How to achieve a fairer distribution of value?

Session 4

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World Banana Trade

Volume

- World production: 134 MT
- Cavendish production: 62 MT
- Export Cavendish area: 500 000 ha
- World trade Cavendish: 18-20 MT

Strong dynamics... at least on the volume side

![Graph showing the distribution of banana trade by region: Latin America 75%, Asia 15%, Europe 4%, ACP Car.+L. Am. 3%, ACP Africa 3%]
World Banana Trade

**CONSTANT Import prices** EU example

**Banana - France - Import price**

on a current and constant euro basis

(euros/kg / Sources: CIRAD, INSEE)

Note: "all consumption" and "fresh fruit" deflators
2017: 9 months

Between 2007 & 2017
From -7 to -15%

More Added Value

Less Added Value
World Banana Trade

Currency rate Impact EU example

Banana - European market - Impact of variation in euro-local currency exchange rate

Ecuador
Costa Rica
Colombia
Panama
Dominican Rep.
Guatemala
Surinam
Peru
Côte d'Ivoire
Mexico
Ghana

000 tonnes on the EU-28 market

-20% -15% -10% -5% 0% 5% 10% 15%

Competitiveness LOSS
Competitiveness GAIN

Euro variation in local currency between 2014 and 2016
Note: the size of the bubbles is proportional to the import volumes from each supplier to the EU-28 in 2015

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Other aspects need to be taken into account…

- Production costs  
  → Cirad initiative remained dead letter because of lack of participation
- Social & Environmental Quality of the Agri-Chain
- Public regulations (e.g. Custom duty)
- …

In order to…

- To prevent crisis
- To argue and persuade local, national or international authorities
- To facilitate dialogue among stakeholders
- To fix realistic goals and monitor their achievements
- …
### Value distribution (VD): Situation at time \( t \)

<table>
<thead>
<tr>
<th>Production</th>
<th>Trade &amp; Logistics</th>
<th>Retail</th>
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<tbody>
<tr>
<td>2.1</td>
<td>12.2</td>
<td>9.1</td>
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<td>3.8</td>
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\[ \text{Retail} = 27.2 \text{ euros/box} \]

**Example: Ecuador**

- **Workforce**: 6%
- **Producer**: 17%
  - **Delivery FOB**: 7%
  - **Customs duty**: 9%
  - **Sea freight**: 8%
- **Import & ripening**: 20%
- **Retailer**: 33%

*Note: mix of costs and prices 2014-2015 / Sources: AEBE, CIRAD, various sources*
Value distribution (VD): Development over time

Banana value chain in Ecuador (USD/kg inflation-adjusted)

Monitoring VD ➔ Basic-Cirad proposal

Estimation of value distribution in banana sector (BASIC for Make Fruit Fair)
Evolution of upstream value distribution in Ecuador (adjusted for inflation)

→ Calculating the value left for the country of production based on the customs data from import countries and estimates of the costs of transports by fruit companies provides new insights (the above example in Ecuador has been cross-checked with local stakeholders and weekly data for the year 2015)
At the end...

Only two questions remain

• How to increase / create added value? *(at least not to further lose it)*

• What are the pathways to secure a decent standard of living for the most fragile? *(the answer to this challenge involves much more than only increasing remuneration)*