Hass-like varieties (early ones such as Carmen and Maluma, or late ones such as Gem and Lamb) are still very seldom planted, though they are progressing. Traditional cultivars suited to the particularly extreme conditions of certain parts of the country are cultivated to feed the local market. Topa Topa, derived from the Mexican race, remains abundant in high-altitude zones due to its cold tolerance. The black-skinned fruit is rich in oil and of mediocre quality. Hybrids of the Guatemalan x West Indian races (Choquette, Collinred, etc.) are cultivated in tropical climate zones in the east of the country.

Weekly avocado market report

Comprehensive and relevant European market monitoring

- Detailed import prices for each source, variety and size
- Weekly market trends
- Forecasts
- Supply levels

Annual subscription price: €1 000 pre-VAT

(approx. 48 editions per year)

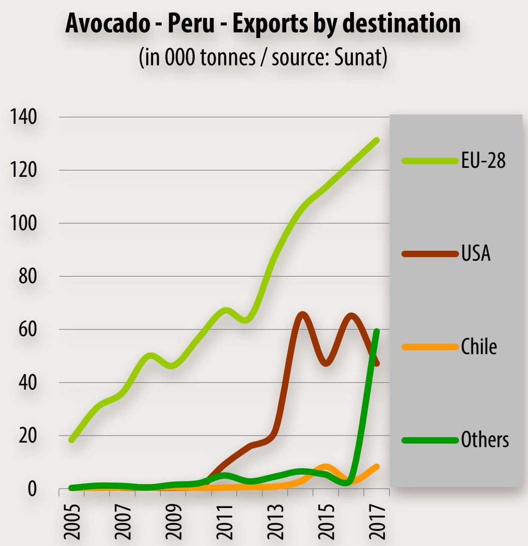
E-mailed out on Fridays

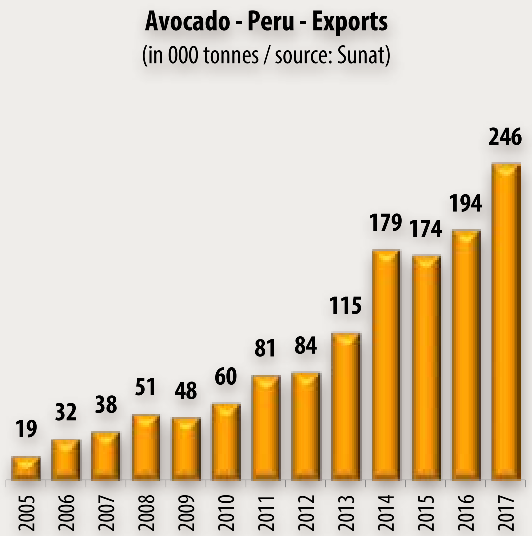
Contact: info@fruitrop.com

or www.fruitrop.com/en/ciradshop/subscribe

FRuiTROP weekly

Avocado – Peru





Outlets

Outlets vary considerably by variety. Hass has practically zero local consumption (Prohass has been conducting awareness raising actions since 2012). Its main outlet is export, while sorting waste is also processed into pulp (approximately 15 000 t exported in 2016 and 2017), or cut and frozen (approximately 8 000 t exported in 2015). The national market, which has a population approximately 31 million strong, reportedly consumes in the region of 100 000 to 120 000 t (mainly Fuerte and creole varieties).

Exports

The Peruvian Hass industry has hoisted itself up to become the world number two exporter in just fifteen years in existence, with volumes sold on the international market exceeding 240 000 t in 2017. It took off based on the development of European demand, which was practically the sole outlet for the Peruvian avocado until 2011. From this date, the lifting of the sanitary restrictions preventing access to the USA gave the industry fresh impetus, with this market taking in approximately 15 to 30 % of volumes in recent years. Nonetheless, the very rapid growth in production and the increasing competition from Mexico in the United States are driving Peruvian professionals to seek diversification markets especially in neighbouring South American countries and Asia. The access conditions to the Chilean market were eased in late 2013, while the Chinese and Japanese borders were opened up at the end of summer 2015, and those of Argentina, Colombia and India in 2016. Negotiations are ongoing in particular with South Korea and Australia. The export sector remains dense despite more than a hundred or so players, with the leading five responsible for nearly half the tonnages (including Camposol, the world number one Hass exporter).

Avocado – Peru

Avocado — Peru — Exports

in tonnes	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
EU, incl.	**18 380**	**30 521**	**36 129**	**49 832**	**46 312**	**56 750**	**67 050**	**64 270**	**87 609**	**104 650**	**113 514**
Netherlands	5 601	8 011	14 430	23 106	24 160	26 570	38 124	35 209	50 461	58 280	64 445
Spain	6 111	12 291	12 362	17 669	13 612	20 224	20 708	21 313	28 844	34 800	31 363
United Kingdom	3 378	4 757	5 899	4 953	4 097	4 412	6 030	5 428	6 238	10 399	17 123
France	2 934	4 962	3 058	3 957	4 170	5 025	1 828	1 902	2 229	303	177
N. America	**224**	**891**	**807**	**1 013**	**1 426**	**1 700**	**11 481**	**17 675**	**24 209**	**69 289**	**48 568**
United States			54	563	84	434	8 998	15 874	21 600	65 146	47 125
Canada	224	891	753	450	1 342	1 266	2 483	1 801	2 608	4 164	1 443
Mexico	-	-	-	-	-	-	-	-	-	22	-
Chile	-	**102**	**400**	**453**	**479**	**281**	**400**	**678**	**785**	**2 717**	**8 294**
Others	66	224	270	0	129	790	2 500	953	1 941	2 388	3 901
Total	**18 670**	**31 738**	**37 606**	**51 298**	**48 346**	**59 521**	**81 431**	**83 576**	**114 544**	**179 044**	**174 277**

Source: Sunat

Avocado — Peru — Top 6 exporters

Turnover in 000 USD	2017	Market share
Camposol	81 873	15 %
Avocado Packing Company	74 636	13 %
Drokasa	52 858	9 %
Agricola Cerro Prieto SAC	30 046	5 %
CPF	29 745	5 %
Camet Trading	21 551	4 %

Source: Agrodataperu

Logistics

The fruits are shipped in sea-freight containers (some on a "door to door" basis). The transport time entails systematic use of controlled atmosphere transport. The port of Callao handles most of the volumes (approximately three quarters).

Avocado — Peru — Sea-freight logistics

Departure port	Arrival port	Transit time
Callao or Paita	Rotterdam	18-23 days
	Algeciras	17 days
	USA - East Coast	8-13 days
	USA - West Coast	13-18 days
	China	25 days
	Chile (Santiago)	4 days

Counter-season melon

Playing the game the right way!

The transformation of the fruits section over recent years has been confirmed, with a steady combined increase in melon and watermelon imports. And while Latin America dominates this market with Brazil at the head, the Mediterranean and African countries, thanks to stronger distribution, are also exhibiting good potential.


PRIZEWINNING
FLAVOUR!
Melon Idyl
BACK ON TOP
in 2018
for the 10th time!
RECONNU
SAVEUR DE L'ANNÉE
Goûté par un jury de consommateurs sur la récolte 2017
2018
X 10
BERLIN
From the 7th to the 9th of February 2018
Hall 21
Stand E01
FRUIT LOGISTICA

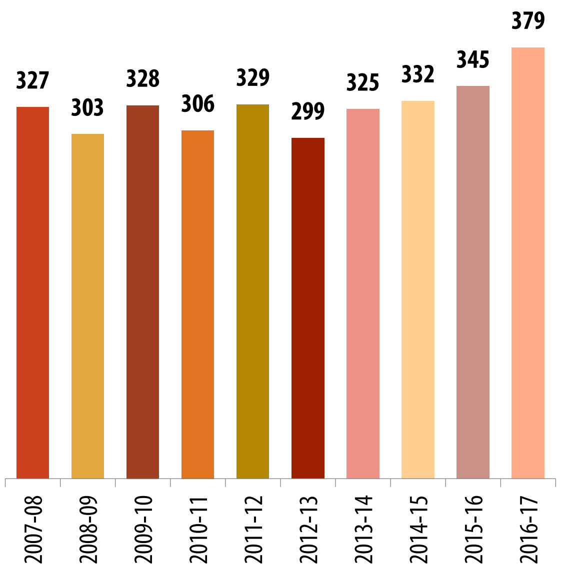
After first starting two years ago, the recovery in melon consumption was confirmed during the 2016-17 campaign, with development of the range, between varietal range (Charentais, Cantaloup, Galia, Piel de Sapo, Canari or Honeydew) and expansion to the watermelon. With a 4 % increase in 2015-16, Community imports rose by 10 % last season to reach nearly 380 000 t. Progress has also continued for the counter-season watermelon, with sales doubling in the space of five years (209 700 t, i.e. + 13 % on 2015-16), driven by a new surge from the main origins, especially Morocco and Brazil, with the other suppliers seeming to be following in their wake (Senegal, Costa Rica, etc.).

Brazil holding its ground

Brazil is still calling the shots in the counter-season, although the industry is currently facing several difficulties, the first of which is the water resource, highly restricted in recent years by a recurrent drought since 2011 which has reduced yields. In addition, production is being affected by the increasing mineral content of hydrological reserves. However, operators were confident this year with the La Niña phenomenon set to bring back the rains. Yet, in spite of this precipitation, reserves could not be refilled and the salination of the well water forced producers to limit their surface areas, including the biggest companies in the sector, which had been continuing their development hitherto.

Furthermore, although exports maintained a good level, with quality standards for exports holding up, the concentration of end-of-year volumes still led to large stocks forming from November, resulting in very low prices which struggled to pick up before January in 2016-17. The staggering of the planting calendar however enabled the market to gradually settle, with the campaign extending until early March. Conversely, the extension of the Brazilian campaign limited the penetration of the other origins, whether Honduras or Costa Rica, whose campaigns began between mid-December and early January, and finished in April. So the import window for Europe for these origins is narrowing, not to mention the increasingly early development of Spain and Morocco, which bring out greenhouse produce from March-April. So overall exports fell for Costa Rica (111 000 t in 2016-17, i.e. - 10 % on 2015-16), with a decrease in shipments to the European market but also to the US market. Honduras has held up better thanks to the strong desire of the operators to develop exports, including to other markets such as Asia where the origin this year obtained the right to market melons starting in December (Taiwan).

Melon - EU-28 - Extra-Community imports from October to May
(in 000 tonnes / source: Eurostat)



Senegal picking up points

The end-of-year difficulties are also due to a fall in consumption in the festive window, with progress made by numerous exotics, which is whittling down the number of origins, and even leading to the disappearance of some such as Israel. For example, quantities from Morocco are down very considerably, with only a few hectares planted as part of crop rotation, and very small volumes are being received from the French West Indies (primarily Saint Domingue), due to overly frequent weather disruption at this time of year.

Nonetheless, other origins such as Senegal are joining in the party. Since while there were few operators present in the window five years ago, their trials, giving rise to increasing volumes, proved more alluring to vendors, who this year experimented for the festivities. The biggest progress was seen in France, where volumes doubled at the end of the year, going from 400 t between November and December in 2011 to more than 800 t in 2016. They are also seeing a spring surge, in March/April, increasing five-fold in five years (2 500 t in 2017 as opposed to 500 t in 2012). The growth is a little less visible at European level, though still tangible since melon imports from Senegal went from 12 000 t in 2012-13 to 14 400 t in 2016-17. This boom is also a result of the policy conducted by the Senegalese government, determined to make horticulture one of the pillars of its development as part of the national agriculture productivity booster programme (Pracas), which in turn comes under the national emergence plan (PSE).

One of the objectives of Pracas is to achieve self-sufficiency for certain products (e.g. onions, with an annual objective of 350 000 t), and take counter-season fruits and vegetables exports to 157 500 t from 2016-17. To this end Senegal received technical support from the IMF, which invested in 19 projects between 2015 and 2017, including modernisation of infrastructures, especially the Thiès-Touba motorway and Mbour-Thiès airport, or the increase in annual electricity production capacity. The rise to prominence of this origin could however overshadow FWI produce, which is still holding up in France from January to April (3 000 t), for the moment buoyed by home-grown preference, though its value could be under threat.

Morocco closing ranks

While Morocco has abandoned the winter slot, it seems to have regained some form in spring 2017, with a fairly favourable campaign consolidating the developments of recent seasons. The market is well controlled, with fewer operators which through their presence in most of the production zones manage the marketing calendar more comprehensively. However, they are not targeting either too early a slot, with demand often lacking, nor an attempting to extend the campaign, to avoid overlap with Spain. So the first volumes were sold last year around mid-February, though the real beginning of the season for the Dakhla zone is in early March. The first production peak came during March, with full potential at the end of the month, which was sufficient to satisfy demand given the climate conditions at the time. The progress of the supply in April is still difficult to control in spite of greenhouse surface areas being set up in the Marrakech zone. The handover between the end of the Dakhla zone and open-field production in the Marrakech zone is still often tricky. During the last campaign, it resulted in a production trough during the Easter holidays, whereas the open-field production peak in the Marrakech zone is often very high, destabilising the market in April/early May before overlapping with Spanish greenhouse production, which is on an upward trend. Surface areas stabilised last year, at least in Dakhla (more than 250 ha) and overall the Marrakech zone (1 000 ha), according to the figures announced at Medfel. Only the Agadir/Taroudant zone registered another fall (100-150 ha).

Bring on the watermelon!

While the progress by melon volumes can be explained by better control of the market, and the establishment within the melon species (*Cucumis melo*) of a complete range, with yellow varieties such as Canaris or green melons, on top of the more traditional Cantaloup, Charentais, Piel de Sapo or Galia, we must also highlight the impact of the expansion into watermelons (*Citrullus lanatus*). The suppliers are indeed the same, though with a slightly different ranking: Morocco, where production has literally exploded in recent years, is the number one. Exports, still small a few years ago, have increased tenfold in the space of just five years, with planting in earlier zones making it possible to supply the market starting from spring. Thus production has shifted from the central and northern regions (Tanger, Tétouan, Gharb, Doukkala, Rabat-Salé) toward the more southern regions (Tadla & Souss and Haouz), which now represent 56 % of surface areas. There has been less marked progress for the other Mediterranean or African origins, though significant progress has been made by the big Latin American origins such as Brazil (+ 137 % in five years) and Costa Rica (+ 48 %) ■

Cécilia Céleyrette, consultant
c.celeyrette@infofruit.fr

Counter-season melon and watermelon – EU-28
Extra-Community imports (October to May)

in tonnes	2012-13	2013-14	2014-15	2015-16	2016-17
Total melon	**299 473**	**324 862**	**332 142**	**344 980**	**379 186**
Brazil	150 427	155 305	174 670	188 954	206 355
Costa Rica	49 861	57 013	56 642	51 705	49 818
Morocco	47 704	42 787	40 041	42 889	48 934
Honduras	29 076	36 948	35 480	39 191	45 788
Senegal	12 081	15 582	11 486	11 423	14 407
South Africa	-	-	1 519	1 854	7 633
Panama	1 982	4 162	5 599	4 366	2 467
Total watermelon	**103 280**	**124 829**	**139 269**	**185 718**	**209 724**

Source: Eurostat

European easy peelers market

A very good year in prospect


© Denis Loeillet

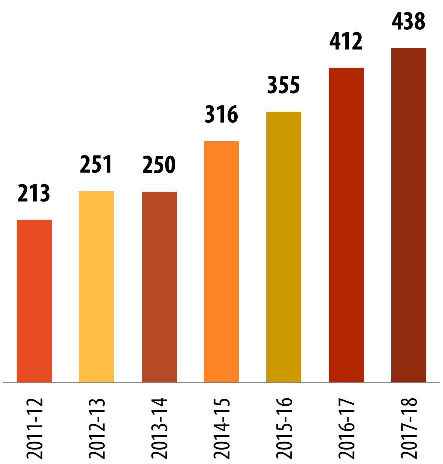
While for many people easy peelers are hard to distinguish, the late hybrids are for the professionals a family in their own right. Not because of their shape or colour, but rather their importance in the economic success of the season. Whereas profitability is often very much a random affair during the first part of the campaign, often overloaded with clementines, Nadorcott and other Orri are as a rule a lifesaver. To quote just one figure relating to the French market, late hybrids represented approximately 35 % of the overall easy peelers supply for winter 2016-17, but nearly 50 % of the turnover. So the second part of the season is under the microscope, especially since the production potential is very much on the upgrade, with the bulk of planting efforts involving these highly profitable varieties in recent years.


mehadrin
Growers at heart
FRUIT LOGISTICA
7|8|9 FEBRUARY 2018
Hall 1.2 D-02/D-03
MEHADRIN INTERNATIONAL
696, chemin du Barret, ZA du Barret — 13160 Chateaurenard, France
• Tél. +33(0)4 32 60 62 90 • Fax. +33(0)4 90 24 82 54
benchadod@mehadrin-inter.com — www.mtex.co.il

Alternate bearing effect hitting Israeli production hard

The 2016-17 season was marked by a big rise in the late easy peelers supply, going from 355 000 t to more than 410 000 t, across all origins and varieties. The 2017-18 season should bring near-stability, going against the surge in surface areas of recent years. The considerable fall expected in Israeli Orri exports will practically wipe out the increase by the other supplier countries. Israeli exporters have a reported export potential of approximately 75 000 t, down nearly 30 % from 2016-17. There are no particular climate problems to bemoan. However, there is a particularly marked alternate bearing effect on production, following on from last season's very big rise. Furthermore, while the proportion of volumes dedicated to the Community market will remain predominant, it could continue to drop because of the euro's ongoing weakness against the shekel. The dollarised Asian and North American markets are gaining ground, as is attested by their share of the turnover going from 25 % to 30 % within a few campaigns for easy peelers (Orri, Nadorcott, Tango).

Easy peelers - Evolution of exports Orri, Nadorcott and Tango varieties
(in 000 tonnes / professional sources)



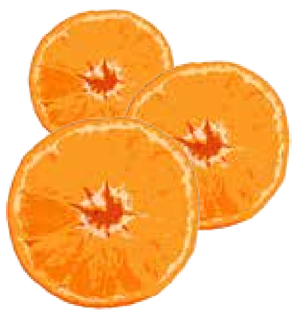
Young orchards making up for the effects of climate in Spain

For the Spanish citrus industry, 2017-18 is a lean campaign, particularly for easy peelers, total production of which, across all cultivars, is approximately 15% below the four-year average. However, the late varieties are the exception, with export potential on the up, for both Nadorcott and Orri. These cultivars, with a fairly dispersed cultivation area, were less affected than clementines, highly concentrated in the Valencian Community, where the climate problems were at their most intense in more than 40 % of Orri and Nadorcott plantations in Andalusia, and in 15 to 20 % in the Murcia region. Most of all, the young orchards entering into production or coming into their prime readily counter-balanced the damaging effects of climate. Hence the export potential is reportedly about 10 % up on 2017 for Nadorcott (172 000 t) and Orri (28 000 t). Furthermore, this season operators will also have to contend with the first significant Tango volumes. Exports should be around 25 000 t. Note that the frost which hit the south of Valencia in early December (especially Ribera Alta) could slightly reduce the potentials for all these varieties.

Easy peelers – Mediterranean Basin – Exports

in 000 tonnes		2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Trend 2017-18
Morocco	Nadorcott	42	67	65	99	106	126	140	+ 11 %
Spain	Nadorcott	122	135	132	150	157	156	172	+ 10 %
	Or					26	26	28	+ 8 %
	Tango							25	-
Israel	Or	49	49	53	67	65	104	73	- 30 %
	Total	**213**	**251**	**250**	**316**	**355**	**412**	**438**	**+ 6 %**

Professional sources

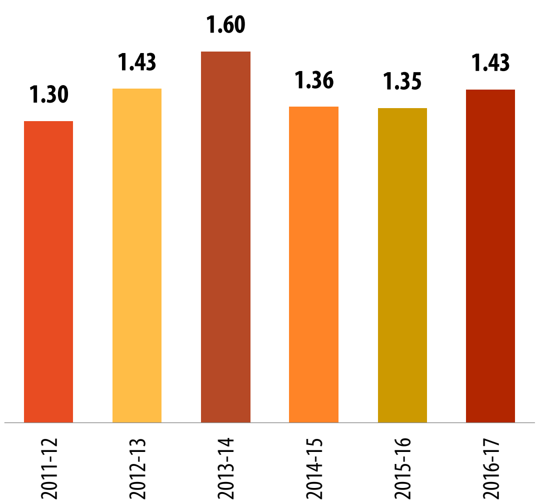



pulp fruits
TOGETHER,
LET'S BUILD A SUSTAINABLE FUTURE
Consume better
IMPORT AND DISTRIBUTION OF FRESH FRUIT ALL YEAR LONG
CITRUS SPECIALIST DIRECT ORIGIN FROM SUPPLIER TO CUSTOMER
PACKAGING CAPACITY ON DEMAND
ECO-FRIENDLY PURCHASING POLICY
SUSTAINABLE AND QUALITY PARTNERSHIPS WITH OUR CERTIFIED SUPPLIERS.
United States • Chile • Argentina • Mexico
Morocco • Tunisia • Israel • South Africa
4 RUE ROGEZ, 59160 LOMME, FRANCE / + 33 (0)3 20 20 79 00 / contact@pulpfruits.fr

A similar trend in Morocco

The situation is fairly similar in Morocco. Just as in Spain, the late easy peelers harvest registered a rise against the general downward trend in production (15-20 % according to ASPAM). Also, the young orchards coming into their prime are helping counter-balance the adverse effects of the climate (protracted and intense heatwave during the summer and part of autumn). Hence the six big production centres in the country, situated in isolated zones dedicated solely to Nadorcott and Navels, in order to prevent cross-pollination problems and therefore seeding, should enable a minimum export level of 135 000 to 140 000 t (approximately + 10 % on 2017), depending on how the sizing develops. If the division of volumes by market remains similar to 2016-17, the EU-28 should receive just under 50 % of the potential (nearly 30 % for North America, and 20 % for Russia).

Easy peelers - Late hybrids (Orri, Nadorcott) from Spain, Israel and Morocco Price index at import stage in France
(in euro/kg / source: CIRAD)

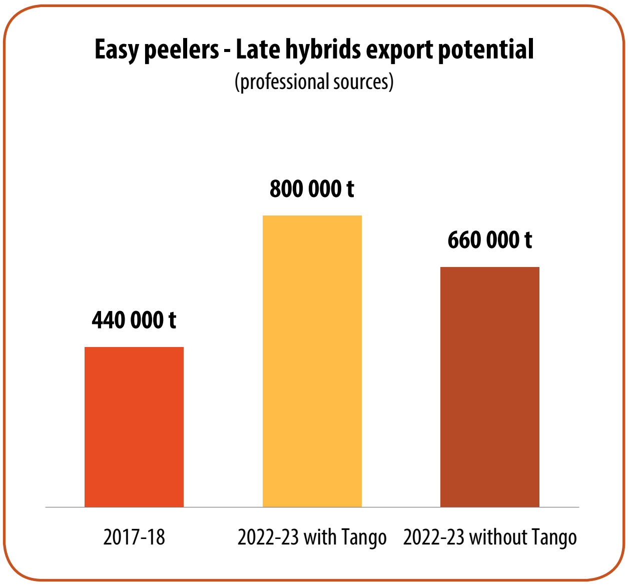


Transition to a better context than in 2017

While the combined potential for these three varieties (Orri, Nadorcott, Tango) appears similar to 2016-17 (440 000 t, i.e. barely 6 % more than in 2016-17), the market context seems much more open and healthy. On the one hand, the clementine campaigns finished very early, leaving the market clear in early January. Furthermore, while the overall quality of the supply of this varietal group was not free from flaws at the end of the season, due to the highly advanced maturity of the produce and the short spell of frost in early December in Spain, it nonetheless ended up with a much better level than in 2017. Hence the handover proceeded with a much higher price footing, enabling a good start to the season. So this buoyant climate and the expected near-stability of volumes should enable a good average price level for the campaign, perhaps even higher than in 2016-17.

Big increase in potential over the coming years

The near-stability of the supply in 2017-18 must not lead us to forget the big increase in volumes expected in the medium term. The Orri and Nadorcott cultivation area was practically frozen in both Spain (approximately 2 000 ha of Orri and 4 500 ha of Nadorcott) and in Morocco (approximately 6 000 ha of Nadorcott), as well as in Israel (5 300 ha, after the uprooting of approximately 200 ha situated in unproductive zones). Furthermore, the net is closing in around the "pirate" orchards planted without licences. Tagging tools are under development (such as the geoportal launched by Orri Running Committee, which among other things indicates whether a plantation is correctly referenced by means of the GPS on a standard smartphone) and legal actions leading to uprooting have been implemented. Nonetheless, given the extent of the plantations under license, we might regard that the 440 000 t available this season represents only approximately two thirds of the export potential eventually expected (which should be around 650 000 t). And this is without counting the Tango volumes, the evaluation of which is a very thorny issue! Despite the importance of the subject for all the sector players, Eurosemillas is refusing any to make any communication over surface areas. The estimates gathered from the professionals range from 3 000 to 3 500 ha for Spain alone, bearing in mind that significant surface areas – though measured in hundreds rather than thousands of hectares – have been planted in Turkey and Egypt. In this context, we should add at least 140 000 to 150 000 t to the total late hybrids export potential. So this would take the total to just under double the current figure, if Tango is indeed marketable as-is. Which is a considerable nuance, since the courts have not yet ruled on whether Tango is essentially derived from Nadorcott.



Easy peelers – Mediterranean Basin
Orchard size and export potential

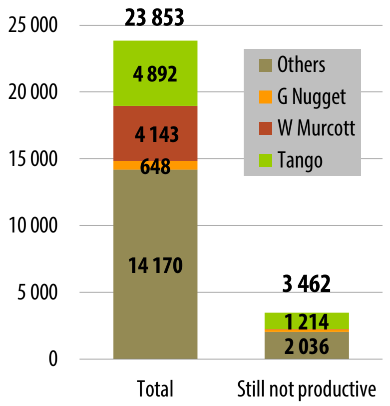
Sources and varieties		Orchard size	Export potential in 2017	Export potential in 2022-23
Morocco	Nadorcott	6 000 ha (2017)	140	250
Spain	Nadorcott	4 520 ha (2016)	172	200
	Or	2 000 ha (2017)	28	70
	Tango	3 500 ha?	25	140
Israel	Or	5 300 ha (2017)	75	140
	Total		**440**	**800**

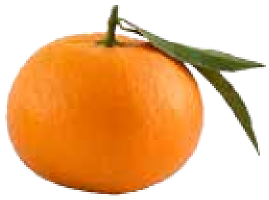
Professional sources

EU-28 an essential outlet for these future volumes

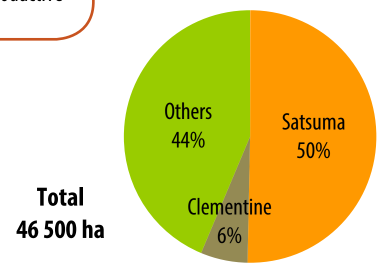
The European Union should remain the natural outlet for the bulk of Spanish and Israeli volumes, although the diversification markets of North America or Asia will probably continue to take in some additional volumes. Conversely, the division of the Moroccan supply could change, in terms of a more central role for the Community market. This country currently exports only just under 50 % of its supply to the EU-28. True, there are growth prospects in North America, which currently takes in approximately 20 % of volumes. However, they must not be overestimated since production of late hybrids is continuing to surge in the USA (nearly 10 000 ha of young orchards of varieties such as Nadorcott, Tango and Golden Nugget, of which nearly 15 % is not yet in production). However, the Russian market, which currently takes in 20 % of volumes, could be less open. Competition from Turkey, mainly perceptible from October to December currently because of its cultivation stock still primarily comprising Satsuma, will make strong headway in the second part of the season, with the entry into production of large surface areas of W. Murcott (no official survey, but probably several thousand hectares).

Easy peelers - California - Evolution of planted areas (in ha / source: CDFA 2016)





Easy peelers - Turkey Planted varieties (in 000 ha / source: Turkstats 2016)



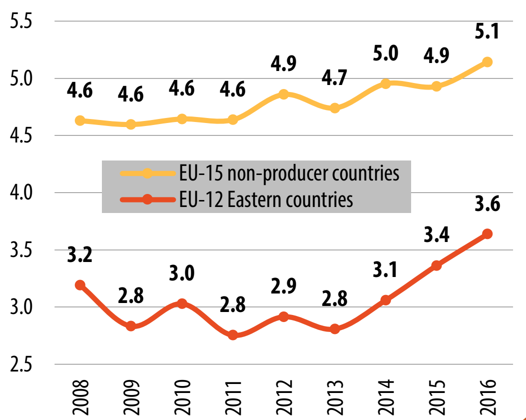
Consumption increasing, with basic varieties on the wane

While the additional volumes expected on the Community market are not trifling, its growth dynamic is not trifling either. The consumption analysis published recently in **FruiTrop** (November/December 2017) showed that volumes are rising at a rate of approximately 100 g/capita/year in the former EU-15 (i.e. approximately 40 000 t) and by more than 250 g/capita/year in the eastern part of the Community since the return of economic growth in 2014 (25 000 t/year). We might assume that this dynamic relates largely to the late easy peelers market in the West of the EU, whereas it is probably the mid-season varieties, with more accessible prices, which are favoured in the Eastern part. Furthermore, we must highlight that some of these volumes of late hybrids will not add to the overall supply, but will replace lower quality varieties, which the market is tending to abandon. This applies in particular to Ortanique, handicapped by its large size and hard-to-peel skin, which has already practically disappeared from Moroccan and Israeli export ranges, though it still accounts for approximately 150 000 t of production in Spain.

Bringing together the supply and demand prospects is difficult, given the number of hypotheses and uncertainties, especially as this analysis does not lend itself to providing the degree of finesse of a market study. Nonetheless, this is a major issue and it seems necessary to have an indication. When we undertake this exercise, the trend seems to indicate that the balance of the European market could become compromised when the surface areas currently planted have reached their full production potential (if Tango can be exploited without restrictions). A conclusion that can only provide incentive to further efforts in terms of controlling surface areas, promotions and opening up new markets ■

Eric Imbert, CIRAD
eric.imbert@cirad.fr

Easy peelers - EU-28 - Consumption
(in kg per capita / source: Eurostat, processed by CIRAD)



Late easy peelers (Nadorcott, Orri,Tango) from Spain, Morocco and Israel
5-year evolution of supply and demand on the Community market

Offer

Hypothesis: share of volumes bound for the EU

	2017-18	in 5 years' time
Morocco	50 %	60 %
Spain	90 %	90 %
Israel	70 %	65 %

Professional sources

Expected volumes growth in 5 years' time

in 000 tonnes		World		EU-28	
		2017-18	in 5 years' time	2017-18	in 5 years' time
Morocco	Nadorcott	140	250	70	150
Spain	Nadorcott	172	200	155	180
	Orri	28	70	25	63
	Tango	25	140	23	126
Israel	Orri	75	140	53	91
	Total	**440**	**800**	**325**	**610**
Volumes growth			**360**		**285**

Professional sources

Demand

Hoped-for 5-year growth in consumption in the EU

	2017-18	in 5 years' time
EU-28	30 000 t/year	150 000 t
East EU	6 250 t/ year	31 250 t
Total	**36 250 t/year**	**181 250 t**

Source: CIRAD estimate, see FruiTrop 253

5-year hypotheses

Western EU

- Current growth maintained (no ceiling effect)
- Three-quarters of total growth attributable to the late easy peelers market

Eastern EU

- Current growth maintained (no ceiling effect)
- One quarter of total growth attributable to the late easy peelers market

GREENYARD

Fresh

Greenyard Fresh France is an important player in the production, packaging, export, storage, ripening and distribution of fresh fruit and vegetables. All these services are carried out to ensure the quality and natural flavour of the fresh produce.

Two packaging lines allow Greenyard Fresh France to propose citrus packed according to the specific needs of each client.

Greenyard Fresh France SAS
15, boulevard du Delta / Zone Euro Delta DE1 / 94658 Rungis Cedex / France
T +33 1 49 78 20 00 / F +33 1 46 87 16 45 / contact@greenyardfresh.fr
www.greenyardfresh.fr

for a healthier future

A report by
Denis Lœillet

Banana

Contents

SEE YOU IN FEBRUARY !

COMPAGNIE FINANCIÈRE DE PARTICIPATION, S.A.S au capital de 3 278 790 euros, 33 boulevard Ferdinand de Lesseps 13014 Marseille. RCS Marseille B 302 716 535

www.compagniefruitiere.com

As the leading producer of bananas and pineapples from West Africa, Compagnie Fruitiere is also a major player in the distribution of fresh produce into Europe.

With 18,000 employees, it prides itself as having masters of their trade each operating sector, from producer, transporter, importer, ripener and distributor…serving the best quality products 365 days of the year.

COMPAGNIE FRUITIERE

Banana
World market

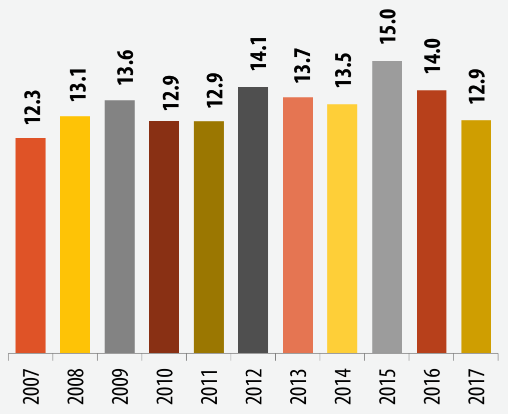
Is the party over?

So, the economic storm predicted a year ago in these columns has come to pass, and could even become a cyclone in 2018. The equation is uncommonly simple, with no unknowns: there are too many bananas on the international market, and the European Union is in the firing line.

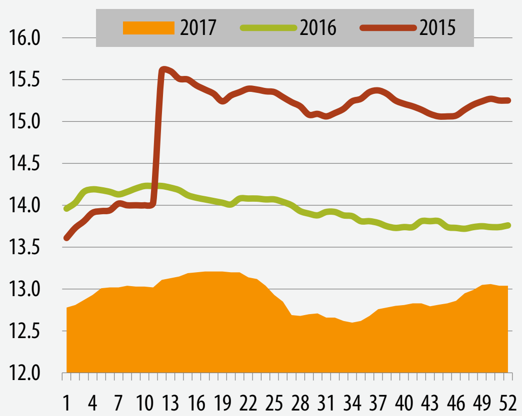
© Denis Loeillet


PACKED
WITH SATISFACTION

Banana - Germany - Annual import price
2nd and 3rd brands
(in euro/18.14-kg box / Source: CIRAD-FruiTrop)



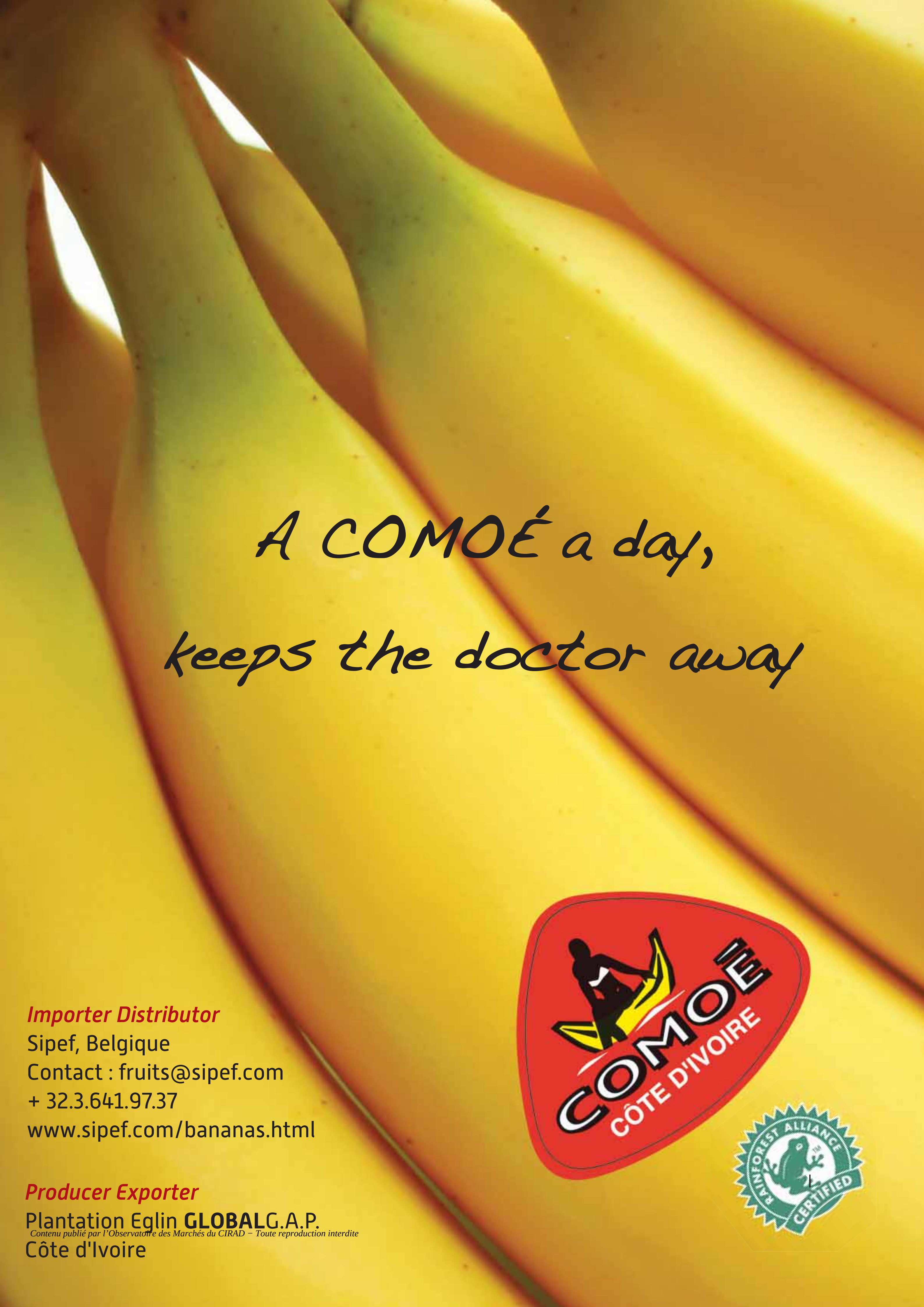
Banana - Germany - Weekly import price
2nd and 3rd brands
(euro/18.14-kg box / Source: CIRAD-FruiTrop)



It is hard to find reasons for satisfaction from 2017. To lift their spirits, operators could always tell themselves that the worst has for the moment been avoided. If they give due consideration to the pessimistic prospects for 2018, they will admit that ultimately 2017 was a gentle stroll. Let's not jump the gun on the tricky subjects, but share this review of 2017. Exactly a year ago, **FruiTrop** bore the title "Calm before the storm?", illustrated by a monkey covering its eyes. One year on, we might admit to making a mistake... in putting a question mark in that title. In fact, 2017 was marked by a storm, and the expression "a perfect storm" would make an ideal description.

The first indicator is the green banana price in Germany. A genuine long-term yardstick of the European market due to a very high upstream-downstream contractualisation rate, this market lost one euro per box between 2016 and 2017 to barely hold up at 13 euros, i.e. a fall of 7 %. The worrying thing is that a similar fall had already been registered in 2016 from 2015 (- 1 euro to 14 euros). And it seems that it will also be the case in 2018. Although it remains to be confirmed at the time of writing this article, we are talking about a fall in the contract price of just under 6 %, i.e. the equivalent of 90 eurocents. So the German contract is set to lose nearly 3 euros in the space of three years, and for good merchandise at that, we are not talking about category II. Furthermore, that is without counting the depressive effect of inflation, low as it is, in Europe (see inset).

The EU barometer determined every week by the CIRAD-FruiTrop cyclical forecasters, factoring in the prices of a representative panel of origins and European markets, confirms the German trend. The price per box sold lost one euro in 2017, to reach 12.6 euros. As a reminder, in 2015 it was around 14.1 euros. Studying this price on a weekly basis can teach us a lot about 2017, which was a highly complex year.


A COMOÉ a day,
keeps the doctor away
Importer Distributor
Sipef, Belgique
Contact : fruits@sipef.com
+ 32.3.641.97.37
www.sipef.com/bananas.html
Producer Exporter
Plantation Eglin GLOBALG.A.P.
Côte d'Ivoire
COMOÉ
CÔTE D'IVOIRE
RAINFOREST ALLIANCE CERTIFIED

A film classed in the "catastrophe" category

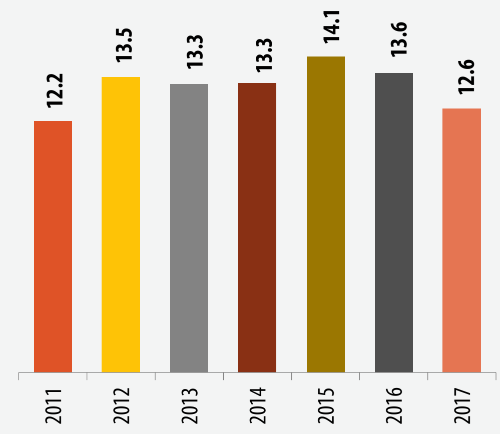
To start with, we had a long take extending over weeks 1 to 14 of 2017. We might even consider that this very poor period began in September 2016, with an import price tunnel leading from bad to very bad which lasted 33 weeks in a row! The recovery was slow and laborious, with prices only climbing above the 14-euros mark in week 12. Over these first fourteen weeks, the price dropped by 9 % on average.

Then came a more positive sequence in terms of prices, which lasted a mere 6 weeks (weeks 15 to 20). Without reaching the heights, i.e. a long way off the peaks of 2015, prices climbed above their 2016 levels, to between 14 and 14.5 euros/box. Operators finally seemed to have passed the recurrent supply peaks during the first five months of 2017 (+ 5 % on the same period of 2016), after of course absorbing those of the last third of 2016. The light could finally be glimpsed at the end of the tunnel.

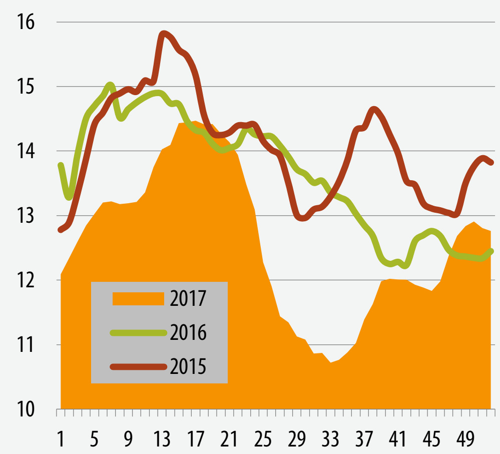
Barely had optimism established itself on the scene, when the market swung back into the red. Weeks 21 to 32 brought a very steep slide, with a low point of 10.7 euros in early August. The high temperatures, a very large and competitive supply of seasonal fruits (contraction and therefore overlap of the production campaigns throughout Europe) and finally a strongly increasing banana supply launched the market into one of the worst summer crises of the decade. True, not a single kilo of bananas was discarded in European ports. Consumption was dynamic, or even exceptional. Yet nor could this avalanche of volumes be expected not to adversely affect import prices.

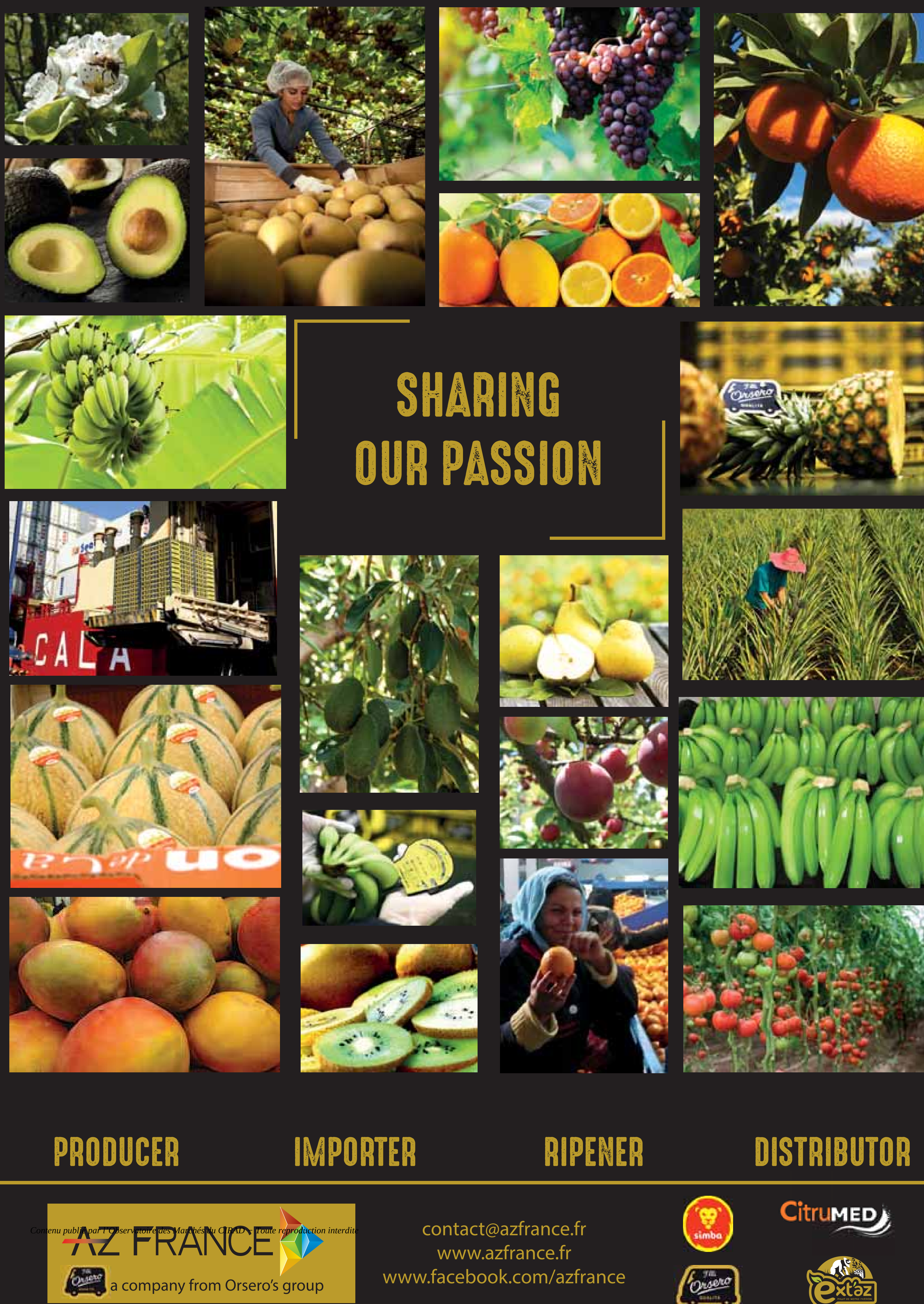
The grand finale (weeks 33 to 52) played out with a second attempt at a recovery in the year, which took time to come together. It is true that rising from the abyss is never easy, especially at the end of the summer period. The slight technical recovery in September was a mere illusion. It was only really from week 47 that prices resolutely shot up to end the year not with a fanfare, but at least with a sort of measured calm, verging on 13 euros. The very contracted and lean campaigns for the grape (ending very early), apple and pear (small harvest and stocks at a low) supported this resurrection. Yet it was above all slightly lower pressure from the dollar origins, after a record October, which enabled this brief brighter spell at the end of the year.

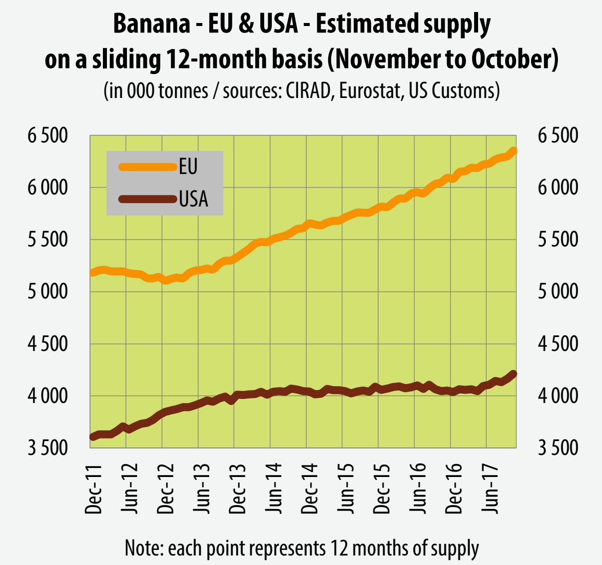
Banana - EU barometer - Import price
(euro/18.14-kg box / Source: CIRAD-FruiTrop)

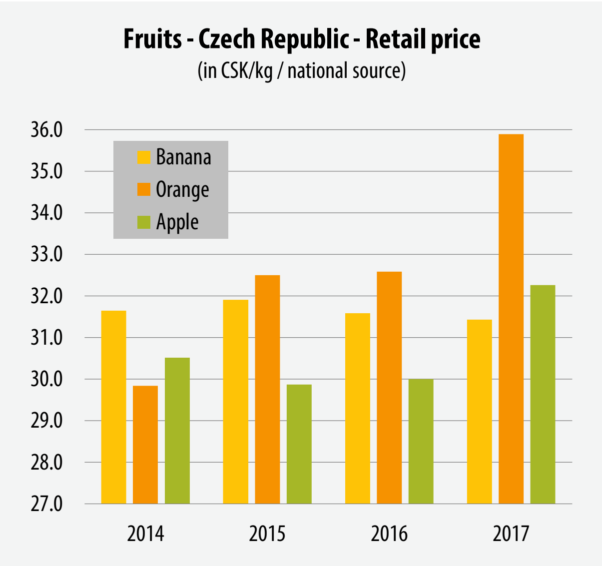


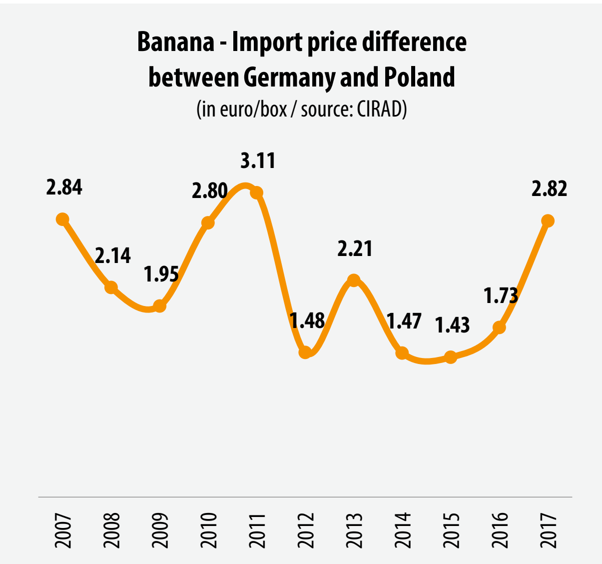
Banana - EU barometer - Weekly import price
(euro/18.14-kg box / Source: CIRAD-FruiTrop)




SHARING
OUR PASSION
PRODUCER
IMPORTER
RIPENER
DISTRIBUTOR
AZ FRANCE
a company from Orsero's group
contact@azfrance.fr
www.azfrance.fr
www.facebook.com/azfrance
CitruMED
simba
Orsero







"Eastern Europe" failsafe no longer sufficient

So it was a tricky year. Adversity came from all sides, both in terms of banana supply and competing fruits, especially during the summer, but also from the climate conditions in Europe, marked by several heat waves. But let's come back to the banana component of the crisis. As we already highlighted, it was first and foremost a banana influx which triggered the crisis, then amplified it and made it last. A comprehensive review will be offered in our April 2018 edition, when all the 2017 data has been consolidated. However, we might already say that over the first ten months, the banana supply from the 28 EU Member States climbed by 5.3 %, we should recall on top of a rise of 4.6 % between 2015 and 2016 (in full years this time).

Indeed the past five years (2012 to 2017) have seen Europeans scoff 1 million tonnes more of bananas, to reach a figure of 6.3 million tonnes. True, Eastern Europeans are primarily responsible for this expansion, attributable to a consumption catch-up dynamic. Yet that is still not sufficient to absorb the surplus. And this is not for lack of charging extremely attractive prices. In the Czech Republic, banana retail prices, compared to those for the apple or orange, were ultra-competitive in 2017. The heavy downward pressure on sale prices in Eastern Europe clearly shows that these countries remain clearance markets where the import price remains the only argument. If the supply into the EU is booming, prices are tumbling on its eastern flank, to the point of losing all meaning. They are flirting with an annual average decrease of 3 euros per box, a level that had not been observed since 2010 and 2011. Then again, that is only an annual average. The monthly analysis shows a reduction of 7 euros, or as much as 7.5 euros/box in July and August: a historic record! Yet even at crazy price levels (of around 7 euros/box at the height of the summer crisis, but also plenty of post-sale prices), Eastern Europeans cannot consume all the excess supply.

So the so-called mature markets are also under pressure. We will have an estimated supply balance for each Member State in our April 2018 edition, when all the figures are available for 2017. However, certain indicators such as banana activity rate in Germany, data from the consumption panels in France or Spain and the feeling among European operators indicate that net consumption climbed across the board, including on markets where big groups or big origins seemed to have greater control of the supply than elsewhere. And as regards prices, there were no more miracles on these mature markets than on the East European ones. They too made a downward adjustment in the face of this avalanche of volumes, with contractualisation limiting the damage.

Nexy®

Agrauxine
LESAFFRE PLANT CARE

Biofungicide for post-harvest diseases
on Apples, Citrus and Bananas

Follow us on :

A LESAFFRE BUSINESS UNIT

NEXY® • Active substance : 81.4g/kg of *Candida oleophila* strain O • ® Registered trademark of Agrauxine S.A. – Headquarter : 137, rue Gabriel Péri - 59700 Marcq-en-Baroeul - France - Offices : 4, rue Henri Becquerel - 49070 Beaucouzé - France. • Tél : +33 (0) 2 41 77 80 77 • contact-agx@agrauxine.fr • www.agrauxine.com

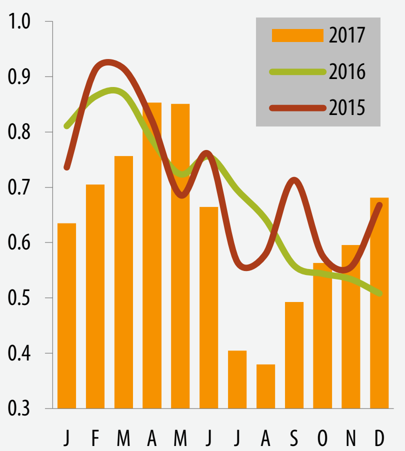
A time for the big operators

It would doubtless be a bit hasty to put everyone in the same basket. In times of crisis, it is the markets with an annual contract system which can best resist the drop, if the contracts are observed of course. True, at the end of 2016, during the upstream-downstream negotiation round, the fall in contract prices was a bitter pill to swallow. Yet looking back, it ultimately proved to be a powerful remedy to the generalised collapse. The import price curve in Germany can confirm this. The volatility of weekly import prices in 2017 remained at a historically low level, of around 5 %, yet with a ridiculously low standard deviation of 19 eurocents per box. As a reminder, the volatility was as high as 66 % in 2011, for a standard deviation of 2.4 euros/box! Levels worthy of Poland for the past decade at least.

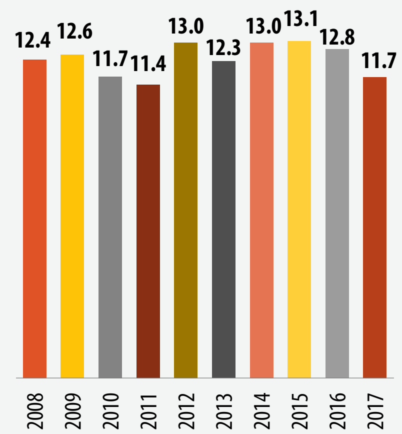
While contractualisation offers a safety net of sorts, it also has its flip side. First, it formalises a glass ceiling which excludes once again any possible price increases. In addition, as is the case during a continuous price fall, an upturn is even more difficult. There would need to be a massive reversal in the balance of power to be able to win back the ground lost over the past two years, soon to be three years. Whereas falls take the lift, increases take the stairs.

The eternal question is to determine whether it is better to shun the contractualisation system, a question which will soon be inapplicable due to the rampant predominance of contract volumes. Staying outside means gambling that the future will be less saturated with bananas. The answer of course depends on the business structure. For those which are producers or which control their costs (high vertical integration) there is no debate; they have an increasingly financial management style, with less and less to do with economics. They must ensure that the majority of the volumes to which they are committing (whether own volumes or contract volumes) will find customers. Their managers work their spreadsheets hard, and they have the final say. Conversely, the least integrated operators manage the product and the markets more closely, with expertise in place of spreadsheets. Their volumes are also much smaller and so easier to place. These operators can adjust their fruit supply both downward and upward: especially since the spot volumes are growing as the worldwide supply expands. Hence these operators are better able to take advantage of short-term movements such as restocking, top-ups and specific demands from their customers. So we have an artisanal segment as opposed to an industrial-financial strategy.

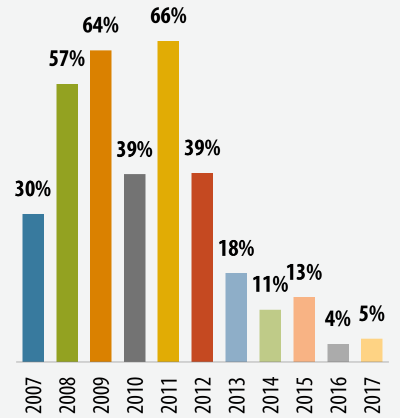
Banana - Poland - Green price
(in euro/kg / source: CIRAD-FruiTrop)

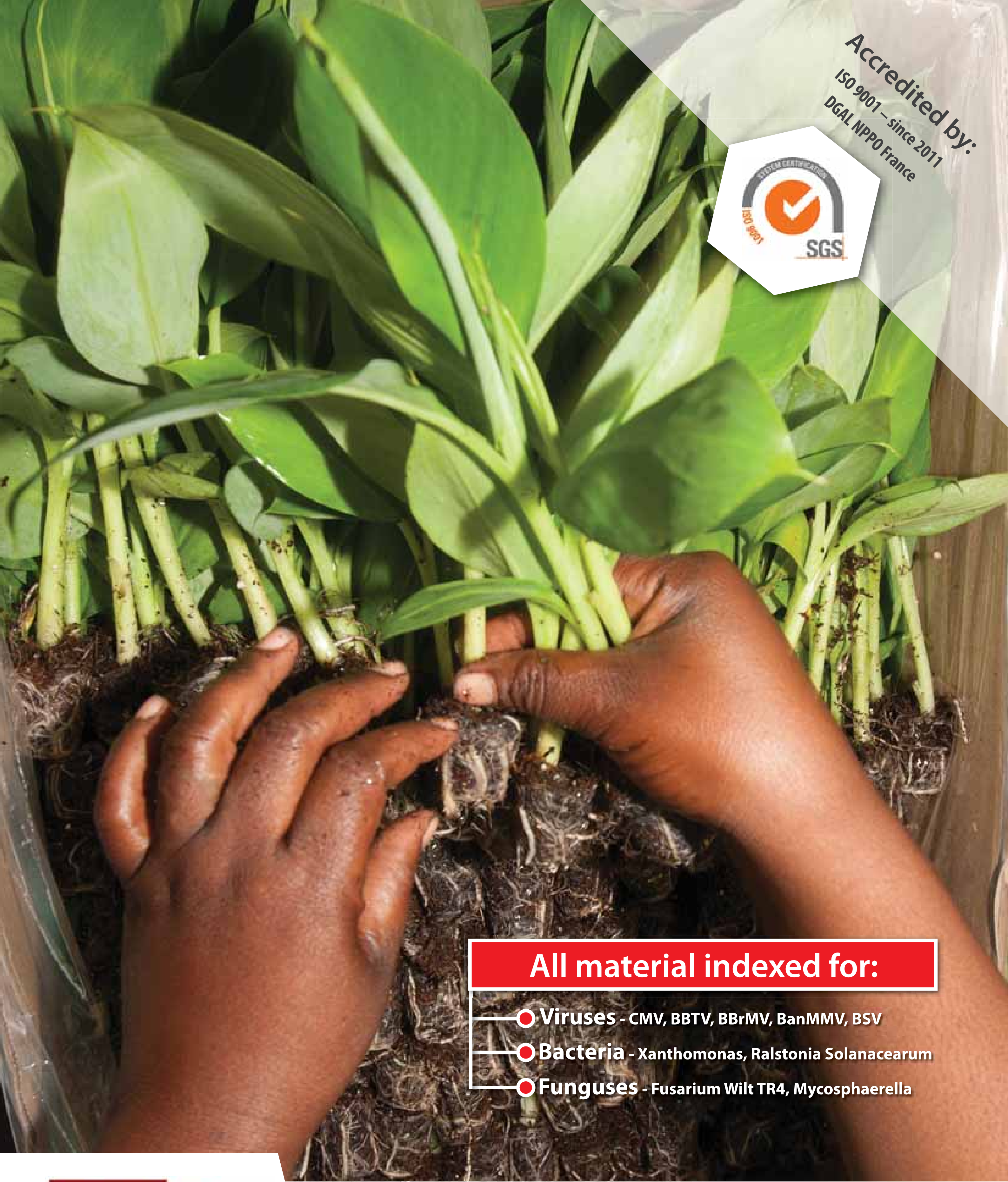


Banana - Poland - Annual import price
(in euro/box / source: CIRAD-FruiTrop)



Banana - Germany - Import price volatility (weekly basis)
(source: CIRAD-FruiTrop)




Accredited by:
ISO 9001 – since 2011
DGAL NPPO France
SYSTEM CERTIFICATION
ISO 9001
SGS
All material indexed for:
Viruses - CMV, BBTV, BBrMV, BanMMV, BSV
Bacteria - Xanthomonas, Ralstonia Solanacearum
Funguses - Fusarium Wilt TR4, Mycosphaerella

Artisanal segment still has a future

Over the past decade, the "artisans" have rather had the wind in their sails. The highly disruptive effects of climate vagaries and strong consumption trends in Europe have enabled them to stick as close as possible to demand while keeping their distance from the phenomenon of contractualisation. Their agility enabling them to switch origin, adapt and improvise, in the final analysis to play their role as an importer to the full, has enabled these "artisans" to optimise their sale prices and very substantially improve their margins.

The situation that we have seen for the past two years, and which will go on at least through 2018, is very different. The production zones are practically all at their optimum, and there would seem to be nothing impeding the volumes race of the world supply, apart from a mild La Niña phenomenon which seems very short-lived. The commercial space is shrinking, as are opportunities. Control of all the links in the supply chain is giving the big players in the sector back some clout against the supermarket sector. They are not expected to be agile, but to be the lowest tenderers and provide a mass supply of ripe bananas, every week and at low prices, practically throughout Europe. It is up to them to make economic and financial realignments between their various functions: production, transport, import, ripening, etc. Among these, the ripening function is becoming strategic and is one of a set of logistical services that the operator must be able to offer its supermarket customers, including on a simple service provision basis.

© Denis Loeillet

© Léa Benoit

It is all a question of flow management. And they must be controlled from one end of the industry to the other. At the same time, they need to make economies of scale and be a sole point of contact for the retail trade. It is not by chance that many intermediate groups aspire to join the very exclusive "big players" club, which handles more than 500 000 tonnes of bananas per year, and which has substantial ripening plant networks.

As we can see, the place for the "artisans" has shrunk accordingly in these times of world overproduction. The only space still open to them consists in standing out from the competition via ultra-specific products such as top-end banana, production modes, services, etc. Their agility enables them to be more creative, but also to manage great diversity in the supply. They can definitely better serve customers demanding something specific and who can also pay for it. The example in France of "Grand Frais" symbolises a retail trade which is trying to reinvent itself, and which for the operators is a real remedy to the massive ongoing erosion of added value.

Creating value to stand out is good, and it is also the universal recipe. The citruses sector understood that before everyone else, with for example the huge varietal diversity offered, especially for easy peelers. The avocado sector adds value via the fruit stage of maturity, even offering ready-to-eat. The banality of the banana sector has now become all-conquering. Even socially and environmentally virtuous production systems, such as organic and Fairtrade, are managing to stand out less and less. As proof, in late 2017 in a French hypermarket, a loose banana from Cameroon and a pre-weighed bagged banana from the Dominican Republic, which was organic and Fairtrade labelled, sold at practically the same price (1.89 and 1.99 euro/kg respectively), and on the same shelf (see photo below). Segmentation can also be achieved by means of brand – though this is very rare – or origin, as with the French banana. Apart from these initiatives, there is only wasteland. When will we dare to offer new varieties? When researchers have finally found cultivars of interest in terms of agronomy, trade and taste. Yet also when, or rather if, distributors and producers decide to pool their resources for this diversification. Since nothing is happening, it would seem that none of them yet feels that "there is something rotten in the banana kingdom". The 2018 trend should force them to think about it more deeply.

From catastrophe to horror

The big players in production and exports, or their representatives, are nonetheless starting to be afraid. Yet they are not alone. The interprofessional association representatives and the States themselves are starting to express their fears publicly. The most responsive, i.e. the least competitive and therefore the most exposed of the dollar suppliers, such as Costa Rica, are even officially troubled by the strongly downward trend for 2018. Ecuador could end up complaining to the European authorities: which would be the last straw, when we bear in mind the trouble it has taken to dismantle the most lucrative market on the planet.

And they are of course right, especially since the ink on the report from the recent World Banana Forum, held in Geneva in November (see **FruiTrop** 253), had barely dried before the moral commitments made started drifting or being ignored haughtily. In the renegotiations of the contracts for 2018, a fairer distribution of the value or fair remuneration for the work done by the various industry stakeholders are concepts more at home in a fairy story than a realist novel.

The 2018 contract prices between importers and distributors are at least 5 to 6 % down from 2017. Some are even talking of a price into Europe for fine merchandise of below 11 euros per box. Welcome to the great price drop ride! The scapegoat has already been found, in the shape of the retail trade. As the purchaser from the rest of the industry, the downstream segment is demanding ever lower prices. In taking advantage of a blatant dissymmetry in terms of negotiating power, but also an avalanche of commercial offers and all these signals indicating that the world supply is more than sufficient, it is just doing its job. In any case, the commercial part of its job. As to the social (i.e. economic) commitments that it claims to be taking, it is maintaining radio silence.

This attitude is just as perfectly scandalous as it is tragically banal. Since, ultimately, if the distribution sector only has to wait to receive ever more indecent proposals in terms of price, it is most of all because of the excessive supply. Since everyone wants their own little corner of paradise on the European supermarket shelves, all the players are developing their production and transforming paradise into hell on earth. In focusing on fantasising that the distribution sector can solve all these problems by increasing prices, the upstream is forgetting that it too must alter its practices and comprehensively think about a supply level satisfactory for all. So should we give credence to those calling for the return of UPEB, the banana equivalent of "OPEC", as practiced incompletely and fleetingly in the 1970s for the dollar zone? This seems improbable in a world as open as the one we are living in. Yet how do we get a host of producers to understand that they must restrict their production for a common good, market balance, while they will doubtless never see the positive effects? We must also agree that managing a supply is never going to be as easy as that, so fragile is the world banana stock given its high exposure to climate vagaries, as we have seen for the past decade, but also to the quiet or explosive development of diseases and pests. To sum all that up: let's produce and pray that Mother Nature takes its share, but no more than is needed to continue to supply the export markets, but also no less than to boost world prices. What a plan!

Photos © Bibliothèque Nationale de France

Rewarding shareholders no longer sufficient

In the final analysis, the market is responding to a truly classic stimulus: world supply. There are three possible attitudes to take.

Of course, they can wait for better days, i.e. climate vagaries which will ruin certain areas and therefore relieve others. Here we have chaos theory, where unpredictability is the rule. We can only make hypotheses as to the recurrence of phenomena, especially the weather. For 2018 for example, La Niña is expected to reduce the supply, unless the reverse happens causing sufficient rains in Colombia without causing catastrophes. Some are hoping to see an increase in freight rates, still on a downward trend. We might also expect the euro to tumble against the dollar, even while it is on an upward trend. As we can see, this is more akin to a lottery than a strategic vision. But what does it matter? It is only results that count.

The second attitude is clearly that of the big European and world operators: control price competitiveness, with not all the players making exactly the same choices. They are all diversifying in terms of origins by seeking, as a constant, the best place either for low-cost production of their own bananas, or production under a more or less long-term contract. That is the basis of the business. They are also all adding a layer of vertical integration ranging from pure and simple internalisation, or via contractualisation, of the transport, transit and even ripening functions.

The final attitude, which in my view has the brightest future, consists in doing all of the above, but in addition has an eye on the future, by not just marketing carbohydrates. These companies are now selling products whose social and environmental content is improving bit by bit. True, the remuneration of the shareholders is always the primary objective, but it will no longer be the sole criterion for a firm's success, even commercial. We might only regret that it is taking too long and that large swathes of this industry remain culpably passive ■

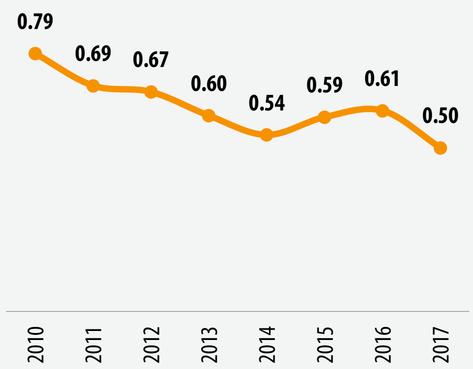
Denis Lœillet, CIRAD
denis.loeillet@cirad.fr

Banana
The organic market

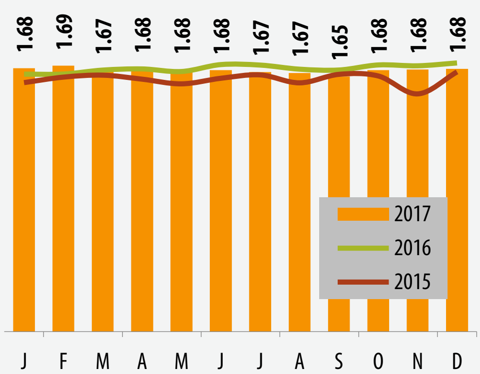
Volumes on the up, prices falling

by Denis Lœillet

Banana - France - Retail price difference between organic and conventional
(in euro/kg / source: RNM)



Organic banana - Germany - Retail price in discount stores in 2017
(in euro/kg / source: TWMC)



It is very hard to get a firm grip on the size of the organic or organic + Fairtrade labelled banana market, as for any specific market. Unlike the US Customs, those in various EU Member States do not distinguish between the conventional banana and organic certified banana. In the USA, which can be regarded as a yardstick, the segment is growing at a crazy rate. In the space of four years, organic has gone from 4 to 9 % of imports. Over the first eight months of 2017, the growth rate was 18 %! The 420 000-tonnes mark will definitely be beaten in 2017. Ecuador is the main origin on the market, with the trio of Colombia, Mexico and Peru trailing at a distance.

In Europe, unfortunately the best we can do is make estimates. Four origins make up practically the entire organic supply: the Dominican Republic, Peru, Ecuador and Colombia. The size of the market appears to be around 550 000 to 600 000 tonnes, i.e. just under 10 % of total consumption. The Dominican Republic has seized the lion's share, in excess of 55 %. According to experts and mirroring what is happening in the United States, the market is growing by more than 10 % per year.

In terms of value, again it is hard to form a definitive opinion, such is the scarcity and incompleteness of the data. In France, the RNM data show a continuously narrowing gap at the retail stage. In less than a decade, the price gap with the conventional segment (and/or organic + Fairtrade) has gone down by one third, from 79 eurocents/kg in 2010 to 50 eurocents in 2017 (provisional). It is not uncommon nowadays to find equivalent retail prices in periods of high volume pressure, especially from the Dominican Republic.

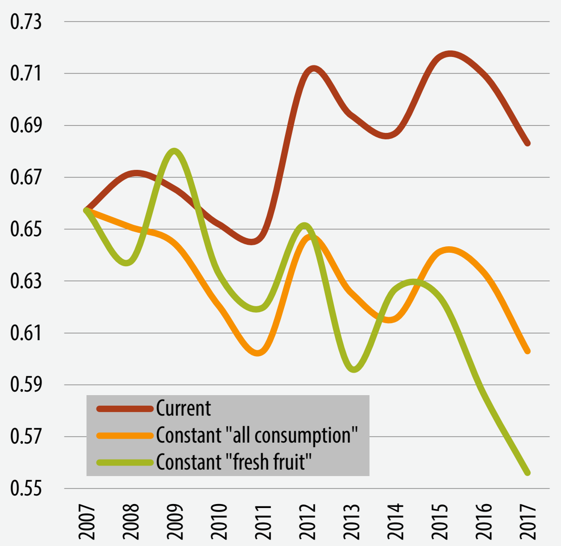
This provides a better understanding of why French producers have made a big deal about organic labelling for fruits from third countries. These fruits enjoy the confidence and visibility of organic produce without always complying with the very strict rules for this label, which is what French producers are condemning (discussion around the concept of compliance with and equivalence to the specifications). Indeed French producers, who are subject to increasingly restrictive regulations in terms of pesticides use and treatment methods, are finding difficulty in earning commercial value from their high-sustainability produce ■

Banana
The inflation effect

Degradation of added value

by Denis Lœillet

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



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

An overly hasty calculation told us that the import price of the banana in Europe increased by 4 % between 2007 and 2017. We should bear in mind that for decades Western societies have enjoyed low or even very low inflation. With the European economy actually verging on deflation, the central banks have reinjected liquidity into the system on a massive scale. Since 2013, in France, the general inflation rate has varied between 0.09 % (2015) and 1.11 % (2017 provisional). To at least offset this inflation over ten years and therefore retain the same value for a product, its price must increase by at least 13.3 %. Otherwise, the sale price obtained for the product in question, a kilo of bananas in our case, means that the same quantity of goods as previously cannot be bought (all other things being equal). That is the difference between a price in current euros (deflated) and a price in constant euros (deflated).

In other words, the purchasing power of a kilo of bananas falls if its price does not increase at the same rate as inflation. If we now factor in inflation in the fresh fruit sector alone, the hit is even harder, since this consumption segment has registered a much greater inflation than elsewhere. Between 2013 and 2017 (provisional), fresh fruit prices have slipped by 5.5 % and since 2007 by 22.8 %.

So now let's compare the price of a kilo of bananas at the import and retail stages in France, with and without inflation. The conclusion is indisputable. The purchasing power of a kilo of bananas at the import stage has come undone in ten years by 8 % in relation to inflation across all sectors, and by 15 % in relation to the fresh fruit sector only.

The situation is different for the retail price. Based on the price surveys of the RNM (French Ministry of Agriculture market news network), we are able to monitor the average non-weighted retail price in France. Again over the period 2007-2017, the retail price in current euros climbed by 15 %. It fell in constant euros by 6 % compared to other fresh fruits, but was up by 2 % in relation to the general consumption index.

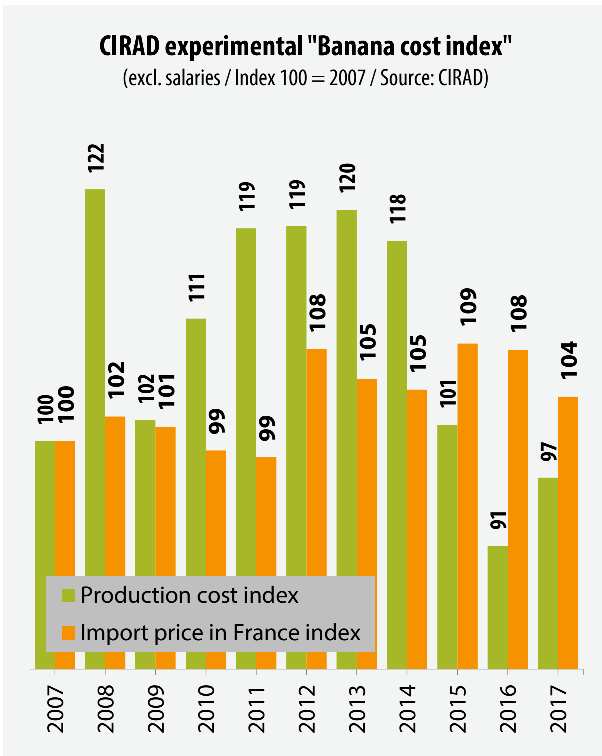
So we can easily conclude that a kilo of bananas has lost its value less quickly at the retail stage than at the import stage. It has even gained a little (+ 2 %) in terms of the general index. From there to believing that the distribution link has protected its margins would be no giant leap. The cost and productivity gain and losses structures vary according to whether we look at the import stage or end distribution stage. So we should look past price alone. This is an arduous task and there is little open-access information. So let's look at evolution of production cost. Over the past few years CIRAD has developed an index which remains incomplete (salaries not yet factored in), but which nonetheless provides some precious clues. In recent years, while prices in current euros have increased only very moderately (and fallen in constant euro), the cost index remained very high until 2014 before the sudden ebb of oil prices. The index hit a low point in 2016 at 91 (base 100 in 2007) before climbing by 7 points in 2017. Ultimately over ten years between 2007 and 2017, the cost index went up by 3 %. As a reminder, over that period the import price in France decreased by 8 to 15 %, depending on the adopted price index.

Although the indices converge toward a loss of added value in the industry, at least at the import stage, we cannot draw definitive conclusions. Grey areas remain, such as evolution of labour cost, which in no case has fallen in any production zone, or productivity which does seem to have increased, but by how much?

The forthcoming period of negotiations over the renewed reduction in Customs duty on entering the EU will trigger a plethora of new studies. Let's hope that they can answer the questions that we have just raised ■

© Denis Loeillet

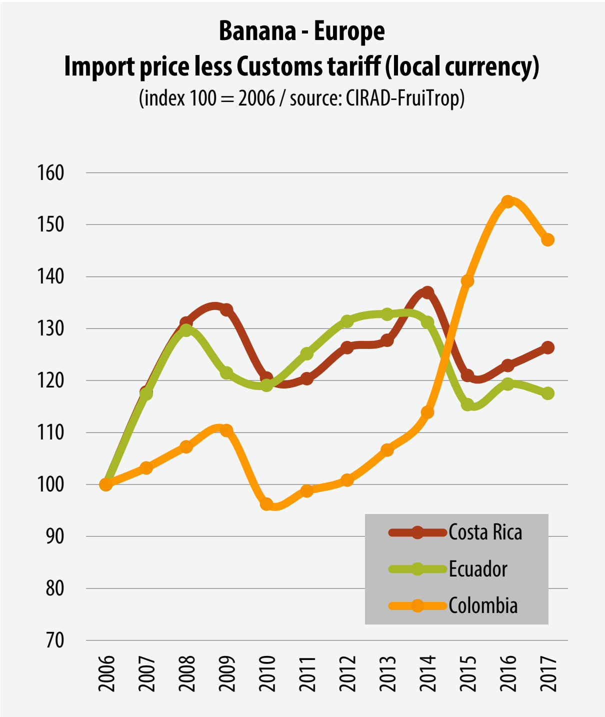

© Pauline Feschet



Banana
Dollar origins and exchange rates

Colombia hitting the jackpot

by Denis Lœillet



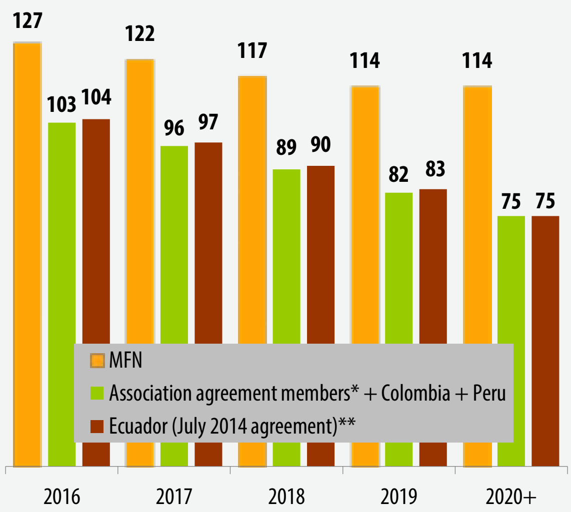
The depression among the upstream operators, caused by the fall in banana rates, contrasts with the fact that there is little change when it comes to investment in production. 2018 will perhaps bring an end to expanding surface areas and increasing yields, but for now Banana World is not about to lay down its arms, with most of the origins setting new export records. Export volume projections for Ecuador show another record year, with nearly 250 million boxes (provisional data). Honduras is actually set for a record year, with more than 500 million USD of export revenue. Nicaragua is also set for a record level. Panama, via Del Monte, announced in late November 2017 the relaunch of its production sector. Costa Rica is on course to set a new record for the second consecutive year: 55 million boxes exported by the end of October. This will doubtless also be the case for Colombia, with more than 92 million boxes exported by the end of November. Phenomenal progress can also be observed for Guatemalan exports, taking the number one spot on the US market, crushing the competition, and increasingly shipping out to Europe. As regards Africa, while Cameroon is off the pace, Côte d'Ivoire and Ghana are setting absolute records month after month. The machine seems to have built up unstoppable momentum. While this phenomenon is largely a headlong rush – telling themselves that if they do not add to the supply, then their neighbour will – there are also more objective reasons.

One of the explanations for this trend is the constant quest for zones with the lowest production costs. That is also often accompanied by social and environmental requirements which we might, to put it politely, deem extremely rudimentary. This is the case with projects in Central America. Another explanation arises from factors outside of the banana sector, such as the exchange rate. Indeed, conversion into national currency of the European import price, minus the customs duty, shows that among the big three suppliers, i.e. Ecuador, Colombia and Costa Rica, there are clearly winners and losers. Solely through the effect of their exchange rate against the euro, in 2017 Colombian exporters earned 25 % more in local currency that their Ecuadorian counterparts and 16 % more than the Costa Ricans. Since 2006 and the abandonment by the EU of the quota regime to move toward a tariff regime (customs duty), Colombia has gone from an index of 100 to 147 in 2017. At the same time, Costa Rica and Ecuador have risen to 126 and 118 respectively. The recent rally by the euro against the dollar should restore some momentum to Ecuador and Costa Rica.

Then again, as in the case of the influence of the inflation rate in Europe on the creation or destruction of added value (see inflation inset), we need to go further and factor in the cost structure, reviewing the production factors exposed to exchange variations, and those produced locally, i.e. in local currency. Inflation in the producer countries also needs to be factored in, thereby reducing the "gain" from the European market. Thus the position of Costa Rica is understandable, a country where production costs are climbing step by step. It is doubtless not far from thinking that an organised European market would be more lucrative for it than a completely deregulated market on which its operators would no longer have any comparative advantages. It would be a funny turnaround in the situation and an interesting switch of alliances for advocates of a still regulated market, who will need to speak out during the revision of the European banana market procurement policy, in 2018 and 2019 ■

Banana - EU - Customs duty for third countries excl. ACP

(euro/tonne)



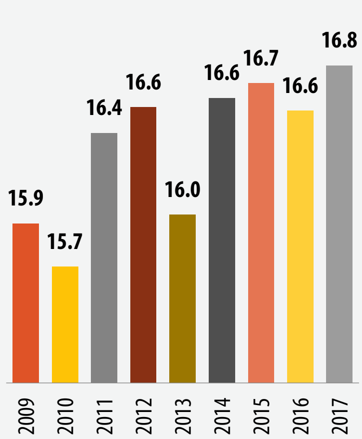
* Costa Rica, Panama, Honduras, Guatemala, Nicaragua, El Salvador / ** Ecuador benefits from the agreement since 1st January 2017 / Processed by Cirad-FruiTrop

Banana
US market

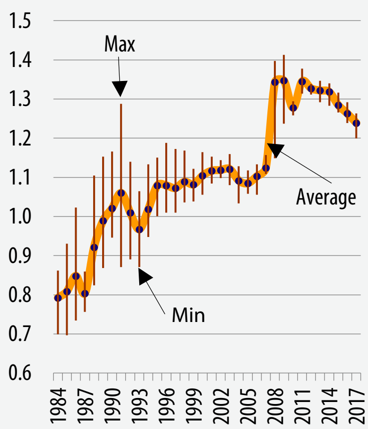
Ever cheaper in-store prices

by Denis Lœillet

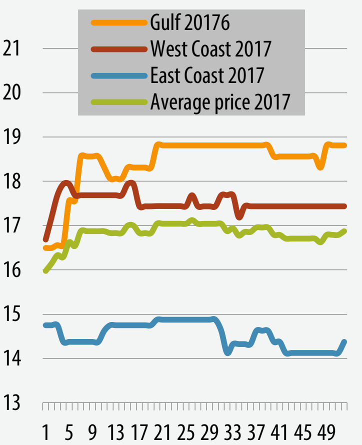
Banana - USA - Annual spot import price
(USD/box / Source: Sopisco)



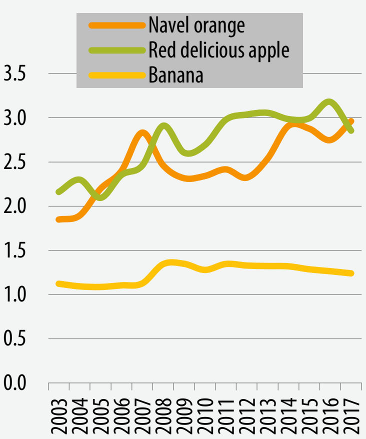
Banana - USA - Annual retail price
(USD/kg / Source: Bureau of Labor Statistics)



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



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



The North American banana market is peculiar in many respects. Its organisation is based on a limited number of import and retail players (technically referred to as bilateral oligopoly) and with a high degree of upstream-downstream contractualisation. Hence we have relatively little information on import prices. The analysis will be limited to just the spot prices which appeared in the Sopisco News review. And we can say that 2017 will once again have confirmed that the US market ran as if by sheet music. For the past four years, import prices have fluctuated between 16.6 and 16.8 USD per box. Weekly prices throughout the year confirmed this great, even strange stability. In 2017, the intra-annual volatility was the lowest in recent years, comparable to 2013. It was twice as great as in 2016 and five times as great as in 2015. Unsurprisingly, the lowest import prices were registered in the Eastern Seaboard ports. In the Gulf of Florida ports, they were for once greater than those charged on the Pacific Seaboard.

Of greater interest is the long-term evolution of the retail price of the banana. While spot prices practically showed no reaction throughout 2017, retail prices very clearly came undone from September 2017. Of course, everything on this market is highly relative. We can talk about coming undone when there is a drop of 3 %. Yet this was a first! And it was not direct competition from the other major fruits on the shelf which caused this fall. Prices for the orange (Navel) or apple (Red Delicious) peaked at approximately 3 USD/kg, whereas the banana slipped to 1.2 USD/kg. The most serious thing in all that was that banana retail prices have fallen constantly since late 2014. This may be a slow drop, but is associated with an inflation rate which is not negative, far from it; we might say, as in the case of Europe, that the sector is conscientiously destroying value. In terms of volumes, it is true that consumption is on the rise, finally! Over the first ten months of the year, the net supply gained 5 %. The parallel between falling retail prices and increasing consumption volumes is far from clear, since the banana is already – and by a very long way – the most competitive fruit on the shelf. We will limit ourselves to observing that while it is satisfactory for the consumer and for the price index in the USA, it is of course less so for this increasingly impoverished industry, especially at the production stage ■

Banana
Russian market

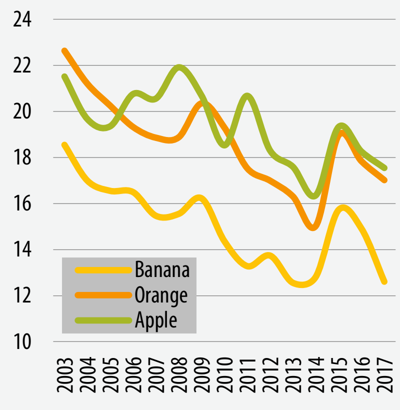
A good dynamic

by Denis Lœillet

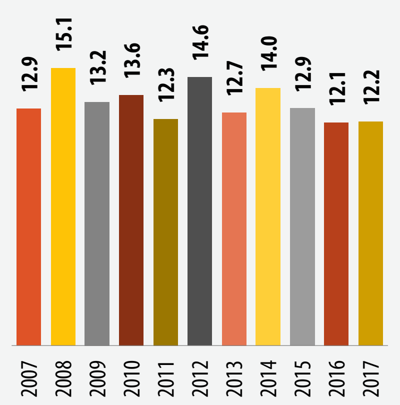

© Lilia Gorodova

It was a year of good news on the Russian front. Consumption is on the upgrade. Over the first nine months, the net supply climbed by 15 % on 2016. A twelve-month projection took the size of the Russian market up to 1.5 million tonnes, an unprecedented level! The planets were perfectly aligned. The rouble is in better shape against the dollar, currency reserves have increased thanks to the oil price recovery, inflation is practically under control and economic growth is returning. In 2017, the context was favourable for banana consumption, especially since its worldwide price has fallen. For an annual average price identical in 2016 and 2017 of 12.1 USD/box CIF St. Petersburg, the equivalent in roubles collapsed by 13 %: from 811 to 710 roubles/box. The world banana market crisis did affect Russia, but less extensively (just over two months this summer). There was a clear autumn recovery before the year ended with a flourish. In terms of retail price, a distinct ebb was confirmed, back to extremely low levels of just over 12 roubles per kilo. The gap with apples or oranges is widening further, with their prices also falling though less quickly than for the banana ■

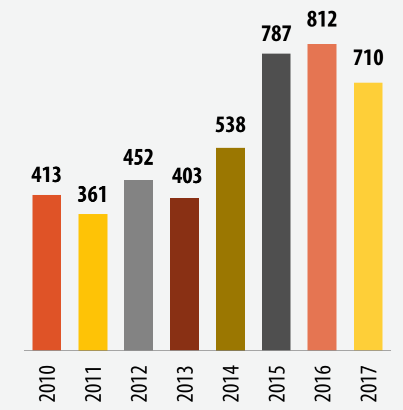
Fruit - Russia - Retail price on a constant rouble basis
(in rouble/kg / source: national authorities)



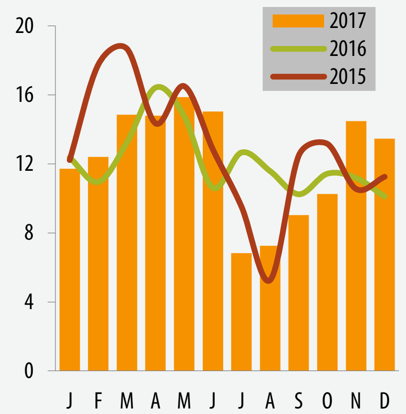
Banana - Russia - Annual import price - CIF St. Petersburg
(USD/box / source: CIRAD-FruiTrop)



Banana - Russia - Annual import price - CIF St. Petersburg
(roubles/box / source: CIRAD-FruiTrop)

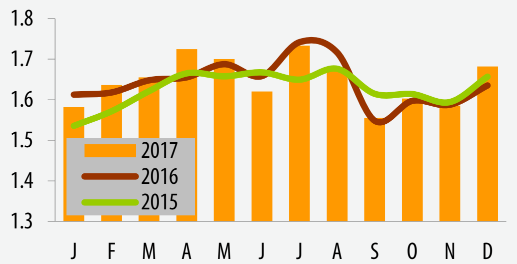


Banana - Russia - Monthly import price CIF St. Petersburg
(USD/box / source: CIRAD-FruiTrop)

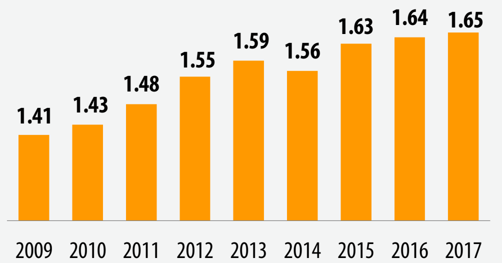


France

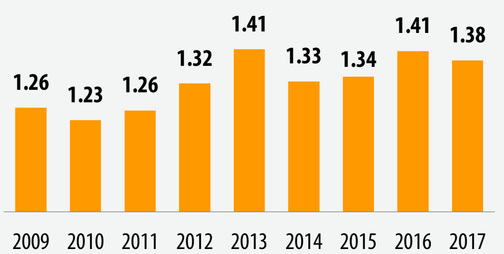
Banana - France - Monthly retail price
(in euro/kg / sources: RNM, CIRAD-FruiTrop)



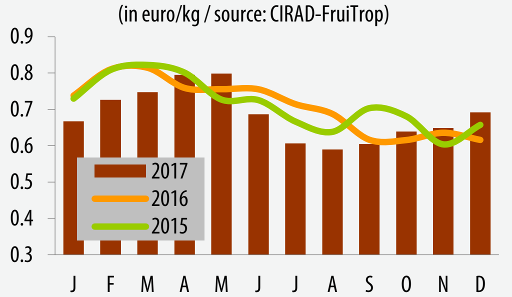
Banana - France - Annual retail price
(in euro/kg / sources: RNM, CIRAD-FruiTrop)



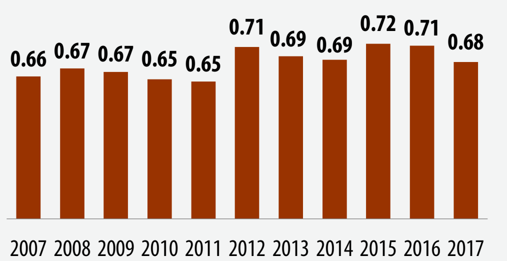
Banana - France - Annual promotional retail price
(in euro/kg / sources: RNM, CIRAD-FruiTrop)



Banana - France - Estimated monthly import price
(in euro/kg / source: CIRAD-FruiTrop)

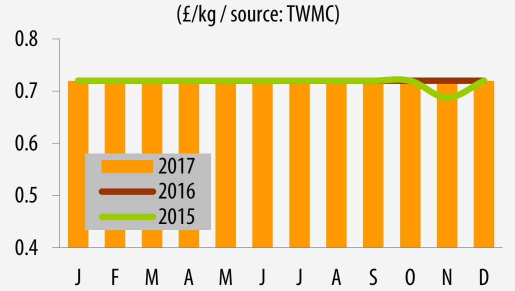


Banana - France - Annual import price
(in euro/kg / source: CIRAD-FruiTrop)

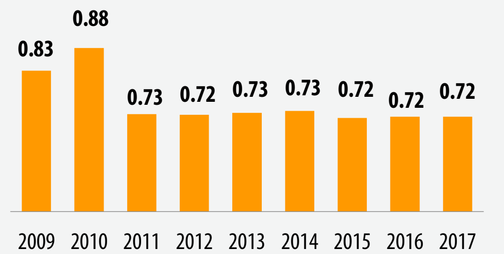


United Kingdom

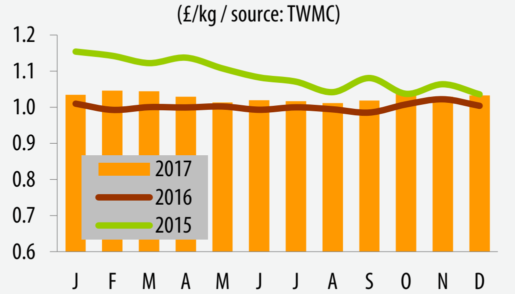
Loose banana - UK - Monthly retail price
(£/kg / source: TWMC)



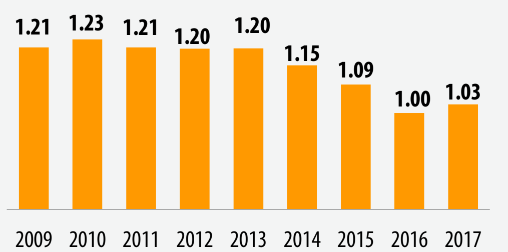
Loose banana - UK - Annual retail price
(£/kg / source: TWMC)



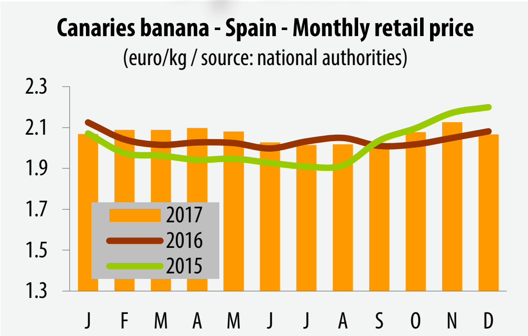
Prepacked banana - UK - Monthly retail price
(£/kg / source: TWMC)

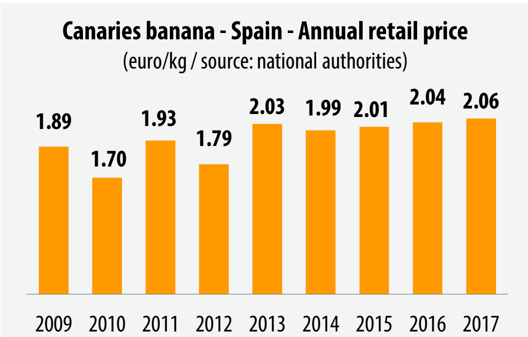


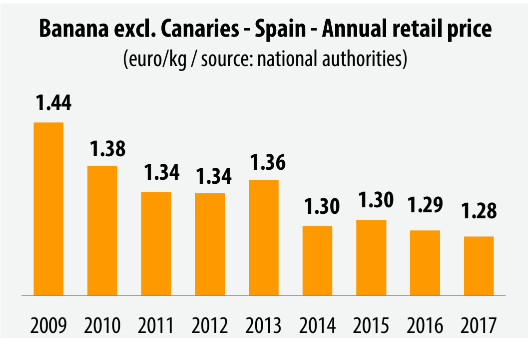
Prepacked banana - UK - Annual retail price
(£/kg / source: TWMC)

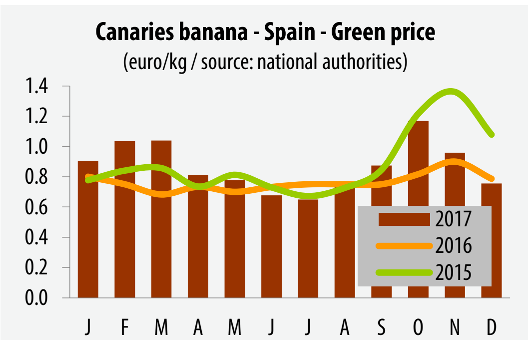


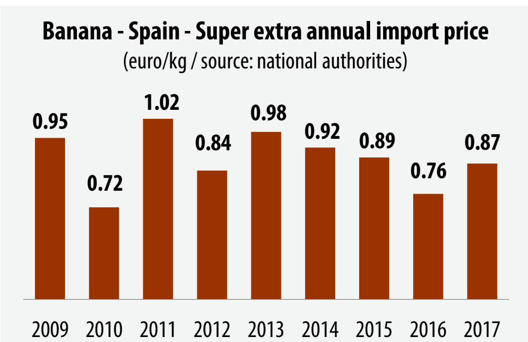
Spain



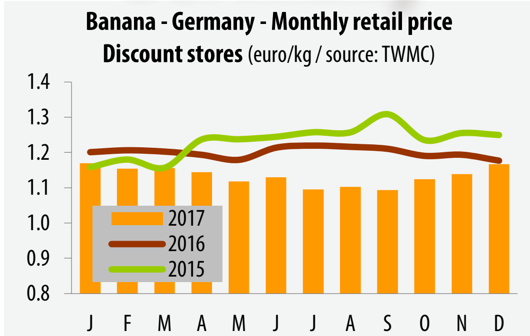


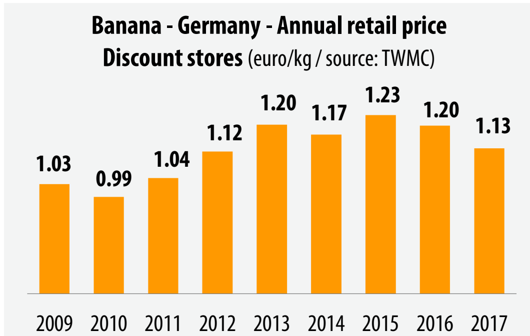


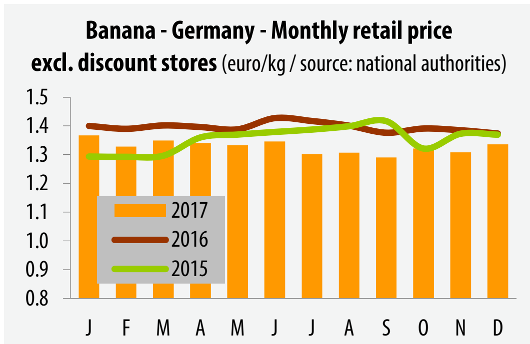


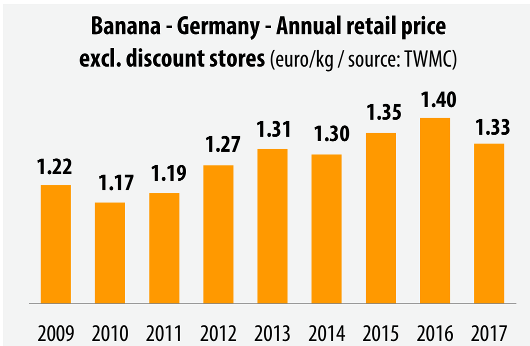


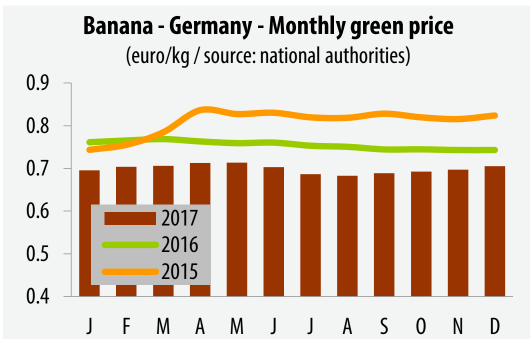
Germany











European papaya market

A success story

© Guy Bréhinier

European papaya consumption, long hesitant, has seen strong upward momentum since 2013. Although this virtuous trend was interrupted in 2016, this would appear to be just a temporary breather. 2017 could bring us a new import record. Thanks to the efforts made by the whole industry in terms of quality and logistics management, the development of a "ready-to-consume" range, as well as economic factors explaining the surge of the Brazilian origin, the papaya would appear to be entering the big league on the European exotic fruits market.

Weekly banana market report

Comprehensive and relevant European market monitoring

- Production trends
- Detailed review of the main European markets
- Detailed import prices for each market
- Supply levels

Annual subscription price: €3 000 pre-VAT

(approx. 48 editions per year)

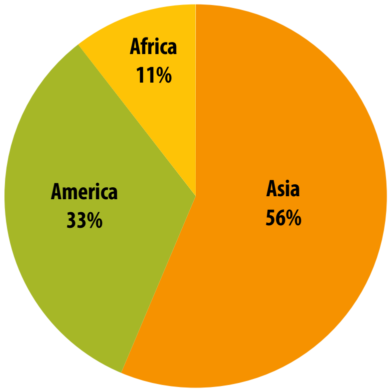
E-mailed out on Thursdays

Contact: info@fruitrop.com

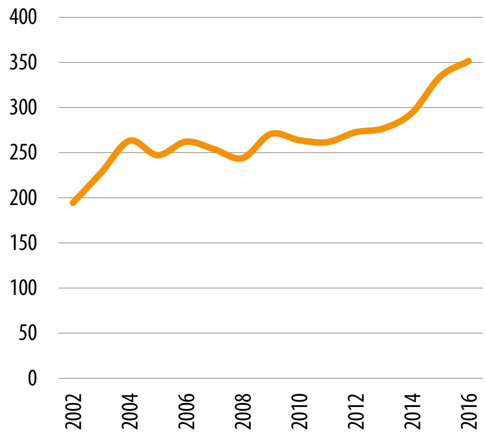
or www.fruitrop.com/en/ciradshop/subscribe

FRuiTROP weekly

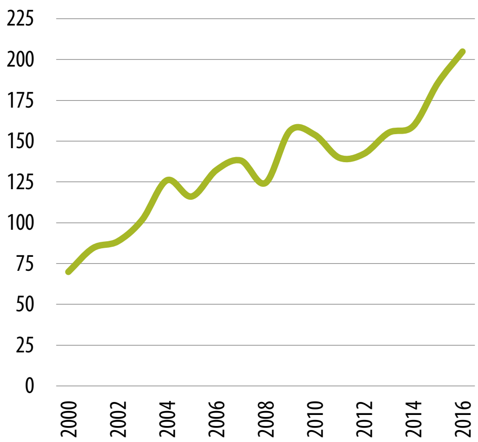
Papaya - World production breakdown
(source: FAO 2016)



Papaya - Evolution of world imports
(in 000 tonnes / source: Trademap)



Papaya - United States - Imports
(in 000 tonnes / source: USDA)



With worldwide production constantly growing to in excess of 13 million tonnes in 2016 (FAO), the papaya remains a fruit mainly consumed in the producer countries of Asia, Latin America and Africa. Hence exports represent just 3 % of volumes produced worldwide, i.e. barely more than 350 000 tonnes in 2016. Latin American countries are the main exporters, with Mexico and Brazil accounting for nearly 70 % of volumes traded worldwide.

The world trade is exhibiting a fine dynamic, though varying between the consumption zones. World trade has had an annual mean growth of 6 % since 2011, and picked up considerably since 2013. This is down to increasing consumption in the USA, the world's number one papaya importer, where the fruit is no longer considered exotic, but a common staple. Consumption is continuing to see strong growth (10 % per year on average since 2013), and in 2016 the country absorbed nearly 60 % of volumes on the market.

Other import zones are also exhibiting highly positive dynamics, such as Central America, South America and the Middle East. Although the quantities imported into these zones are still limited, they have doubled in the space of five years. Conversely, Russia and Japan, world-class heavyweights in fruit imports, are seeing a distinct downturn after a long period of stagnation, which can definitely be correlated with economic recession and currency fluctuations discouraging imports to these countries.

European consumption rising, but still ethnic

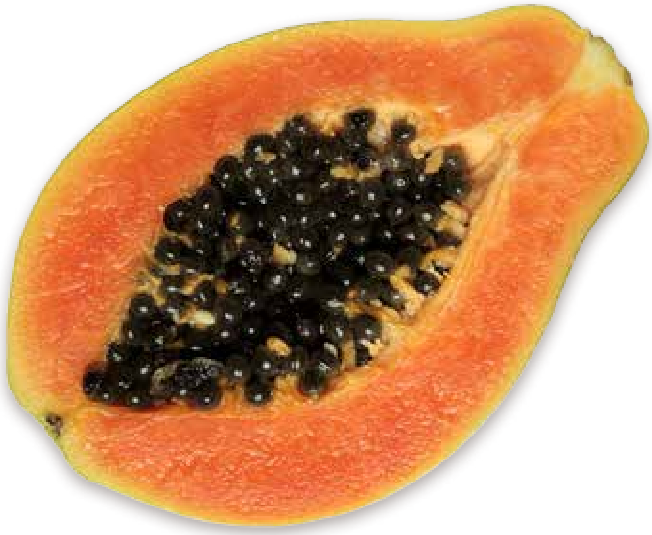
With nearly 40 000 tonnes of papaya imported in 2016, i.e. 11 % of the world supply, Europe is the world number two import market, far behind the USA. The size of the European papaya market should be put into perspective against the annual imports of other tropical fruits such as the pineapple (1 million tonnes) or the banana (more than 6 million tonnes). European consumption per capita is still low, around 50 grams per year, as opposed to nearly 630 g in the USA, with this gap widening further since the last decade.

Consumption of this fruit within the EU remains uneven and associated with the ethnic populations who are regular purchasers. Hence Southern Europe remains the main consumer, accounting for more than 30 % of imports, in particular Portugal and Spain. Germany, which takes in more than 25 % of volumes, has exhibited very big growth in recent years, indeed taking second place from the United Kingdom and Ireland which account for 17 % of volumes. In the New Member States and France, consumption is on the rise but still remains below the 2 000-tonnes per year mark in each case. Conversely, in Scandinavia and Central Europe, it remains anecdotal.

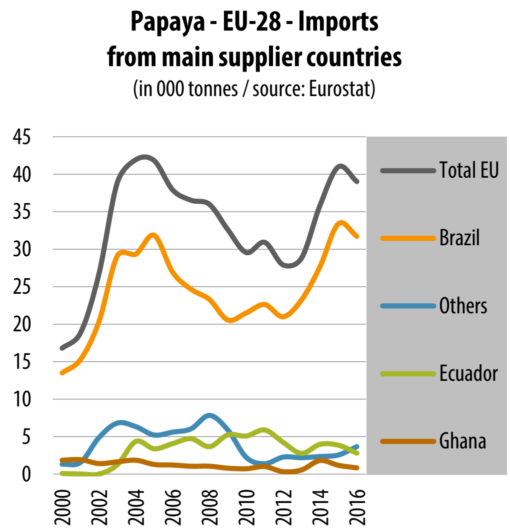
Latin American supply

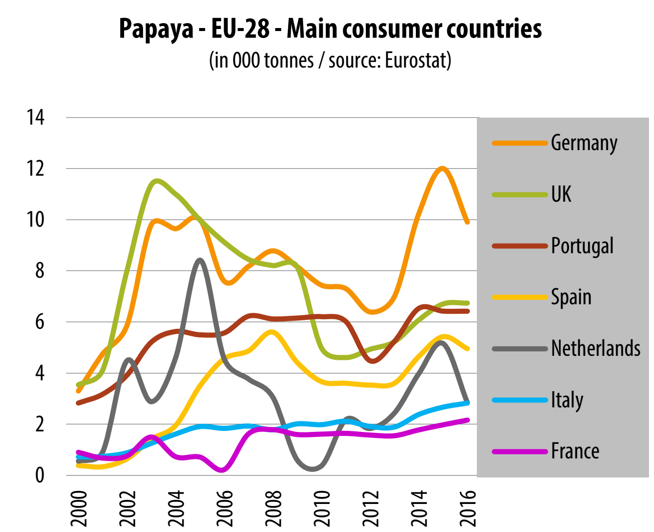
The supply to the European market comes primarily from Latin America, and more by sea-freight than air-freight. Brazil is the leading supplier, with Ecuador lagging well behind. Despite the historical and geographic proximity which might favour its progress on the market, Africa remains highly discrete compared to the Latin American suppliers. Asia, the world's main papaya producer, is practically absent from the international stage and therefore Europe, with self-consumption and regional trade remaining its main outlets. Other small origins, such as Jamaica, Thailand, Costa Rica or the Dominican Republic, are on the rise in Europe, though they remain anecdotal for the moment.

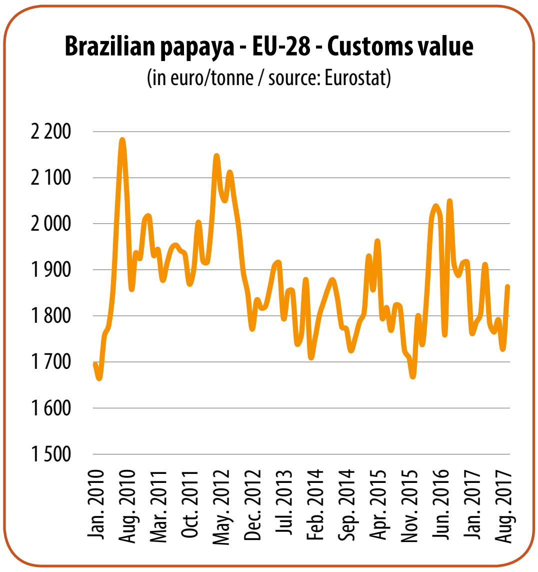
Furthermore, a European production industry is developing in Spain. Traditionally based in the Canaries, production has in recent years extended to other regions such as Almeria, Malaga and Murcia, where greenhouse production has emerged. With wholesale prices often in excess of

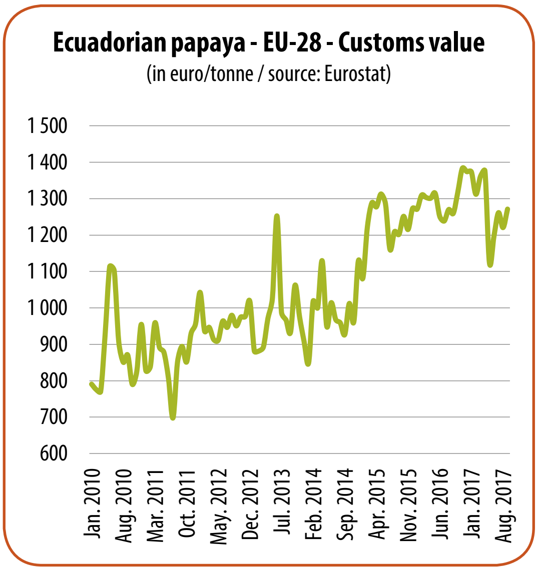


© Guy Bréhinier









2 euros/kg, the papaya represents an interesting alternative to other traditional crops thanks to its high productivity and low production costs (since the plant is productive 8 to 9 months after planting). Given the growing demand and the possibility of rapid road-freight transport of fruits picked near-ripe, the industry could have a prosperous future.

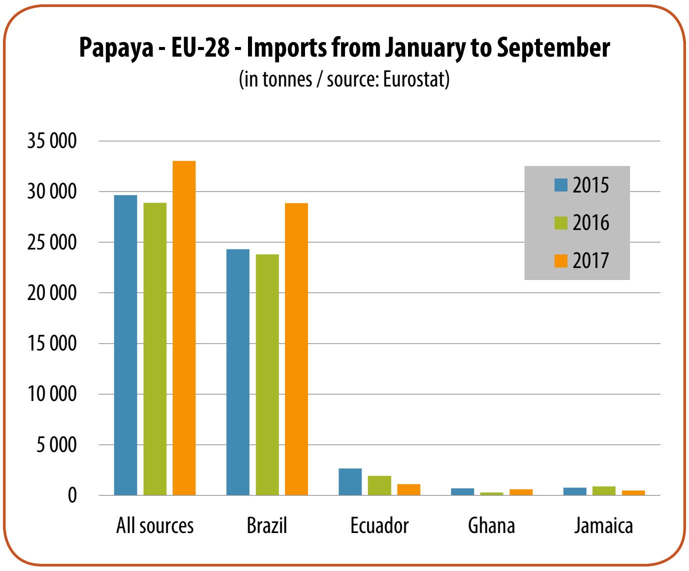
One of the main brakes on the development of the papaya trade has been the often heterogeneous quality due to the fruit's high fragility and the transport times between the production stage and the various consumption centres. Yet the recent development trend of the "ready-to-consume" segment is helping improve quality: the papaya, a climacteric fruit, is picked green to ensure that it keeps during transport, before being ripened in ripening chambers.

The varieties Formosa (large), Golden and Solo/Sunrise (small) make up the bulk of the market. The variety Solo, much prized for its organoleptic qualities, had been abandoned due to its high transport fragility, but seems to be making a comeback in particular from Ecuador.

The Brazilian boom

With a market share in excess of 80 % in 2016, Brazil dominates the papaya supply to Europe, and is continuing to progress. The success of this origin can be explained firstly by better quality control of the fruit throughout the logistical chain (setting up quality improvement projects). Secondly, and above all, the big depreciation of the Brazilian real since 2010 against the euro explains this concentration of its growth on the European market, and more competitive import prices over time compared to other market suppliers. Ecuador, the number two supplier to the European market, is losing momentum, and its decline has been gathering pace since 2015, with a market share of just 7 % in 2016. It is suffering from the Brazilian competition and the adverse effect of the euro/dollar exchange rate, near-parity since 2015 and until early 2017, on its dollarized economy. In addition, the more complex logistics (longer transport time, Panama Canal toll) explain the use of air-freight, which is more costly.

A growth dynamic which should resume after a hiatus in 2016



The consumption dynamic was shaken up in 2016, when a downturn was observed for the first year since 2013. Nonetheless, this change of trend should be directly associated with the overall fall in Brazilian exports. This country suffered from climate events due to the El Niño phenomenon in 2016, leading to production losses caused by unprecedented drought and high temperatures affecting flowering. This decline in exports was compounded by strong demand on the local market, where the papaya remains a fruit consumed daily.

Hence the growth hiatus observed in 2016 should be only temporary. The cumulative imports between January and September 2017 exhibited a distinct return to growth. Over the first nine months of the year, European imports reportedly went up by 14 % from the same period of 2016, and by 10 % from 2015. This leap, which will make 2017 another record year in terms of import volumes, can be entirely explained by Brazil's return to form, to the detriment of the other main traders such as Ecuador, which continued to lose ground in 2017 against the Brazilian juggernaut.

The papaya market boom should continue. Efforts in terms of quality improvement upstream and downstream are now helping ensure the consumer a high-quality and tasty product. The production presence of European groups (joint ventures or direct investment) has solidified the supply chain, which now means that the fruit's presence can be ensured year-round, and contractual systems are being development with the supermarket sector. Finally, the expansion of the range with "ready-to-consume" or "fresh cut" fruits is also one of the keys to success with consumers who regard the papaya mainly as a snack or an ingredient for salads. Thanks to the multiple efforts throughout the industry, will the papaya finally manage to overcome the ethnic consumption barrier, and establish itself as a mass consumption product in Europe? ■

Carolina Dawson, CIRAD
carolina.dawson@cirad.fr

Sea freight

H2 2017

The second half of 2017 saw a huge contrast in fortunes for vessel operators at either end of the size spectrum: just as the news was unrelentingly positive for owners and operators of small and handysize reefer units between July and December, so it remained unforgivingly negative for the large sector.

© Eric Imbert

It is no coincidence that the principal reasons behind the divergence are the way business is conducted and the way the market is structured in each segment. Smaller tonnage is heavily dependent on seasonality and volatile spot demand, and as such, is out of reach of the liner services offered by the carriers. Indeed, without the specialized reefer, some of these trades would not exist.

On the other hand larger tonnage, a significant percentage of which is employed in less seasonal/more secure period business, is more vulnerable to conversion – especially now that investment in infrastructure has been made at ports of origin and destination. However there are also incidences, particularly in the seasonal Southern Hemisphere trades, where the large reefer is currently just as indispensable as the small unit. This is the next challenge for the carriers.

Other than the erosion of market share held by the specialized reefer, the transformation of the functionality of the reefer charter market is the most significant consequence of the inexorable rise of the container lines in the reefer business. A decade ago, as many as 10 to 20 ships per week were fixed for prompt, spot cargoes during the February to May peak season. This figure reduced to between 5 and 15 per week for most of the rest of the year. In contrast, to date this year there have been fewer than 20 spot fixtures to bananas in total, and fewer than 10 to Chile, South Africa and Argentina combined. The business has changed, and with it, the rules.

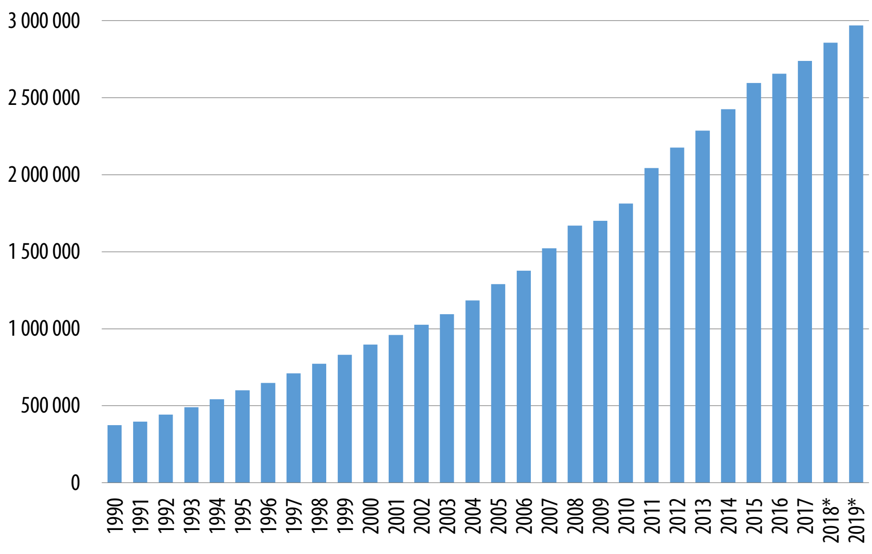
While the forthcoming crisis in the large segment will, to some degree and in the short term, be resolved by demolition, it is the lack of slated newbuildings that must be concerning charterers of smaller units. Come January, the average age of the vessels in the 200-300'cbft category will be 28, and those in the 300-400'cbft will be 27. To date, only Seatrade has committed forward; the operator has a markedly different strategy for the replacement of its smaller units, which work predominantly in the GreenSea operation, than it does for its larger units.

The mood was set for the second half in late July, when Canary Island tomato charterer Fedex opted to switch modes into a third party container service for the seasonal business. The Canary Island tomato export business was one of the longest established specialized reefer trades: in its heyday some 300K MT of tomatoes were shipped into the UK and N Cont between November and end April.

As the reefer industry lamented the loss of the Canary Island tomato business to the carriers, it transpired that the reason behind the decision to switch was related to factors outside the control of either mode. Put simply, there is no longer enough export volume to justify chartering specialized reefer vessels. The decline is partly due to increased competition from both mainland Spain and Morocco, but principally down to the spread of plant diseases, which have reduced crop yields. In 2016/17 the Canary Islands shipped a total of 55K MT of tomatoes, a figure 6.7K MT lower than 2015/16. In order to make the trade viable, reefer vessels need a load factor above 55% – last year the average was less than 50% – hence the switch!

Sea freight - End-year size of global integral (and insulated) reefer TEU fleet

(in TEU / * forecasts / source: Andrew Foxcroft)



© Eric Imbert

Meanwhile, the most significant event that took place in the second half of the year was reefer operator Seatrade's decision to close its New Zealand office. The implications and consequences are now playing out.

The move came about as a result of the merger of its Meridian service to northern Europe via Peru, the Caribbean and United States with the Panama Direct (PAD) service operated by CMA CGM. Seatrade acknowledged that the service was making significant losses on a stand-alone basis. As a result of the merger, the Seatrade New Zealand personnel have since been integrated into the CMA CGM organization.

The Meridian was to be a flagship service for the operator's six, fully cellular 2 200 TEU Colour Class newbuild units, three of which have subsequently been sub-chartered into the service. The Meridian was launched in January this year, originally with a 10-day frequency, offering the fastest and most direct service on the trade route. At the time Seatrade was keen to emphasise that the service would run completely independently and free of alliance commitments with other carriers. However in July, Seatrade decided to join forces with CMA CGM. The new service brought together CMA CGM's PAD, Seatrade and Marfret with a total of 13 vessels (6 CMA CGM, 6 Seatrade and 1 Marfret), each with a minimum 600 reefer slots, and doubled the number of port calls that the Meridian offered. The launch of the service was scheduled for October. So, what started out as a bold project less than 12 months ago turned into something of an 'own goal' embarrassment for Seatrade. Not only did it lose a trade that it had held for two decades, but the operator also inadvertently containerized a trade route perhaps 4-5 years earlier than would otherwise have happened!

Predictably, and mostly through no fault of its own, the reasons for the failure are rooted in pricing: rates were reported to be so low that even on a 100% load factor in the high season, the voyage was barely breaking even. And how could a relatively small container vessel make money making so many ports calls under the revised 13-vessel schedule? If reports are accurate, then CMA is also likely to be losing money on the service. But this is hardly a consolation: with deeper pockets and therefore also a longer time horizon over which to build market share, the carrier can well afford to loss lead strategically.

Given that the Meridian service was already containerized, the net impact on the specialized reefer market is limited to the surplus three vessels that Seatrade now has either to integrate into its other services, or sub-charter – two of the three surplus units have yet to be delivered. Does the abandonment of the Meridian service cast doubt on the viability of the Colour Class model? The Meridian experience demonstrates that a fully cellular liner service run by a minnow, third party operator will always be vulnerable to attack from the sharks in whose tank it is swimming.

Seatrade will rightly point out that there is other interest in the Colour Class units from independent charterers such as Africa Express Line (AEL), which took the Orange on charter for six months last year. When the Orange was subsequently absorbed into the Meridian service, AEL replaced the vessel with the containership Mimmi Schulte into what has become a 5-vessel string from Cameroon, the Ivory Coast and Ghana to the UK and N Cont. If a Colour Class vessel works successfully for AEL, why should it not work for other majors that have containerized their banana business?

In a broader sense, it would be interesting to know whether the carriers foresaw the ongoing bloodbath in reefer rates during the process of containership industry consolidation over the past 18-24 months. The process has seen operational costs vastly reduced and profitability restored on the back of increased dry business. It's probably fair to say that the specialised reefer business had hoped for a more logical approach to pricing from the carriers: instead, confronted with a huge increase in competitive slot capacity and the lines undercutting each other and the reefer on price in order to fill their ships, the reefer mode looked a lot more vulnerable at the start of December than it did in September.

In this context, Seatrade clearly had no better option but to surrender what it had created. Somewhat ironically, the Meridian decision was a win-win: Seatrade turned a loss into a profit, while CMA CGM obtained a key cargo that it would otherwise not have been able to secure. However the relative ease of the capture will inevitably have caught the attention of those other carriers such as Maersk Line, MSC and Hapag Lloyd who have a strong reefer strategy.

Partly as a result of the Seatrade decision, the mood among reefer industry stakeholders appears to have shifted, perhaps decisively. If CMA can grab the New Zealand reefer business, what else could be on offer? And should a further trade loss occur, what would the consequences be?

The answer to the first of these questions came in early December when reefer Cool Carriers announced the termination of its Coolman banana service from Colombia, Costa Rica and the Dominican Republic into the UK and N Cont. The operator blamed the lethal combination of retailers driving down the cost of bananas and the container lines offering what it claimed must be sub-economic returns on the trade in order to secure the business.

It is public knowledge that reefer ships are old, asset values are low and that pricing on some reefer liner services has become close to unsustainable. The carriers also know that change is coming – it must be, given that reefer tonnage is not being replaced. With a rationalised containership industry recovering and the reefer industry weak, the carriers scent blood. It would not be a surprise to see the lines pounce, and soon. But how would this work and what would they target?

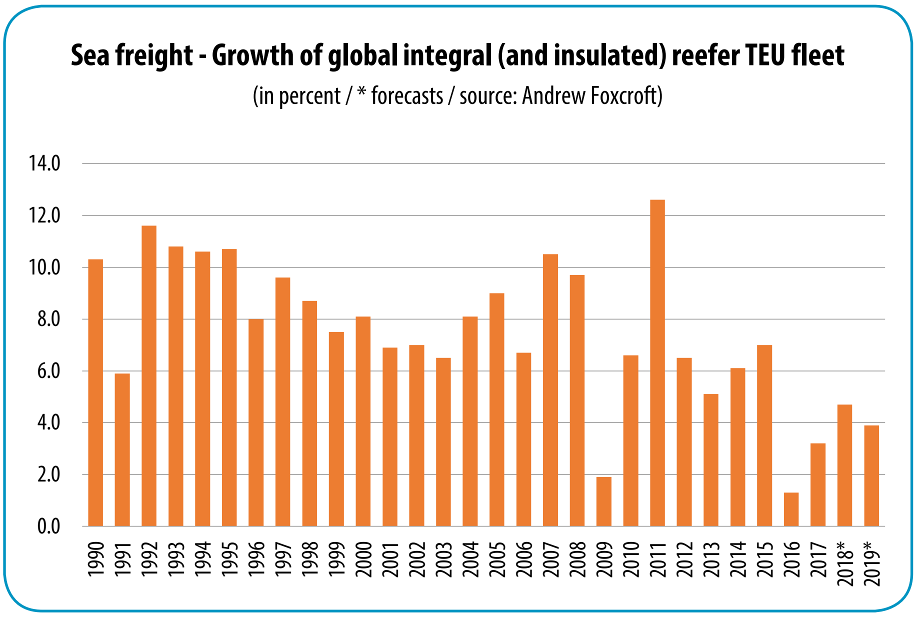
The assumption must be that the carriers are interested in hardware: they have enough of their own capacity to fill not to worry about managing a mode over which they have no operational or marketing experience. Equally they have no interest or incentive to prolong the lifespan of the rival mode! It is the cargo that the lines are after, and possibly some of the software. The question they will presumably be considering is which liner and/or seasonal services that have so far resisted the temptation to switch modes, can be converted the most easily. And possibly also, which personnel could best fashion the transition. Under these circumstances, CMA has stolen a march on its competitors, purely because it has been the first to establish a dialogue with the largest reefer operator with the most cargo.

The sudden acceleration towards the inevitable begs the question. Can the trend be reversed? Well, clearly not! OK, but can it be slowed? Perhaps, but only with the support of charterers and cargo interests, most of whom to date have been willfully complicit in the demise of the mode. The end game has begun!

Is it all bad news? Absolutely not! The steep decline in fortunes of the large segment contrasts sharply with the success of the small units, which in early December were on course to deliver the highest second half Time Charter Equivalent average yields on record. While this segment too has its challenges, the outlook is much more favourable.

This is because the market for the smaller and handysize units is niche enough not to attract the attention of the carriers on the one hand, and so significantly different and logistically difficult to service that it is relatively immune to the scrutiny of the lines and large units alike, on the other. However if the carriers continue to force the large units out of their core trades, there must be a danger that some capacity will cascade down into the space occupied by the small vessels.

The other factor that will accelerate a decline is the lack of investment in newbuilding. The average age of the smaller



units is higher even than that of the larger ships. Unless someone starts building ships, charterers won't have the luxury of a choice!

Forecast

Extraordinarily, the month of November ended with various charters, pool agreements and renewals for 2018 still to be concluded. While there is too much tonnage chasing a shrinking cargo volume, charterers have looked at their results in 2017 with disappointment and are viewing 2018 with trepidation – not least because ever more competitive containership capacity is due to be delivered. The net capacity of the global containership fleet is set to expand by 7.1% in 2018, provided none of the deliveries of the 78 ships over 10 000 TEU totalling 1.2m TEU are postponed.

There is an argument to suggest that the tipping point for the large reefer is approaching significantly faster than many predictions made even only several months ago. It looks as if 2018 will start with a number of large vessels out of contract: with no spot market on which to tramp, these units have an ever diminishing number of options. It would not be a surprise to see a sudden surge in demolition activity! ■

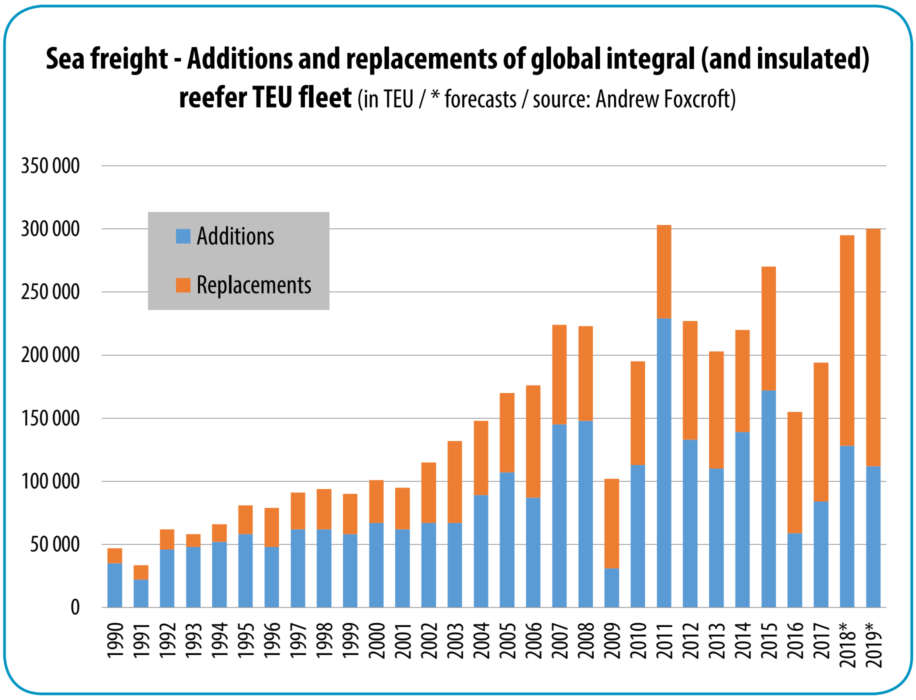
Richard Bright, consultant
info@reefertrends.com

Reefer containers

The estimated total numbers of units manufactured for 2017 is 194 000 TEU, which is up from last year's confirmed figure of 155 000 TEU. Given that the industry needs to retire approximately 110 000 TEUs this year, the net impact on the total fleet size is for growth of 3.2%, the third lowest net increase on record after 2016 (1.6%) and 2009 (1.9%).

From 2018, the industry will need to start replacing a minimum of 200 000 TEU (100 000 units) just to replace what will be lost. But, with demand for reefer capacity growing and the specialized reefer mode in the advanced throes of terminal decline, there is already a burgeoning need for a step increase in the manufacture of units.

Given that the specialized mode is so much more efficient in moving reefer product than the third party carrier alternative, the loss in specialized reefer capacity will need to be over-compensated for in the production of reefer boxes. In numerical terms, total annual production will need to be 200 000 units-plus, within 3-4 years. At USD15 000 per container this is an investment of USD3bn annually. In order to make this happen, the reefer trade will need to be significantly more profitable for the container lines and reefer lessors than it is today.



Sea freight - Additions and replacements of global integral (and insulated) reefer TEU fleet (in TEU / * forecasts / source: Andrew Foxcroft)

Wholesale market prices in Europe

November 2017

					EUROPEAN UNION - IN EUROS				
					France	Holland	UK	Germany	Belgium
AVOCADO	Air	TROPICAL	BRAZIL	Box			18.06		
			DOMINICAN REP.	Box	14.00				
	Sea	FUERTE	CHILE	Box	13.00				
			ISRAEL	Box	11.00				
			KENYA	Box	12.00				
			PERU	Box	13.00				
			SOUTH AFRICA	Box	13.50				
		HASS	CHILE	Box	12.42		14.67	15.50	
			COLOMBIA	Box	11.00				
			ISRAEL	Box	12.00				
			KENYA	Box	13.50				
			MEXICO	Box	12.25				
			PERU	Box	15.00				
			SOUTH AFRICA	Box	15.00				
			GUATEMALA	Box		13.50			
			MOROCCO	Box				15.00	
		PINKERTON	ISRAEL	Box	10.50				
			SOUTH AFRICA	Box	13.50				
		ETTINGER	ISRAEL	Box	8.00	9.63			
			PERU	Box	12.50				
		RYAN	SOUTH AFRICA	Box	14.00				
		ARAD	ISRAEL	Box		9.50			
	Truck	FUERTE	SPAIN	Box	10.00				
		HASS	SPAIN	Box	15.50			15.00	
		PINKERTON	SPAIN	Box	11.00				
		BACON	SPAIN	Box	9.50		7.33		
BANANA	Air	SMALL	COLOMBIA	kg	6.80				
			ECUADOR	kg		5.83			
	Sea	SMALL	ECUADOR	kg	2.20				
CARAMBOLA	Air		MALAYSIA	kg		4.91			
CHAYOTE	Sea		COSTA RICA	kg		1.50			
COCONUT	Sea		COTE D'IVOIRE	Bag	14.00	13.66	12.41		
			SRI LANKA	Bag			13.54		
		YOUNG	THAILAND	Bag		10.75			
DATE	Sea	DEGLET	ALGERIA	kg	5.00	2.19			
		MEDJOOL	ISRAEL	kg	11.00	7.95			
			SOUTH AFRICA	kg		7.25			
		NOT DETERMINED	ALGERIA	kg		3.30			
			ISRAEL	kg			3.39		
			TUNISIA	kg		2.00			
EDDOE	Sea		COSTA RICA	kg		2.10			
GINGER	Sea		CHINA	kg	2.50	2.00	1.62		
			PERU	kg		2.04			
GUAVA	Sea		BRAZIL	kg			2.93		
KUMQUAT	Air		ISRAEL	kg	4.50	6.00			
LIME	Air		BRAZIL	kg	4.20				
			MEXICO	kg	5.50				
	Sea		BRAZIL	kg	3.63	3.22	2.51	3.00	
			MEXICO	kg		3.28	3.51		
LITCHI	Air		SOUTH AFRICA	kg	10.00	8.75			
			MADAGASCAR	kg			9.03		
		ON VINE	MAURITIUS	kg	19.00				
MANGO	Air	NAM DOK MAI	THAILAND	kg		9.50			
		KEITT	BRAZIL	kg	6.00				
		PALMER	BRAZIL	kg		4.71			
		KENT	BRAZIL	kg	6.53	5.91			5.34
			PERU	kg	7.03	6.33			
	Sea	ATKINS	BRAZIL	kg		1.66		1.44	
		NOT DETERMINED	BRAZIL	kg			3.01		
		KEITT	BRAZIL	kg		1.81		1.44	1.75
		PALMER	BRAZIL	kg		1.81		1.57	
		KENT	BRAZIL	kg	2.03	1.88			1.75

					EUROPEAN UNION - IN EUROS				
					France	Holland	UK	Germany	Belgium
MANGOSTEEN	Air		INDONESIA	kg		9.00			
MANIOC	Sea		COSTA RICA	kg	1.30	1.22			
MELON	Air	CHARENTAIS	MOROCCO	kg	3.00				
			SENEGAL	kg	4.00				
	Sea	CANTALOUP	BRAZIL	kg	1.45	1.28	1.40	1.25	
		GALIA	BRAZIL	kg	1.30	1.47	1.61	1.25	
		HONEY DEW	BRAZIL	kg	1.10	0.82	0.99	0.58	
		WATERMELON	BRAZIL	kg	0.70	0.81			
		PIEL DE SAPO	BRAZIL	kg	1.25	1.15	0.90		
		SEEDLESS WATER	BRAZIL	kg	0.85	0.85	0.73		
		CHARENTAIS	BRAZIL	kg	1.75	1.50			
PAPAYA	Air	FORMOSA	BRAZIL	kg		2.84			
			BRAZIL	kg	3.70	3.00	4.14		
	Sea		BRAZIL	kg			1.58		
PASSION FRUIT	Air	NOT DETERMINED	COLOMBIA	kg	5.50	5.38		4.50	
		PURPLE	VIET NAM	kg	7.75				
		YELLOW	COLOMBIA	kg		9.00			
			ECUADOR	kg		7.20			
PHYSALIS	Air	PREPACKED	COLOMBIA	kg	9.50				
	Sea		COLOMBIA	kg		4.79	4.17		
PINEAPPLE	Air	MD-2	BENIN	kg	2.83				
		VICTORIA	MAURITIUS	Box		13.50			
			MAURITIUS	kg	3.40				
			REUNION	kg	3.60				
	Sea	MD-2	COLOMBIA	Piece			1.13		
			COSTA RICA	Box		7.13		7.00	
			COSTA RICA	kg	0.90				
			COSTA RICA	Piece			1.13		
			COTE D'IVOIRE	kg	0.85				
			PANAMA	kg	0.80				
PITAHAYA	Air	RED	THAILAND	kg		6.42			
			INDONESIA	kg		10.40			
		YELLOW	ECUADOR	kg		10.00			
PLANTAIN	Sea		COLOMBIA	kg	1.20	1.25			
			COSTA RICA	kg			1.25		
			ECUADOR	kg	1.25		0.72		
POMEGRANATE	Air	NOT DETERMINED	TURKEY	kg		2.29			
		WONDERFUL	ISRAEL	kg	2.15				
	Sea	NOT DETERMINED	EGYPT	kg		1.03	1.13		
			TURKEY	kg			1.28		
		WONDERFUL	EGYPT	kg	0.95				
			MOROCCO	kg	1.00	1.43			
		EARLY RED	ISRAEL	kg	1.15				
			TURKEY	kg	1.25				
		ACCO	ISRAEL	kg	1.05				
RAMBUTAN	Air		VIETNAM	kg	8.00				
			GUATEMALA	kg		8.00			
SWEET POTATO	Sea	NOT DETERMINED	EGYPT	kg	1.00	0.92	1.04		
			HONDURAS	kg		0.96			
			SOUTH AFRICA	kg	1.50				
		RED/WHITE	HONDURAS	kg		1.45			
		RED/RED	HONDURAS	kg		1.00			
TAMARILLO	Air		COLOMBIA	kg		7.00			
TAMARIND	Air		THAILAND	kg		3.60			
TARO	Sea		COSTA RICA	kg	2.50				
YAM	Sea		BRAZIL	kg			1.10		
			COTE D'IVOIRE	kg	2.00				
			GHANA	kg	1.30	1.53			

Note: according to grade

These prices are based on monthly information from Guido Bernardi (consultant). Email : guidobernardi@libero.it

FRuiTROP

understand & decide

A website

FRuiTROP online

All the economic and technical information at a click in English and French at **fruitrop.com**

FruiTrop magazine is specialised in the international fresh fruits and vegetables trade. Recognised for its extremely professional editorial line, it is a sector reference thanks to its original, amply documented analyses.

A magazine

FRuiTROP magazine

Market information

FRuiTROP weekly

Every week, you can access a genuine decision-making tool, thanks to its exclusive information on the **banana** and **avocado** markets: production, exports, markets, etc.

contact: fruitrop.com or info@fruitrop.com

FRuiTROP online | FRuiTROP weekly | FRuiTROP magazine | FRuiTROP focus | FRuiTROP Thema