

## Processed pineapple: Thailand, a giant with fundamental flaws

by Denis Loeillet, from Cyclope 2018

The global pineapple trade is structured around two types of product that have almost nothing in common as far as origins or market dynamics are concerned. The two markets in question are the fresh pineapple and processed pineapple (juice and canned). Out of 100 pineapples exported worldwide, 64 are processed and 36 are traded as fresh fruit. Since 2006, the fresh-fruit market has grown by 50 %, yet the processed fruit market has grown by only 28 %.

Thailand, Philippines and Indonesia, the major processing countries (of juice and canned products) account for almost 6 million tonnes of production. Thailand gradually slipped on the ladder between 2011 and 2016, and fell from first to sixth place in the global ranking. The Philippines are forging ahead and Indonesia is recovering from a disastrous 2016.

Global canned-pineapple exports have stagnated at around 1.1 million tonnes, or 1.9 million tonnes of fresh-fruit equivalent. In whole slices, segments, pieces of various sizes, diced, and so on, there is a vast range of processed pineapple products. The aim is to recycle as much fruit pulp as possible. This also relates to the different uses that the manufacturers make of this raw product: from fruit in syrup all the way to milk-based products. The canning industry mostly uses the Smooth Cayenne variety. Only eight suppliers (Thailand, Philippines, Indonesia, Kenya, Vietnam, China, Malaysia and Swaziland) make up 100 % of the global supply of canned pineapples. But the first three have been responsible for 89 % of exports. In 2016 (last available figures), as in 2015, Thai exports remained below half a million tonnes of canned fruit (850 000 tonnes of fresh-fruit equivalent). Exports from the Philippines increased significantly (+ 16 %), whereas those from Indonesia dropped by a third. The USA and the EU each took up one third of the export supply. It should be noted that Russian imports have fallen since 2014 and now represent only 4 % of the global import potential. The international price of the canned pineapple fell back by 20 % at the beginning of 2017, dropping from USD 20 to USD 15.5 per 6 x A10 box (slices in light syrup) FOB Bangkok. The drop was less steep for the 24 x 20oz box, yet levels are low at around USD 13.5.

Pineapple-juice markets cover two types of product: plain juice and concentrated juice. In most producer countries, juice is a by-product of the industry, apart, for example, from Costa Rica and Swaziland. The list of suppliers differs from that of canned-pineapple

producers. For some years now, Swaziland has been developing a concentrated juice market alongside the mainstays, Philippines and Thailand. Since 2010, Costa Rica has also been at the forefront, becoming the leading world exporter of plain juice and the fourth supplier of concentrated juice. Its immense production base is completely orientated to fresh fruit exports, which allows manufacturers to have large quantities of MD-2 pineapple grade-outs at their disposal. Perhaps world juice prices will finally recover in 2018, after concentrate prices being reduced four-fold between their peak at the end of 2015 at USD 4 000 per tonne CFR Europe and USD 1 100 at the end of 2017.

Most producers anticipate a rise in 2018 that could carry on into 2019. Price rises in the region of USD 1 300 per tonne were already announced at the beginning of 2018. Nevertheless, the price of Costa Rican plain juice fell to USD 600 per tonne FOB at the beginning of 2018 compared with USD 750 only a year before. Stocks of mediocre quality juice (presence of nitrates) in Thailand are now being taken up thanks to exports to China. This price rise gives renewed hope to the Thai sector. This is timely when producers' selling prices are at their lowest. There is talk of a 4 THB/kg farm-gate price. This seems outlandish since it was over 12 THB/kg in 2016. Nevertheless, any emergence from the crisis still seems a long way off, since the Thai immigration policy could empty the country of seasonal foreign workers in the future. Other sources will certainly benefit from the major weakness of a global leader that, among other things, should no longer be able to exhibit its former ability to disrupt the market with large quantities of poor-quality products ■

**Pineapple - Thailand - Concentrate world price**  
(60°Brix, cfr Rotterdam / in USD per tonne / source: Agra-net)

