



FRUIT
LOGISTICA

Fruitrop
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Jan.-Feb. 2015 - No. 229

FR*ui*TROP

English edition

Close-up Banana prices in 2014

**World lime
market**

Still green!

**Counter-
season melon**

**2013-14 a model
season for the
future**

Sea freight

**Charter market
for H2**

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FOR DEVELOPMENT

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my babies for
9 months.”*

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**JE SUIS
CHARLIE**

Should we give in to the diktats of fashion, propriety and habits ingrained from who knows where... in short, should we wish each other "a Happy New Year"? In the best case scenario, these are sincere wishes; and in a spirit of cordial understanding, we will force ourselves to make a show of waiting all year for some of these wishes to come true. We will put off until the following year the long list of abortive wishes, the ones you hear every year: happiness, prosperity, health, etc. In the worst case scenario (without daring to say the majority of cases), such wishes are purely a matter of reflex, if not pure lies. In this hypocrisy of manners, accepted both by the one wishing and the one receiving, we all ultimately make a show of belief. Thus, without anyone forcing us, we participate in what Molière richly depicted in his play "Tartuffe". The only difference is that participation in this drama is socially encouraged, or even mandatory. It is a tough ritual, but it is the ritual... as we might paraphrase the famous motto "dura lex sed lex". For our readers, I would prefer the alternative of an "unwish", along the lines of the "unbirthday" from Alice in Wonderland. This would have the advantage of helping lighten the load on mailboxes (whether electronic or physical) and mobile phones. It would also be an opportunity to recall, at any point in the year, the consideration or friendship we extend to someone. But I'd better stop there, because I've just conveyed a wish!

Denis Loeillet



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FRUITROP

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Cover photograph: © Denis Loeillet

Banana

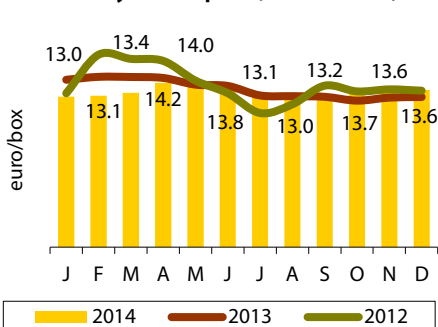
December 2014

The North European markets recovered a better balance, although the banana market entered its traditional quiet period. Despite the end of the Colombian shortfall, dollar banana volumes were lighter thanks to the implementation of volume reduction programmes by the majority of importers. Hence there were no stocks available. Nonetheless, the seasonal fall in demand had a more considerable effect on the South European markets, particularly from week 51. In France, despite average volumes from Africa and the French West Indies, some stocks did form, though rates maintained stable, seasonal levels. In Spain, the Canaries platano supply climbed back to an average level, causing stocks to build up and rates to fall. There were also stocks present in Italy over the period. In parallel, despite the Russian market remaining in a negative cycle, a small improvement was seen because of the slightly improving demand and incoming shipments continuing to fall (- 13%). Thanks to this, less pressure was observed in Eastern Europe from West European stocks and volumes forwarded from the Russian market, where the situation was able to recover a better balance despite the arrival of the end-of-year holidays. However, rates on these markets remained highly competitive.

NORTHERN EUROPE — IMPORT PRICE

December 2014 euro/box	Comparison	
	previous month	average for last 2 years
13.62	0 %	+ 3 %

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



Banana: European purée prices in December 2014.

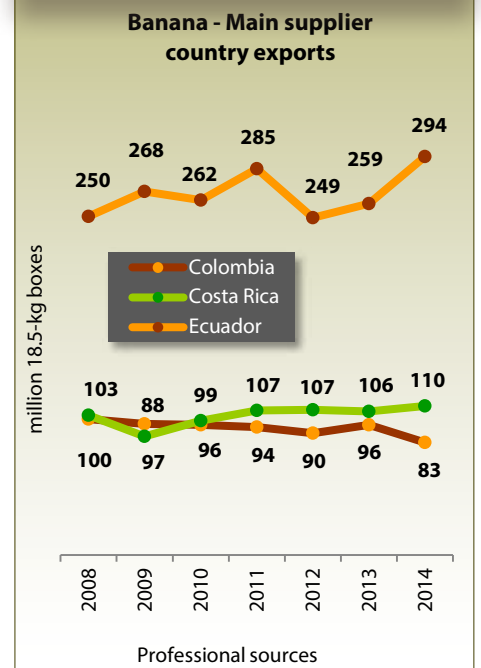
Type	Price (USD/t)	Source	Comments
aseptic ss, 22°Brix	675-725 fca Netherlands	Ecuador	The market seems to have rebalanced.

Note: fca: free carrier / Source: MNS-ITC Geneva

South American banana exports in 2014: from laughter to tears.

With the professional figures now available, we can draw up an initial balance of banana exports by the three main world market suppliers. Things are clearly going badly for Colombia, which with probably fewer than 85 million boxes exported, has registered its worst performance since the end of the last decade. The blame lies with the drought which occurred in the spring, and above all with the tornado which struck 16 000 ha of plantations in early July, completely destroying nearly 5 000 ha. The other sources were able to take advantage of the difficulties of the world number three exporter. Costa Rican exports, which had stagnated since 2011 at between 106 and 107 million boxes, leaped up to reach their highest level in recent years, with approximately 110 million boxes. The same can be said for Ecuador, which beat an export record, with probably approaching 295 million boxes.

Source: Reefer Trends



EUROPE - RETAIL PRICE

Country	December 2014		Comparison	
	type	euro/kg	November 2014	average for last 3 years
France	normal	1.61	+ 3 %	+ 8 %
	special offer	1.40	+ 2 %	+ 7 %
Germany	normal	1.29	+ 3 %	+ 4 %
	discount	1.17	+ 3 %	+ 6 %
UK (£/kg)	packed	1.18	0 %	0 %
	loose	0.72	0 %	+ 2 %
Spain	platano	2.22	- 1 %	+ 13 %
	banano	1.26	- 1 %	- 6 %



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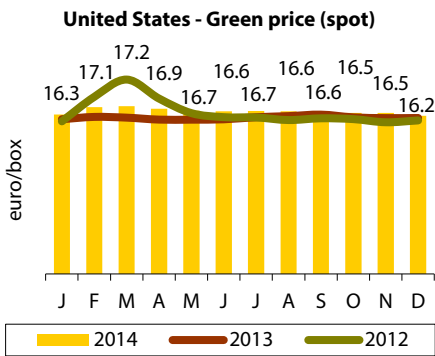


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Banana

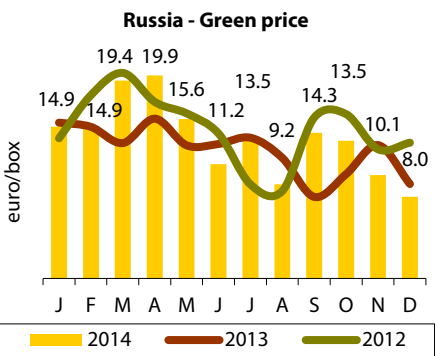
UNITED STATES



UNITED STATES - IMPORT PRICE

December 2014 USD/box	Comparison	
	previous month	average for last 2 years
16.20	- 2 %	+ 2 %

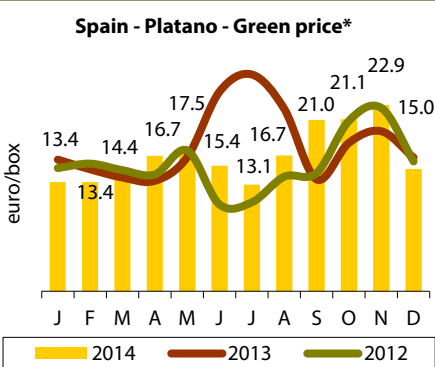
RUSSIA



RUSSIA - IMPORT PRICE

December 2014 USD/box	Comparison	
	previous month	average for last 2 years
11.20	+ 10 %	- 1 %

CANARIES



CANARIES - IMPORT PRICE*

December 2014 euro/box	Comparison	
	previous month	average for last 2 years
19.70	- 14 %	+ 21 %

* 18.5-kg box equivalent

■ **European banana consumption in November: still on the up.** Although the increase was very limited (around 1 700 t), November 2014 saw the twentieth successive monthly rise; quite a feat! Imports over the past twelve months (December 2013 to November 2014) amounted to 4 997 886 t, tantalisingly close to the symbolic 5-million tonne mark. In November Africa followed a downward trend, as could only be reasonably expected after the climate damage during the summer in Côte d'Ivoire. Cameroon partially made up for this temporary Ivorian downturn, as it has done since September, while Ghana was stable. The other ACP group sources were driven by Belize, which since September has gone from excess to excess. The Dominican Republic confirmed its very considerable slowdown which started in October. As for the dollar sources, Colombia saw a distinct downturn (summer tornado), as did Panama, which suddenly exhibited a performance slump (- 10 000 t), albeit very short-lived. However, we should note the reference period (November 2013), when export volumes to the EU

were abnormally high! Ecuador and Costa Rica continued their impressive forward march since the beginning of the year. Peru stabilised after a big shortfall in October. European production saw a very considerable increase, leaping up by 13 %, thanks in particular to the return of Martinique to full production. Guadeloupe and the Canaries were up more moderately by 2 %. Hence European consumption (production + imports) remained on the ascendant. Over the first eleven months of the year, it climbed to 4.8 million tonnes, while over twelve successive months it was slightly in excess of 5.6 million tonnes. Everything seems to indicate that consumption in 2014 could hit 5.7 million tonnes. We will await confirmation in mid-February.

The situation in the United States was less exceptional. The market was stable over the first eleven months of the year, with consumption reaching 3.7 million net tonnes. Honduras, Colombia and Mexico were dragging the trend down, whereas Ecuador, Costa Rica and Guatemala were up by 3 to 4 % over eleven months.

Source: CIRAD

Banana - January to November 2014 (provisional)

000 tonnes	2012	2013	2014	Difference 2014/2013
EU-27 — Supply	4 728	4 887	5 200	+ 6 %
Total import, of which	4 160	4 363	4 636	+ 6 %
MFN	3 260	3 453	3 644	+ 6 %
ACP Africa	444	498	511	+ 2 %
ACP others	456	468	481	+ 3 %
Total EU, of which	568	524	564	+ 8 %
Martinique	174	146	174	+ 19 %
Guadeloupe	61	65	67	+ 2 %
Canaries	314	300	305	+ 2 %
USA — Import	4 020	4 181	4 200	0 %
Re-exports	464	492	504	+ 2 %
Net supply	3 556	3 689	3 680	0 %

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

EUROPE - IMPORTED VOLUMES — DECEMBER 2014

Source	Comparison		
	November 2014	December 2013	2014 cumulative total compared to 2013
French West Indies	↘	+ 30 %	+ 15 %
Cameroon/Ghana/Côte d'Ivoire	↘	- 4 %	+ 1 %
Surinam	↘	- 7 %	- 10 %
Canaries	↘	+ 1 %	+ 2 %
Dollar:			
Ecuador	↘	- 9 %	+ 30 %
Colombia*	↘	+ 4 %	- 15 %
Costa Rica	↘	- 29 %	+ 61 %

Estimated thanks to professional sources / * total all destinations



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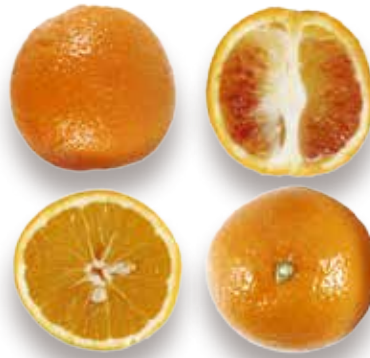
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Orange

December 2014

The orange market remained difficult, despite a slight improvement in sales, explained by the falling temperatures. However, demand and promotions continued to focus more on other products (easy peelers). In addition, sales were disappointing due to the persistence of quality and coloration flaws. The supply pressure remained high, with Spanish Naveline volumes progressing to higher levels than in previous years (matured fruits) and stocks available throughout the month. Hence rates continued their fall, reaching near-cost price levels. The Salustiana season did make progress in this tough context, with prices slightly higher than Naveline prices, but still under pressure and below average for the season.



■ **Orange variety of the month: Maltaise.** This high-quality well-coloured orange is grown almost only in the Cape Bon region of Tunisia, where conditions bring out its full potential. It is medium-sized and slightly oval. The soft peel is slightly grainy and easy to remove. The tender, juicy flesh is little coloured for a blood orange. The flavour is particularly pleasant with sweetness balanced by a good level of acidity.

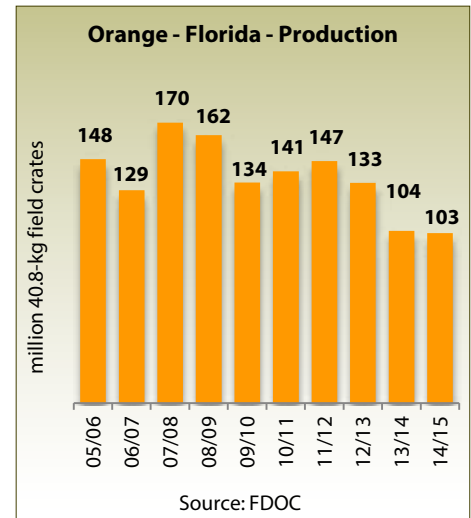
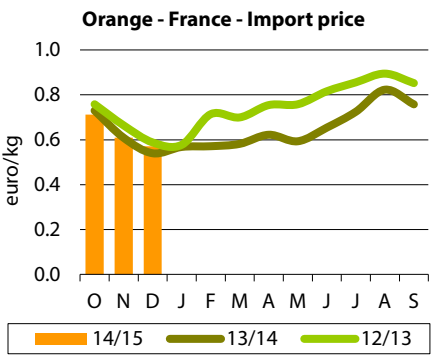
Source: CIRAD

■ **Tunisian Maltaise: higher production in 2014-15.** The Tunisian Maltaise season, which started on 12 January, is set to be a bit bigger than last year. Production should be around 155 000 t, as opposed to 120 000 t in 2013-14. The cultivation area renewal and extension programme is bearing its fruits, with more than 700 ha planted on average over the past five years, especially in the Nabeul region. Efforts are also being made to develop use of integrated pest management. The Maltaise export target was set at 22 500 t, i.e. approximately 5 000 t more than in 2013-14.

Sources: Kapitalis, GIF

■ **Florida orange: a slightly optimistic early-season forecast.** The rise in Floridian production predicted by the USDA at the beginning of the season, a touch of hope for an industry hard hit since the invasion of greening in 2005, has been withdrawn. The monthly revision of the forecast, issued in mid-January by USDA, now indicates a harvest of 103 million 40.8-kg field crates, the smallest level recorded for several decades. While fruit dropping does not appear to be as dramatic as in previous years, the number of fruits and size range are not holding up. The productivity of a Hamlin orchard, previously 1 500 field crates per ha, has fallen to between 865 and 1 000 crates, with certain plantations even down to 500 crates. It is of course greening which primarily explains this weakening of the trees. The Florida Commissioner of Agriculture announced that he would ask the Federal authorities for double the amount of aid allocated to research against this disease in 2015.

Source: The Ledger



Source: FDOC

PRICE	Type	Average monthly price	Comparison with average for last 2 years
		euro/15-kg box	
	Dessert orange	8.55	+ 1 %
	Juice orange	8.70	- 7 %

VOLUMES	Type	Comparison	
		previous month	average for last 2 years
	Dessert orange	↗	+ 13 %
	Juice orange	↗	+ 3 %

VOLUMES	Varieties by source	Comparison		Observations	Cumulative total / cumulative average for last 2 years
		previous month	average for last 2 years		
	Spanish Navel	↗	+ 13 %	Volumes progressing to higher levels than in previous years. Persistent coloration problems, competitive market, with highly mature fruit.	+ 11 %
	Spanish Salustiana	↗	+ 3 %	Salustiana volumes rising. Prices lower than in previous years.	+ 4 %

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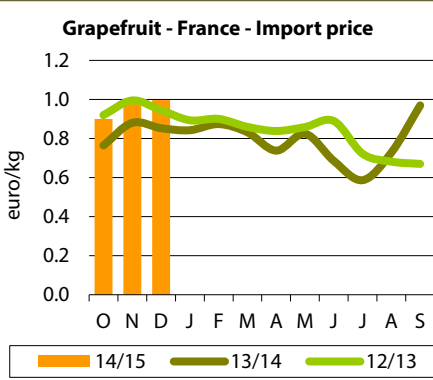


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Grapefruit

December 2014

Despite the ongoing seasonal fall in demand, the market continued to exhibit a good balance thanks to the supply remaining limited. However, incoming shipments from Florida climbed back to an above-average level. However, the supply continued to comprise mainly large fruits (32/36), which do not see much trade on the French market. Hence the lack of medium sizes (48) and the absence of stocks from the previous months contributed to keeping prices high. In parallel, the grapefruit supply from Israel and Turkey waned in the face of very slow demand. However, a slight improvement in the interest taken in the Israeli source was observed at the end of the year, making up for the Floridian shortage predicted during the start-of-year promotions. Prices remained stable throughout the month, and above levels from previous years.



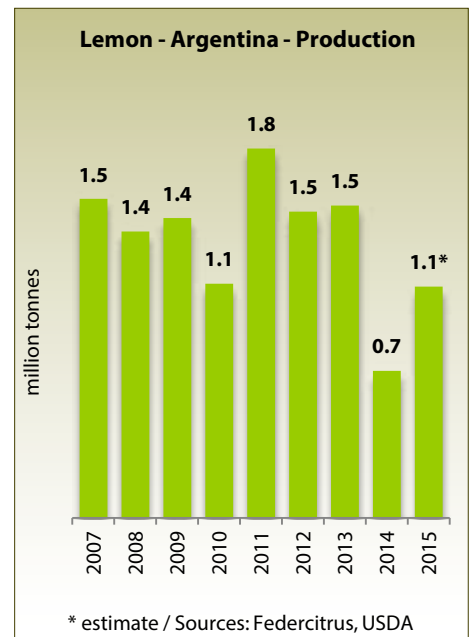
■ Grapefruit and orange: European juice prices in December 2014.

Type	Price (USD/t)	Source	Comments
Grapefruit	Frozen concentrate, 58°Brix, red, ratio 9.5<	1 600-1 700 cfr Netherlands	White grapefruit juice supply limited due to the fall in planted surface areas in Florida, as well as a smaller harvest in Cuba. The Floridian pink juice market is strong, while the red juice market is dependent on the ratio. The price gap between ratios is rapidly widening.
	Frozen concentrate, 58°Brix, pink, ratio 9.5<	1 950-2 050 cfr Rotterdam	
	Frozen concentrate, 58°Brix, white, ratio 9.5<	3 000-3 200 cfr Rotterdam	
Orange	FCOJ, Pera, 66°Brix, loose, ratio 14-16	2 000-2 100 fca Netherlands	Small production in Brazil, hence high prices are holding up. However, FCOJ demand is continuing to shrink. The Italian blood orange harvest, which will begin in February, should be 25 % less than the previous one. Consequently, prices are strengthening.
	FCOJ, Valencia, 66°Brix, ratio 22<	2 350-2 450 fca Benelux	
	FCOJ, blood orange, 55°Brix	2 600-2 700 EUR/t exw Italy	

Note: cfr: cost and freight / fca: free carrier / exw: ex-works / Source: MNS-ITC Geneva

■ **Argentinean citrus: effects of the 2014 frosts.** A rise in production, though not a return to normal, is the USDA's prediction for the 2015 season. Hence the lemon harvest should reach approximately 1.1 million tonnes, a level considerably greater than the 700 000 t from 2014, though still less than a normal seasonal level (around 1.3 million tonnes). Furthermore, while concentrated juice prices dipped from the high point of 5 500 USD per tonne reached in July 2014, they maintained a very high level of 4 850 USD/tonne, as opposed to 1 500 to 2 500 USD on average before the 2014 frost.

Sources: USDA, FoodNews



PRICE	Type	Average monthly price (euro/17-kg box equivalent)	Comparison with average for last 2 years
	Tropical	19.21	+ 9 %
Mediterranean	11.73	+ 17 %	

VOLUMES	Type	Comparison	
		previous month	average for last 2 years
Tropical	↗	+ 13 %	
Mediterranean	↘	- 1 %	

VOLUMES	Source	Comparison		Observations	Cumulative total / cumulative average for last 2 years
		previous month	average for last 2 years		
Florida	↗	+ 13 %	Volumes climbing back to a higher level than last year, after the season started in shortfall.	- 13 %	
Israel	↘	- 1 %	Imports continuing to fall due to idling demand. Levels near average for the season.	+ 1 %	
Turkey	↘	-	Shipments to the French market falling, due to the seasonal slowdown in demand and prices under pressure for this source.	-	

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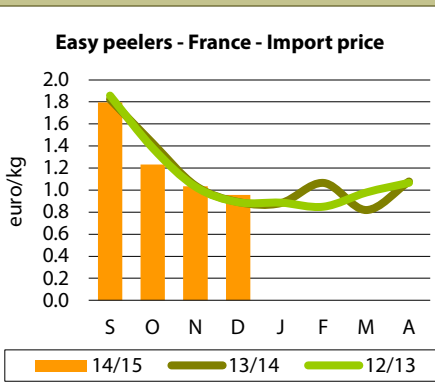
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Easy peelers

December 2014

There has been a trend shift on the easy peelers market. Demand finally picked up thanks to the fall in temperatures at the beginning of the month and the end-of-year promotions. In addition, the Spanish Nules supply progressed, though remaining in shortfall because of the quality problems which led to abundant sorting rejects. Hence we saw a two-speed market: prices under pressure for low-quality merchandise, and rising demand for the high-quality supply. So Clemenvilla sales continued to enjoy good demand, thanks to a better quality supply. Similarly, Corsican clementine sales picked up, while the higher quality Berkane supply progressed considerably, still within moderate levels, despite the floods which affected certain parts of southern Morocco.



■ Lemon: European juice prices in December 2014.

Type	Price (USD/t)	Source	Comments
Frozen concentrate, cloudy, 500 gpl	5 200-5 750 cfr Rotterdam	Argentina	The supply is very limited, due to the strong demand and consequences of last year's poor season in Argentina. Despite the beginning of the European season, prices should remain high.
Frozen concentrate, clear, 500 gpl	6 000-6 500 cfr Rotterdam		

Note: cfr: cost and freight / Source: MNS-ITC Geneva



■ **Easy peeler variety of the month: 'Or'**: 'Or' is a hybrid of 'Temple' and 'Dancy' and was bred by the Volcani Center in Israel. It is a medium-sized fruit recognisable by fairly marked grooves running from the base of the peduncle and the occasional presence of a small fruit embryo. The skin is fairly pale orange, of medium thickness and is easily removed. The segments are soft and juicy with few pips. The flavour is very pleasant thanks to a good sugar:acid balance.

Source: CIRAD

■ **Greening in China: an increasingly significant impact.** The fine surge that carried China to the top of the world citrus producers ranking seems to have stalled. For the first time after a long sequence of two-figure growth years,

the USDA has predicted a fall in the 2014-15 harvest. The blame lies with greening, a disease originating from this part of the world and endemic, which producers seem to be increasingly struggling to control in Jiangxi and Guangdong (west of the citrus growing zone). The orange harvest is set to fall 10 % down to 6.9 million tonnes. 15 % of trees in the Ganzhou region, in Jiangxi province, have reportedly had to be uprooted. Easy peeler production is set to continue to rise, to reach 18.5 million tonnes. Nonetheless, 40 % of trees are said to be infected in Gingyuan (Guangdong).

Source: USDA



© Denis Loeliet

PRICE	Varieties	Average monthly price euro/box	Comparison with the last 2 years
	Clementine	0.94	+ 4 %
Hybrids	0.97	- 2 %	

VOLUMES	Varieties	Comparison	
		previous month	average for last 2 years
Clementine	↗	+ 1 %	
Hybrids	↗	+ 13 %	

VOLUMES	Varieties by source	Comparison		Observations	Cumulative total / cumulative average for last 2 years
		previous month	average for last 2 years		
Spanish Clementine	↗	- 7 %	Rise in Nules volumes, though levels still lower than in previous years due to extensive sorting rejects (insufficient coloration, small sizes, ripe fruits and rains delaying picking).	- 5 %	
Spanish Clemenvilla	↗	+ 13 %	Considerable rise in the Clemenvilla supply. Selling readily because of better quality than Nules.	+ 11 %	
Corsican Clementine	↗	+ 18 %	Supply growing considerably thanks to decent potential and very good demand, due to the launch of the Christmas promotions.	+ 22 %	
Moroccan Clementine	↗	+ 47 %	Moderate volumes from Morocco, though Berkane supply climbing considerably, and exhibiting good quality.	+ 30 %	



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Pineapple

December 2014

December was a complicated month, marked by a particularly sluggish pineapple market. Despite a relatively small supply, demand remained flat throughout the month. There was no festive frenzy for the fruit, and so sales remained very quiet. The operators had to constantly do their best to manage the stocks arising from these poor sales. While overall rates remained low for December, certain sales were made at prices below those stated below. The Russian market purchased few fruits, if any, due to the steep devaluation of the rouble.

The Cayenne supply, rising over the month, also paid the price for lack of interest in the fruit.

Overall, the situation on the air-freight pineapple market was decent throughout the month. In the first half-month, several operators opted to reduce their imports, in the hope of boosting demand in the run-up to the holidays. So the market was slightly under-supplied, which helped maintain the sales fluidity and some stability in the rates. At the beginning of the second half-month, several logistical problems (strikes in Belgium, problem with the DHL hub) contributed to further reducing the supply. So the market was explosive in terms of demand, with operators seeking out fruit for the holidays. Sales were lively, with fairly high rates.

Sales were rather fluid for the Sugarloaf batches, at between 1.75 and 2.00 euros/kg depending on the volumes on the market.

The Victoria supply was larger, in particular from Reunion. However, sales remained highly fluid since demand was high throughout the month, once again confirming the festive character of this fruit.

■ Pineapple: European juice prices in December 2014.

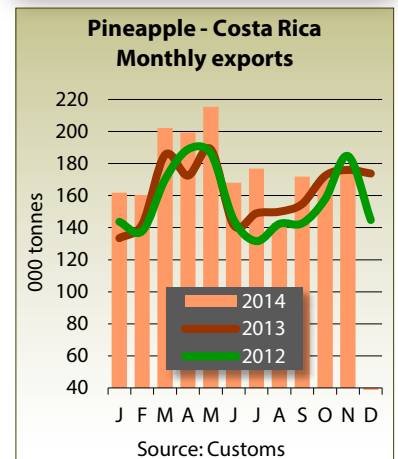
Type	Price (USD/t)	Source	Comments
Frozen concentrate, 60°Brix, smooth Cayenne variety	1 900-2 000 fca Netherlands	Thailand	Prices are increasing, due to poor harvests in the Philippines and Thailand. Demand remains strong, and the situation should not improve before mid-2015.
Aseptic concentrate, 60°Brix, smooth Cayenne variety	1 900-2 000 cfr Rotterdam		
NFC, aseptic ss, 12°Brix, MD-2 variety	650-850 ddp London	Costa Rica	

Note: fca: free carrier / cfr: cost and freight / ddp: delivered duty paid / Source: MNS-ITC Geneva

■ Costa Rica pineapple: productivity as the engine of growth.

According to the Costa Rican Ministry for Agriculture, pineapple production increased by 9.3 % in 2014, and melon production by more than 15 %. The **Fruitrop** report dedicated to the pineapple (no. 228, December 2014) highlighted this dynamic, already continuously in place for years. In late November 2014, Costa Rican pineapple exports amounted to 1.9 million, and over twelve months (December 2013 to November 2014), they exceeded for the first time the 2.1-million tonnes mark, an absolute record! If we believe the Chairman of the local interprofessional association (Canapep), the planted area has seen only a very small increase in recent years (45 000 hectares is the figure quoted). It is rather improved productivity per hectare which has reportedly enabled this new leap in exports; and if we believe the export figures, there has been a 10 % rise. The United States absorbed 47 % of Costa Rican pineapples in 2014, versus 38 % for the EU and 15 % for the rest of the world. Indeed, the world giant ships out its fruits to 55 countries. Since the mid-2000s, Costa Rica has enjoyed a favourable colon-euro exchange rate for its exports. The current weakness of the euro could complicate the equation.

Sources: Reefer trends, CIRAD



Source: Customs

EUROPE

PINEAPPLE — IMPORT PRICE

Weeks 49 to 52	Min	Max
Air-freight (euro/kg)		
Smooth Cayenne	1.70	2.00
Victoria	2.50	3.80
Sea-freight (euro/box)		
Sweet	6.00	8.00

PINEAPPLE - IMPORT PRICE IN FRANCE - MAIN SOURCES

Weeks 2014		49	50	51	52
Air-freight (euro/kg)					
Smooth Cayenne	Benin	1.80-1.90	1.80-1.90	1.70-2.00	1.80-2.00
	Cameroon	1.80-1.90	1.80-1.90	1.70-2.00	1.80-2.00
	Ghana	1.85-2.00	1.85-2.00	1.85-2.00	1.85-2.00
Victoria	Réunion	2.50-3.80	2.50-3.80	2.50-3.80	2.50-3.50
	Mauritius	3.00-3.30	3.00-3.30	3.00-3.40	2.90-3.40
Sea-freight (euro/box)					
Smooth Cayenne	Côte d'Ivoire	7.00-8.00	6.00-7.50	6.00-7.00	6.00-7.00
Sweet	Côte d'Ivoire	7.00-9.00	8.00-9.00	8.00-9.00	8.00-9.00
	Ghana	7.00-9.00	8.00-9.00	8.00-9.00	8.00-9.00
	Costa Rica	6.00-7.00	6.50-7.50	7.00-7.50	7.00-7.50

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Mango

December 2014

The increase in Brazilian shipments in the second half of November and early December led to an oversupply, manifested by a fall in prices, which had been high since the beginning of this source's season. However, the combination of livelier demand in the run-up to the end-of-year holidays and a dip in the Brazilian supply helped rates stabilise, or even strengthen once more in weeks 50 and 51. At the end of the month, we observed a slump in rates and a widening price range, due to the uneven quality of Brazilian fruits and the temporary unsuitability of the sizes available for demand, in particular from the supermarket sector. The drop in incoming Brazilian shipments coincided with the receipt of the first containers out of Peru, shipped in limited quantities. The near one-month delay in Peruvian exports prevented a confrontation between the two sources that might have been feared. Primarily comprising Kents and Keitts, the Brazilian supply maintained a steadier value than the minority Tommy Atkins shipments, sale prices of which remained lower throughout the month on the North American markets.

The air-freight mango market proved more nuanced, due to the competition between Brazilian and Peruvian fruits. Shipped in moderate quantities, Peruvian mangoes obtained higher sale prices due to the early season novelty effect, but also to their higher cost price. Brazilian fruits, with their more uneven quality (coloration and stage of maturity), had more difficulty trading on a demanding holiday period market.

■ Mango: European juice and purée prices in December 2014.

Type	Price (USD/t)	Source	Comments
Aseptic purée, 17°Brix, Alfonso variety	1 550-1 650 cfr Rotterdam	India	Strong market for Alfonso, though small stocks available. Small Tommy Atkins harvest in South America. Mexican production completely sold off, while the Peruvian harvest should be 20 % less than the previous one. Consequently, prices for the Indian Totapuri strengthened, in the knowledge that India produced less concentrate this year.
Aseptic concentrate, 28°Brix, Totapuri variety	1 250-1 350 cfr Rotterdam		
Aseptic concentrate, 28°Brix, Tommy Atkins variety	1 200-1 300 fca Netherlands	Mexico	

Note: cfr: cost and freight / fca: free carrier / Source: MNS-ITC Geneva

■ **India: return of the Alfonso mango.** This variety, hit by a European import ban since May 2014 for sanitary reasons, will be welcomed back into the Community next season. This is good news for Indian exporters, who send between 30 and 40 % of their volumes to the EU-28. It is also good news for the British ethnic market, which consumes the bulk of European imports of this variety. Indian mango exports reached just over 6 000 t in 2013, before the prohibition took effect.

Source: Reefer Trends

■ **First Colombian mango shipments to Europe.** Colombia's ambitions on the European exotic fruits market seem to be increasingly clear. Some test batches of sea-freight Keitt should arrive in Europe shortly. Will the Colombian mango meet with the same success as the avocado, which has now genuinely estab-

lished itself on the Old Continent? Colombian mango production is estimated at 220 000 t. The cultivation area covered 18 500 ha in 2011, 7 700 ha of which in Cudinamarca State, and 2 700 ha in Tolima.

Source: agronet



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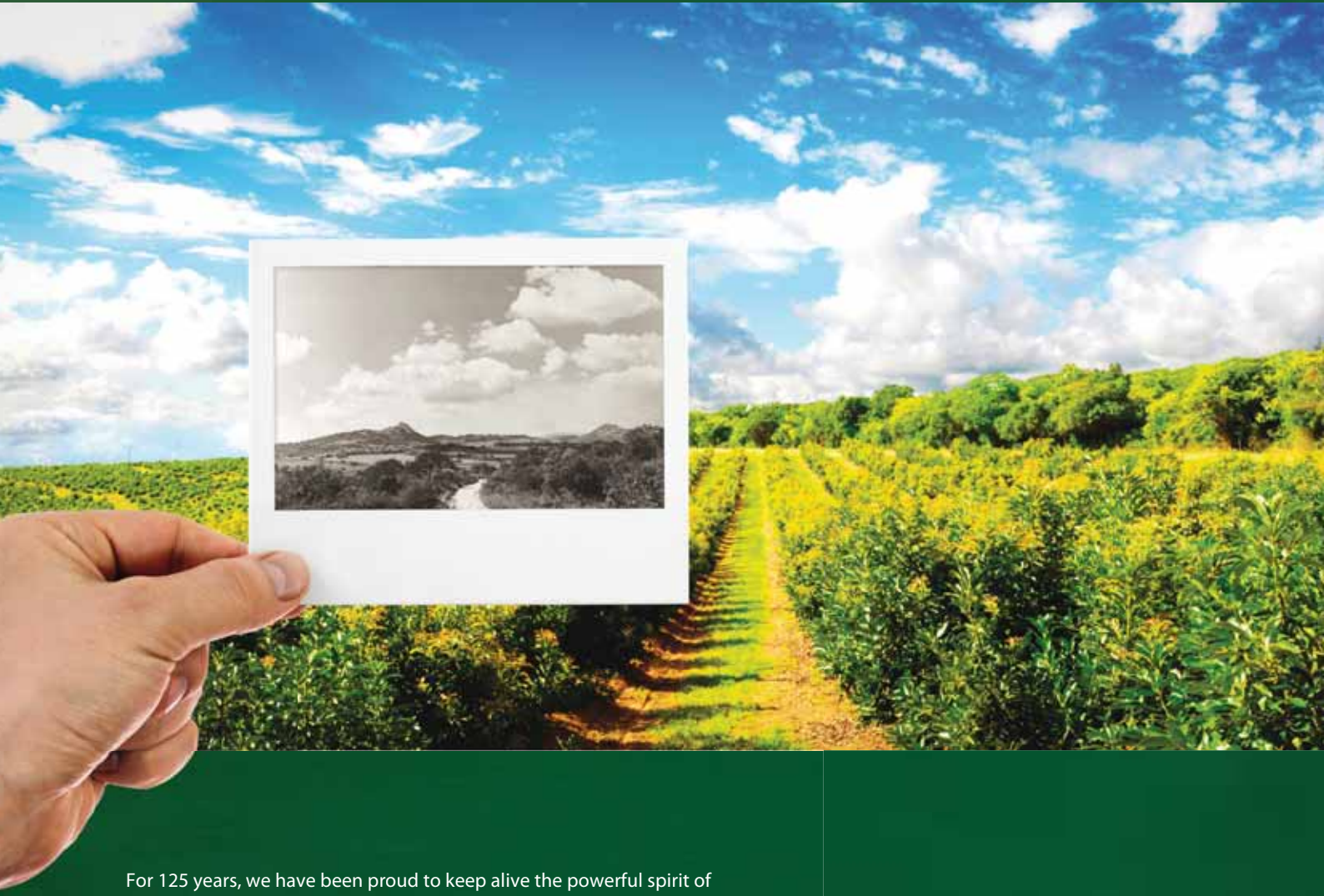
MANGO - INCOMING SHIPMENTS (estimates in tonnes)

Weeks 2014	49	50	51	52
Air-freight				
Brazil	100	100	100	80
Peru	30	30	70	70
Sea-freight				
Brazil	5 100	4 800	3 900	3 370
Ecuador	20	130	220	310
Peru	-	-	90	150

MANGO - IMPORT PRICE ON THE FRENCH MARKET

Weeks 2014	49	50	51	52	Average Dec. 2014	Average Dec. 2013
Air-freight (euro/kg)						
Brazil Kent	4.00-4.50	3.50-4.50	4.00-4.50	3.50-4.50	3.75-4.50	3.10-4.05
Peru Kent	4.80-5.50	4.50-5.00	4.50-5.00	4.50-5.20	4.55-5.15	3.60-4.35
Sea-freight (euro/box)						
Brazil T. Atkins	4.00-4.50	-	-	-	4.00-4.50	4.00-4.50
Brazil Keitt	4.00-5.00	5.00-6.00	5.00-6.00	4.00-6.00	4.50-5.75	3.75-4.80
Brazil Kent	4.00-6.00	5.00-7.00	5.00-7.00	4.00-6.00	4.50-6.50	3.75-5.00

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Litchi

December 2014

The sale of air-freight litchis from all Indian Ocean sources continued through the first half of December. The tempo of incoming shipments remained high, at around 200 tonnes per week. Volumes from Madagascar dipped steeply in the face of marked competition, and were offset by South African volumes, which remained large. In parallel, fresh fruit shipments from Reunion saw a considerable rise. Their rates dipped with sales proving difficult in weeks 50 and 51, due to a large overall supply and the uneven lifetime of the produce. Mauritian fruits also struggled to hold their market share, because of the fragile quality, but also logistical problems at the source. In the second half of December, the bulk of the air-freight shipments came from Reunion for fresh fruits, and from South Africa for sulphur-treated fruits. This merchandise was mainly aimed at the wholesale markets and at the traditional trade sector.

The second week of the month was marked by the arrival on 9 December into Zeebrugge of the first conventional ship out of Madagascar. The cargo was rapidly distributed to the various European markets, in order to supply the big supermarket chains for the weekend of 13 and 14 December. Taking advantage of numerous promotions, Madagascar fruits sold readily at prices which did dip, but remained strong, and often higher than during the same period of last season. The cargo from the first ship was nearly 80 % sold when the second scheduled conventional ship arrived on 16 December. The fruits, of satisfactory quality in spite of a middling size range, supplied the European market for the

end-of-year holidays and bridged the gap until the arrival of the shipping container litchis, expected in the first ten days of January. The continuation of promotions until the end of the year, and the lack of real competition from South Africa, whose shipments proved late this season, definitely boosted the sale of Madagascar litchis and helped maintain high rates.



■ Fruits: European juice and pulp prices in December 2014.

	Type	Price (USD/t)	Source	Comments
Acerola	frozen ss, 6-8°Brix	1 150-1 200 cfr Rotterdam	Brazil	Market well supplied, and balanced.
	Frozen concentrate, 20-22°Brix, clear	3 000-3 100 fob Santos		
Passion fruit	Frozen concentrate, 52°Brix	5 000-6 000 cfr Netherlands	Ecuador	Availability in Ecuador and Peru more limited, so prices no longer falling after halving over the past six months. The price opposite corresponds to the spot market for immediate shipment. Demand flat because of excessive price and supply fluctuations, which discouraged manufacturers.
Guava	Concentrated purée, 19°Brix, pink	1 200-1 300 cfr Netherlands	South Africa	Demand currently very strong, though the Indian white guava harvest was disappointing, and South African pink guava production practically sold off.
	Concentrated purée, 20°Brix, pink	1 200-1 300 cfr Rotterdam	Egypt	
Pomegranate	Clarified aseptic concentrate, 65°Brix	2 500-2 800 fca Rotterdam	Turkey Iran	The large quantities available drove prices downward. However, demand remained strong and the market fairly well balanced.

Note: cfr: cost and freight / fob: free on board / fca: free carrier / Source: MNS-ITC Geneva

LITCHI - INCOMING SHIPMENTS (estimates in tonnes)

Weeks 2014	49	50	51	52
Air-freight				
Madagascar	25	15	10	5
Mauritius	30	20	10	5
Réunion	70	100	80	60
South Africa	60	50	50	30
Mozambique	15	10	-	-
Sea-freight				
Madagascar	-	7 470	7 480	-

LITCHI - IMPORT PRICE ON THE FRENCH MARKET

Weeks 2014	49	50	51	52	Average Dec. 2014	Average Dec. 2013
Air-freight (euro/kg)						
Madagascar s	4.80-5.50	4.50-5.30	-	-	4.65-5.40	4.50-5.20
Madagascar v	7.00-9.00	7.50	6.00-8.00	-	6.85-8.15	-
Mauritius s	5.00	5.00-5.30	-	-	5.00-5.15	3.75-4.75
Mauritius v	5.00-6.50	5.00-6.00	6.00	7.00	5.75-6.35	5.00-6.00
Réunion v	5.00-8.00	5.50-8.00	5.00-7.50	5.00-10	5.10-8.35	5.10-8.10
South Africa s	4.50-6.50	4.50-5.00	4.80-5.00	4.80-5.00	4.65-5.35	4.00-4.50
Mozambique s	4.50-5.00	4.50-5.00	-	-	4.50-5.00	-

s: sulphur treated / v: fresh on the vine or not sulphur treated

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Avocado

December 2014

The avocado market proved more difficult. Indeed, despite the fall in prices at the import and retail stages from early December onward, demand remained slow since retail prices maintained very high levels compared to previous years. In addition, the overall Hass supply started to climb steeply (+ 20 %), with the Chilean supply returning to average in preparation for the end-of-year promotions, a steep rise from Mexico and Israel, and Spanish volumes which remained modest. Nonetheless, despite a historically low promotion intensity for the Christmas holidays, the stocks built up at the beginning of the month were cleared, and the falling import prices stabilised in week 52 at levels still above average. Sales of green varieties picked up toward the end of the year, thanks to the Christmas promotions.

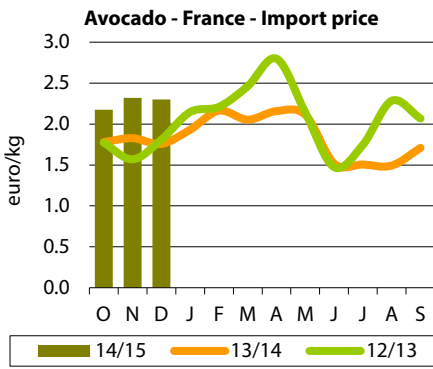


■ **Australia: production boom anticipated.** The Australian avocado production boom, which brought the harvest to approximately 65 000 t, is a long way from over. According to Avocado Australia, the 8 000 ha currently in cultivation should enable a volume increase of approximately 50 % by 5 to 6 years' time, within touching distance of the symbolic 100 000-t mark. There was particularly distinct progress from Western Australia, whose harvest calendar (August to February) supplements Queensland, the country's main production centre. The main ambition is to support consumption growth on the local market, partly replacing New Zealand imports during the September to March period. Exports to the Asian markets (Thailand, China and Japan) are also being targeted.

Source: Avocado Australia

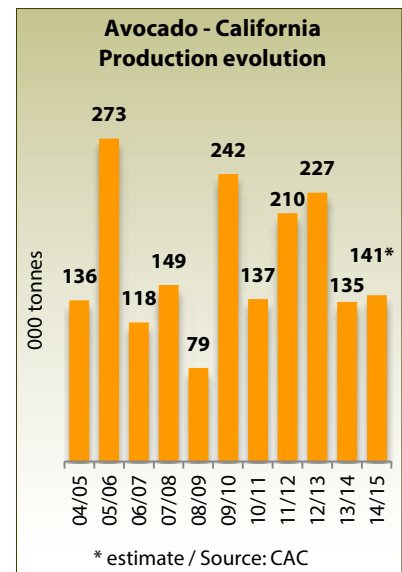
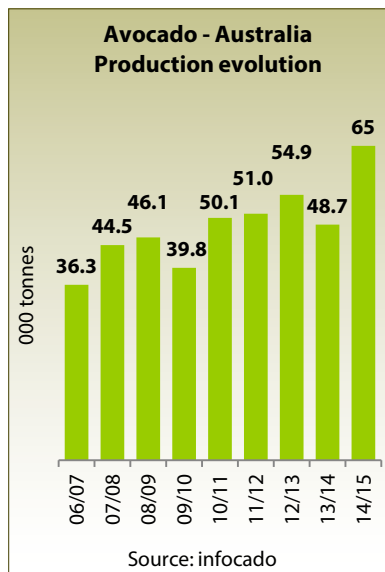
■ **Few or very few Californian avocados in 2015? A question of importance for the European market.** Californian production in 2015 should barely exceed the lean 2014 season, with drought wiping out the positive production swing effect. It could be even more limited than predicted, with a cold spell hitting the south of the State (Riverside, San Diego), which packs in more than 50 % of the surface areas. No estimates are yet available at the time of going to press. Yet will the US market be as open as in 2014? An important question for Europe, as the Peruvian harvest should beat a new record because of the entry into production of more than 1 000 ha of new orchards and the young plantations reaching their potential. It is no sure thing, since Mexico has the capability of extending its presence on the United States market to the spring too, with probably a record harvest this season.

Source: CAC



PRICE	Varieties	Average monthly price euro/box	Comparison with the last 2 years
	Hass	9.20	+ 14 %

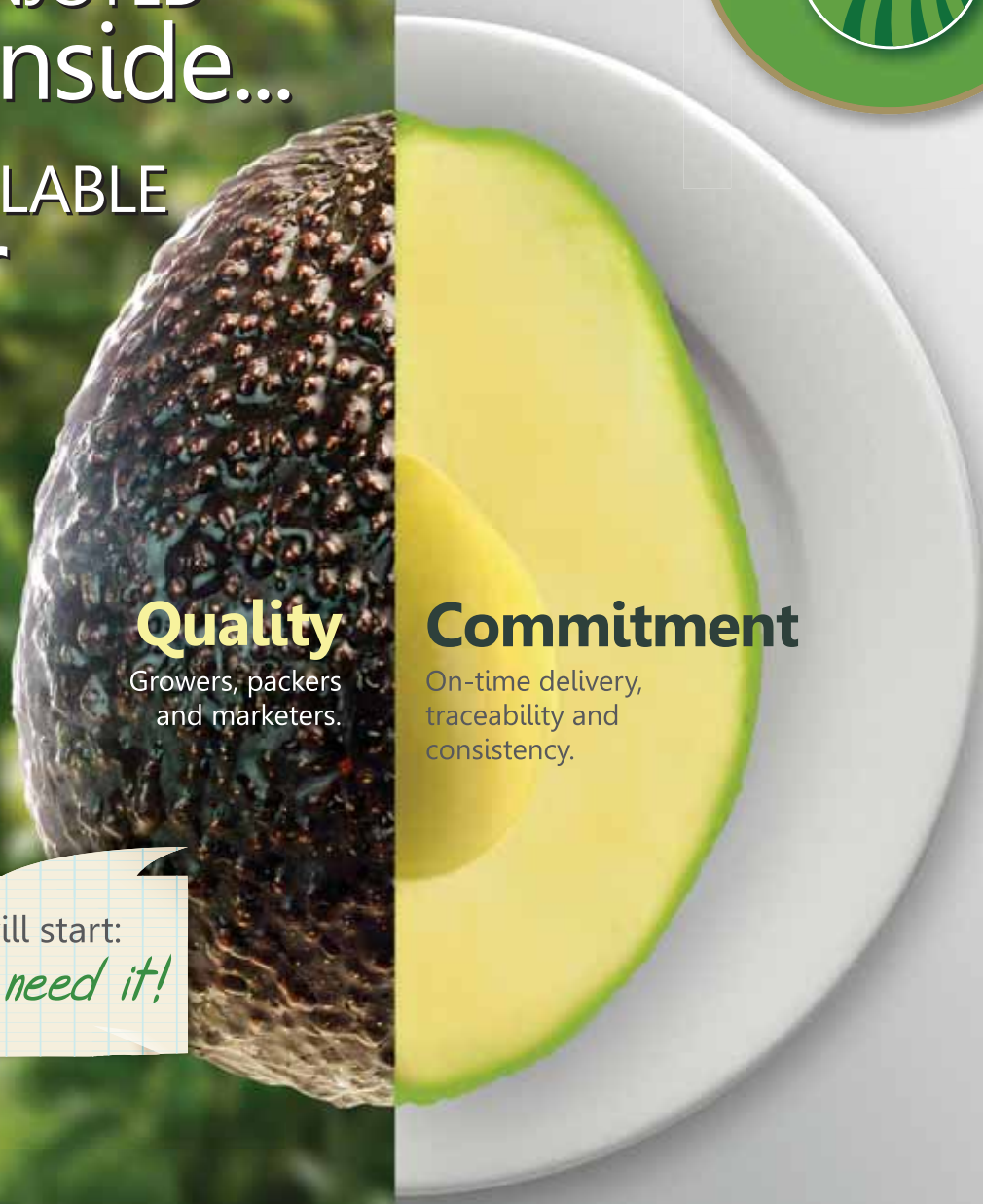
VOLUMES	Varieties	Comparison	
		previous month	average for last 2 years
	Green	↘	- 5 %
	Hass	↗	+ 20 %



VOLUMES	Source	Comparison		Observations	Cumulative total / cumulative average for last 2 years
		previous month	average for last 2 years		
	Chile	↗	- 1 %	Hass imports on the rise, back to an average level after several months in shortfall.	- 8 %
	Israel	↗	+ 22 %	Volumes of green varieties rising: last incoming shipments of Ettinger, with Pinkerton starting up. Hass making rapid progress, with bigger volumes than in previous years, though supply still moderate.	+ 25 %
	Mexico	↗↗	+ 207 %	Mexican supply making huge progress.	+ 105 %
	Spain	↗	- 15 %	Volumes growing, though at below-average levels (Hass in small sizes, green varieties market competitive).	+ 4 %

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Roots & tubers

Q4 2014

Sweet Potato (SP)

South Africa continued its season with red-skinned white-fleshed SPs until mid-November, with moderate volumes. Conversely, Egypt was the main supplier, with substantial and steady quantities, prices of which remained static at between 0.80 and 1.00 euro/kg on average. This source segmented the market with commercial brands exhibiting their own distinct qualities, which explains in particular the price differences recorded. Some pink-fleshed SP batches topped up the Egyptian supply in October (approximately 0.70 euro/kg). Honduras asserted itself as the essential supplier, with regular shipments valued at between 1.50 and 1.60 euro/kg throughout Q4. European sources, such as Portugal and Spain, also supplied spot volumes from October to December, at prices most often situated around 1.20-1.30 euro/kg.

Red-skinned orange-fleshed SPs were mainly supplied by Israel, at 1.65-1.80

euro/kg in October, falling thereafter to around 1.40-1.50 euro/kg. Honduras also shipped out the same type of SPs, which sold steadily at around 1.60 euro/kg. The USA rounded off the supply with good quality merchandise, sold at 1.50 euro/kg, shipments of which dipped considerably in December. This source also supplied some white- and violet-fleshed and skinned SP batches, at higher prices than the more traditional products.

Italy shipped white-skinned and fleshed SPs, which sold at around 1.70 euro/kg until December, when rates dropped to 1.00 euro/kg because of the qualitative deterioration of the products.

Yam

Ghana remained the main yam supplier in Q4. Rates, at close to 1.10 euro/kg, strengthened at the end of the year, rising to 1.20-1.30 euro/kg for white varieties. Punas made up for the temporary shortage of white varieties, at generally slightly lower prices. The French season began in mid-November, with prod-

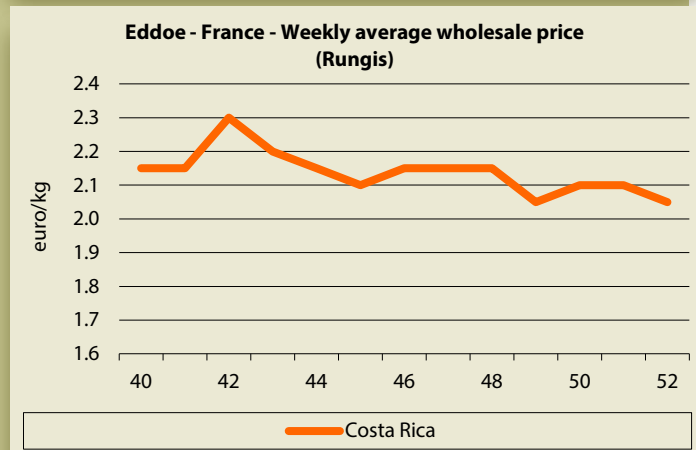
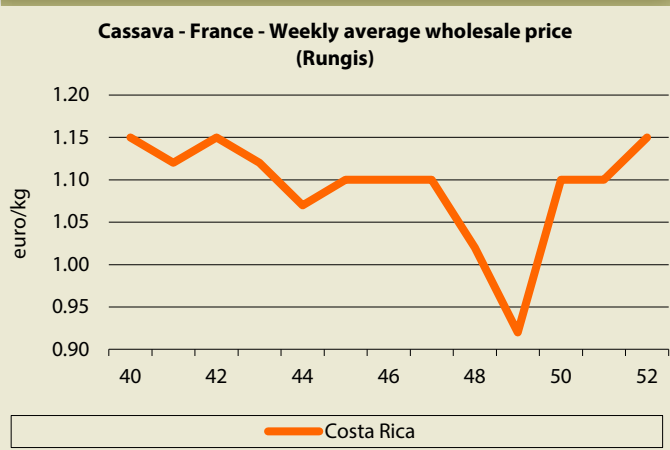
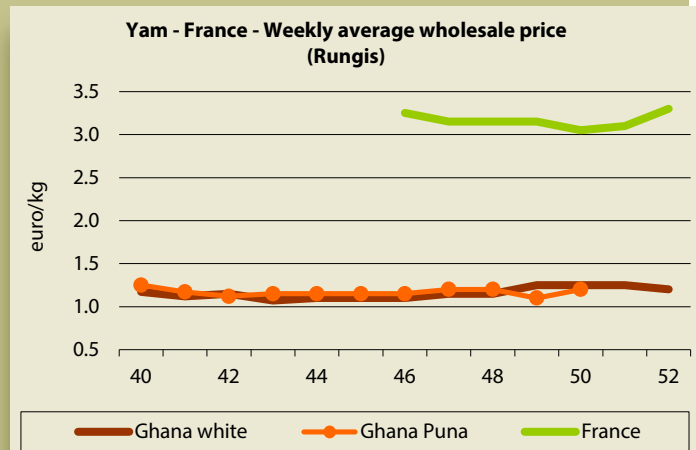
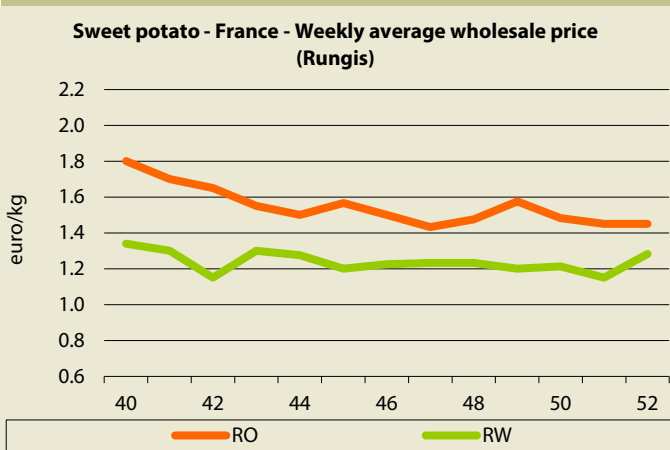
ucts regularly selling at between 3.00 and 3.30 euros/kg. In December, some batches from the Dominican Republic, a new source, went onto the market at high prices (3.00 euros/kg), which rapidly dipped to stabilise at 2.50 euros/kg.

Cassava

The Costa Rican cassava rate was fairly stable, at on average 1.10-1.15 euro/kg, except in late November-early December when some sales were made at lower rates due to quality problems. Prices recovered from the second week of December.

Eddoe

The sole eddoo supplier, Costa Rica, shipped out moderate volumes, which explained the decent prices maintained from October to mid-November, which subsequently dipped, though remaining high (2.00 euros/kg on average). The price differences recorded were also dependent on the sizes, with the biggest generally obtaining the highest rates.



Sweet potato: RO: red-skinned orange-fleshed / RB: red-skinned white-fleshed / Source: Pierre Gerbaud

Other exotics

Q4 2014

French production dominated the sector of yams, chayotes and christophines and West Indian peppers, with the occasional exception of other sources for peppers, for example.

Plantain banana

After a marked increase at the beginning of the period from the previous quarter, the plantain banana rate once more took a downturn in late October until the end of the year. The price of Colombian plantains recovered partially in December, under the effect of better demand. The bigger supply from Colombia and the quality problems explain the price variations. Demand, timid overall for the fruit, was also a price degradation factor.

Chayote and christophine

The French season, which began in the second half of August, continued until the end of the year with volumes on the rise. After high October levels, prices

dipped in November and recovered slightly in December, at the whim of the quantities available. The rate of the Costa Rica produce more or less tracked the French produce, with an offset effect, in line with the volumes placed on the market by either source. From mid-November to late December, some air-freight christophine batches from Martinique topped up the supply. These products sold at a basic price of 2.80 euros/kg.

Dasheen

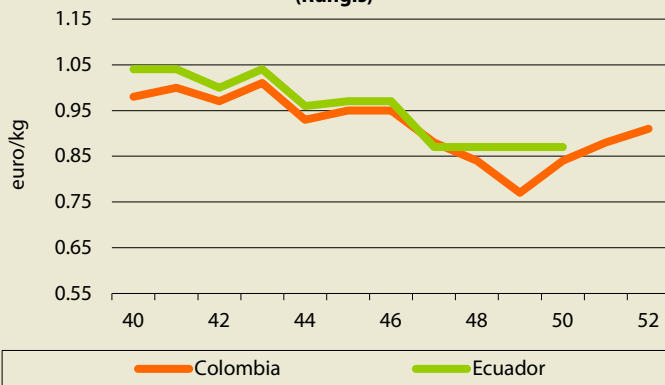
The Dasheen supply in Q4 was provided by Saint Vincent. The rate of this produce was often in excess of 3.00 euros/kg, marking a distinct rise from the previous two quarters. The lower production on Saint Vincent seems to be the main reason for this. The irregularity of picking made it difficult to get full container loads, explaining the spacing of the shipments. The dwindling supply helped maintain high rates, though there was a slight downturn in December.

Chilli pepper

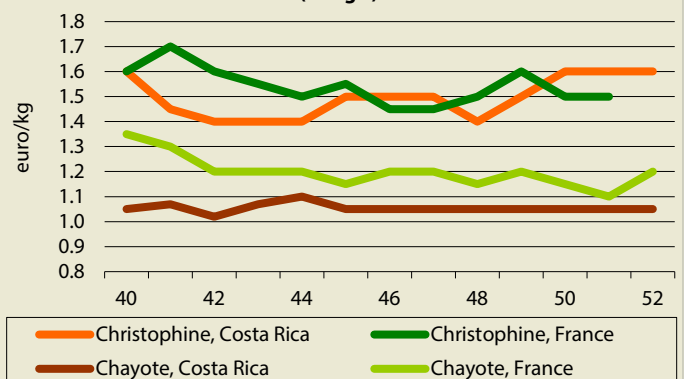
The peppers supplied by Metropolitan France and by Martinique followed parallel seasons. The joint supply from these two production zones monopolised the market in Q4, leaving little room for the other sources. In previous years, the supply from other European countries, such as Portugal or Holland, topped up French production. The scale of volumes available seems to have barred entry to these traditional sources. Rates gradually picked up until early December, when the lack of produce reopened the market to other sources such as Portugal, and above all the Dominican Republic, resuming its shipments put on hold since August. Some Ugandan batches topped up the supply at the end of the year, given a relative shortage of produce in a period of stronger demand.



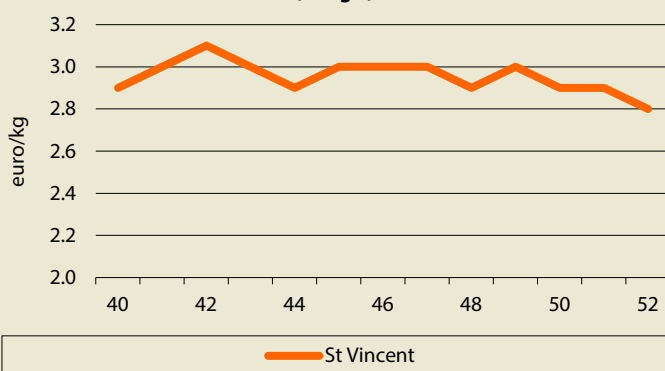
Plantain - France - Weekly average wholesale price (Rungis)



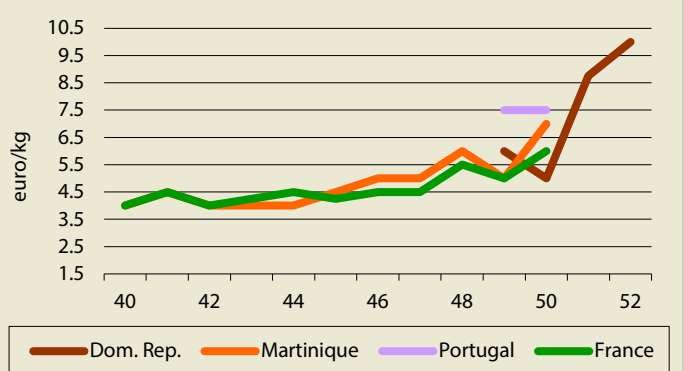
Chayote and christophine - France - Weekly average wholesale price (Rungis)



Dasheen - France - Weekly average wholesale price (Rungis)



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



Temperate fruits

■ **Decent European apple volumes again in late 2014.** Although the apple season got off to a dynamic start (appealing prices) in spite of residual stocks, the European stocks as at 1 December 2014 still exhibited a high degree of availability, particularly in Northern and Eastern Europe, buoyed by the Russian embargo. Indeed, the total stock was as much as nearly 5.1 million tonnes, i.e. 13 % up on 2013 and 26 % above the 2010-2012 average. And while the stock of certain varieties such as Gala had already fallen, there were still very decent amounts for Granny Smith, Elstar or Cripps Pink.

Source: WAPA



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EU apples — Stock at 1 st December 2014			
tonnes	2014	Comparison with	
		2013	2010-2012 average
Italy	1 601 128	+ 14 %	+ 18 %
Poland	1 466 000	+ 18 %	+ 62 %
France	544 692	- 13 %	- 5 %
Germany	422 865	+ 37 %	+ 17 %
Netherlands	228 000	+ 4 %	+ 3 %
Spain	227 090	+ 16 %	+ 20 %
Belgium	207 617	+ 39 %	+ 59 %
United Kingdom	157 500	0 %	+ 17 %

EU apples — Stock by variety at 1 st December 2014			
tonnes	2014	Comparison with	
		2013	2010-2012 average
Golden	1 383 908	+ 9 %	+ 12 %
Jonagold/Jonagored	493 141	+ 22 %	+ 15 %
Gala	388 085	0 %	+ 16 %
Braeburn	193 014	+ 5 %	+ 10 %
Granny	197 516	+ 2 %	+ 25 %
Elstar	185 620	+ 25 %	+ 22 %
Cripps Pink	157 043	+ 33 %	+ 32 %

Source: WAPA / Processed by Infofruit

Southern Hemisphere pears — Main destinations in 2014					
tonnes	Total	EU	USA	Russia	Others
Chile	100 000	40 534	16 270	4 610	38 586
South Africa	200 600	99 045	1 824	13 113	86 618
Argentina	370 000	86 972	43 803	84 723	154 502
New Zealand	5 350	1 131	2 304	-	1 915
Total	675 950	227 682	64 201	102 446	281 621

Sources: Customs, professional organizations, USDA / Processed by Infofruit

■ **Southern Hemisphere pear: good potential expected, but grave concerns for the export sector.** The pear harvest began in late December in South Africa and early January in Argentina; Chile will follow, a few days ahead of schedule overall. The overall potential should be greater than last year. The initial estimates from the various sources pointed to a 3 to 4 % increase in South Africa, where surface areas are still expanding slightly (+ 1 % in 2014), with good climate conditions and young orchards reaching full production. Similarly, volumes could return to a normal level in Chile, after last year's frosts, i.e. an increase of 3 to 4 %. The harvest was also set for a good level in early January in Argentina, after the losses registered last year due to the cold (+ 9 % on 2014), but should at most reach average for the past few years. Hence operators are concerned about the outlets, since the devaluation of the currencies at the main destinations, especially the rouble and the dollar, and the heavy pear stocks stored in Europe and the United States, are heralding heavy losses for the industries.

Source: Infofruit



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Sea freight

December 2014

Despite the seasonal reduction in chartering activity the specialized reefer fleet remained optimally deployed throughout the month. The charter market remained firm and, if anything, balanced in favour of the operators. The strong start to the shipping season in Chile absorbed tonnage while the vessels that did become available for banana cargoes were quickly fixed.

The supply picture was complicated somewhat by port congestion and the slow discharge of banana cargoes in the eastern Med, which compromised the lay-cans of on-voyages, so tight was the availability of tonnage. The capacity shortage was worse in the small segment – at one point there was approximately 15K-20K MT of fish uncovered and unable to move because there were no ships.

The value of the rouble continued to fall as a consequence of the drop in the oil price and the sanctions imposed by the US and EU over Russia's annexation of the Crimea. Although reefer owners and operators will benefit from associated lower bunker costs for as long as Russia maintains its stance in Ukraine, the Russian market for fresh produce imports is likely to shrink dramatically: with the rouble halving in value over 12 months and domestic inflation now running at 10%, the cost of imported fruit will be out of reach for most consumers. Inevitably there will be consequences for the reefer, which is the mode of choice for shipments of bananas and Southern Hemisphere citrus and deciduous fruit into St. Petersburg.

As well as the heavy potato trade from N Cont into N Africa, the small segment benefited from the Nigerian government's reversal of its policy of reducing fish imports announced last April. At the start of December it hiked the fish import quota by a remarkable 750K MT to the end of the year, which prompted a flurry of interest from charterers with stocks in cold storage.

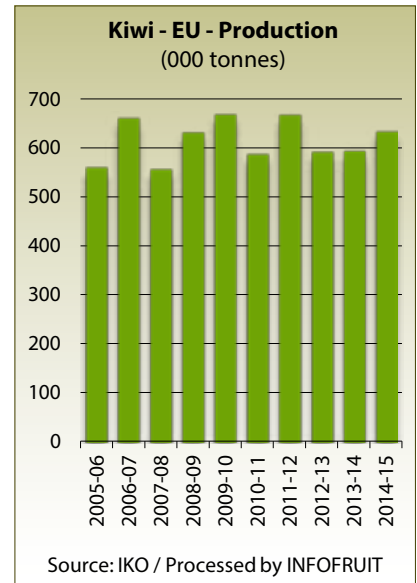
MONTHLY SPOT AVERAGE

USD cents/cubic foot x 30 days	Large reefers	Small reefers
December 2014	69	98
December 2013	56	98
December 2012	59	81

Temperate fruits

■ European kiwi production gradually getting back on colour.

European kiwi production should reach a fairly good level this year, though it will not yet return to the volumes recorded before the arrival of Psa. Nonetheless, the measures taken are bearing their fruit, and helping stabilise the potentials. Hence European production should reach approximately 635 000 t (+ 7 % on 2013-14 and + 3 % on the 3-year average). This is due to a good level across all countries, with the exception of Portugal (16 000 t, i.e. - 25 % on 2013-14). However, the potential is growing, with 500 ha of young orchards out of the 2 100 ha planted area in Portugal, 70 % of which are dedicated to the export sector. Surface areas are reportedly still rising in Greece, reaching more than 9 300 ha. Production should climb back to the high of 2012-13 (120 000 to 140 000 t). The Russian outlet could be absent, however it represented just 32 000 t of the 118 000 t exported in 2012-13. Spain and France recorded near-average production, with 12 500 and 62 000 t respectively. Surface areas are relatively stable in Italy (24 800 ha). Production is gradually returning to average, though without getting back to the levels reached in 2011 (419 000 t in 2014-15 as opposed to 472 000 t in 2011-12). Exports from this source to Russia were no more than 11 000 t of the 312 000 t exported in 2013-14.



■ Diversification intensifying in Spanish red fruits.

The 2014-15 season should confirm the trends of recent years. While surface areas were expanding until last year, this year they are tending to shrink instead in favour of other, more popular small red fruits in the range. Hence according to Freshuelva, the surface area for the Huelva zone amounts to just 6 340 ha for the strawberry, i.e. a fall of 9 % on 2013-14 (- 640 ha). Conversely, there was a 20 % increase for the raspberry (1 560 ha), 28 % for the blueberry (1 470 ha) and 29 % for the blackberry (90 ha).

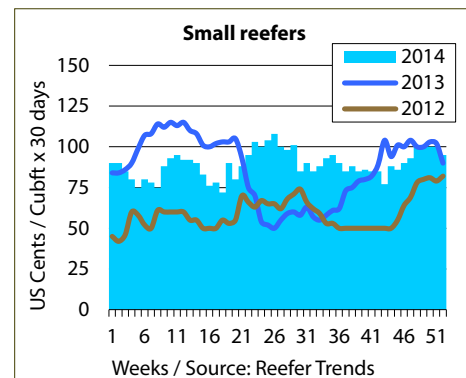
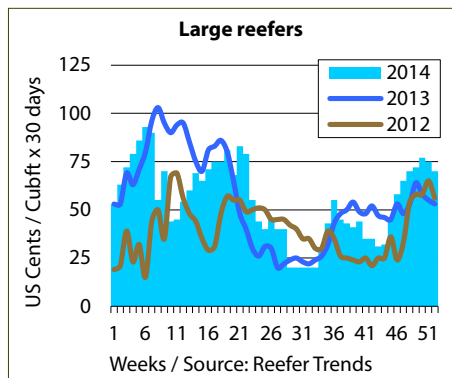
Source: Freshuelva

Source: IKO

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World lime market

Still green!



More than twenty years of two-figure growth! There are few markets in the world of fruits and vegetables that can boast such a performance. And this momentum, which has enabled international trade to go from less than 50 000 t in the late 80s to more than 550 000 t in 2013, is showing no signs of weakening. As proof, the market has risen steeply in the past few years, with imports up by more than 100 000 t between 2011 and 2013. However, the lime market professionals have a very narrow operating base, working with a single variety, two supplier countries and two markets! FruiTrop offers you this review of a fruit that seems to have many fine days still to come.

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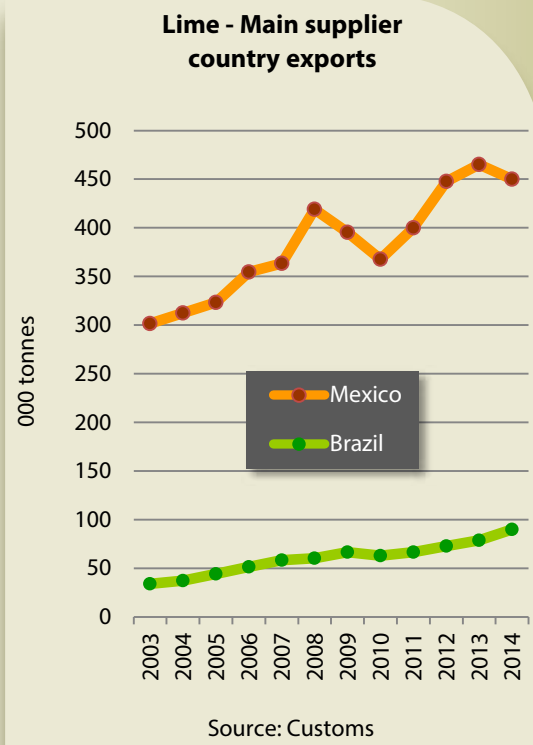
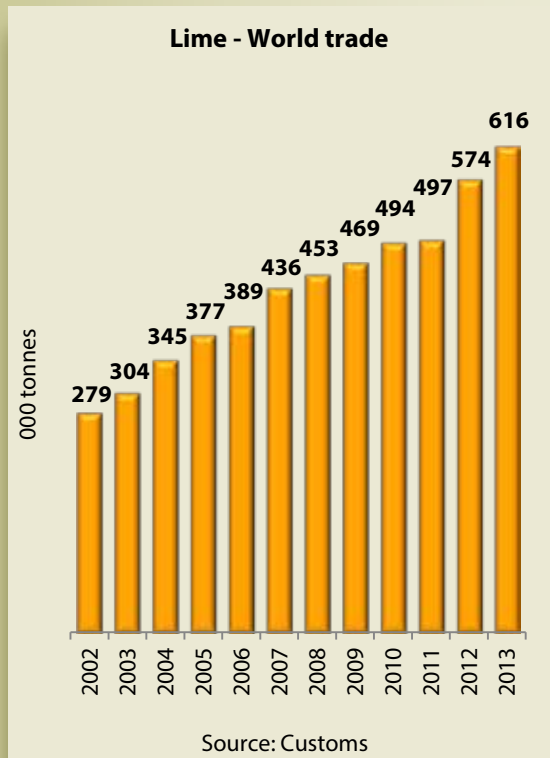
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Latifolia, for its size and seedlessness

The fruits of the most widespread lime tree, namely *Citrus aurantifolia*, also known as the Mexican, West Indian or Key lime, represent only a really minimal share of world trade. This variety is primarily sold on producer country markets, where it is prized for its aroma, to the point of it being dubbed the “subtle lemon” in Peru and Mexico! It is the variety *Citrus latifolia*, known commercially as the Persian, Tahiti or Bearss lime, which is preferred by international operators. Its fruits have the advantage of being considerably larger than the Mexican lime and being seedless, whereas there are often large quantities present in the fruits of its cousin. Furthermore, it is less demanding in terms of climate due to its lower cold sensitivity.

Two main supply centres

There are two heavyweights of world citrus growing which control the bulk of the international trade. Unsurprisingly, Mexico, the world's fifth largest citrus producer and world's number one lime producer, with a harvest of more than 2 million tonnes per year, is the main market supplier. It is no exaggeration to say that this source is carving out the lion's share, since the 450 000 to 550 000 t exported in recent years represent between 80 and 90 % of world exports. The Persian lime has become a success story in this country, since producers were able to seize the opportunity, and build in record time an industry with a turnover fluctuating between 250 and 300 million USD per year.

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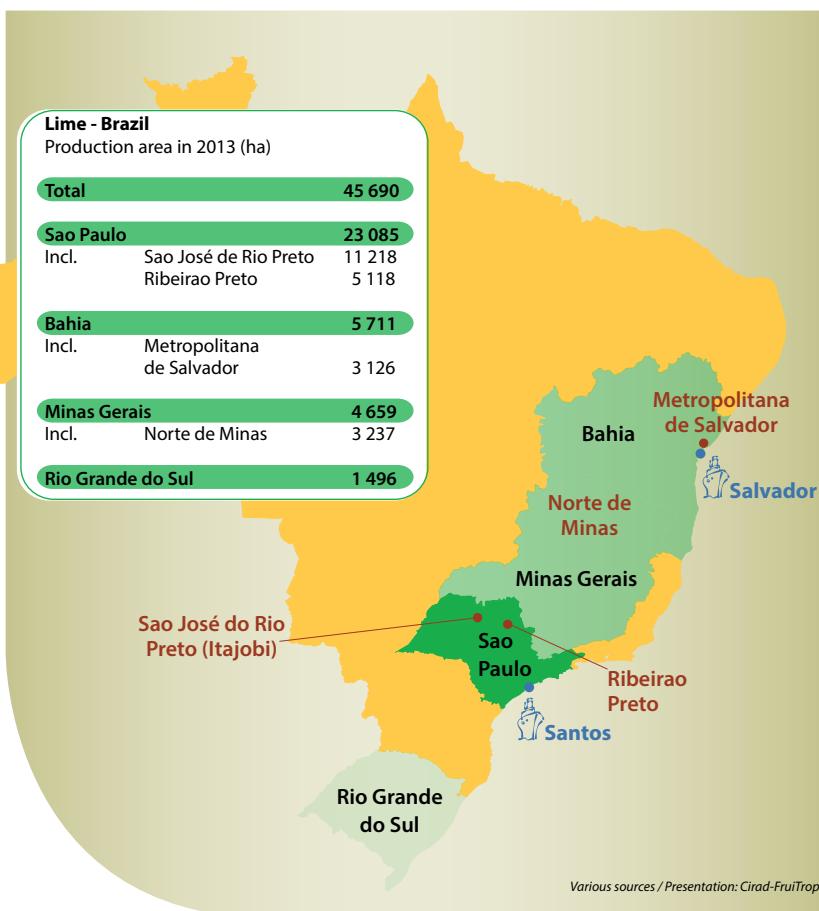
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A genuine success story in the Veracruz region

The *Citrus latifolia* variety was introduced late to Mexico, on the West coast where the frost risk prevents cultivation of the Mexican lime, which is favoured by local consumers but extremely cold sensitive. Its production only really started to develop from the 90s, after the neighbouring United States was struck by a stroke of fate. Indeed, Floridian production, on which nearly the whole country's supply relied, never recovered from the consequences of Hurricane Andrew in 1992, which cut the lime plantations in this State to one third of their former area. On the back of this event, a hyper-specialised production/export centre was built around Veracruz, at the initiative of a handful of companies with an international outlook. This Mexican State now packs in the bulk of production (particularly near the city of Martinez de la Torre), while the States of Oaxaca, Tabasco and Yucatán also have significant cultivation areas. The relationship between the Mexican industry and the United States market remains very close to this day. The West Indian lime is mainly cultivated in the East Coast States (Michoacán, Colima, Oaxaca).



Large-scale Brazilian production, also geographically concentrated and recently developed

Brazil, the world number two citrus producer country behind China, contains the world's other main lime export centre. The industry is not without points in common with its main competitor. As in Mexico, Brazilian citrus growers managed to develop between the 70s and the present day a major lime production centre, whose harvest is measured in millions of tonnes (1.2 million tonnes on average in recent years). Its production is just as geographically concentrated as in Mexico: approximately three quarters of volumes are from Sao Paulo State, with the zone situated around the city of Itajaubi on its own providing two thirds of regional production. There are also significant cultivation areas in the neighbouring State of Minas Gerais, as well as in more northern zones such as Bahia. Conversely, the varietal mix differs considerably from Mexico. The Tahiti lime has a much bigger presence than the West Indian lime, affected by major sanitary problems, and locally dubbed the Galician lime (Limao Galego). The Rangpur lime (Limao Cravo) is also very familiar in the country.



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Local outlook clearly predominating

Nonetheless, the volumes exported by Brazil are a long way behind Mexican volumes. They are seeing steady growth, but have not yet reached the symbolic 100 000 t per year threshold (probably 90 000 t in 2014). On the one hand, these two industries have different outlooks. While Mexico's Persian lime industry was built to feed the United States market, and more widely international trade, the Brazilian industry has a clearly local outlook. The strength of the Brazilian market is not the only impediment to exports. The Brazilian lime cannot access the United States market for sanitary reasons. Furthermore, it also suffers from more less favourable customs conditions than its Mexican counterpart on the European market (8.75 % duty as opposed to complete exemption for Mexico).



Competitors, yet also complementary

Although clearly competitors, the two heavyweights of the world market are also cultivating some strong complementarities, the most obvious being the production calendar. While the big production centres of these two countries have year-round production, the monthly harvests are far from regular, yet they complement each other fairly well. For Mexico, production culminates from May to September, the greater rainfall during this period in the Gulf of Mexico boosting yields. In the Sao Paulo region, production is abundant during the first half-year, with large quantities set aside for industry in the very heavy period from mid-February to March. Nor should we omit the cultivation areas in the northern part of the country, especially in Bahia State. Though modest in size, their production calendar is approximately three months offset from the main zone. Thanks to them, Brazil can offer at least some supply ten months out of twelve.

Complementarity can also be observed in the qualitative characteristics. Brazilian fruits are renowned for their greater juiciness, and are considered by some more aromatic than Mexican fruits. As for the latter, their outward appearance is their strong point: the skin coloration is a more intense green. To fully capitalise on this asset, an air-freight supply has been set up from Mexico. These characteristics are often a selection criterion for customers, who, depending on the planned use or positioning of their range, will prefer to offer one or the other of these sources. The other suppliers to the world market represent only very minor volumes, and are primarily from Central or South America (Guatemala, Colombia, Honduras, etc.).



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ASPARAGUS TABLE OF NUTRITIONAL VALUES (per 100 g serving)			
Energy	85 kJ (20 kcal)	Folic acid (B9)	52 µg
Carbohydrates	3.88 g	Coline	16 mg
Sugars	1.88 g	Vitamin C	5.6 mg
Plant fibres	2.1 g	Vitamin E	1.1 mg
Fats	0.12 g	Vitamin K	41.6 µg
Protein	2.2 g	Calcium	24 mg
Vitamin A	38 µg	Iron	2.14 mg
β-carotene	449 µg	Magnesium	14 mg
Lutein & Zeaxanthin	710 µg	Manganese	0.158 mg
Thiamine (B1)	0.143 mg	Phosphorus	52 mg
Riboflavin (B2)	0.141 mg	Potassium	202 mg
Niacin (B3)	0.978 mg	Sodium	2 mg
Pantothenic acid (B5)	0.274 mg	Zinc	0.54 mg
Vitamin B6	0.091 mg		

Source: US Department of Agriculture Nutritional database

European asparagus is produced, packed and distributed under conditions aimed at ensuring **consumer safety, protecting** the farmer and the environment, saving available resources, and in general terms, ensuring the continuity of the ecosystem. Agri-business manufacturers and wholesalers have the necessary **certifications** provided by accredited product safety management and quality bodies.

In this benchmark system, European asparagus production applies **European legislation** (the most stringent in the world in this respect), but also in parallel, to an increasing extent, a series of **international management system standards (ISO and AGRO standards) and protocols (GLOBAL GAP, BRC, IFS, etc.)**. These systems ensure both the process and procedure quality and food safety, throughout the asparagus vertical production and marketing chain, from field to shelf. These are the factors that make Greek-produced European asparagus stand out on the global market, and maintain its advantage over international competition.

In Greece, asparagus is grown in areas of high ecological value and incomparable beauty, in accordance with the rules stipulated by European standards. Its superiority is mainly due to the unique physiology of the production regions. The unique combination of geographic, geological and climate particularities interacts with the genetic characteristics of the plant, leading to the production of a delicious and economic crop, with high nutritional value. European asparagus is produced, packed and distributed under conditions aimed at ensuring consumer safety,

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Greek-produced European asparagus is characterised by a quality of texture and flavour conferred by a mild Mediterranean climate and the fertility of the Greek soil. Among the main Greek asparagus regions are Kavala, Evros and Aetoloacarnania. A natural border between Macedonia and Thrace, the river Nestos delta forms a vast fertile region housing a plethora of flora and fauna species. Between its right bank and Keramoti lagoon, on the plain irrigated by its water and in the uniquely temperate natural environment of the village of Agiasma, lies the Kavala asparagus cultivation zone. Further east, between the ecosystems of the Evros delta and Dadia forest, unique in Europe, lies the town of Tychoero, characterised by its development policy and progressive outlook. The area of the Tychoero ecotourism centre and around the lake form the setting of the asparagus fields of the

Department of Evros. In western Greece, in the middle of the biggest Greek Department, Aetoloacarnania, along the River Acheloos, Greece's largest by volume, lies Agrinio valley, surrounded by lakes, rivers, and high mountains. The mild winters of this region's plains provide ideal conditions for growing asparagus whose taste has made it a hit on the international export markets.

The main asparagus bodies operating in these regions are:

• **Kavala farmers' cooperative:** the successor to an association founded in 1927. Its main mission is to boost, support and coordinate the activities of its members, while attempting to expand, and consolidating the results of its production and commercial activities.

• **"Acheloos" Aetoloacarnania farmers' cooperative:** the cooperative was founded in 1998. The produce of cooperative members are brought together, processed, packed and exported to European Union and East European markets.

• **Agiasma SA:** the company started up in 1998, in the asparagus production and packing business. It is currently active in the production and sale of agricultural produce and equipment, as well as planting stock.

• **Tychoero farming cooperative:** the cooperative was founded in 1990. Its mission is collective management of its members' farming businesses, as well as creating and operating production and marketing facilities.

• **Komara farming cooperative.** These bodies contribute today to managing the production and marketing future of Greek-grown European asparagus.

Now that the Mediterranean diet and enjoyment of good cooking are part of the modern European way of life, fresh European asparagus - thanks to its long tradition, certified quality and undeniable preference by consumers - has rightly taken its place among the elite of Mediterranean cuisine!



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Lime, a product close to the United States in every sense

If the upstream segment of the market is narrow, the downstream segment is no less so: the United States is the beating heart of the world market. Close to the big production zones, consumers are also close to the product by virtue of the large population of Latin American origin, and the existence of local production in Florida until the 80s. Hence the United States absorb more than 80 % of international trade, with imports peaking at nearly 450 000 t in 2013. The dynamic has been particularly vigorous over the past few years, with volumes delivered to the country climbing by 200 000 t in ten years. This has been practically to the sole benefit of Mexico, which provides around 97 to 98 % of the supply. The only competitor that ships significant volumes, of around 5 000 t per year, is Guatemala.

Europe's taste for the exotic

Europe is the other main consumption centre of "green lemon" imports. With just over 110 000 t imported in 2013, this market is much smaller-scale than its US counterpart. Nonetheless, the growth dynamic is just as present on the Old Continent, with imported volumes tripling in ten years. The lime is tending to replace the lemon in some of its uses (decoration of dishes, etc.). Above all it is harnessing the growing hunger and thirst for exotic cuisine and beverages from increasingly well-travelled consumers. Furthermore, while the lime is consumed all year round, there is a particularly pronounced craze during the high season: daily sales from early May to late September are 2 to 2.5 times greater than those recorded the rest of the year, excluding the weeks of exotic fruit promotions (Christmas, Chinese New Year and Easter). The giant night clubs of Ibiza apparently buy lime by the pallet during the summer period!

Supermarket sector playing the game, especially given how lucrative it is!

The supermarket sector has been able to surf this wave of Ti'punch and other Mojitos. The lime has a year-round presence in all the chains, with a fairly wide segmentation. In France, you can always find the 500 or 750 g net bag (size 60 as a general rule), alongside the reference loose fruit (size 48 or 54). Certain chains even offer air-freight loose fruit and sea-freight loose fruit at the same time. Many of the discounters have entered the fray, offering a net bag supply all year round. Furthermore, the distribution sector has been able to take advantage of a less inflexible demand than for the lemon. Promotions really give a boost to sales, particularly those combining lime and alcohol, as commonly applied by the discounters. These efforts to promote the lime are of course not disinterested. While sales volumes are much greater than those of "small exotics", retail prices remain typical of this range, with the consumer generally paying them little heed on this product, purchased a few items at a time.



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A citrus with the characteristics of a "small exotic"

While the supply to the Community market is more diversified than to the United States, 95 % is still based on the two heavyweights of the world trade. Imports from Colombia, the number three supplier to the EU-28, barely exceed 1 000 t per year. It is Brazil, which is unable to export to the United States, which dominates the supply. Unlike the "big" citruses and the rest of the small exotics range, sea-freight lime prices are highly responsive, fluctuating within a wide range (very roughly 6 to 14 euros per 4.5 kg box at the wholesale stage, or even more in exceptional circumstances).

This volatility is of course due to the vagaries of supply and demand, but also to the trading difficulties with the product. While the lime is a citrus, it is traded like a small exotic, since it must be sold very quickly to preserve its characteristic coloration (one week max. for sea-freight merchandise). Furthermore, it is the exotic fruit specialists which are most involved in the trade, since it is a strategic product subject to regular orders, able to form the basis of pallet loads. Rates generally bottom out in March/April, when Brazilian production peaks and demand is still dormant. Mexican imports arrive bit by bit during this highly competitive period, with the US market a safer bet in a context of moderate production. When the fine days arrive, sales can pick up and prices rise. The end of this period generally heralds a slump until October. Some distributors seek to guard against these sometimes abrupt movements by imposing an annual contract on their suppliers. While this quest for convenience is understandable, it is incompatible with the seasonality of production which importers must handle. 2014, a chaotic year in terms of climate in Brazil and Mexico, demonstrated the extreme volatility in production and the extreme peril of proposing an annual price.



Lime world imports

Main markets

European Union — Imports — Main supplier countries

tonnes	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total	31 119	42 918	47 803	53 605	59 150	68 080	72 517	81 758	84 911	87 667	97 025	110 357
Brazil	18 807	32 010	32 351	39 610	43 732	50 959	51 104	55 105	55 026	56 593	61 764	63 739
Mexico	10 734	8 290	10 028	10 567	11 482	12 905	17 864	22 760	26 718	27 923	33 851	43 489
Colombia	324	904	579	869	887	1 130	1 219	1 116	1 471	832	1 027	944
Dom. Rep.	44	133	209	236	355	558	663	661	472	698	416	597
Honduras	5	-	-	-	1	39	51	115	144	256	415	766
Peru	1	85	113	103	153	280	167	349	299	327	399	368
Israel	159	131	329	304	321	241	20	432	150	190	219	414
South Africa	23	316	1 222	4	27	0	40	20	3	28	217	41

Sources: national Customs, Trade Map

Russia — Imports — Main supplier countries

tonnes	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total	49	210	263	489	827	1 508	2 801	2 856	22 064	3 357	4 494	4 842
Brazil	30	111	210	397	697	1 226	2 209	2 305	21 105	2 269	2 863	2 680
Mexico	19	99	53	92	130	282	592	551	959	1 088	1 631	2 162

Sources: national Customs, Trade Map

United States — Imports — Main supplier countries

tonnes	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total	235 561	247 436	282 040	308 032	311 491	344 932	356 820	362 490	355 677	367 340	427 268	446 407
Mexico	233 576	244 435	277 786	303 114	303 827	334 970	348 224	354 514	344 376	353 154	417 083	434 075
Guatemala	126	589	1 262	1 790	3 614	4 999	4 102	5 674	6 374	7 958	4 770	3 708
Others	1 859	2 412	2 992	3 129	4 050	4 963	4 494	2 302	4 927	6 228	5 415	8 624

Sources: national Customs, Trade Map

Canada — Imports — Main supplier countries

tonnes	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total	10 265	11 542	12 943	12 750	14 809	19 326	19 184	19 614	27 512	35 079	41 707	51 279
Mexico	8 976	10 090	10 663	11 541	12 769	16 429	17 410	18 795	26 126	34 125	41 239	51 196
Brazil	1 289	1 451	2 280	1 209	2 039	2 897	1 774	819	1 385	954	468	83

Sources: national Customs, Trade Map

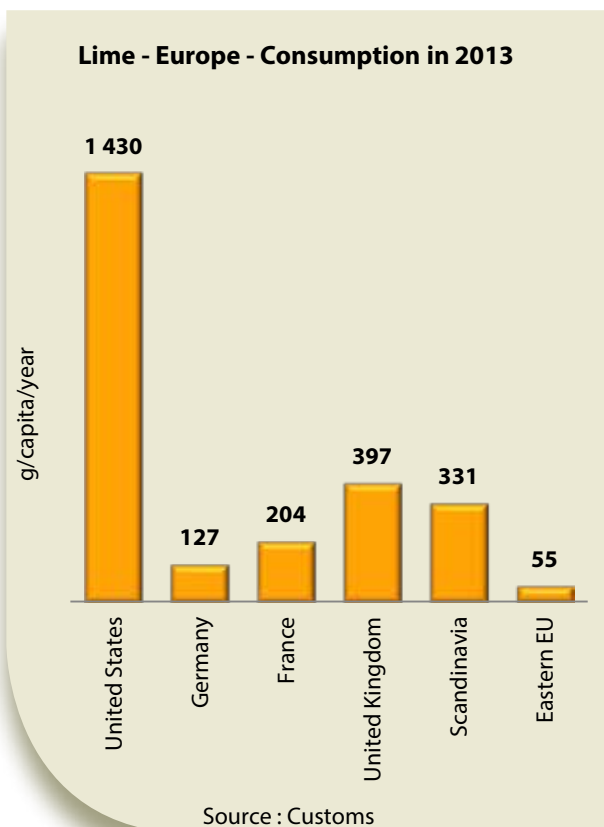
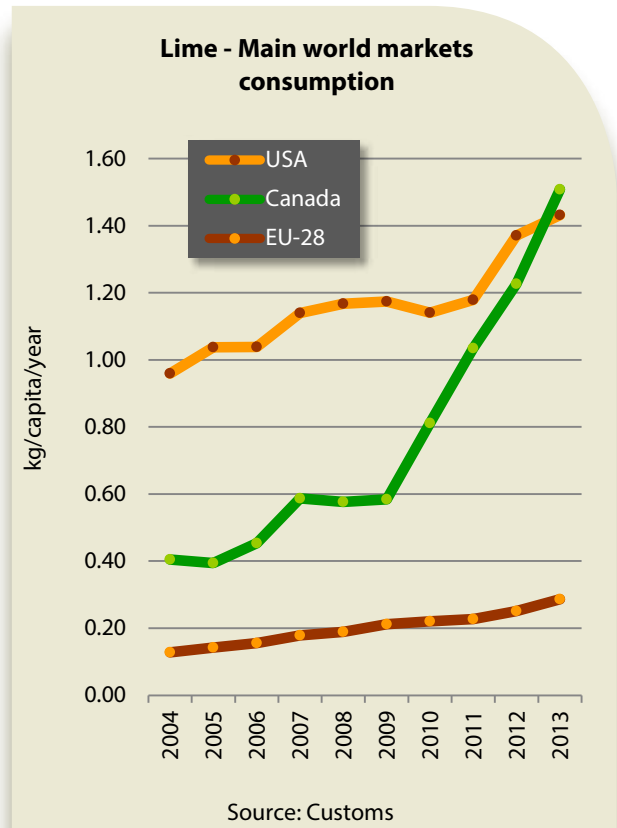
Japan — Imports — Main supplier countries

tonnes	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total	2 259	2 230	2 308	2 184	2 228	2 347	1 977	1 956	3 565	3 659	3 346	2 888
Mexico	2 259	2 230	2 308	2 184	2 228	2 347	1 977	1 956	3 565	3 659	3 346	2 888

Sources: national Customs, Trade Map

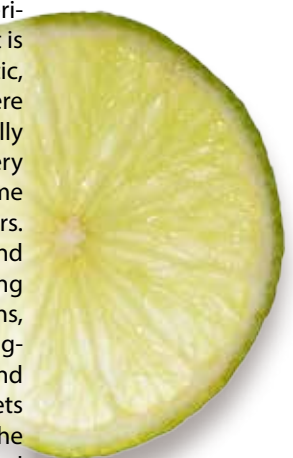
Toward continuing growth in the United States

So what of world growth over the coming years? Will the United States continue to play its driving role? More than 80 % of growth in international trade recorded over the past five years is attributable to this market alone. The consumption per capita reached 1.4 kg in 2013, a record for a non-producer country. It is even approaching the levels of the lemon, though without affecting this fruit, which has maintained a high level of 1.6 kg/capita. How much more can the market grow? It is hard to say, since there is no existing point of comparison. Nonetheless, some factors argue for the market continuing to grow. Firstly, the dynamic is not weakening, and has even accelerated in recent years. Secondly, the scale and growth of the population originating from high-consumption zones are an asset. The United States has approximately 20 million inhabitants of Asian origin, and 55 million Hispanics, of which 35 million people originating from Mexico, where consumption is approaching 10 kg/capita according to the USDA. Finally, the increasingly big breakthrough of Mexican cuisine is another strong point. According to a projection dating from 2012, the Mexican fast food market, which already amounted to 8 billion USD, should reach 11 billion USD in 2017, to exceed that of hamburgers and hot dogs. Canada, though its population is less close to the product, is registering similar consumption levels at approximately 1.5 kg/capita.



Potential in Europe still strong

Europe is a long way from reaching the same consumption levels as the United States. The volumes absorbed per capita per year are less than 300 g, i.e. one fifth those of North America. Although the ethnic component is less present than across the Atlantic, this gulf leads us to imagine that there is a big margin for growth, especially since Europe too has exhibited a very strong dynamic in recent years. Some big markets remain small consumers. France and Germany, with 200 and 150 g/capita respectively, are a long way behind the regional champions, Scandinavia and the United Kingdom, where consumption is 330 and 400 g/capita. The Eastern EU markets are starting to take an interest in the product (Poland, Czech Republic), and the margin for growth is enormous, with consumption no more than 60 g/inhabitant on average. The lime is also starting to break through in Russia.



Different dynamics

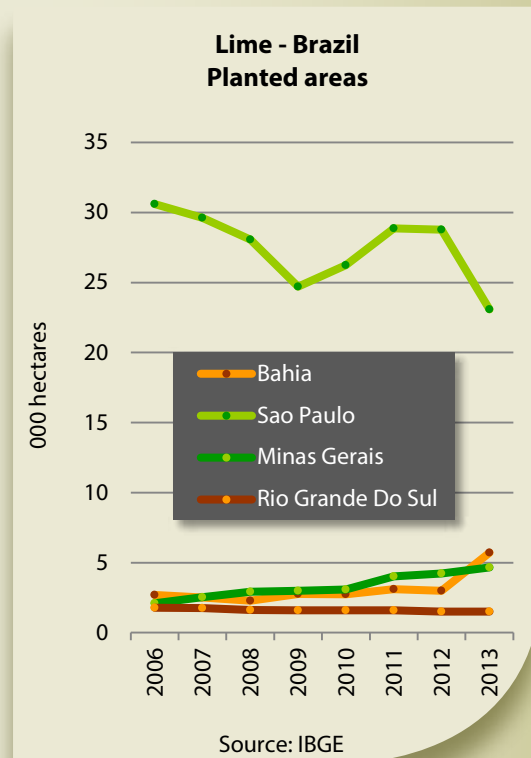
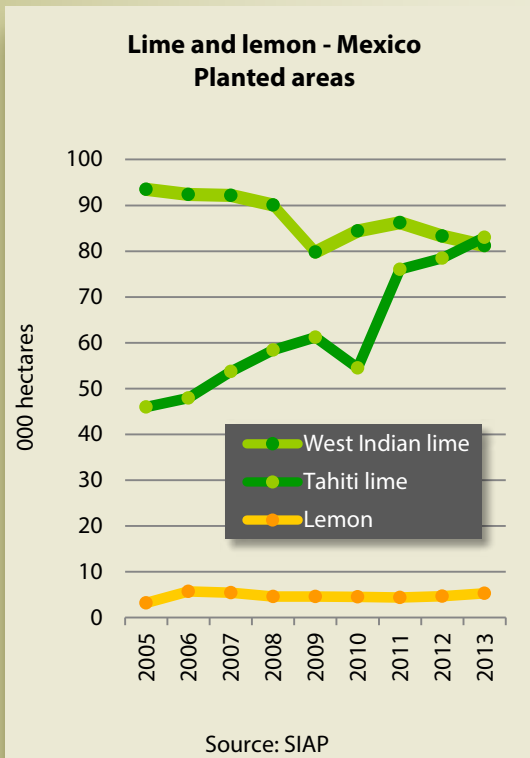
The volumes should be in place to feed demand. The upward trend in Mexico's Persian lime production should continue unabated over the coming season. Driven by the good health of the international market, and by a tighter local market because of the impact of greening on the East Coast cultivation areas (especially Colima), producers have continued to plant significant surface areas over recent years in the Veracruz region. According to the latest figures from the Mexican Ministry of Agriculture, the rate of growth of the cultivation area was around 1 500 to 2 500 ha per year in this State between 2011 and 2013.

The situation is more nuanced in Brazil. On the one hand, surface areas are stagnating in the Sao Paulo region, and productivity is tending to wane because of the impact of greening, already much discussed in these columns. On the other hand, the major drought ravaging the zone is in the short term intensifying the decline in production, since the orchards, generally in the hands of small producers, in the vast majority of cases lack irrigation systems. Although there is an enormous margin of volumes available in view of the scarcity of exports compared to overall production, this trend can only reinforce the already powerful braking effect of the local market. Conversely, a growth dynamic seems to be in place in the more minor production centres. This is in particular the case in the Minas Gerais region, less affected by greening, and especially the Bahia region, which already provides nearly 30 % of exports to the EU-28. Surface areas reportedly doubled between 2010 and 2013, reaching 5 700 ha ■



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Counter-season melon

2013-14 a model season for the future

The 2013-14 season seems to have marked a hiatus in the structural difficulties experienced over the past few seasons, thanks to the small respite brought by the Brazilian shortfall at the end of 2013 and to the highly buoyant spring of 2014, boosted by the early arrival of favourable climate conditions and by the church calendar. Nonetheless, the 2014-15 season started very hesitantly, with a gloomy end to the year. However there can be no questions asked about the foundations, with progressive trends seen in production to ensure continuity of supply without destabilising the market.

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An exception confirming the rule

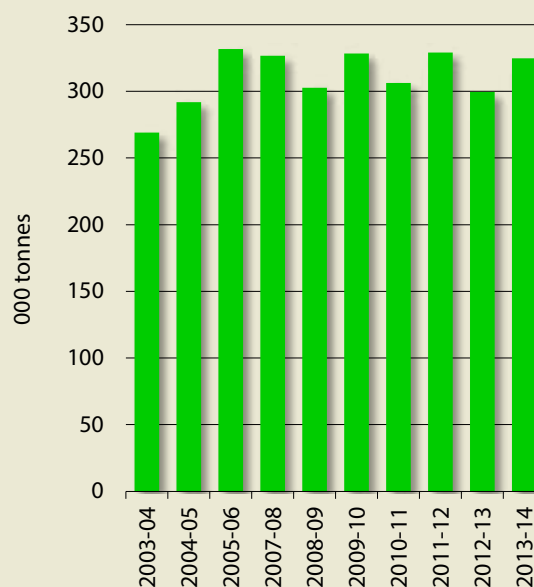
The years roll by, constantly confirming the appearance of minor structural changes, namely a reduction in volumes over the whole first part of the season in autumn, or even during the end-of-year holiday period, and a well-established recovery from February, to establish a presence starting in spring for the Easter holidays. The 2013-14 season did not deviate from this rule, with a very protracted end to the European season (until mid-October), which delayed the arrival on the European market of the Brazilian melon. However, the imbalance did not persist in late 2013, due to the scarcity of the supply from this source (lack of rain and sanitary pressure). The balance was actually fairly rapidly restored for all the sources in place (Senegal, Morocco, Dominican Republic), despite demand remaining relatively flat until week 51; whereupon the supply expanded, though more gradually than predicted at the beginning of the year, on the North European markets, with growing volumes from Honduras and Guatemala in addition to Brazil and Costa Rica. Yet the market remained light in Southern Europe until late January, with operators deliberately limiting imports. So the season got off to a fairly favourable start, with significant volumes from the French West Indies in late January, from Senegal in early February and then from Morocco in the middle of the month. The surge timed for the Easter holidays, combined with exceptional spring weather in early March, considerably boosted sales and helped maintain good price levels for all sources, especially since the melons were over-all of very good quality.

Progress by the auxiliaries

European imports overall rediscovered their cruising speed, at 325 000 t. Brazilian shipments now actually seem to be stabilising at around 155 000 t, while the rise to prominence of Honduras (37 000 t) is continuing to offset the slowdown from Costa Rica, which however took advantage of the Brazilian slowdown in 2013-14 to achieve a good performance on the European market (57 000 t). Yet most particularly Guatemala confirmed its breakthrough in this niche, with volumes which, though still modest, more than doubled from the previous season. Mediterranean sources are still ebbing on the European market, with their market share worn away in the early season by Senegal, and in the late season by Spain.



**Melon - European Union
Extra-Community imports
(October to May)**



Source: national Customs

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Latin Americans not short of attributes

In spite of the economic difficulties, Brazilian melons are holding their position, not only in Europe but also on the world market. The devaluation of the real against the euro has helped Brazilian melons retain their competitiveness in spite of the rising production and transport costs. Hence exports dipped only slightly last year, remaining near-average (177 000 t, i.e. - 3 % on 2012-13), primarily because of the climate conditions which hit the Sao Francisco zone particularly hard. However, operators were reckoning on a better result in view of the expanding surface areas in this zone (2 950 ha, i.e. + 18 % on 2013), although they are stable in the most northern zones (Rio Grande do Norte, Ceara), extending over 12 000 ha. In particular, they were counting on the growth of shipments to the Middle East (United Arab Emirates and Saudi Arabia), Turkey and Asia (Singapore, Hong Kong) to increase their volumes. Yet although they are expanding, these outlets are still modest. So Europe still remains essential for this source, in spite of the increasing customs duty, with this country leaving the generalised tariff preferences scheme (8.8 % instead of 5.3 %). Exporters are also targeting the nearby markets. Hence shipments to Chile should expand, following the partnership signed in 2013.



Yet the competition is intensifying further, such as from Honduras where production is still rising at the tempo of the small expansion in surface areas, but above all thanks to the efforts made to improve yields. Hence its exports increased again by 7 % in the last season (276 000 t). The bulk of the volumes are still aimed at the US market (160 000 t), but since shipments to this destination are stagnating, exporters are developing their customer portfolio toward Europe, as well as Japan and Taiwan, with which Honduras has obtained an agreement. They are also hoping to break onto other markets in the medium term, especially Saudi Arabia, Dubai and Hong Kong, and are reckoning on another volume increase of around 11% starting this season. Similarly, Guatemala is continuing its development. While the bulk of its volumes is still aimed at the US market (97 % of the 400 000 t exported by this source), it is also expanding its customer portfolio to Europe. The vast majority of production is located in the Sacapa zone in the central eastern part of the country (86 % of the 1.2 million tonnes produced). Conversely, the fall in Costa Rican surface areas is continuing, under real estate pressure and competition from other exporter countries. However exports seem to have stabilised at around 120 000 to 140 000 t, and are in the main aimed at Europe and North America evenly (66 000 and 69 000 t respectively in 2014).

Agreements sometimes hard to find in spring...

However, these sources are present primarily on the North European markets, whereas demand in the South is more focused on African sources. Hence while the Caribbean sources remain dear to the Mediterranean countries, more

and more operators are leaning toward African sources to top up their procurement calendars. FWI production is holding up, with an export potential of 2 000 t for Guadeloupe and 3 500 t for Martinique. The "Melon de la Guadeloupe" IGP certification, obtained in 2012 by 23 producers, is bearing its fruits. With a potential tonnage of 1 800 t, 2015 should be a good year in the absence of major climate vagaries. Some volumes were sold in January. The real season launch is expected in early February, reaching full potential in late March/early April. A few follow-on flows should continue to emerge from the Dominican Republic, whose production extends from December to March.

However, volumes out of Senegal are increasing year on year. Surfaces areas should actually further expand this year, driven by French, Italian and Spanish operators. So European imports increased again last season (15 000 t, i.e. + 30 %). The season began in November to cover the end-of-year holidays. There were less follow-on flows in January, though volumes should grow again in February, reaching a production peak in the second half of March.

Conversely, surface areas are shrinking slightly in Morocco, down to just 1 730 ha now in Charentais, according to figures unveiled at the latest Medfel (less than 300 ha in Dakhla, 300 to 350 ha in Agadir/Taroudant and approximately 1 000 ha in Marrakech/Kenitra). Exports to Europe went down by approximately 10 % in 2014 (42 000 t), which helped the product obtain decent value in a context of booming demand. Yet the end of the Moroccan season often overlaps with the start of the European seasons. Also, although the Almeria zone has been well down in recent years, there has been distinct growth in the Murcia zone. The potential of this region is approximately 225 000 t, across all varieties, of which 90 % are reserved for export (194 000 t in 2013). However, production primarily comprises varieties such as Piel Lisa (49 %) and Galia, ahead of Cantaloup (14 % of tonnages). Half of Cantaloup volumes are aimed at France and the United Kingdom, while one third of Galia volumes are routed to Germany and 60 % of yellow melon tonnages set sail for the British Isles. So Morocco must play its cards right to maintain its market shares ■

Cécilia Céleyrette, consultant
c.celeyrette@infofruit.fr



Melon — European Union
Extra-Community imports (October to May)

tonnes	2009-10	2010-11	2011-12	2012-13	2013-14
Brazil	169 201	134 594	157 056	150 427	155 305
Costa Rica	59 942	65 223	69 820	49 861	57 013
Morocco	50 866	51 480	45 304	47 704	42 787
Honduras	21 697	33 140	31 899	29 076	36 948
Senegal	5 469	8 681	11 190	12 081	15 582
Panama	11 017	4 386	3 934	1 982	4 162
Guatemala	-	-	2 415	2 945	6 778
Israel	3 702	3 361	1 675	1 171	806
Dominican Rep.	548	754	877	566	832
Extra EU-28 total	328 296	306 260	329 083	299 473	324 862

Source: Eurostat

A report by
Denis Loeillet

Banana Banana Prices in 2014

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European banana market in 2014

Carpe diem



Without going over the top, the world banana market confirmed its good shape in 2014, both in terms of volumes and import prices. Intra-annual volatility is at rock bottom on organised markets such as Germany. Conversely, the more speculative markets, more open to competition, are seeing their instability persist, or even increase (Poland and Russia). In general, everything seems relatively under control. However, conditions could change for the year 2015. They seem more hostile and less in favour of price renewal, especially on imports. Indeed, the supply should see a very considerable increase. So the objective will be to consolidate the good consumption levels achieved over recent years, while protecting the added value of the product.

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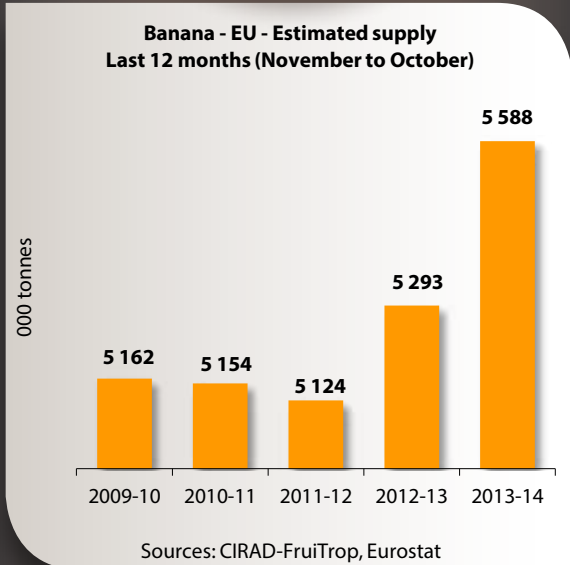
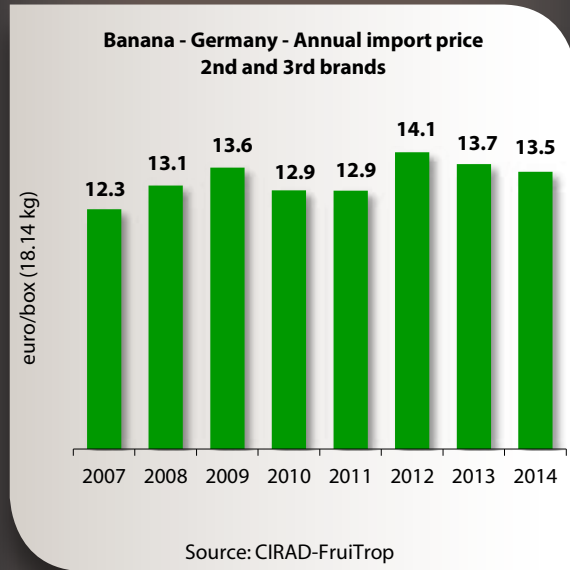
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“Great deal: world banana market in good working order”. This newspaper ad style wording provides a good summary, without going over the top, of the state of the international banana market in 2014. It may seem out of synch with a cycle that has been favourable to the world banana market as a whole. There are three reasons for this. The first is that the market held up well in 2014, but without scaling any heights. The benchmark price in Germany (average, not weighted by volumes) amounted to 13.5 euros/box, i.e. slightly down on 2013 (- 2 %) or the three-year average. The 2012 record of 14.1 euros/box is a long way off. The second reason is that the price stability over the past three years has made market solidity almost a banal occurrence; just a matter of course. Finally, the operators, as well as observers like us, can see a 2015 season set to be at best complicated, for the optimists, and potentially catastrophic for the pessimists. Yet let’s not anticipate the conclusion of this article.

EU: nearly half a million tonnes more

This early-year bulletin traditionally focuses on prices. The volumes report will come a little later, when the Customs have given their verdict (see forthcoming **Fruitrop** no. 231 of April 2015). The fact remains that the consumption data in both Europe and the United States are indisputable. Over the last twelve recorded months (November 2013 to October 2014), the EU consumed nearly 5.6 million tonnes of bananas, as opposed to 5.3 million one year previously, and 5.1 million two years ago. Specifically, the EU has absorbed 464 000 tonnes more in two years, within a practically unchanged scope, both in terms of population and Member States. Croatia, the last country to join the Union, consumes barely more than 50 000 tonnes per year. So we can rejoice at this increase in consumption for a so-called banal product, supposedly ailing. Except that this minor miracle needs to become routine. In other words, consolidation of these volumes, without any deterioration in value, is an absolute necessity, whatever the state of the banana supply and competing fruits supply: or whatever the politico-economic vagaries which also affect the sector, but over which the sector has no control - exchange rate, customs duty, etc.

We are getting to the crux of the issue. Let’s review the various factors which affected the banana sector in 2014. We will finish with a few prospects for 2015, some of which, as every year, will be purely divination.





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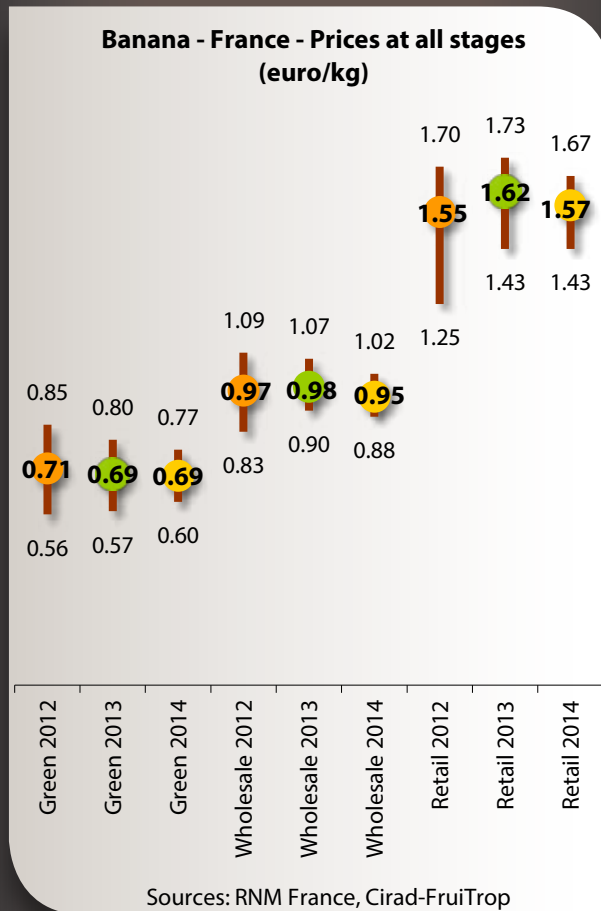
A great classic: climate vagaries

Let's start with a factor associated with the banana sector itself, which has had a crucial influence. In 2014, as in the preceding years and decades, climate vagaries strongly shaped the market. According to an old farming principle, extendible to banana growing, the supply is regulated only by the climate or political instability, and 2014 brought us two major events. In order of importance, we can point to Colombia, which lost 16 000 hectares of banana trees in early July in horrendous winds, and Côte d'Ivoire, where nearly 1 000 hectares were literally engulfed by the waters in the Niéký zone, also in July. The return to production timescale was not the same in the two cases. A tornado does not necessarily require replanting, but the plots need to be cycloned (damaged plants cut back without destroying them). Conversely, prolonged flooding means starting over from zero. And this observation has some significance in terms of the rapid return of Colombia to the markets, and therefore for the cyclical conditions in 2015.

This did not mean that the markets were deserted and therefore in shortfall. Consumption continued to grow. Ecuador, the number one supplier to the EU, recovered and actually exceeded its full potential, with growth rates of its exports to this market touching on 12%! The same applied to Costa Rica and the Dominican Republic. No, we did not need to lament long queues of consumers desperately seeking bananas! Quite the opposite, we dare not imagine the situation if all the sources had fulfilled their production promises. With the exceptions setting the rules, we see every year that vagaries regulate the supply. If they only last!

The German fortress

The slackness of the market at certain periods (especially the second part of the year) is one of the symptoms of this congestion or this incipient saturation. We might also observe that certain European markets are perhaps set up to ride out these pressures slightly less well than the others. Typically, the German market is extremely closed off, and led by the reference price decided and set by the discounters every quarter. Is that a good or bad thing? It is hard to say. From experience, we know that the reference price is a genuine glass ceiling which is never ever exceed-



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ed, and in most cases never paid at the stated value. Regardless of the state of the market or quality of the products on offer, the law of price is in play... ultimately, a law with an upper limit. There is no guarantee of resistance to falls, since reductions, discounts or rebates are common practices. Nonetheless, the fact that this market is so sealed off and not very willing to accept newcomers does not guarantee better product valuation. The diktat of the German supermarket sector still applies, except that the market is divided between few hands.


The French market is fairly different since it is highly competitive, diverse in terms of operators, with few contracts and open to all-comers in terms of sources. It is also hilarious to note that France, which for the past two decades has set itself up as the defender of a regulated, controlled and balanced market, has emerged from so many years of the banana CMO as one of the markets most open to competition. As for Germany, such a fervent advocate of market deregulation, it has managed to ring fence its market, to the point that the supermarket sector is now its sole conductor.




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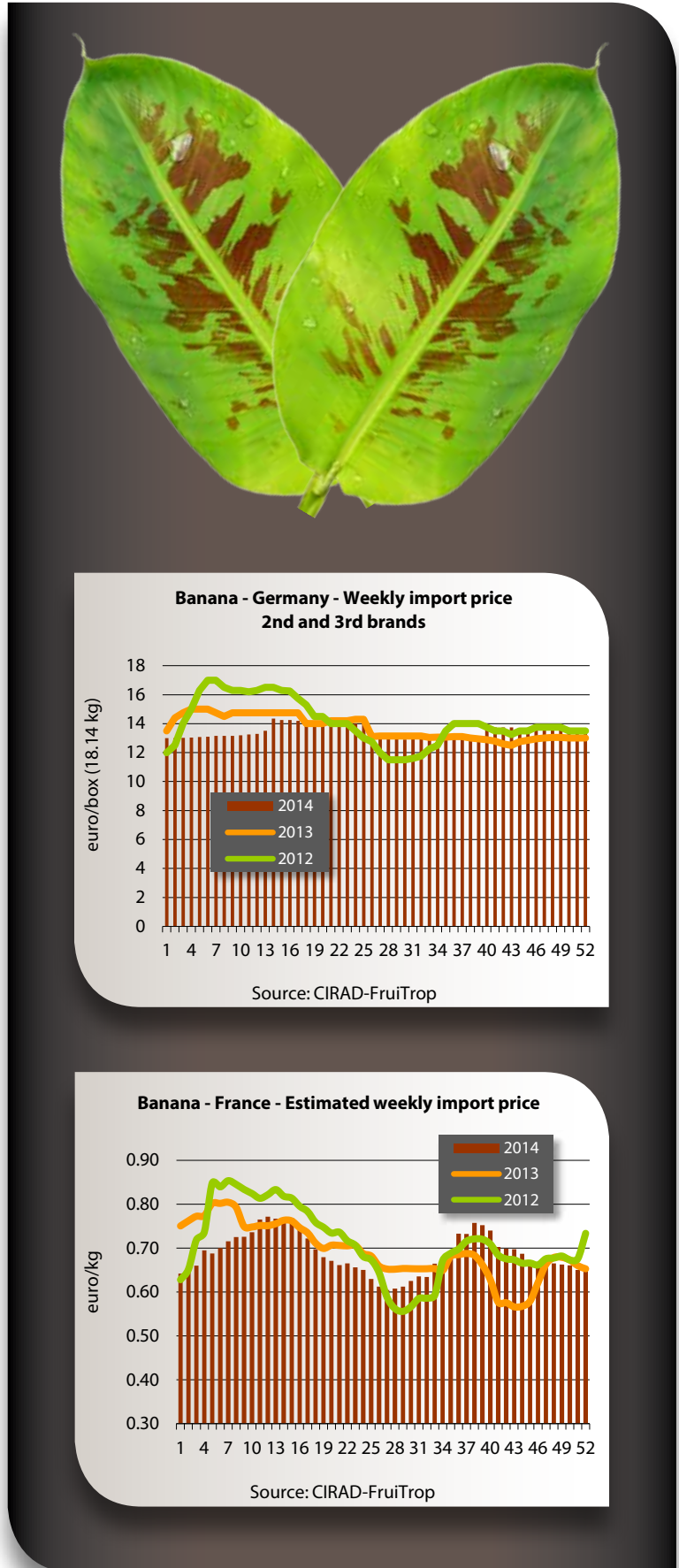


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In search of lost volatility

The heightened sensitivity of the French market to balance shifts, often described in these columns, is one of its major traits, often for worse and rarely for better. This no longer seems to have been the case for several years. The price peaks are no longer ever reached, with a grey outlook at all stages of the trade. Volatility in France reached a new low in 2014. The standard deviation calculated on the weekly green price series fell to 0.04 euro/kg in 2014, as opposed to 0.05 euro in 2013 and 0.07 euro in 2012. Translated into a percentage, it shows that volatility in France has dropped from 41 to 25 % at the import stage. The trend is the same at the wholesale stage (yellow banana), where volatility went from 27 % in 2012 to 15 % in 2014. Exactly the same trend can be seen in the retail prices, volatility of which was also down 15 % in 2014, after reaching 29 % in 2012.

As we were saying, Germany, organised completely differently, is also seeing a fall in its market volatility. This is the effect of quarterly contract setting, which tells on the market price lists. From 66 % in 2011 volatility has dropped to just 11 % in 2014 - a historic low.



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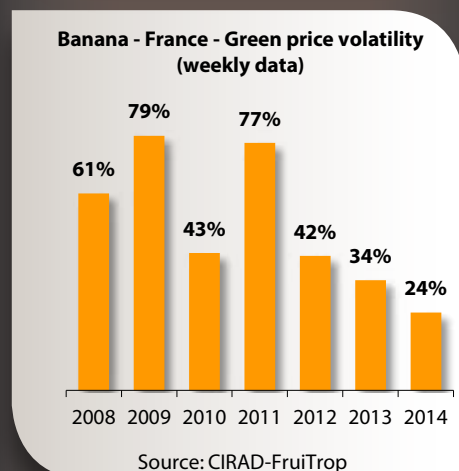
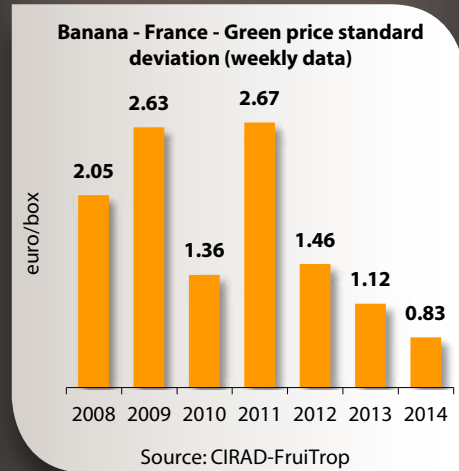
It is a completely different story on the Polish market, with extreme and unflagging volatility at the import stage. It even increased in 2014, up to 61 % from 54 % in 2013. Nonetheless we are a long way from the crazy years of 2011 and 2009 when volatility was in excess of 90 %.

Although an obvious point for many, this is the manifestation of a two-speed European market. The first is fundamentally stable, with Germany being the absolute example. The second is a true commodity market, i.e. unstable. Germany and France are of course responsible for this state of affairs, while Poland is to some extent the last resort of the European market: the one they turn to when the supply is swollen, and which most often at any price is prepared to absorb large volumes. When its absorption capacities are saturated, the European exporter countries (France, Germany, Italy, etc.) find themselves back in the firing line, and are quickly and heavily destabilised, in a perfect example of the domino effect.

The worrying Russian market

This year things went relatively well given the pressure exerted by the quantities. However, a catastrophe scenario is perfectly possible for 2015. Especially since there are external events (outside the EU and the sector) which have not had serious repercussions for the moment, but which are of concern for everyone. I am referring to the situation in Russia, which is critical for various reasons. In response to Europe's protests after the annexation of Crimea, Russia has banned European fruit and vegetable imports since the beginning of August 2014. While it normally imports some 750 000 tonnes per year of Polish apples and pears, not one kilo is getting in, despite attempts by European exporters to get round the embargo. On top of this came a bumper European apple production season. There were fears that the reflux of Polish apples could increase competition on the European fresh fruit market. This has not yet been the case, though the danger still looms because when Russia imports this fruit in large quantities from Poland, it does so above all in Q1. The risk level remains high for the banana market, which is the leading competitor of the apple.

This Russian newsflash also features the collapse of the rouble and an unprecedented fall in income from oil and gas. These two factors are not necessarily hitting Russian banana consumption with the same force and on the same time scale, but they are two powerful brakes. The rouble depreciated by more than 40 % against the dollar in 2014, increasing the banana price on the Russian market by the same amount. A revealing indicator is that over the last two months of 2014, imports fell by 8 %, i.e. 480 000 fewer boxes. In spite of all this, this is not a catastrophic drop, and the banana remains the most competitive product in the fruit section. At constant rouble value, the banana price at the retail stage has actually fallen abruptly, losing 40 % of its value between 2000 and 2014. The banana is ultra-competitive. The price gap, again at constant rouble value, against the orange and apple remains substantial, at + 16 % and + 27 % respectively.





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Coming soon, 1 dollar to the euro

So the “Russian” risk is difficult to evaluate. Conversely, the uncertainties fall away when we look at another external factor: exchange rate variations. The euro has been on a downward gradient since August 2014. Against the US dollar, the European currency lost 15 % of its value between its high point of 2014 and the low point reached in early January 2015. If we compare the two currencies by purchasing power parity (method used in economics for drawing a comparison between countries of the purchasing power of their currencies), at a level of 1.18 (as was the case in early January) the euro has a purchasing power abroad much less than that of the US dollar. And there is doubtless more to come. Indeed, three big analysts — Deutsche Bank, Barclays and Goldman Sachs — recently estimated that the fall in the euro is inexorable, and that it could well be trading at less than 1 USD by 2017.

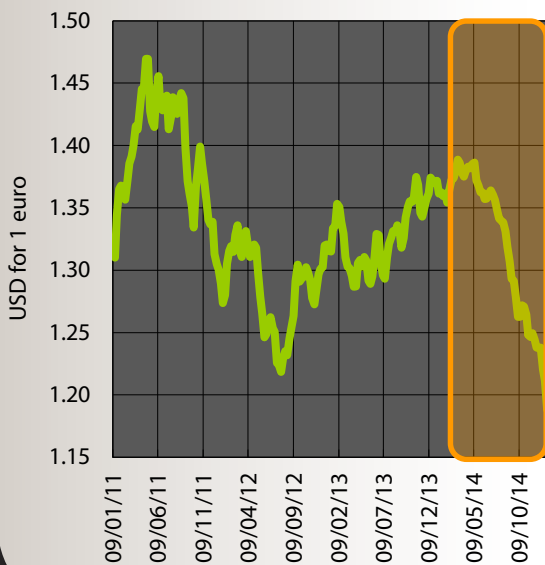
This is of course a powerful deterrent for non-euro zone suppliers. It automatically rais-

es the price per box of dollar bananas bound for Europe. It is hard to gauge the current impact of the fall in the euro, but if analysts’ predictions come true, it will be more favourable to produce in the euro zone than the dollar zone. The fact remains that a large proportion of the inputs and energy is paid for in US dollars.

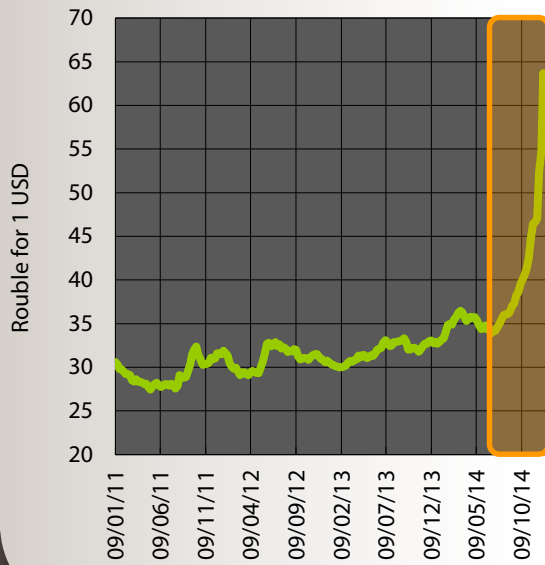
Finally, European Customs duty converted into the national currency of the main Latin American suppliers will fall even more steeply than specified by the treaties. Ecuador, which has a dollarized economy, to the point of abandoning its currency in favour of the US dollar, is taking advantage of this. This is also the case for Costa Rica. Yet the reverse applies to Colombia, which instead of seeing the cost of Customs duty fall in its national currency, is seeing a slight rise. Except that Colombia, whose currency is valued higher than the euro, reaps additional income when it sells to Europe. With the value of each box of bananas four to five times that of the Customs duty, Colombian exporters are getting a very powerful boost from the fall in the euro. The reverse applies to Ecuadorian and Costa Rican operators.



Euro/US dollar exchange rate



US dollar/rouble exchange rate



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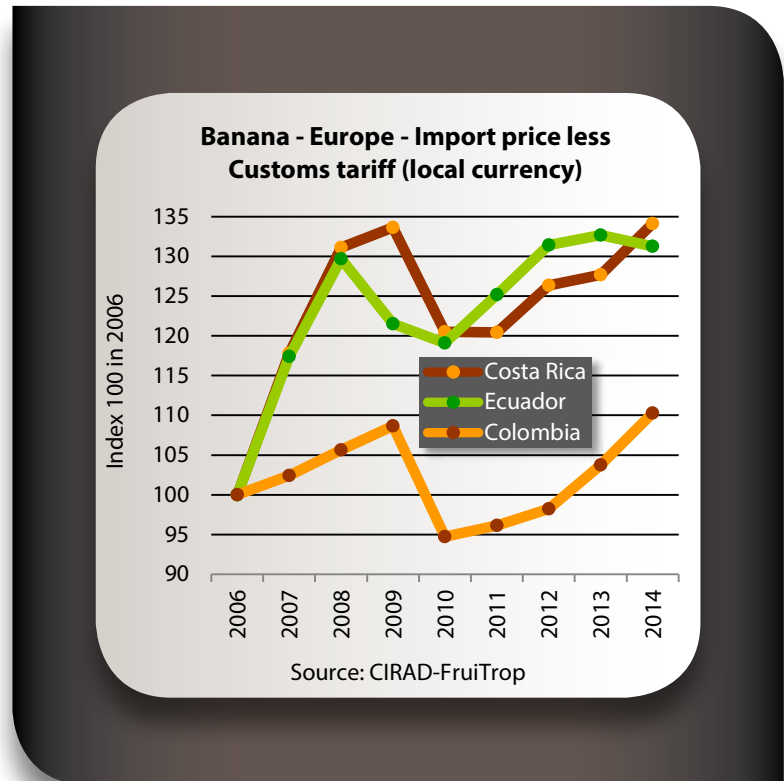
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So it is no accident that Ecuadorian operators are fiercely opposed to the government's wish to raise the price per crate of bananas by 5.3 % for 2015, up to 6.32 USD. The inter-professional association for exporters (AEBE) can clearly see the danger in a loss of Ecuador's competitiveness, which though benefitting from falling energy prices, is seeing other costs rising (+ 4 % for the minimum wage, toll on the Panama Canal, etc.).

In terms of factors of influence, the all-time classic is of course the state of competition in the fruit section. While 2013 was a god-send for the banana operators, due to a catastrophic European pip fruit harvest in 2012, the situation was completely different in 2014. The 2013 apple harvest was back to average, while the 2014 harvest was bigger still, right across Europe. The citrus season was normal, with some poor sales of easy peelers at the beginning of 2014 (2013-14 harvest) and the end of 2014 (2014-15 harvest). So this year we are struggling to explain the relative good health of the banana sector by the poor health of the competing sectors.



Customs duty: find the effect

What about the political aspect of the banana report? By which of course I refer to the customs duty taken on the banana imports from (non-ACP) Latin American countries. Well, everything is changing for the better (see inset)! The degression is working well. Practically all the countries will be at 110 or 111 euros per tonne by the end of 2015, once the last signatory, Ecuador, has completed the agreement ratification process. This may seem bizarre, but we must recognise that the effect of this fall in duty, which was at 176 euros/tonne in 2009, is vague. It is concealed, mixed, combined with other factors, such as exchange rate, the price of energy, climate vagaries, supply of competing products, etc. Except that ultimately it has more than halved since 2009. Let's take the example of Costa Rica. In 2009, the Customs duty in local currency represented one quarter of the calculated revenue at the import stage; at the beginning of 2015, it now represents just 16 % of the value of the product. All things otherwise being equal (price and exchange rate unchanged), it will barely exceed 10 % in 2020. While it is impossible, for now, to draw a conclusion and determine a cause-effect relationship, a direct link between the state of the market and fall in duty, it is unimaginable that there will be no repercussions. It is a bit like a dam gently filling up without any effects being felt downstream, until the structure, once filled, cracks open to release torrents of water and mud.

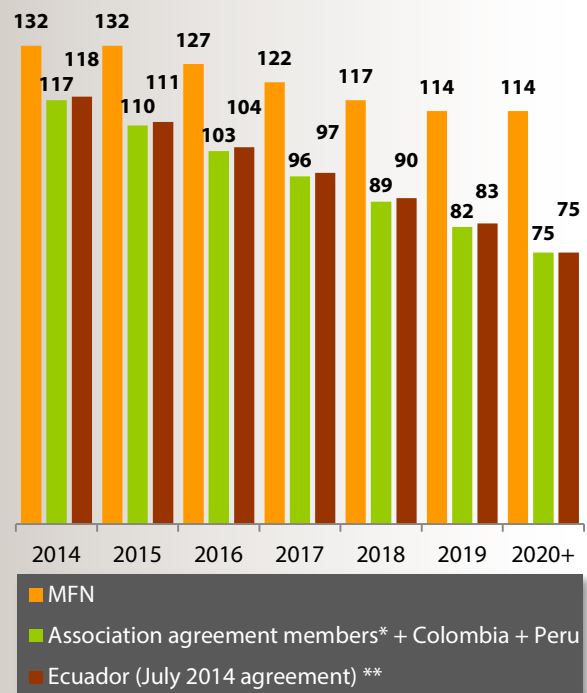
We will make no comment about the non-effects such as the invasion in Mozambique of race T4 causing the deadly Panama disease, or the Ebola risk for West African fruits. While in the first case the threat is real, it should be considered rather medium or long-term (contamination risk); in the second case (Ebola), the industry has fallen foul of mud slinging based on rumour and stupidity. As for El Niño, it faded away quietly, although we can currently observe an abnormal drought in one part of Colombia.



European Customs duty: getting ready for the 2019 rendezvous!

There are just a few months left before the customs duty levied on Latin American imports is the same across the board. Ecuador signed an agreement in July 2014 enabling it to join the programmed reduction in duty already enjoyed by eight dollar banana suppliers (Costa Rica, Panama, Honduras, Guatemala, Nicaragua, El Salvador, Colombia and Peru). While Ecuador has signed the agreement, its ratification is pending, and the process could be completed this autumn. The customs duty levied on Ecuadorian bananas would then instantly drop from 132 to 111 euros per tonne, as opposed to 110 euros for its fellow Latinos. This small difference of 1 euro/tonne dividing them is doubtless due to a whim or a gaff by the negotiators. The degression movement will bring down the duty to 75 euros in 2020. There is still a fundamental step to prepare for, which must not be mishandled: the rendezvous clause scheduled for 2019, to take stock of the effects of the duty, which will ultimately have been divided by 2.3 since 2009. At this point the structural effects will need to be sorted out from the cyclical effects. Given the atypicality of the global supply, this is a titanic challenge, but is worth the effort.

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



* Costa Rica, Panama, Honduras, Guatemala, Nicaragua, El Salvador / ** Until the ratification procedure is completed, Ecuador stays at 132 euros/t
Processed by Cirad-Fruitrop

As regards the big capital operations, we need to sort between proven fact and rumour. In the realm of the certain, the major event is the takeover of the Chiquita empire by Cutrale (the Brazilian orange juice magnate). But we need to read between the lines of this event, and ask ourselves how will the unfortunate rejected groom, the European company Fyffes, react? In this respect anything is possible. Which further fuels the rumour of a possible friendly or unfriendly alliance with a European-scale operator in difficulty, which could in geostrategic terms supplement the Fyffes portfolio in both imports and production. 2015 could be as lively a year as 2014 based on the abortive Chiquita-Fyffes merger.

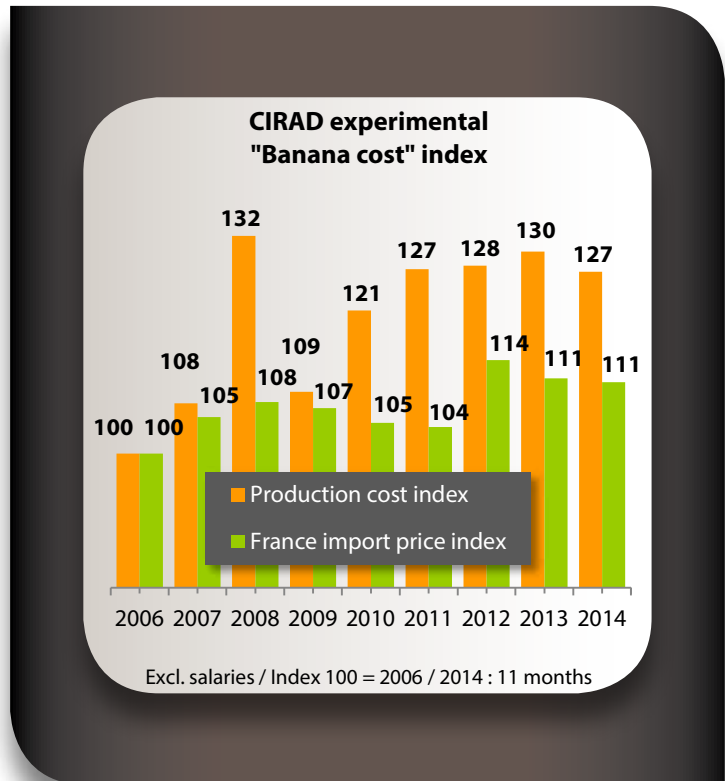
2015: welcome to terra incognita

In summary, we can consider this 2014 season, when the market was dominated solely by climate vagaries inside and outside the banana sector, as a year of transition toward 2015, a year which should be marked by a steeply rising supply. Indeed, the production potential is in place, and is actually in a rising phase worldwide, from Africa to Ecuador. It seems fanciful that European consumption is rising again by 300 000 or 400 000 tonnes, and that the other consumption zones are either in a consolidation phase (United States), or threatened by deceleration (Russia). The United States should round off the year 2014 with a net growth of just 1 %, while Russia will no doubt be well below its record from 2013.

So the challenge will be to consolidate, under good conditions in terms of value, the volumes consumed and to withstand the supply pressure, which will only increase. For the euro zone, we can count on a protective effect of the exchange rate against the supply from more or less dollarized countries such as Ecuador or Costa Rica. Things will be quite different, as we have seen, for Colombia, which is recovering its competitiveness margins. So the key is to hold on this year, i.e. consolidate the volume consumed while safeguarding the added value of the product! For geometry enthusiasts, this equates to going from the impossible problem of squaring the circle to the possible problem of squaring the lemniscate* (one of the Devil's curves) ■

Denis Loeillet, CIRAD
denis.loeillet@cirad.fr

* though impossible for the circle, the lemniscate (∞ shaped curve) can be precisely squared: its area is equal to that of two equal squares, the side of the squares being one of the radii of the lemniscate.





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Réalisation La Terre Enlière



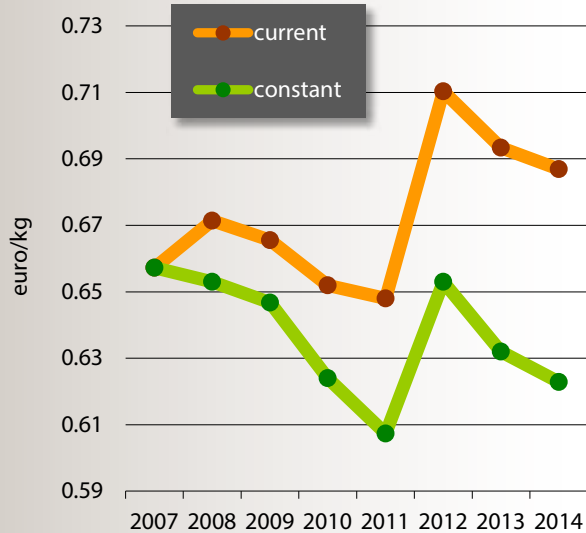
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France: for the moment everything is going... averagely

In France as elsewhere, 2014 was a year marked by import prices slightly down on 2013. In the main article of this report, we mentioned the downward trend in volatility at all stages of the market, and the inter-annual stability of banana prices. This year, the stability (or near-stability) of import prices must be put into perspective. The analysis must be conducted at constant purchasing power. Although inflation is desperately low in France (0.5 % as at November 2014), as elsewhere in Europe (0.4 %), it is nonetheless aggravating the slight price deterioration. Furthermore, when factored in over the long term, its slow degradation effect of the product value can be seen. Indeed, if we take as a reference (excluding reductions, discounts, rebates, etc.) a price of 0.69 euro/kg for imports into France in 2014, its actual value (value at a constant euro rate) is no more than 0.62 euro at a constant 2007 rate. In other words, the actual value of a kilo of bananas has decreased by 5 % since 2007. We can be reassured by observing that the appeal of the banana on the shelf has grown equally, but we know full well that the banana has been and will be, in any case, the cheapest product in the fruit section. So why aim to further reduce its value?

And we are not yet approaching a turnaround in the process. The 2015 season does not offer bright prospects on the supply side for the moment. On the demand side, the supermarket sector will do what it is able and for what it is made: put pressure on purchase prices. On this matter, the consolidation of the French purchasing groups is not a good sign for the industry operators. They will only achieve salvation if they take back the commercial and marketing initiative. Commercially speaking, they can do this by offering something other than business as usual — i.e. Cavendish banana in 18.14 kg net boxes — by which of course I mean segmentation. And in terms of marketing initiative, they can team up, as they are trying to do within the AIB (banana interprofessional association), and develop joint initiatives to shape, coordinate and invigorate the sector. Not everyone is yet convinced of the virtue of such a collective movement, since the near-legendary independence of the banana operators, whether from here or elsewhere, facilitates the transfer of their potential power to their customer downstream. We will make the provocative observation that in this, they have an acute sense of morality, as defined by Aristotelean philosophy: perfect ethics!

Banana - France - Import prices in current and constant euro



Note: "combined" deflator
Sources: CIRAD, Insee



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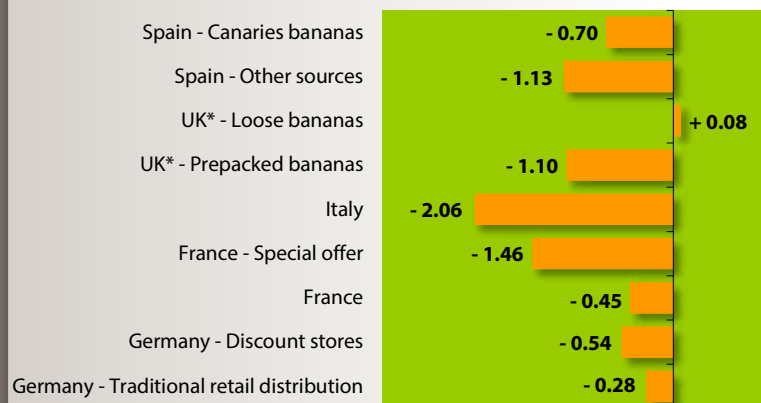
Retail prices: “low price” positioning

While it is often easy, and the done thing, to point to the supermarket sector as the link in the industry that profits from the situation, we must also hail good behaviour. In our last two reports dedicated to reviewing banana prices for 2012 and 2013, we showed how the retail trade had once played the role of freeloader, taking advantage of the increase in world banana rates, and subsequently increased its margin while world prices stagnated. We are a long way from this conduct for the year just ended. Indeed, in a collective move, in 2014 the European distribution sector reduced, and sometimes slashed, its retail prices. Yet what may be the most surprising point is that it did so while import prices were stagnant (overall – 1 to + 1 %) practically across the board. We will not be far wrong in thinking that it is the appeal of the supermarket as a whole which is the desired effect when they lower the retail price of a staple product such as the banana. In a context of persistent gloom, defending market share is vital for each group, and a “low price” image is a vital weapon. Some troubled souls may be concerned about this steep deflation policy on a benchmark which is already rock bottom, in terms of price. It is doubtless good for the supermarket, in the medium term, but it is disastrous for the product. So we will settle for observing that this reduction for the moment has not been funded by the upstream links in the industry. Let’s hope that things keep going that way in 2015, with revaluation of the product at every stage, including and above all for the producers and banana plantation workers.

Banana — Europe — Import and retail prices				
euro/box	2013	2014	Diff.	Diff. %
United Kingdom (£/box)				
Retail price Loose bananas	13.2	13.3	+ 0.08	+ 1 %
Retail price Prepacked bananas	21.8	20.7	- 1.10	- 5 %
Spain				
Retail price Canaries bananas	36.8	36.1	- 0.70	- 2 %
Retail price Other sources	24.6	23.5	- 1.13	- 5 %
Import price Super Extra Canaries bananas	18.1	17.1	- 0.95	- 5 %
Germany				
Retail price Traditional retail distribution	23.8	23.5	- 0.28	- 1 %
Retail price Discount stores	21.8	21.3	- 0.54	- 2 %
Import price	13.7	13.5	- 0.24	- 2 %
France				
Retail price	28.8	28.3	- 0.45	- 2 %
Retail price Special offer	25.6	24.1	- 1.46	- 6 %
Import price	12.6	12.5	- 0.12	- 1 %
Italy				
Retail price	34.3	32.2	- 2.06	- 6 %
Import price	12.9	13.5	- 0.63	+ 5 %
Czech Republic (CZK/box)				
Retail price	576.7	574.1	- 2.54	0 %
Reference EU Barometer (CIRAD)				
Import price	13.2	13.3	- 0.10	+ 1 %

Sources: TWMC, RNM, CIRAD

Banana - Retail price Difference between 2014 and 2013 (euro/box)



*€/box

Sources: TWMC, RNM, CIRAD, national authorities



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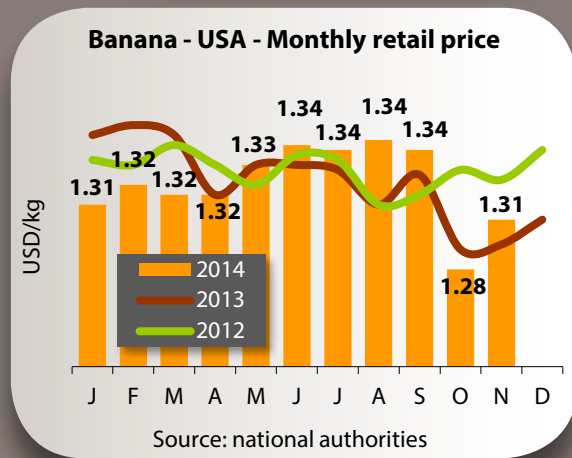
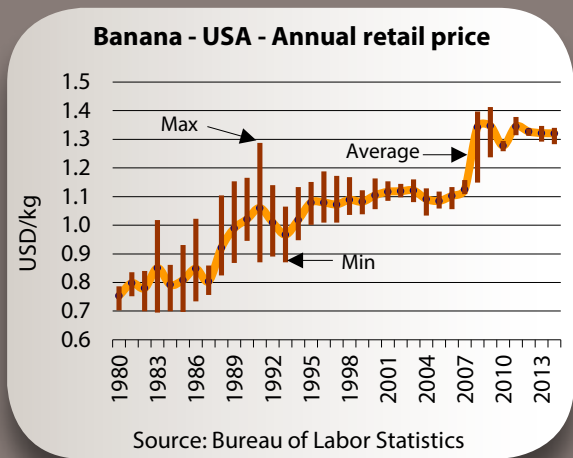
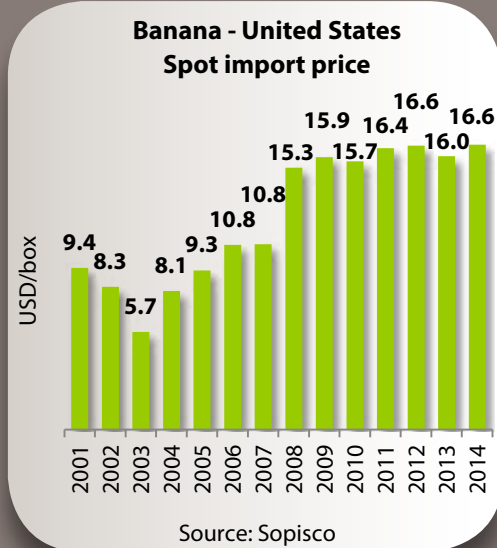
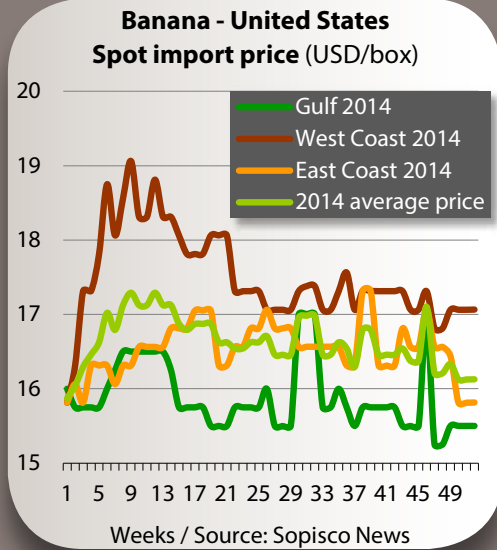
United States: too easy!

Cyclical analysts will struggle to find any pleasure in commenting on retail prices on the US market, such is their constancy, stable for three years at 1.32 USD/kg, with also a very low volatility. The only bump to report occurred in October 2014, when the price dropped to 1.28 USD, as was the case in October 2013. The explanation could be due to the supply exhibiting a distinct increase over these months. As in most countries, the banana is the most competitive fruit in the section, and its price is the most stable; making for a stark comparison with the apple (Red Delicious) and orange (Navel). The banana is half the price of the other heavyweights of the section.

The change in spot import price (the only one accessible) is more interesting. Indeed, the average annual price saw a fine trend this year. It gained 4 %, wiping away its under-performance of 2013 to reach 16.6 USD/box. Converted into euros and at the same market stage, the difference with the European market in 2014 rose to 2.5 euros/box, in favour of the US market, i.e. 140 euros/tonne. While comparison is no justification, it is very close to the level of customs duty levied on dollar bananas upon entering Europe.

At a weekly rate, the US Gulf of Florida region is registered an import price lower than that found on the East Coast, which was itself a notch below the prices charged on the West coast. The gap can be very significant, of around 2 to 3 USD per crate. As in 2013, some degree of price convergence over the three main inlet points was applied in the second half of the year.

However, we should guard against drawing general conclusions from a price benchmark that reflects only a very small part of the market, the non-contract part. While we might think that spot price variation has some influence on the contract segment, the effects are delayed and largely dampened.

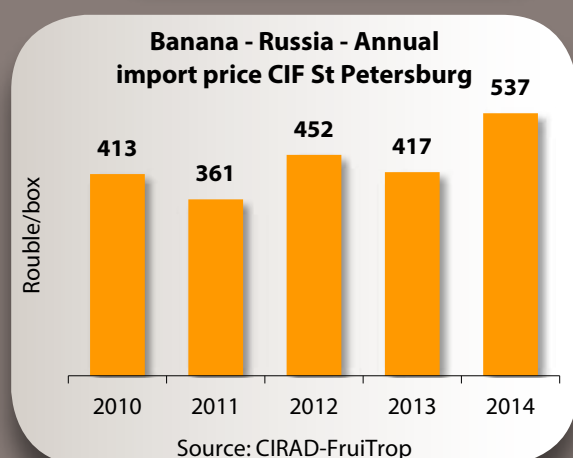
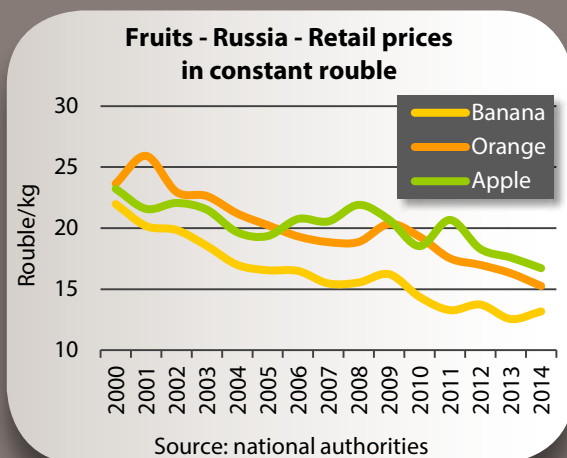
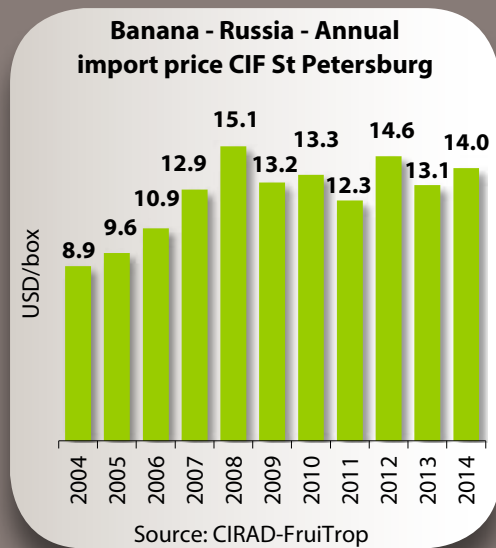
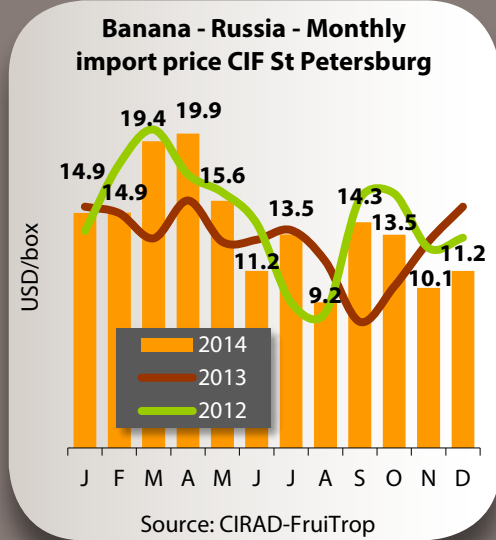


The Russian yoyo

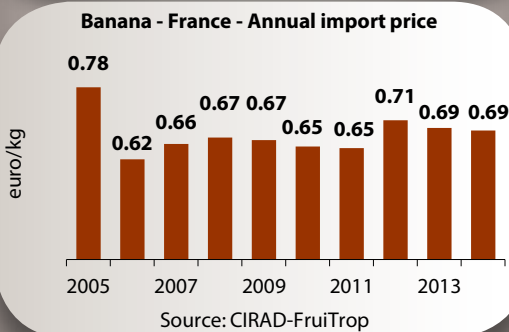
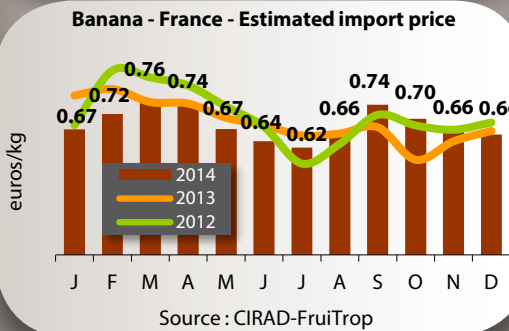
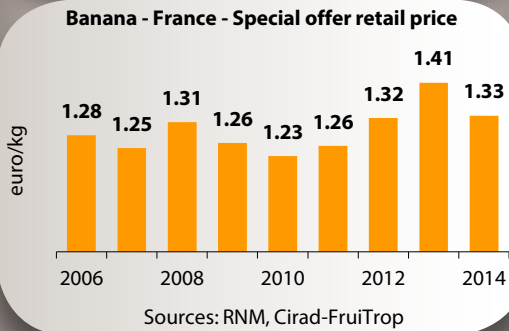
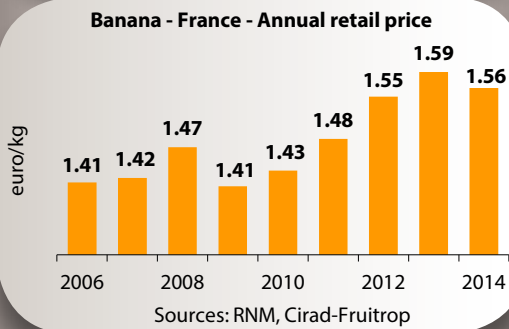
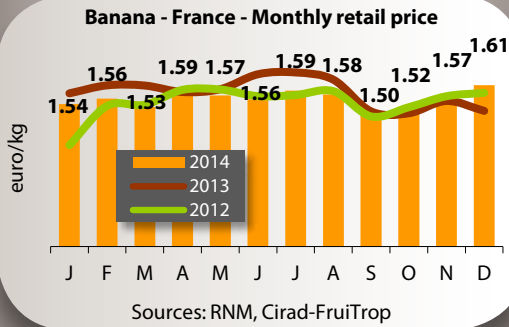
The Russian import price picked up again in 2014. It gained practically 1 USD per box to reach 14 USD/box CIF St. Petersburg. Volatility was also well up, exceeding 100 % as in 2012. Prices fell a little lower than usual (7.8 USD as opposed to 6 USD), and for a shorter time in August. Conversely, and while the end of the year was a period of better valuation, we saw prices come undone in November, dropping back below 10 USD for four weeks.

The analysis of the rouble provides another viewpoint of the market. The Russian embargo, worldwide protests, collapse of the rouble and drastic fall in oil and gas revenue have punctuated the cyclical conditions for Russia all of this year. The repercussions on the banana market have not been catastrophic for the moment, at least in terms of volumes absorbed (see main article). Conversely, the financial balance of the sector is precarious. Indeed, while prices at the retail stage increased by 13 % between 2013 and 2014, they gained nearly 30 % at the import stage due to the rouble abruptly plunging against the dollar. In December, the price per box even climbed to 630 roubles/box, whereas in dollars it was barely more than 11 USD. There is also restructuring in progress in the industry, favouring the establishment of distributors further and further up the supply chain.

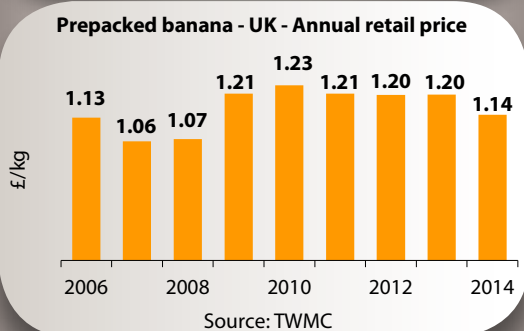
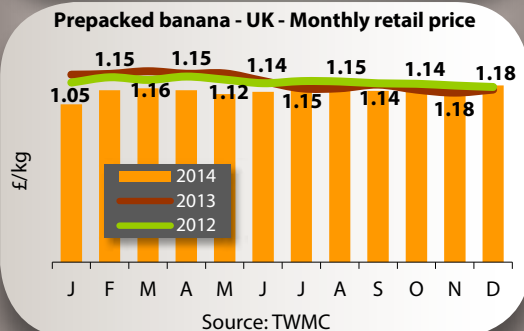
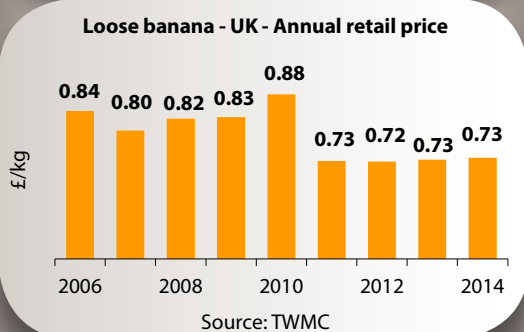
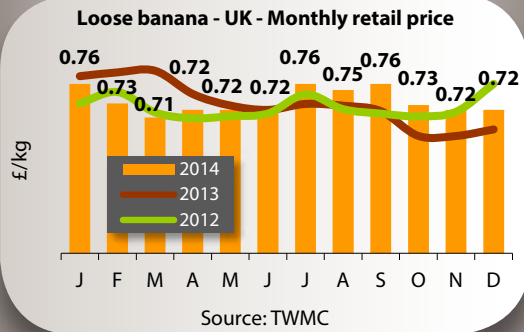
There as elsewhere, we should note that the banana remains the undisputed star of the fruit section due to its price appeal. It is actually 16 to 27 % less expensive than its direct competitors, the orange and apple. The fact remains that the import industry will not be able to deal with a 28 % increase in its purchase prices every year. If the pessimistic forecasts for 2015 are realised, and we see a considerable increase in the world supply, operators' desire to see a fall in import prices, offsetting all or some of the collapse of the rouble, could come true.



France

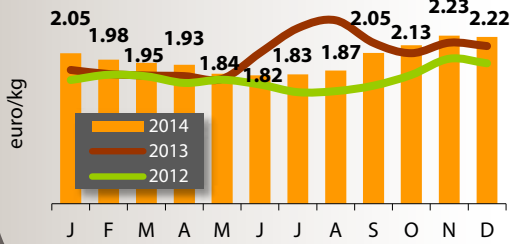


United Kingdom



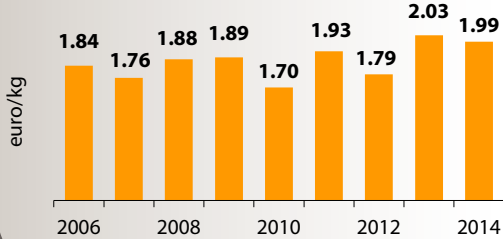
Spain

Canaries banana - Spain - Monthly retail price



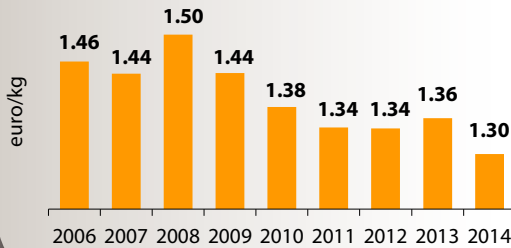
Source: national authorities

Canaries banana - Spain - Annual retail price



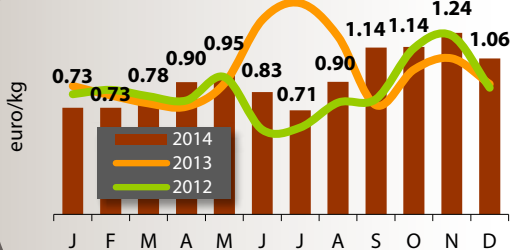
Source: national authorities

Banana excl. Canaries - Spain - Annual retail price



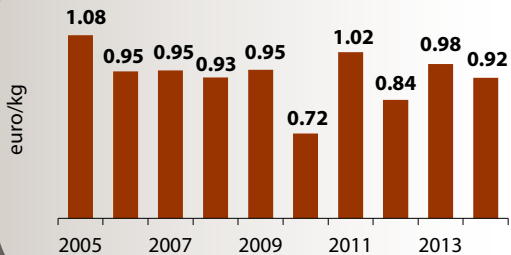
Source: national authorities

Canaries banana - Spain - Green price



Source: national authorities

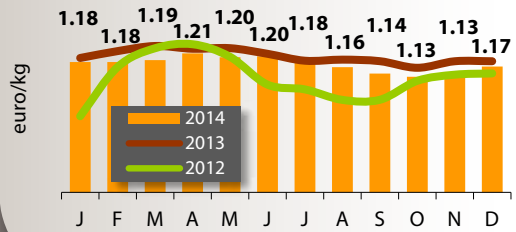
Banana - Spain - Super extra import price



Source: national authorities

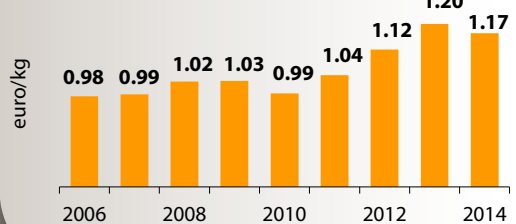
Germany

Banana - Germany - Monthly retail price Discount stores



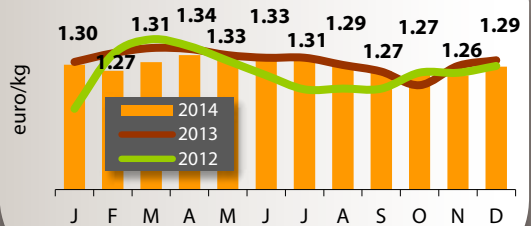
Source: TWMC

Banana - Germany - Annual retail price Discount stores



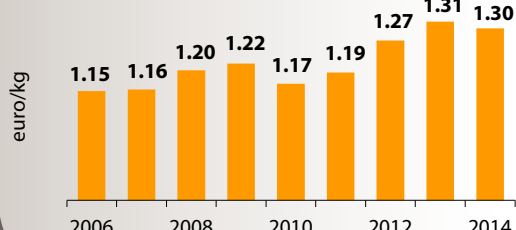
Source: TWMC

Banana - Germany - Monthly retail price excl. discount stores



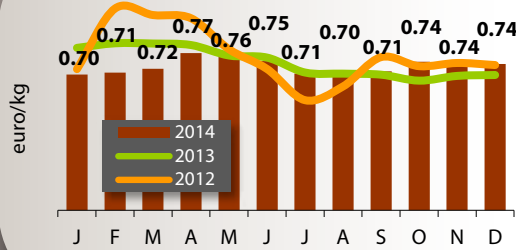
Source: national authorities

Banana - Germany - Annual retail price excl. discount stores



Source: TWMC

Banana - Germany - Green price



Source: national authorities

Sea freight

Charter market for H2

After a dull and dreary summer and autumn in the doldrums, the reefer charter market sparked into life ahead of the Southern Hemisphere deciduous fruit season. The market mood was lifted by demand from banana charterers for cargoes east and west of the Panama Canal, and also the Philippines, where the banana industry is finally showing signs of recovery after the typhoon damage sustained at the end of 2012 and in 2013.



© Pauline Feschet



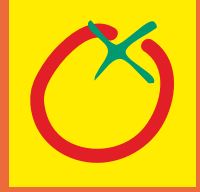
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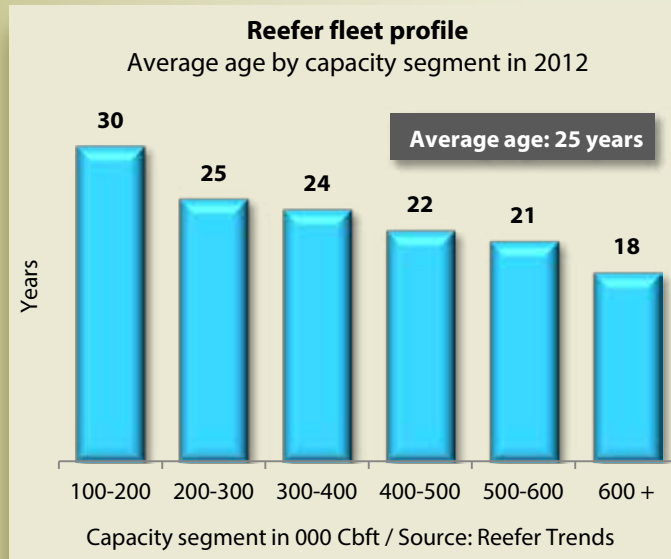
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D-06**





This was supported by demand from potato and fish charterers on the eastern seaboard of the Atlantic and perishable cargo flowing into St. Petersburg from non-EU origins as importer/distributors were obliged to go further afield to source products as a consequence of the Russian embargo on shipments from the EU and US.

With demand and supply in equilibrium for large tracts of the year, both sides of the charter market divide benefited from the dramatic fall in the cost of bunker fuel, which is inextricably linked to the price of oil. The lower the cost of fuel, the more efficient the specialized reefer becomes against its principal competitor – the container ship. While the reefer can go port-to-port 30% more affordably than it could six months ago, the majority of liner services continue to slow or super-slow steam in order to utilise more slot capacity. Unless or until the supply of oil is reduced or there is growth in the global economy, there is unlikely to be any change.

Supply

On the supply side, the industry contracted further: a name steeped in the history of reefer shipping was revived as a result of Baltic Reefers' acquisition of

NYKCool from Japan's Nippon Yusen Kabushiki Kaisha (NYK Line) for an undisclosed sum, rumoured to be USD90m-100m. The deal that took the fleet and operation into Russian hands saw NYKCool change its name to Cool Carriers AB.

NYKCool operated a fleet of 25 reefer vessels trading worldwide, of which 10 were fully owned. Cool Carriers has and will continue to have its headquarters in Stockholm, with overseas representations in Chile, New Zealand, South Africa and the USA. Boris Gersling, CEO of the company since 2009 is to continue in his position, as will the rest of the team.

For just how long the status quo is maintained remains to be seen. Superficially there is a lot of synergy to be had immediately with minimal cooperation between the two organisations. However, realistically it is hard to believe that Cool Carriers will be allowed to operate entirely independently: it is conceivable that the Baltic and Cool reefer fleet resource will somehow be pooled to optimize utilization and allow each other to pitch for new business. Cool Carriers will be under greater pressure to deliver results to its new owners than it was/is to NYK. This assumes that owners Chartworld and Holyhouse, both of whom currently have vessels on charter to NYKCool, wish to maintain/extend their commercial relationship with the new company.

In the longer term Baltic will need to cannibalise tonnage from Cool Carriers for its core business into St. Petersburg as its own, older fleet is demolished - unless more vessels become available or it commissions newbuilds. Given that none of the units in the Cool Carriers fleet is ice class, this will require some additional investment. As the process continues there will come a time when there won't be enough units to justify an independent operation; the rump of the Cool Carriers fleet will then be absorbed by Baltic Shipping and the Stockholm office closed.

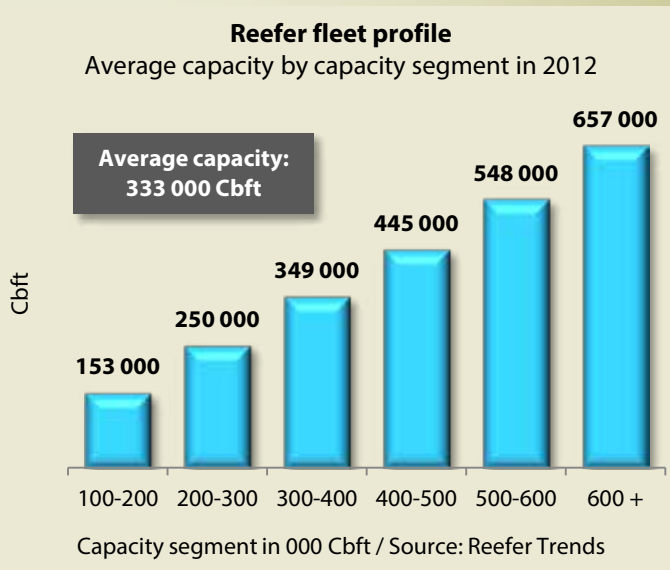
The acquisition by Baltic and therefore the consolidation of the industry will have consequences for all other stakeholders. While less competition for business should theoretically lead to a stronger, more stable market on the one hand, charterers will have less choice and brokers will become ever more marginalized on the other.

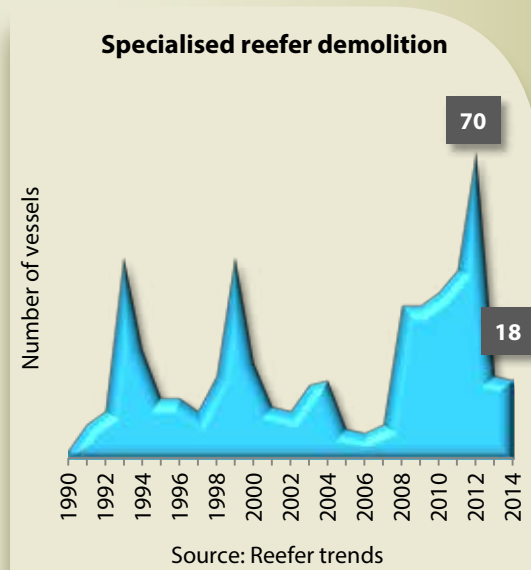
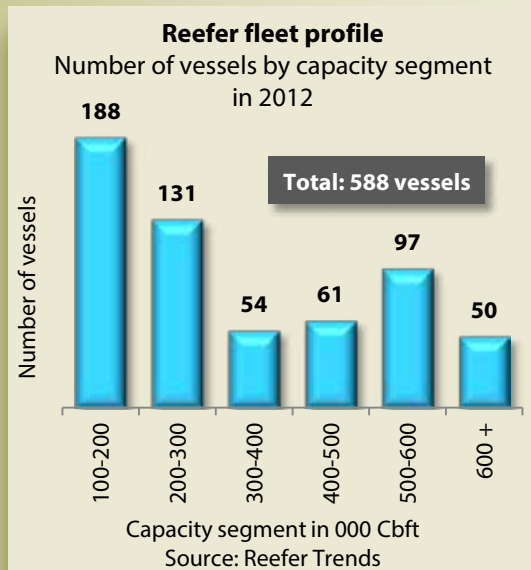
The acquisition will likely have a more negative than positive impact on the relationship between Baltic Shipping and Seatrade. The two operators currently have a vessel sharing arrangement on 3 trade routes: Chile to St. Petersburg (March to June), South Africa to St. Petersburg (May to October) and Morocco to St. Petersburg (October to January/February). In the new format it would be

natural to assume that Cool Carriers' tonnage will be used ahead of Seatrade; then again Cool is not cursed with an oversupply of capacity - it has its own contracts to service and the size of its ships will naturally limit involvement in certain trades.

Approximately 4.1m cbft of capacity was demolished between January and end June, the majority of which was supplied by Baltic Shipping ahead of what was a significant and well-publicised renewal programme. There was some newbuild activity, but it would be an understatement to say that the news was not met with a fanfare of acclaim from the majority of specialized reefer industry stakeholders.

Seatrade says the commissioning of two high-reefer specification container ships represents 'a significant step in its commitment to further develop its services and logistical systems dedicated to the transportation of perishable goods.' The vessels are equipped to accommodate 12 000 pallets (600 FFE or 1200 TEU). At an en-bloc cost of USD60m Seatrade is effectively getting two container ships for the price of a single reefer, with additional capacity to develop a dry business. The move is a reflection of the manner in which the reefer trade has evolved: there have been no other developments this year to suggest this evolutionary theory is off the mark.





Container crisis?

Ahead of the Produce Marketing Association Fruittrade Latin America event in November, Head of Maersk Line global commercial reefer management Ole Schack Petersen was quoted as saying that the scarcity of reefer equipment was a 'pressing issue' in the perishables shipping industry and needed to be addressed quickly, particularly in the Southern Hemisphere. He added that carriers were not building enough containers to provide for increased demand.

Mr Petersen also said that the profitability of shipping companies had been in gradual decline over recent years, which had not helped the situation. "This is definitely something that needs adjusting. "It is a major thing that is happening," he said before the release of Maersk Line's Q3 results, which showed net profit had risen USD131m to USD685m on revenues of USD7.1bn.

Mr Petersen's primary responsibility at Maersk Line is to raise top line revenue for reefers, so a repeat of the scare tactics employed by Maersk Line CEO Soren Skou in November 2012 ahead of the shipping season should not have been a surprise. Mr Skou had said that unless cargo interests paid a USD 1 500 General Rate Increase (GRI), Maersk

would not invest in the purchase of reefer equipment. To make a short story shorter, the GRI could not be enforced and despite Maersk carrying out its threat not to invest, other lines and lessors did. As a result capacity continues to rise and with new manufacturing plants coming on stream, this increase will accelerate.

The result is that while the world may not be awash with reefer equipment, there is certainly no shortage - if there is insufficient capacity for customers in the Southern Hemisphere today, it is either because the boxes are where they are not needed, or because they are being hidden.

Much as though carriers and reefer vessel operators alike would like to see rates rise, there seems little justification for any increase - if anything market forces are pushing prices lower. Economic theory dictates that this would either be because there is insufficient demand or excess supply. With all reports suggesting that demand is on the rise, the reason for the drop must be on the supply side.

After a minor downwards correction in 2013, the production of reefer equipment has recovered and is forecast to hit record levels in 2016 or 2017 according to the latest Drewry reefer maritime forecast. The total number of 40' units manufactured in

2013 was 101 000, taking the fleet total to 2.289m TEU. If, for the sake of argument, the standard reefer box has a capacity of 2 120 cbft, this takes the total capacity to approximately 2.43bn cbft. To put this figure in perspective, the under-deck capacity of the specialized reefer fleet stands at 213m cbft – approximately 8.8% of the capacity of the reefer container fleet.

Despite the disadvantage the specialized reefer punches well above its weight in terms of market share, with approximately 28% of the global seaborne perishable trades in 2013, according to the Drewry. With a 91% share of reefer capacity but only a 72% share of reefer trade, the lines are relatively inefficient.

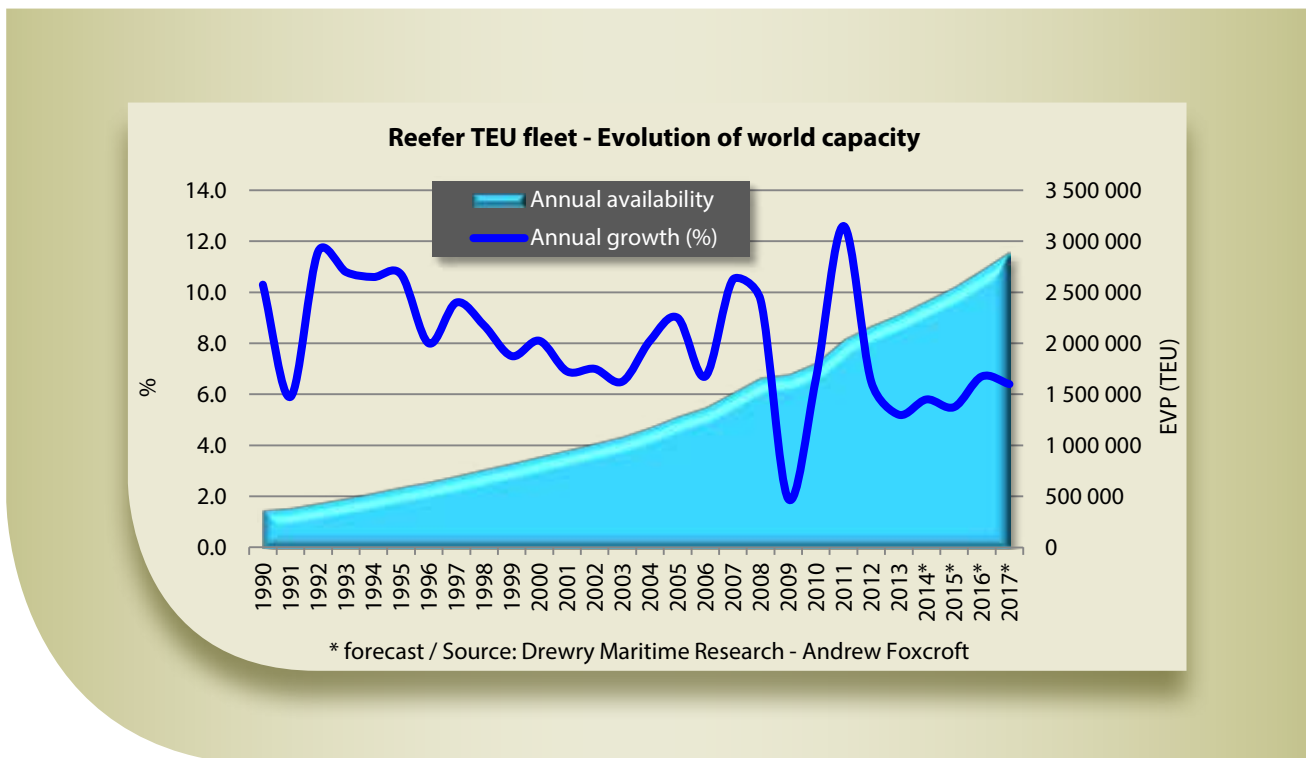
By the end of 2017, the share of the total of the global seaborne perishable trades held by the specialized reefer is forecast to fall to 20%, according to Drewry. For this to be possible at a time when the reefer fleet is shrinking and the global trade in perishables is increasing at 3-4% per year, either the box manufacturers will need to be building a lot more equipment than currently forecast, or the lines will need to become a lot more efficient in their deployment.

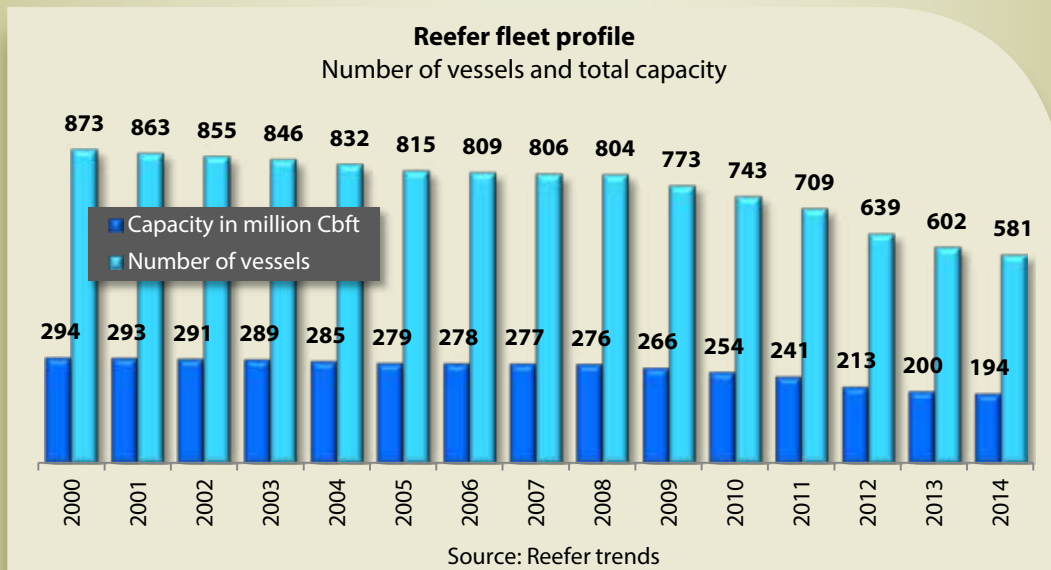
There are a number of other conclusions that can be drawn from Drewry's projections on global trade and the market share of each mode. Accord-

ing to Drewry, with a 72% market share of the total global seaborne perishables business in 2013, reefer containers moved 70.95m MT of cargo. If there were 1.145m reefer containers moving reefer cargo in 2013 then each container would have moved an average of 62 MT of reefer cargo, equivalent to only 3 moves over the 12 months if the weight in each box is optimized.

Drewry's forecast to 2018 assumes the same cargo/capacity ratio, with a fleet of 1.45m reefer containers moving 91.5m MT. By this time, the average age of the reefer fleet will be 28 years, on the assumption that there are no newbuilds and no vessels are scrapped. And it is then that the real problems will begin for all supply chain stakeholders: specialized reefer capacity has been declining steadily since the beginning of the Millenium, but there will come a time, and all at once, when ship owners decide not to invest what is necessary for ageing vessels to be able to pass their special surveys. Ships are not immortal. The steady decline will turn suddenly into a sharp fall. Unless the carriers dramatically improve their efficiency there really will be a crisis.

With specialized reefers moving a disproportionate volume of reefer cargo, the loss of, say, 150 ships will have a negative multiplier impact on available capacity. Instead of moving an incremental 3m MT per year, the lines may suddenly find they have to





shift an additional 10m MT of cargo! They would only be able to accomplish such a feat if the number of paid moves increased, or significantly more equipment was to be manufactured.

At 62 MT per container per year, the carriers would need to find 161 000 high cubes (323K TEU) over and above the record number of 150 000 high cube units delivered in 2011 in this scenario. At a manufacturing cost of USD16 000 per container, the cost of building all that equipment would be USD5bn, the equivalent to the cost of building 125 high specification reefer ships.

The same process would then have to be repeated as another batch of vessels reached its beaching date on the one hand, and to meet ever rising demand for reefer cargo on the other. With the Return on Investment for reefers so low for the lines and the lessors, who will commission the new equipment? Assuming for a moment that the lines and the lessors have both the will and the funds to make it happen, what will the consequences be for existing supply chain stakeholders? The impact of such a relatively sudden and dramatic increase on the logistics chain for perishables will be seismic.

Forecast

The charter market for larger units looks set fair for a traditional season without having to rely on a peak volume of bananas from Ecuador to underpin demand. With bunker prices continuing to fall and demand from non-banana sources scheduled to recover, the specialized reefer will be able to compete more effectively with the carriers, not least if the lines raise their rates. Lower bunkers will also allow the reefer a look-in at trades such as poultry from the US Gulf to St. Petersburg.

Unlike last year when grape volumes fell away in January, Chile is anticipating a return to a normal export crop, which will tie up more tonnage and for longer than it did in 2014. With the peso so much weaker against the US\$ and € this year, exporters are anticipating a bumper season.

It is by no means certain, but it must be likely that Argentinean apple and pear shippers will return to the specialized mode after last year's disaster on the container lines. If banana production in Costa Rica and Colombia recovers so that the multinationals do not need to supplement from Ecuador, and if the rouble remains weak against the US\$, the Ecuadorian exit price will stay manageable and charterers will speculate.

And finally, if the 2015 South Atlantic squid season is anywhere near close to the tonnage caught in 2014, the majority of the demand-side variables will be aligned in favour of operators of both large and small tonnage. On the other hand, it is also true that a lot can happen between the end of November and the beginning of February...! ■

Richard Bright, Reefer Trends
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Wholesale market prices in Europe

December 2014

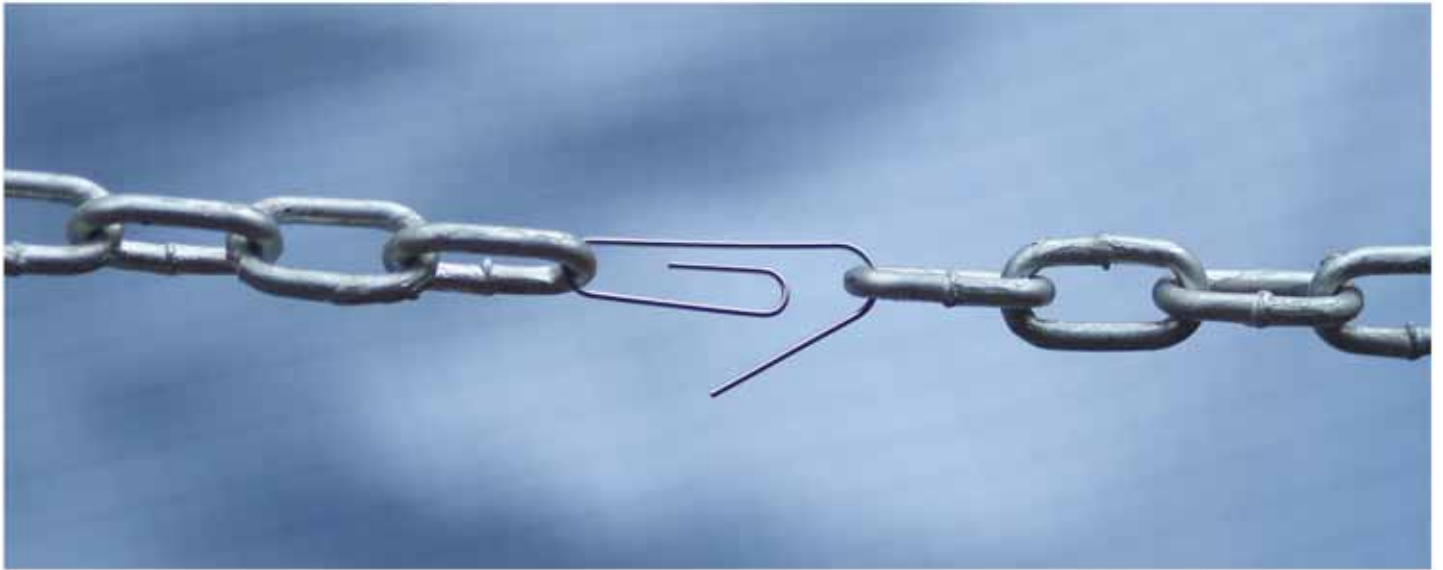
					EUROPEAN UNION - EURO					
					Germany	Belgium	France	Holland	UK	
AVOCADO	Air	TROPICAL	BRAZIL	Box				18.50		
			DOMINICAN REP.	Box			14.00			
	Sea	ARAD ETTINGER FUERTE HASS	ISRAEL	Box		5.50			7.50	7.54
			ISRAEL	Box				6.10		
			ISRAEL	Box				6.25		
			CHILE	Box		9.00		8.50	10.50	
			COLOMBIA	Box				9.00		
			ISRAEL	Box		9.75		8.92	10.00	
			MEXICO	Box				8.25	9.00	
			MOROCCO	Box					9.90	
	Truck	NOT DETERMINED PINKERTON FUERTE HASS NOT DETERMINED	CHILE	Box						13.83
			ISRAEL	Box		9.50	7.00	6.25	7.70	
SPAIN			Box				5.50			
SPAIN			Box		9.75		8.56	13.25		
			SPAIN	Box					8.80	
BANANA	Air	SMALL	COLOMBIA	kg			6.78	6.65		
			ECUADOR	kg				5.33		
	Sea	RED SMALL	ECUADOR	kg				1.77		
			ECUADOR	kg			1.70	2.65		
CARAMBOLA	Air		MALAYSIA	kg			4.57	5.36		
	Sea		MALAYSIA	kg					3.60	
CHAYOTE	Sea		COSTA RICA	kg				1.41		
COCONUT	Sea	NOT DETERMINED	COTE D'IVOIRE	Bag			10.00	11.92		
			DOMINICA	Bag					13.83	
			ISRAEL	kg		6.90				
			SRI LANKA	Bag					21.20	11.32
			YOUNG	COSTA RICA	Bag				15.50	
DATE	Sea	KENTA MEDJOOL	TUNISIA	kg				1.75		
			ISRAEL	kg				8.20	6.54	
			PERU	kg				6.00		
		NOT DETERMINED RAVIER	IRAN	kg			3.20			
			TUNISIA	kg						1.76
EDDOE	Sea		COSTA RICA	kg			2.50	1.91		
GINGER	Sea		CHINA	kg			4.30	4.50	3.50	
GUAVA	Air		BRAZIL	kg				6.22		
			BRAZIL	kg					2.30	
KUMQUAT	Air		BRAZIL	kg					4.61	
			ISRAEL	kg					4.75	
LIME	Air		BRAZIL	kg			4.80	4.38		
			MEXICO	kg				4.24		
	Sea		BRAZIL	kg		2.22	2.44	3.80	2.63	3.04
			GUATEMALA	kg			2.00			
			KENYA	kg						2.05
			MEXICO	kg		2.22	2.56	4.00	2.78	3.63
			PERU	kg		1.89				3.22
			VENEZUELA	kg		1.89				
LITCHI	Air		MADAGASCAR	kg			4.50		6.60	
			MAURITIUS	kg			5.50			
			REUNION	kg			8.50			
			SOUTH AFRICA	kg			6.75	5.57		
			Sea	MADAGASCAR	kg		2.63	2.20	3.25	
MANGO	Air	KEITT KENT	BRAZIL	kg			4.80			
			BRAZIL	kg			4.55			
			ECUADOR	kg					4.17	
			PERU	kg				5.15	5.04	
			THAILAND	kg					9.00	
	Sea	NAM DOK MAI PALMER ATKINS KEITT KENT NOT DETERMINED	BRAZIL	kg			5.00			
			BRAZIL	kg		1.38			1.63	
			ECUADOR	kg					1.38	
			BRAZIL	kg		1.47			1.69	
			BRAZIL	kg		1.47		1.63	1.69	
			ECUADOR	kg					1.47	
			BRAZIL	kg						1.63
										1.63

				EUROPEAN UNION - EUROS						
				Germany	Belgium	France	Holland	UK		
MANGOSTEEN	Air		INDONESIA	kg			10.00	9.09		
			MALAYSIA	kg				9.55		
MANIOC	Sea		COSTA RICA	kg			1.20	1.05		
MELON	Air	CHARENTAIS YELLOW	DOMINICAN REP.	kg			4.50			
			SENEGAL	kg			2.60			
	Sea	CANTALOUPE GALIA	BRAZIL	kg				2.10	2.15	
			BRAZIL	kg			1.00	1.90	1.82	
			ISRAEL	kg			1.10			
	Sea	HONEY DEW PIEL DE SAPO SEEDLESS WATER WATERMELON	BRAZIL	kg			0.70		1.14	
			BRAZIL	kg			0.80			
BRAZIL	kg			1.20			1.26			
BRAZIL	kg							1.57		
PAPAYA	Air	FORMOSA NOT DETERMINED	BRAZIL	kg			2.78		3.22	
			BRAZIL	kg			3.57	3.20	3.43	3.22
			COLOMBIA	kg						2.97
	Sea	FORMOSA NOT DETERMINED	THAILAND	kg					4.81	
			BRAZIL	kg					2.59	
ECUADOR	kg					2.42	2.34			
PASSION FRUIT	Air	NOT DETERMINED	COLOMBIA	kg	5.00	5.50	5.80	5.88	6.29	
			VIETNAM	kg					7.00	
			PURPLE	KENYA	kg		5.50			4.71
		Sea	YELLOW	REUNION	kg			10.50		
				VIETNAM	kg			7.50		
				ZIMBABWE	kg		5.50			5.00
	Sea	YELLOW	COLOMBIA	kg					7.97	
			ECUADOR	kg					6.60	
			ECUADOR	kg					8.75	
PERSIMMON	Sea		ISRAEL	kg				3.52		
PHYSALIS	Air		COLOMBIA	kg			8.50	8.61	8.39	
PINEAPPLE	Air	VICTORIA	MAURITIUS	Box					14.93	
			MAURITIUS	kg				3.40		
			REUNION	kg				4.00		
	Sea	MD-2	SOUTH AFRICA	Box					13.40	
			COSTA RICA	Box	7.00	7.75			8.75	7.86
			COSTA RICA	kg				0.90		
			COTE D'IVOIRE	kg				0.95		
			GHANA	Box						6.60
			PANAMA	Box						9.25
PANAMA	kg					0.80				
PITAHAYA	Air	RED	THAILAND	kg			8.80			
			VIETNAM	kg					7.48	
	Sea	YELLOW	COLOMBIA	kg					10.17	
			ECUADOR	kg					7.33	
	VIETNAM	kg						3.31		
PLANTAIN	Sea		COLOMBIA	kg			1.05			
			COSTA RICA	kg					1.40	
			ECUADOR	kg			1.00	0.94		
RAMBUTAN	Air		THAILAND	kg					9.28	
			VIET NAM	kg					8.11	
SAPODILLA	Air		INDONESIA	kg				8.23		
SWEET POTATO	Sea	NOT DETERMINED	EGYPT	kg			1.00	0.62		
			ISRAEL	kg					1.57	
		WHITE	EGYPT	kg					0.83	
TAMARILLO	Air		COLOMBIA	kg				7.16		
TAMARIND	Air		THAILAND	kg				3.36		
YAM	Sea		BRAZIL	kg					1.51	
			GHANA	kg					1.33	

Note: according to grade

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



Reefer Trends is an independent news and information provider, financed exclusively by revenue from subscriptions.

First published in 2003, it provides a number of services for users along the reefer logistics chain: the Reefer Trends weekly charter market brief is the benchmark publication for the specialist reefer business – it tracks the charter market for reefer vessels, as well as fruit and banana production and market trends that influence charter market movement.

The weekly publication has close to 200 paying subscriber companies from 34 countries worldwide. The list of subscribers includes all the major reefer shipping companies and reefer box operators, the major charterers, reefer brokers, banana multi-nationals, the major banana exporters in Ecuador, Costa Rica, Panama and Colombia, terminal operators in the US and Europe, the world's leading shipping banks and broking houses

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