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BANANA INDUSTRY AND YET IT MOVES!

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Editorial

Pre-empt and propose, rather than suffer and protest

For the past thirty years, States have geared themselves up to satisfy a principle imposed by the Church of Globalisation: more competition for greater efficiency. This cast iron law has led them to move away from their role as producer in the fields of energy, transport, telecoms, etc., to a role as regulator. They now organise the liberalised markets, by drawing up rules and refereeing. In the fruits and vegetables sector, apart from the health protection rules relating to quarantine bodies, maximum residue limits or marketing authorisations for phyto-pharmaceutical products, which still fall under State competence, the private sector has largely taken over in terms of regulation. Private labels and certifications of all kinds have imposed themselves in commercial relationships (BtoB), and have flourished in packaging (BtoC). It is a tough job to mention the countless initiatives relating to the agriculture and food sector alone. The International Trade Center (ITC) lists more than 150 worldwide on its site (www.standardsmap.org)!

However, going by the sustainable cacao initiatives taken by six countries, States seem to be clawing back some control. Germany (German Initiative on Sustainable Cocoa), the Netherlands (Dutch Initiative on Sustainable Cocoa), Belgium (Beyond Chocolate), Switzerland (Swiss Platform for Sustainable Cocoa), Japan (Platform for Sustainable Cocoa for Developing Countries) and France (French Initiative for sustainable cacao) are working to define, or have already issued, common charters across all the operators in these industries, aimed at making the sector more sustainable. This points to politics making a comeback in terms of the supply rules. This comeback can also be seen in the roadmap the Europeans are sketching in their Green Deal proposals. What alternative is there? Let business act on its own, while lamenting that the dominant links and operators are the ones calling the tune? My preference is for an inter-professional initiative which could open a debate between stakeholders, in order to better take into account each individual's situation, and make the most of this dialogue. Any volunteers about?

Denis Lœillet

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Contents

Close-up Banana

2021 price review

prepared by Denis Lœillet

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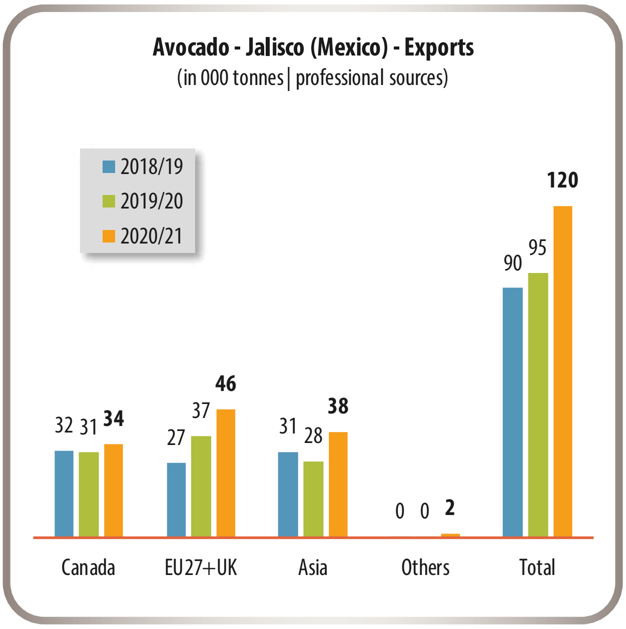
Jalisco avocado: *green light for imports into the USA.*

The sanitary protocol authorising Hass avocado exports from Jalisco to the USA, drawn up and signed by Mexico back in 2016, has finally been ratified by the US sanitary authorities (APHIS). The agreement had been blocked for years by the thorny and eminently political issue of potato exports from the USA to Mexico. This is a major topic, and not just for the Hass supply to the USA. It is clear that the US market is a natural and sought-after outlet for Jalisco's growers, with its consumption dynamic and its proximity, guaranteeing greater price security than long-distance markets. Furthermore, Jalisco's production is also a boon for US importers, as it is highly complementary with Michoacán, thanks to the early-season Hass-like Mendez grown there. All these are strong points for both parties, providing grounds to believe that a dynamic export flow should take hold, possibly to the detriment of Jalisco's current markets (approximately 30 to 35 % for Asia and Canada, and 40 % for Europe in the past two seasons).



There may be a direct impact for the EC market (46 000 t imported from Jalisco in 2020-21, i.e. just under 50 % of total volumes from Mexico), but also an indirect impact (what about the 80 000 to 90 000 t exported by Peru to the USA, over a fairly comparable calendar to that of Jalisco? Will some of these volumes be redirected to an EC market already under very high pressure at times?). However, certain important points should be noted. On the one hand, the effective opening will not take place until April 2022 (i.e. for the 2022-23 campaign), and only orchards approved by the US sanitary authorities can participate in the export programme, leading us to believe that the surge in the export flow to this new market will be gradual. On the other hand, the Jalisco cultivation area is very rapidly expanding (probably more than 35 000 ha of Hass planted, of which possibly 10 000 ha to 15 000 ha not yet in production). So the increased harvests could maintain a very good export flow to this State's historic markets, including Europe. These points will need closer analysis in the coming months.

Source: APHIS

Californian avocado: *average crop confirmed in 2021-2022.*

The California Avocado Commission expects a crop of about 140 000 t (306 million pounds). While this figure is 16 % higher than the «short season» of 2020-21, it is still very close to the four-year average (+ 3 %). Volumes will take off at the beginning of January to peak from the beginning of May to the end of August. The context seems promising despite Jalisco's market entry, given the production shortfall in Michoacán.

Source: California Avocado Commission

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Avocado consumption in 2021: a fine performance by the European market, but with some surprises.

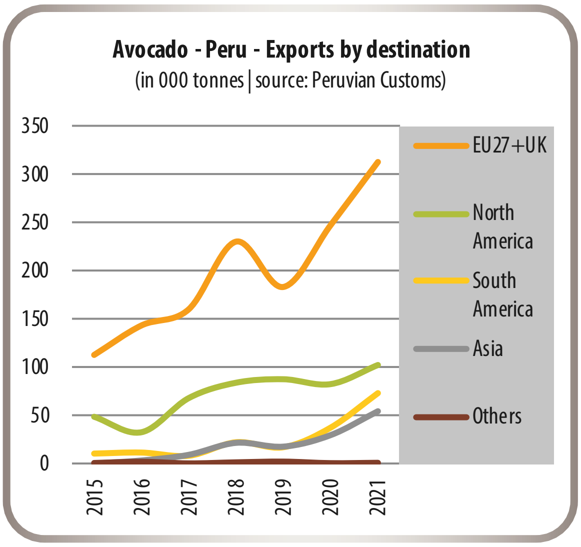
According to the still preliminary figures, avocado consumption in the EU27+UK increased by approximately 8 % in 2021, to reach nearly 720 000 t. This was a better performance than the US (+ 4 % and 1.3 million tonnes consumed, according to also preliminary figures), in a context of moderate supply throughout most of the second half-year. The European dynamic remained on the same lines as in previous years (average growth 9 % per year between 2016 and 2020). Nonetheless, this was accompanied by a downward price trajectory (- 3 % on 2020, and 10 % below the 2016-2020 average), due to extremely tough market conditions, especially during the summer and late autumn. The analysis by country reveals that France remained toward the top of the class (+ 4 % on 2020), thereby confirming its renewed of modest growth since 2020 after the flat years of 2018 and 2019. A similar reawakening was seen in the United Kingdom (also + 4 %), thereby ending the gloomy pre-Brexit period which resulted in decline on the market. Conversely, there was great surprise at seeing the German market abruptly go from strong growth to a slight fall (- 4 %, with data from consumption panels confirming the calculation made using the Customs figures). There was a similar trend in Scandinavia, with slack growth in previous years giving way to a slight downturn (- 5 %), due to falling sales in Sweden and Finland. Did the stricter restrictions due to the pandemic in this part of the Continent weigh heavier on consumption than in the rest of Europe? The most encouraging signals this season came from the up-and-coming East European markets (+ 10 % and 60 000 t consumed) and above all Italy, where sales literally exploded to approach 40 000 t, with a 50 % rise from 2020!

Source: CIRAD, according to Customs figures

Avocado – EU27+UK and USA – Consumption in 2021

in tonnes	2021	2021 compared to 2020	2021 compared to 2016-2020 average
EU27+UK	**720 000**	**+ 8 %**	**+ 9 %**
France	148 000	+ 4 %	+ 5 %
United Kingdom	105 000	+ 4 %	+ 2 %
Germany	105 000	- 4 %	+ 15 %
Scandinavia	58 000	- 5 %	+ 2 %
Eastern EU27	59 000	+ 10 %	+ 8 %
Italy	39 000	+ 51 %	+ 25 %
United States	**1 320 000**	**+ 4 %**	**+ 5 %**

Sources: Customs for January to October, professional source estimate for November and December



Peruvian avocado: a new record campaign forecast in 2022.

2021 was a big year in terms of volumes for Peruvian avocado professionals. They not only registered their biggest ever season, with exports of more than 555 000 t across all varieties according to Customs, but also their biggest rise, with shipments up by nearly 150 000 t from the previous season (+ 36 %!). This exceptional performance can be explained by the steep growth in shipments to the EU27+UK (312 000 t, i.e. + 65 000 t), Chile (72 000 t, i.e. + 36 000 t, taking advantage of the cyclical fall in local production), Asia (55 000 t, i.e. + 25 000 t) and to a lesser degree North America (102 000 t, i.e. + 20 000 t). Year in year out, the records keep on coming! Prohass has announced another big increase this year, with the export potential up by 15% to 20% from 2021. This is nothing astonishing, with large areas of young orchards continuing to enter production or enter their prime (3 000 ha/year planted on average between 2017 and 2020). And this trend is not about to stop, since according to Prohass, an additional 5 000 ha were planted in 2021.

Sources: Peruvian Customs, Prohass

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Peruvian organic banana: doing better in 2021, except in the EU.

The Peruvian Customs data drawn up in November indicated an improvement in the organic banana exports level. While the results of the 1st half of 2021 pointed to a third consecutive year of falling organic banana exports (3 % below the 2-year average), the recovery in the 2nd half wiped out this trend. As at November, Peru's total cumulative exports had obtained practically identical levels to 2020. However, apparently not all the markets reacted in the same way. The recovery seems to be well and truly underway on the US market, where the organic segment continued its breakthrough in 2021 (https://www.fruitrop.com/en/Articles-by-subject/Direct-from-the-markets/2021/Organic-banana-surge-in-the-USA), with volumes reportedly back to higher levels than in 2019. And this in spite of very marked competition from Mexican and Ecuadorian suppliers. Similarly, while exports to Asian markets rose with volumes increasing in particular in Japan, we should note that their market share will remain highly marginal, representing less than 10 %. Finally, it has to be observed that in the EU27+UK, the main historical outlet for organic Peruvian bananas, the origin is seeing an ongoing downward trend, with another drop of around 10 % from last year. This is probably the result of disaffection with the origin, combined with the overall crisis in organic produce consumption observed in the EU in 2021.

Source: Peruvian Customs

Organic banana – Peru – Exports (January to November)

in tonnes	2019	2020	2021	2021 compared to	
				2020	Last 2-year average
EU27+UK	108 014	110 972	99 453	- 10 %	- 9 %
USA+Canada	43 067	38 279	46 380	+ 21 %	+ 14 %
Asia	17 422	15 475	16 997	+ 10 %	+ 3 %
Total	**201 715**	**198 572**	**198 500**	**0 %**	**- 1%**

Source: Peruvian Customs

Colombian banana: detection of a new TR4 centre.

Tropical race 4 (TR4) *Fusarium oxysporum* cubense, first detected in the Americas in Colombia in 2019, had remained restricted since then to the La Guajira region, a marginal and isolated production zone, relatively far from Magdalena and even further from the major Uraba production centre. The latest reports indicate a stable affected area of around 190 ha. However, in mid-December 2021, a new centre was declared positive, this time in the "Zona Bananera" municipio, situated in the Magdalena region, Colombia's number two export banana production zone. With 16 000 ha for export, this region covers 31 % of the country's banana cultivation area, and primarily comprises small and medium growers.

To find out more about TR4:

https://www.fruitrop.com/en/Articles-by-subject/Agronomy/2019/Tropical-race-4-TR4-fusarium-wilt

Ecuadorian banana: exports in 2021 similar to 2020.

According to data from professional sources as at December 2021, cumulative Ecuadorian exports across all destinations were at the same level as 2020, and slightly above the two-year average (+ 1 %). The first half-year, slightly below-average, was offset by a recovery in the second half. For the two main destinations, the EU and Russia, performances were similar to 2020. A big shortfall was registered on the Middle Eastern markets, where volumes were 15 % smaller than in 2020, and 12 % below the two-year average. The low worldwide availability of containers, limiting spot volume shiploads, could be the main cause. Meanwhile, shipments to the US market registered a rise (+ 1 % on 2020, and 6 % above average). The shortfall of fruit from Central American suppliers, due to the transit of cyclones Eta and Iota, was partially offset on this market by Ecuador. After a complicated 2020 because of the Covid crisis, exports to Asia were up 5 % from 2020, though they remained 4 % below average.

Professional sources

Banana – Ecuador – Exports

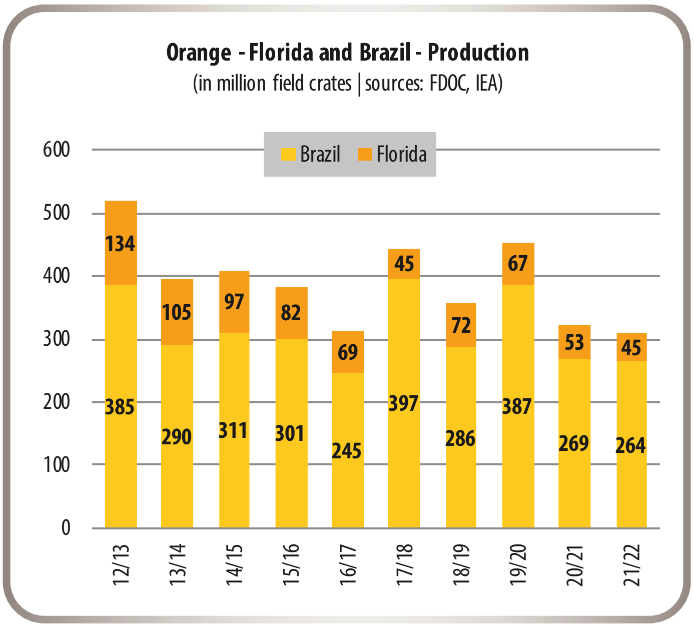
in tonnes	2021	2021 compared to	
		2020	2-year average
EU27+UK	1 679 302	0 %	+ 3 %
USA	695 571	+ 1 %	+ 3 %
Russia	1 409 087	0 %	0 %
Middle East	914 417	- 15 %	- 12 %
Asia	479 068	+ 5 %	- 4 %
Others	1 434 026	+ 7 %	+ 15 %
Total	**6 611 471**	**0 %**	**+ 1 %**

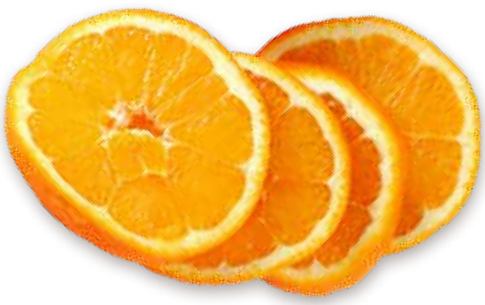
Professional sources

Orange juice:
rates at their highest since 2019.

2020-21 will remain in the memory as an upwardly-mobile campaign. Rates for 65°Brix concentrated juice into Rotterdam gradually gained $300/tonne to stabilise at $2 100/t from October 2021, their best level for three years. The market balance appears solid, since the increase was multi-factoral, related both to supply and demand. Regarding production, the combined volumes of the sector's two giants, namely Brazil and Florida, registered a distinctly below-average level for the second consecutive season (309 million field crates in total expected in 2022, i.e. - 4 % on the already "lean" harvest in 2020-21, and 22 % below the four-year average). In particular, Brazil distinctly revised its initial production potential downward over the course of the campaign, with difficult weather once again (frost and above all persistent drought throughout the first part of the campaign). The news was rather good too in terms of demand. According to the FDOC's statistics covering the period from October to December 2021, consumption in the USA held up, whether for concentrated or plain juice. This was a nice surprise, such was the deeply rooted trend prior to the arrival of Covid 19. It helped further reduce the worldwide stocks level, which had already considerably subsided in Brazil last season.

Sources: FDOC, Citrus BR, IHS Markit





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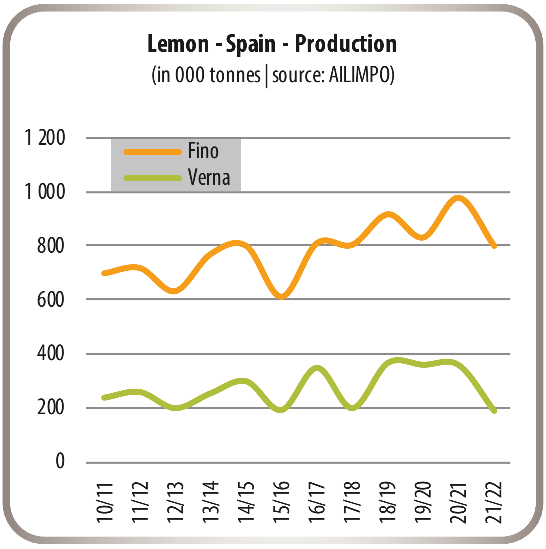


Spanish lemon:
the leanest Verna campaign for more than a decade.

The latest forecast, published by AILIMPO in early February, is reckoning on a Verna harvest of 190 000 t. This figure marks a downturn of nearly 50 % from the previous season, and is more than 40 % below the four-year average. The campaign should start in April. Nonetheless, this bad news for production may provide a shot in the arm to prices, which since the beginning of the season have maintained their very poor trend from 2020-21. True, the pressure from Spanish production was lower than usual during the first part of the season (Primofiori harvest 9 % below the four-year average). However, increased competition from Southern Hemisphere supplier countries resulted in precious trading weeks being lost at the beginning of the season, while the huge OOH market segment remains hard hit by the pandemic, and Turkey has a very strong presence, especially in the eastern EC.

Source: AILIMPO

WHY IS THE VITAMIN C CONTAINED IN THE LEMON IMPORTANT?

IN THE WINTER, we are recommended to increase our consumption of foods rich in vitamin C, such as fruits and vegetables, since it contributes to the proper functioning of the immune system.

THAT IS WHY the European lemon has made itself one of the most effective and healthy options for following recommendation, containing approximately 50 mg of vitamin C per 100 g of fruit.

HOWEVER, the vitamin C contained in lemons grown in Europe also provides many other benefits for the body, which are highly prized in the fields of sport and health.

When the winter sets in, the cold temperatures make us more vulnerable to diseases such as the flu and cold, since viruses and bacteria tend to develop at low temperatures. Furthermore, the Covid-19 pandemic has recently resurged in Europe, indeed surpassing the historic records for the number of people infected in certain countries during 2020.

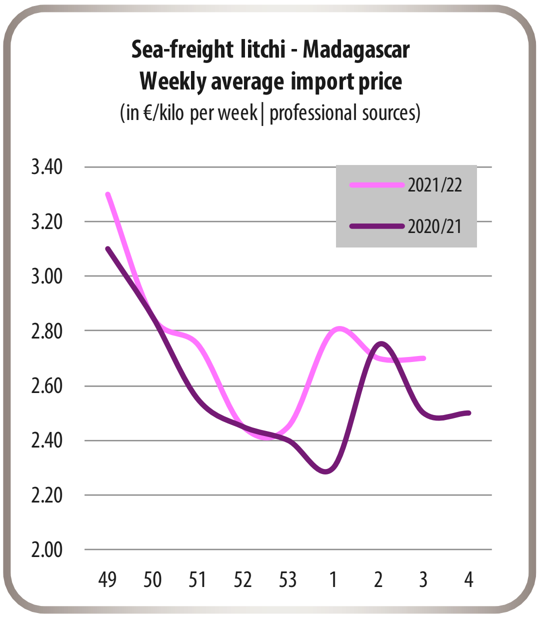
In the face of this situation, experts recommend increasing consumption of foods rich in vitamin C, such as fruits and vegetables, since it contributes to the proper functioning of the immune system. In terms of fruits, the European lemon has made itself one of the most effective foods for consuming the recommended quantity of vitamin C, between 95 and 110 mg per day for adults, according to the Spanish Agency for Food Safety and Nutrition.

This citrus is not only a cooking ingredient, but is also an important source of vitamin C, since 100 g of lemon contains approximately 50 mg, i.e. nearly half of the intake recommended by nutrition experts. Hence anyone aged over 20 should try to consume two or three lemons per day to satisfy their body's need for vitamin C.

Apart from strengthening the immune system, the vitamin C contained in the lemon offers other advantages, by contributing to proper formation of collagen, which in turn ensures the functioning and health of the blood vessels, bones, gums, cartilage, skin and teeth. It also contributes to regenerating the reduced form of vitamin E, reducing fatigue and improving iron absorption, benefits highly prized by athletes.

The European lemon also has other characteristics which make it an essential product in Europe. Its versatility for cooking, thanks to the aroma and acidity of its juice, and the taste of its peel, make it the perfect ingredient in haute cuisine creations. From starters to dessert, the lemon offers a wide range of options.

The attributes of the European-grown lemon are being communicated by AILIMPO (Inter-Professional Association for the Lemon and Grapefruit), under the information campaign "Welcome to the Lemon Age", which receives European Union support, for the purpose of encouraging consumption among new generations of consumers in Germany, France and Spain; and promoting higher valuation of its most distinguishing and intrinsic characteristics, such as its quality, freshness, sustainability, traceability and food safety, compared to non-European lemons.



Madagascan litchi in 2021-22: a second successful campaign.

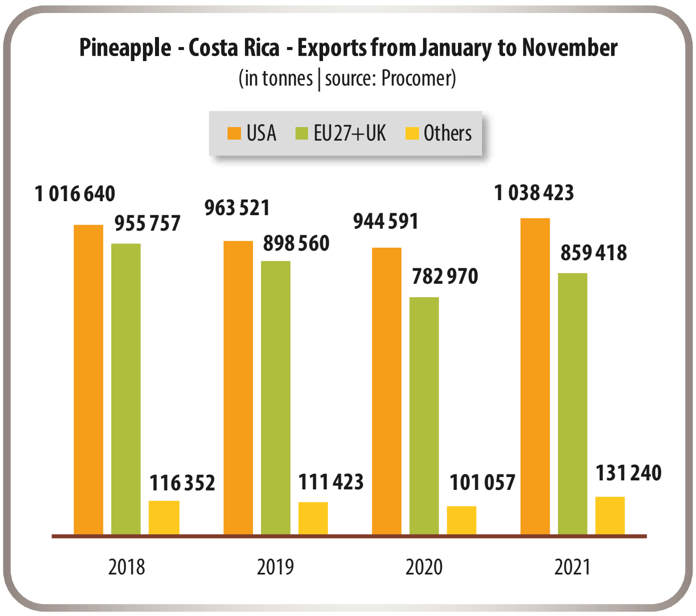
"That which pleases is twice repeated"! The Madagascan litchi trading campaign has just finished. Like the previous campaign, the results seems to be positive, and we can already draw up an initial review. In terms of volume, Madagascan exports have taken an upturn, albeit a restrained one. Shipments to the European market saw a slight rise, going from 14 240 tonnes in 2020-21 to 14 570 tonnes last season. Taking advantage of the early harvest and its satisfactory quality, Madagascan litchis sold quickly during the end-of-year festivities. They had a more condensed trading window, especially due to the simultaneous start of the air-freight export campaign and loading of the scheduled conventional ships. It took particularly smart logistical adjustment to supply the markets at the most favourable moments for promoting the product in the supermarket sector circuits. While sale prices did drop, as in previous years, they maintained higher levels. However there was no obvious gamble on placing litchis, given the general sluggishness of the markets, and the atmosphere still overshadowed by the Covid pandemic.

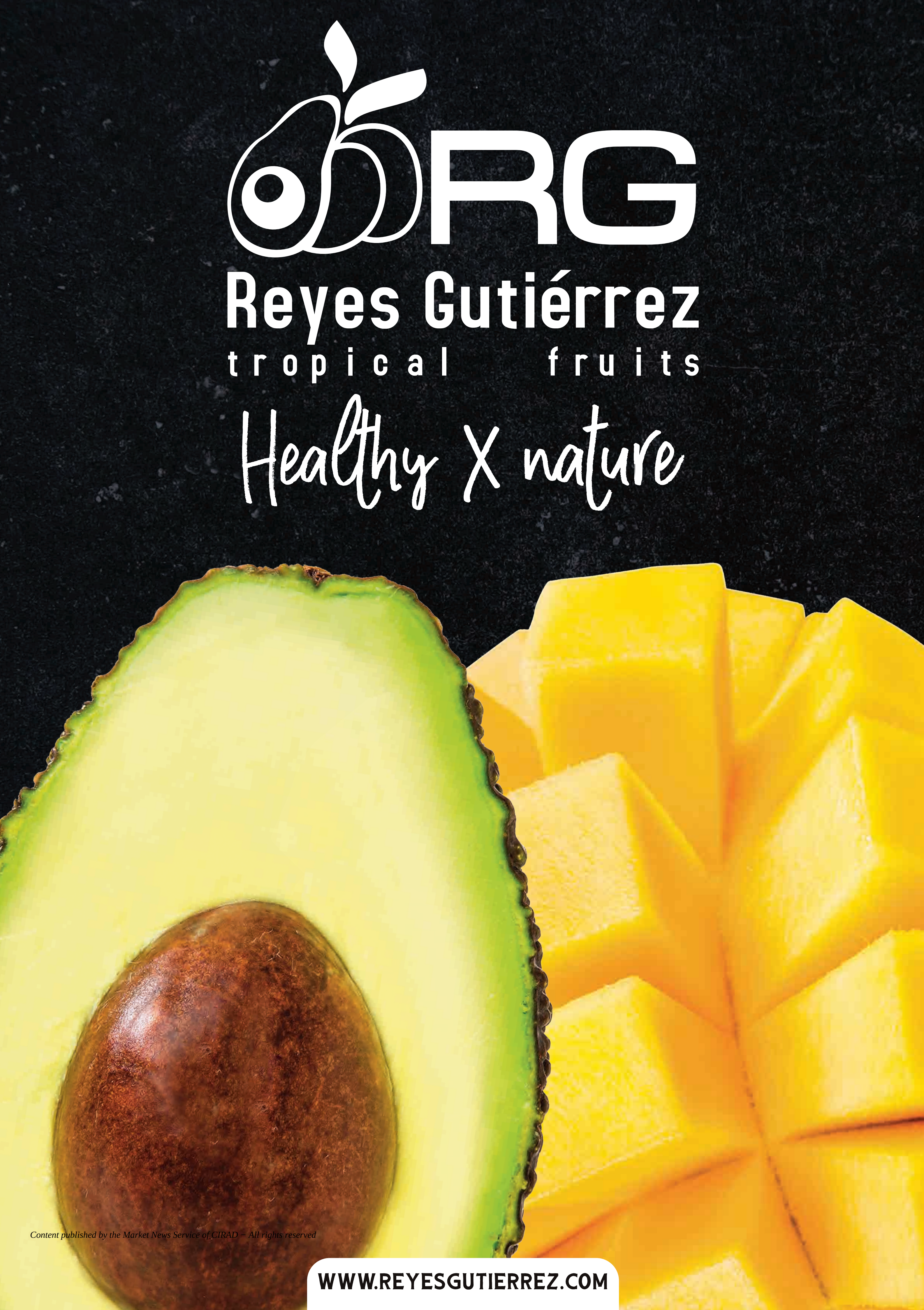
Source: Pierre Gerbaud

Costa Rican pineapple: recovery confirmed in 2021.

The fall in Costa Rican pineapple exports, which started in 2019 and reached its height during a catastrophic 2020, seems to finally be over. Shipments got going again in 2021! Over the first eleven months of the year, they were up across all destinations by 10 % from 2020, at 7 % above the two-year average, a level approaching the record from 2018. And the recovery has extended to all the markets. In the USA, the main outlet, volumes were 10 % up from 2020, indeed they exceeded the supply levels from the previous record, set in 2018. While the EU27+UK also saw a rise, levels nonetheless remained below those seen in 2019 and 2018. Finally, we have to note the marked progress registered by other destinations, with the supply up by 30 % from last year.

Source: Procomer

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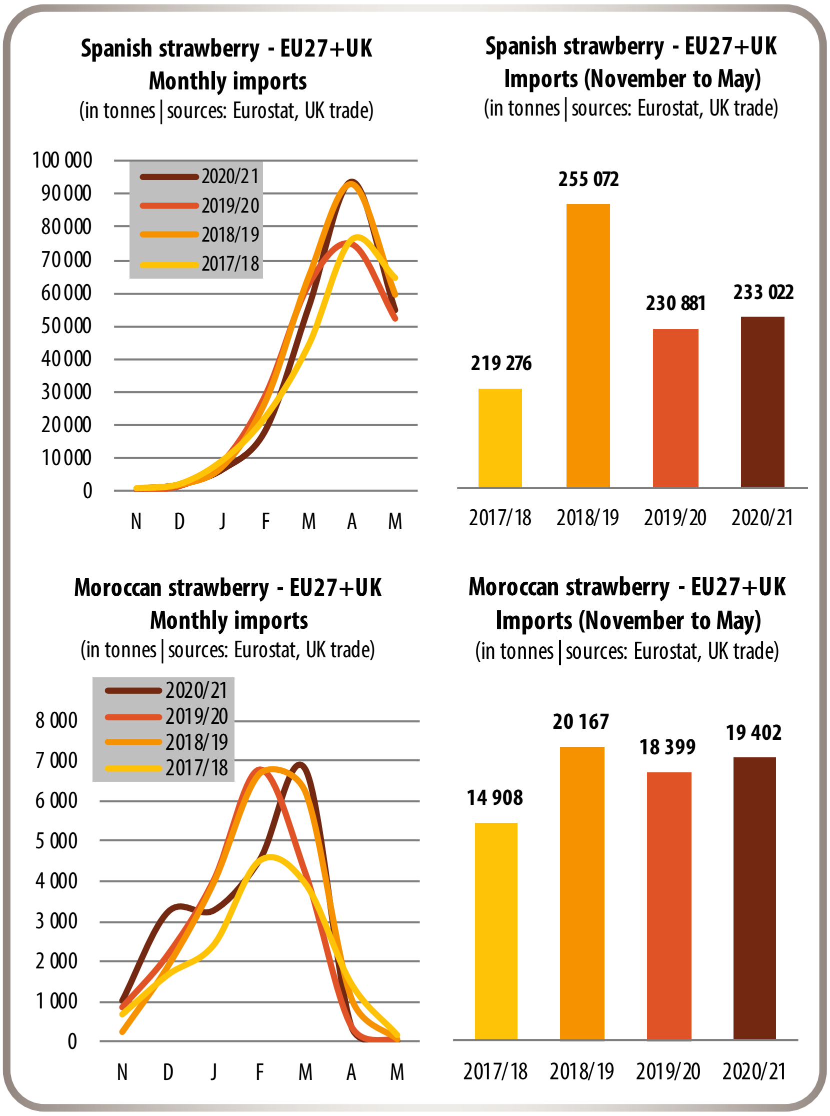
Spanish strawberry: planted area expanding slightly.

The Spanish strawberry campaign, which began in mid-December, was marked by rains after planting, which caused losses on the western coast. The high temperatures which followed enabled replanting in mid-November. With the cold in early December, harvesting was delayed. According to the latest data from Freshuelva, the planted area for the strawberry amounted to 6 167 ha, slightly bigger than last year (6 105 ha). In mid-December, weekly production was less than in 2020. Quantities sold during the end-of-year festivities remained small. In early January, the production sold was down 20 % from 2021.

Regarding the other berries, the blueberry has seen the biggest expansion, with its surface areas reaching 3 532 ha, as opposed to 3 310 ha last year. The preference is for the early varieties. The raspberry saw its planted area shrink by 8.1 % to 1 902 ha, as opposed to 2 070 ha the previous season.

Source: Freshuelva



Moroccan strawberry: 2 400 ha planted, and 75 % of production exported.

In Morocco, the strawberry season started slowly in November, and gathered pace thereafter. The strawberry should be present on the export markets until mid-February. In Kénitra, the strawberry, raspberry and blueberry are mainly aimed at the export sector. Production is staggered from November to mid-March on the Gharb Plain. The Rabat-Salé-Kénitra region leads the way with 4 360 ha of berries, including 2 400 ha of strawberry, 1 200 ha of blueberry, 700 ha of raspberry and 60 ha of other types of berry. Yields are as much as 35 to 45 tonnes per hectare for the strawberry, 10 to 25 tonnes for the blueberry and 10 to 15 tonnes for the raspberry.

75 % of strawberries are exported, one third fresh and two thirds frozen. 95 % of blueberries, followed by 90 % of raspberries, are exported to thirty destinations, mainly the European market. Exports are rising every year. With the presence of Spanish companies in the Kénitra region, lorries now take full loads to European destinations. Note that since 1st January 2022, new post-Brexit customs regulations have taken effect. All merchandise entering the UK must undergo customs clearance, leading to long delays to carry out the checks, which is detrimental to berry freshness.

Professional sources

Producer country file

The avocado in Morocco

Eric Imbert, CIRAD
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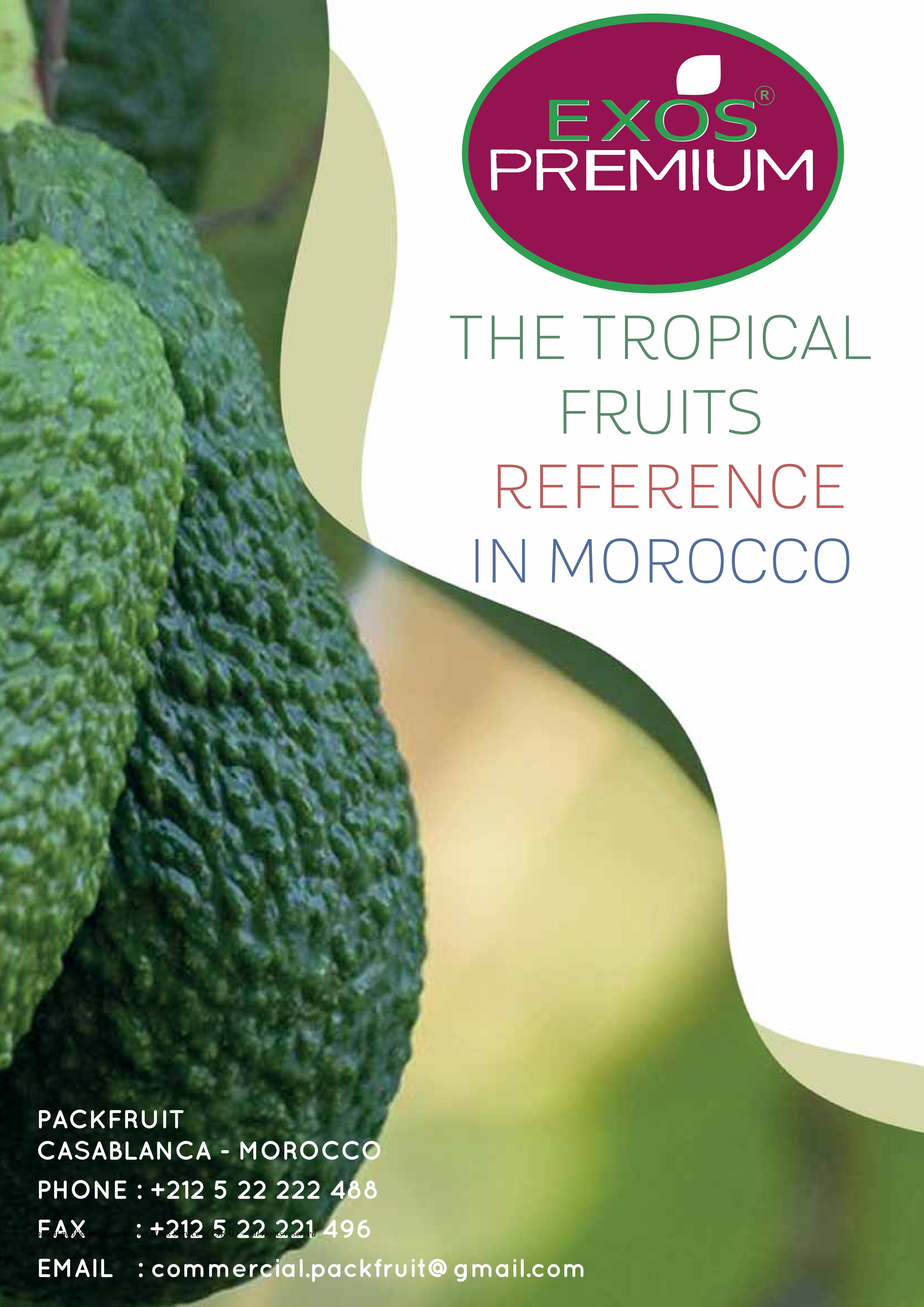
In the space of under a decade, Morocco has become a significant player in the international avocado trade. Its exports, almost entirely aimed at the European Union, exceeded 30 000 t in 2020-21. They should continue to register very significant growth over the coming years. The cultivation area, packed into a coastal zone with a temperate microclimate in the north of the country, and based primarily on a foundation of small to medium-scale growers, has made huge progress in recent years, to reach nearly 10 000 ha.

© Eric Imbert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Avocado
Morocco

History

A recent story, but with dazzling growth over the past decade

The first avocado trees (Fuerte, Panchoy, Mexicola, Anaheim, etc.) were planted from the mid-1930s for assessment purposes on the experimental stations of Rabat ("Agdal botanical trial garden"), and then Aïn Taoujdate. As for Hass, it was introduced in 1950 from California by a local arboriculturist. However, while some orchards were planted in the 1960s, the first significantly-sized export plantations were only set up in the early 2000s by Abaz, the main architect behind the industry's take-off in Morocco. Growth gathered pace in the early 2000s, with the cultivation area increasing 5-fold in just over a decade, to reach an estimated area of 10 000 ha in early 2022. The industry's progression was built on the agronomic potential of the Gharb zone, and the prospects offered by the proximity of the growing EC market, where the Moroccan avocado enjoys favourable access conditions (zero customs duty, no entry fee). Furthermore, while the avocado is not one of the crops targeted by the "Maroc Vert" plan, growers have been able to obtain assistance measures on some investments under the Agricultural Development Fund, like other crops (micro-irrigation, anti-frost wind machines, setting up packhouses). This high added-value crop has attracted many growers, especially since the region is among the poorest in the country, and with one of its economic pillars, namely the strawberry industry, facing major commercial problems. Foreign investors (Spanish, South African, Emirati and more recently Israeli) have also set up there, and contributed to this strong growth dynamic. While there has been a huge surface area expansion in recent years, it could slow down in the medium term. On the one hand, the crop has less appeal in a context of a big worldwide surge in production and steeply rising production costs. On the other hand, land with a suitable microclimate for this tropical crop is becoming scarcer, while pressure on the water source is growing. In addition, the particularities of Moroccan land law remain a major brake on development (nervousness over agricultural investment in the absence of long-term leases, extensive parcelling up of land still largely belonging to the State, and managed collectively).

© Eric Imbert

Location

A north-east coastal zone with a temperate microclimate

The cultivation area, extending over an estimated 10 000 ha in early 2022, is located mainly in the north of the country, in the Gharb region. The growing areas are primarily concentrated between Kenitra in the south and Larache in the north, on a coastal strip approximately 130 km long and 7 to 8 km wide (approximately 80 % of surface areas). The prevailing microclimate in this zone, temperate thanks to the immediate proximity of the sea and several lagoons (Merja Zerga, etc.), is well-suited to the crop, although anti-frost protection is advisable. Furthermore, the soils, generally sandy and well drained, limit the risks of Phytophthora. Irrigation needs to be employed, and the pressure on the water resource is on an upward trend. On the one hand, climate change has lowered the average rainfall level by between 400 and 500 mm in recent years (concentrated between October and April). On the other hand, the agricultural water requirements have increased considerably with the progression of agricultural production dedicated to the local or export markets (avocado, but also raspberry and blueberry). The situation remains fairly satisfactory in the northern part of the zone (from Moulay Bousselham to Larache), where the Loukkos irrigated area and the developments built upstream (El Makhazine dam reservoir) guarantee a good supply level of high-quality surface water. Availability is tending to shrink and deteriorate in quality terms further south (from Moulay Bousselham to Kenitra), where irrigation is based on wells drilled into the R'mel groundwater.

Two other cultivation areas have been set up in recent years outside of this historic zone, now close to saturation. The first is situated around the districts of Sidi Slimane and Sidi Yahya. This is making rapid progress, with more than a thousand hectares already. The main asset of this old forest region is the presence of large swaths of land, which has enabled big plantations to be set up (up to several hundred hectares) – an exception in the country. The sandy soils are favourable for the crop, and water availability remains satisfactory. Conversely, the risk of extreme climate episodes is high, in both winter and summer, since the ocean's influence is more limited in this more continental area. Hence the very high-tech plantations are generally equipped with micro-sprayer systems. There is still a growth potential available.

Some plantations of still limited size (300 to 400 ha) have also been set up south of Casablanca, in the Azemmour region. The climate is temperate, and the clay-sand soils suitable. Conversely, the groundwater is highly salty, and needs to be treated. The project to set up an irrigated area of 5 000 ha (Sidi Rahal), fed by the Grand Casablanca desalination plant, which should be opened in 2030, could at least partially solve the problem.


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Harvest plan: FEB 2023
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Avocado
Morocco

Production


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Small to medium-scale orchards

Most of the country's plantations are small to medium-sized (mainly 1 to 10 ha), because of the particularities of Moroccan land law stated above. Production facilities measured in hundreds of hectares are the exception, with less than ten in place. The growers have a highly variable technical level. Nonetheless, drip irrigation is widespread. There are few sanitary problems. The main pest is a mite (Oligonychus perseae), well known in the Mediterranean and detected in Morocco in 2018. Phytophthora is rare, since the soils are generally sandy and well-drained, and use of drip irrigation widespread. Conversely the plant stock has often been chosen "on the cheap" by many small and medium-scale growers, and the rootstocks used are often intolerant or non-resistant to ferric chlorosis, a potentially major long-term problem in these chalky soil regions. The export yields of an adult orchard, smoothed over several seasons, are around 8 t/ha on average nationally (up to 12 t/ha for growers with the best cropping techniques).


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Varieties and production calendar

Refocusing on Hass, mainly sold in the first part of the season

Hass is tending to take a growing share, currently accounting for approximately 80 % of surface areas. On maturity, from late October/early November, the fruit can be sold until the spring. Nonetheless small to medium-scale growers generally seek to sell their produce in the first part of the season, in order to obtain rapid cash flow and avoid the higher frost risks between late January and mid-February. Fuerte is the main green variety. Small-scale production of Zutano and Bacon, both used as pollinators, is present in October.

Avocado – Morocco – Production calendar

Varieties	O	N	D	J	F	M	A
Hass							
Fuerte*							

* local market

Outlets

An export crop, but local demand on the up

Hass production is primarily intended for export. The local market is taking in increasing volumes of green varieties and small Hass, grown locally or imported. Demand is particularly strong during the Ramadan period. The fruit is consumed mainly in salads, and in the more original, but also more marginal, form of smoothies (known locally as Panachi).

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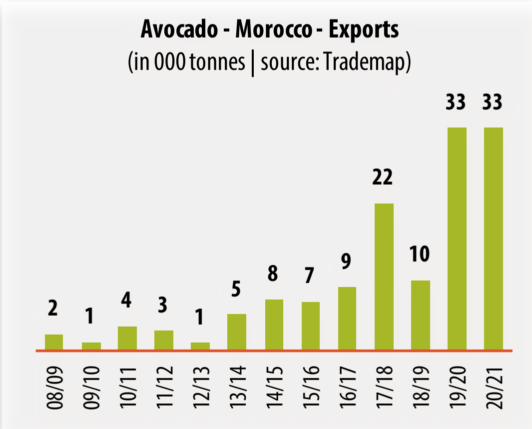
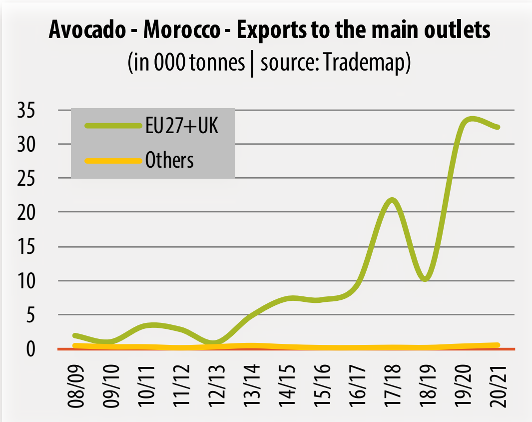
Exports

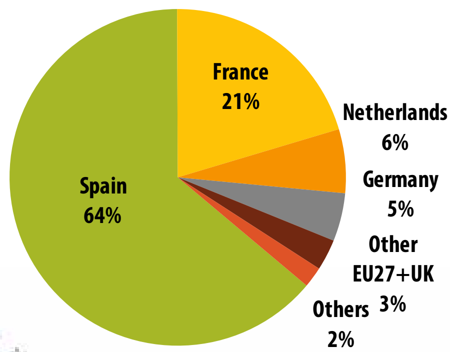
A significant supplier to the EC market during the winter season, exhibiting strong growth

Morocco has seen a change in its status on the international stage in recent years, and should shortly enter the top ten suppliers to the world market. Some exports, temporary and representing highly marginal quantities, were made from the 1960s, especially to France. However, volumes only became significant at the end of the 2000s (approximately 1 500 to 3 000 t/year), and only really took off from the mid-2010s. They exceeded 30 000 t in 2019-20 and 2020-21. Exports should see very steep growth in the coming years, probably approaching 70 000 to 80 000 t during the second part of this decade. Currently, volumes are practically entirely aimed at the EU27. They are primarily imported via Spain, before feeding the EU's main markets, especially France, Germany and Northern Europe. Those volumes shipped outside of the EC market are often aimed at Russia, the Arabian Peninsula (United Arab Emirates, and Saudi Arabia in particular), and more recently West Africa. The sector is primarily controlled by exporter-traders, which purchase, pack and export the produce from the small to medium-scale growers. While there are many of them, the top twelve reportedly control approximately 80% to 85% of total volumes aimed at the international market (with the number one representing 15% to 20% on its own). Exporter producers are the exception, but their number should increase significantly with the entry into production of large-scale plantations in the Sidi Yahya/Sidi Slimane zone. There is no cooperative structure bringing together the commercial services and providing technology transfer. There are fifteen or so packhouses operating, but their combined processing capacity is insufficient to handle the production surge expected in the coming years. An association aimed at promoting and defending the interests of avocado exporters, and at supporting the growers so that they can access the international quality standards, has recently appeared (MAVA – Moroccan Avocado Association).





Avocado - Morocco - Exports by destination
(source: Trademap)



Logistics

Fast land-based logistics serving the EU27

Fruit bound for the EU27 is exported by refrigerated lorries. These can reach the main West European markets within 48 hours.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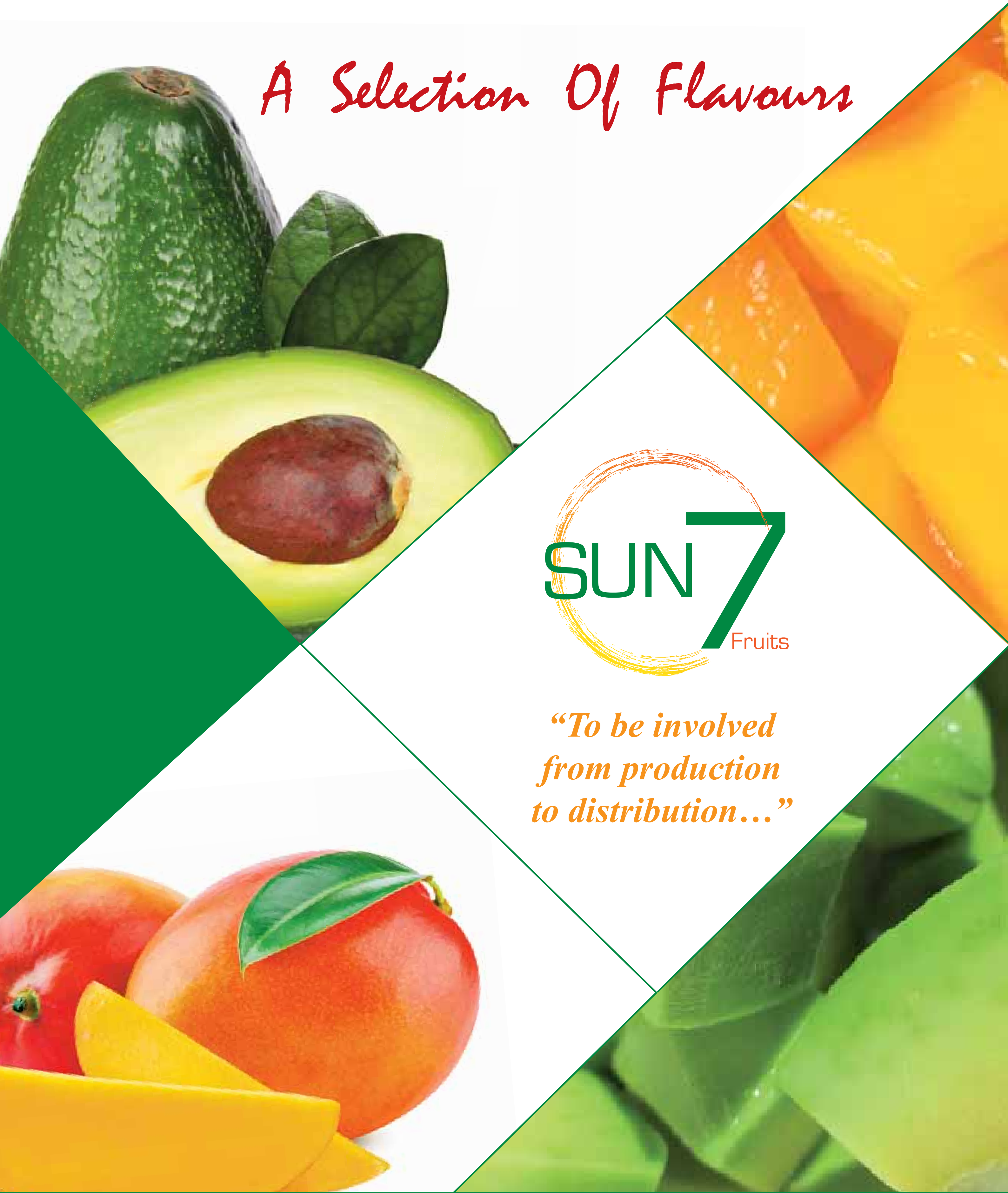
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European late easy peelers market

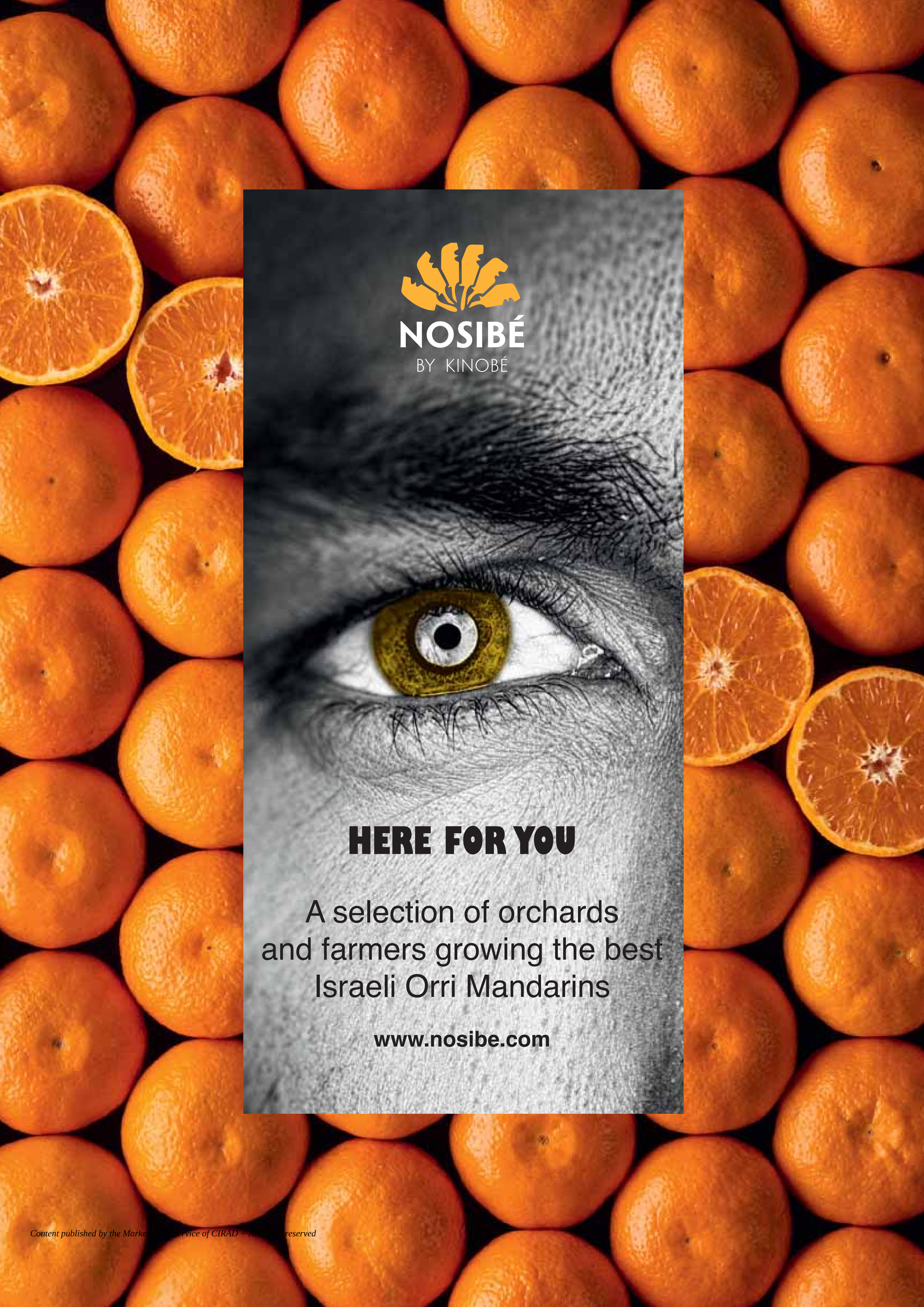
An unexpected scenario!

Anselme Cléron, Cirad
anselme.cleron@cirad.fr

Eric Imbert, Cirad
eric.imbert@cirad.fr

While the considerable rise in the late hybrids supply expected in 2022 is no surprise, the market is set to be more congested than predicted at the start of the season. The clementine season has actually extended further than the big shortfall in Spanish production led us to believe. Furthermore, will the high price of sea-freight lead to a higher concentration of the supply on the EC market? FruiTrop offers this review of a campaign that was harder than predicted for the stars of the easy peelers market, though they will still be able to count on their exceptional organoleptic and keeping qualities.

© Catherine Sanchez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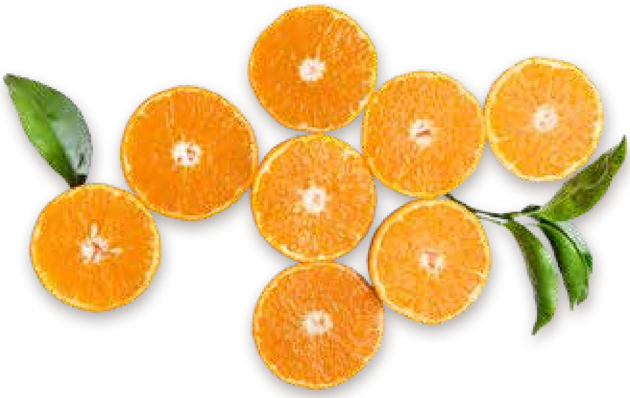
Late hybrids to the rescue of the 2020-21 easy peelers campaign

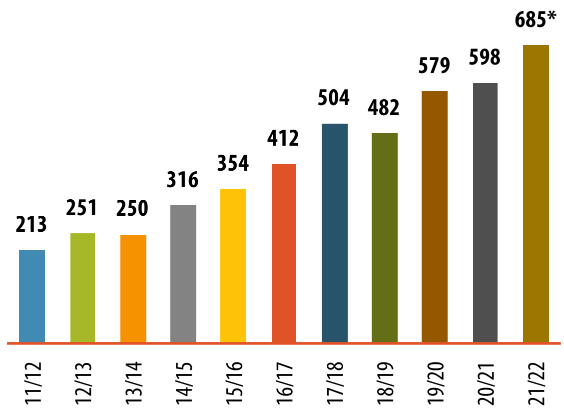
While the 2020-21 season proved to be a particularly poor one in economic terms for clementines, the late hybrids once again were able to demonstrate their superior profitability over the other varietal groups. Despite the high pressure from Spanish and Moroccan clementines at the end of 2020, the detrimental climate conditions (rains in the production zones, frost and snow) got the better of the overall quality of the harvest, thereby precipitating the end of the campaign. This was a windfall for late hybrids, which were able to take advantage of a very clear context, from the start of January.

This wide trading window made it possible on the one hand to sell off market volumes 21 % above the four-year average, and on the other hand, to limit the fall in rates registered during this campaign. Hence our price indicator was only 4 % down from the excellent 2019-20 season for this varietal group, while the rate for early-season clementines plummeted by 23 % from that season. Once again, hybrids enabled growers to keep their heads above water in economic terms, especially because of the particular management model of the varieties under licence (control of planted areas applicable to Nadorcott and Orri).

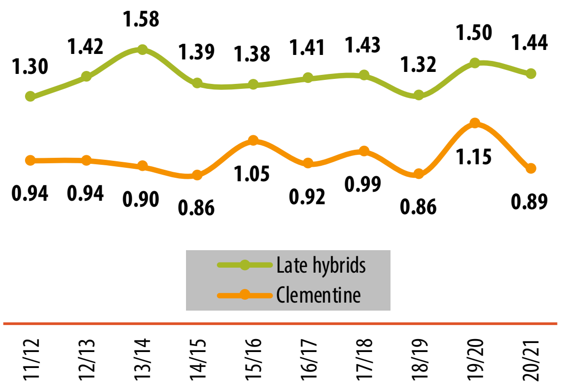


© JAFFA Orri

Easy peelers - Mediterranean (Spain, Morocco, Israel)
Exported volumes of late hybrids (Orri, Nadorcott, Tango)
(* forecast | in 000 tonnes | professional sources)



Easy peelers - Mediterranean (Spain, Morocco, Israel)
Price indicator at import stage
(late hybrids = Israeli Orri, Spanish and Moroccan Nadorcott average)
(in €/kg | source: CIRAD)



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Distinct recovery in growth in 2021-22

After slack growth for late hybrids in 2020-21, due to particularly tough weather conditions in the production zones for the majority of the Mediterranean origins, prospects for 2021-22 indicate a clear rise in volumes. According to our estimates, the overall export potential available should be around 680 000 tonnes, up by 15 % on 2020-21 and 27 % above the four-season average. This rise, already major in itself, could be even more marked depending on how the climate conditions develop (heavy load of small fruit in the majority of the cultivation zones).

This forecast shows that the production growth rate remains very high, with an export potential gain of 200 000 t in three seasons. This remarkable increase is explained in large part by young Nadorcott and Tango orchards coming into their prime. For Orri, the senior of the licenced varieties, the plantations have reached maturity in both Spain and Israel. So its export potential is tending to stagnate - though it is not waning either! The uprooting of orchards situated in zones unsuitable for this demanding variety has come to an end in Israel.

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Nadorcott and Tango on top form in Spain and Morocco

Taking a closer look, the Moroccan Nadorcott will remain dominant more than ever, with an expected 220 000 t of exports, and production more than 30 % above the four-year average. Though there is nothing astonishing about this bounce-back after a 2020-21 campaign marked by a stagnant harvest. Growers pulled out all the stops to safeguard this profitable variety from the effects of another year of intense drought in the south of the country, where four of the five production centres are located (Aoulouz, Chichaoua, Agafay and Safi).

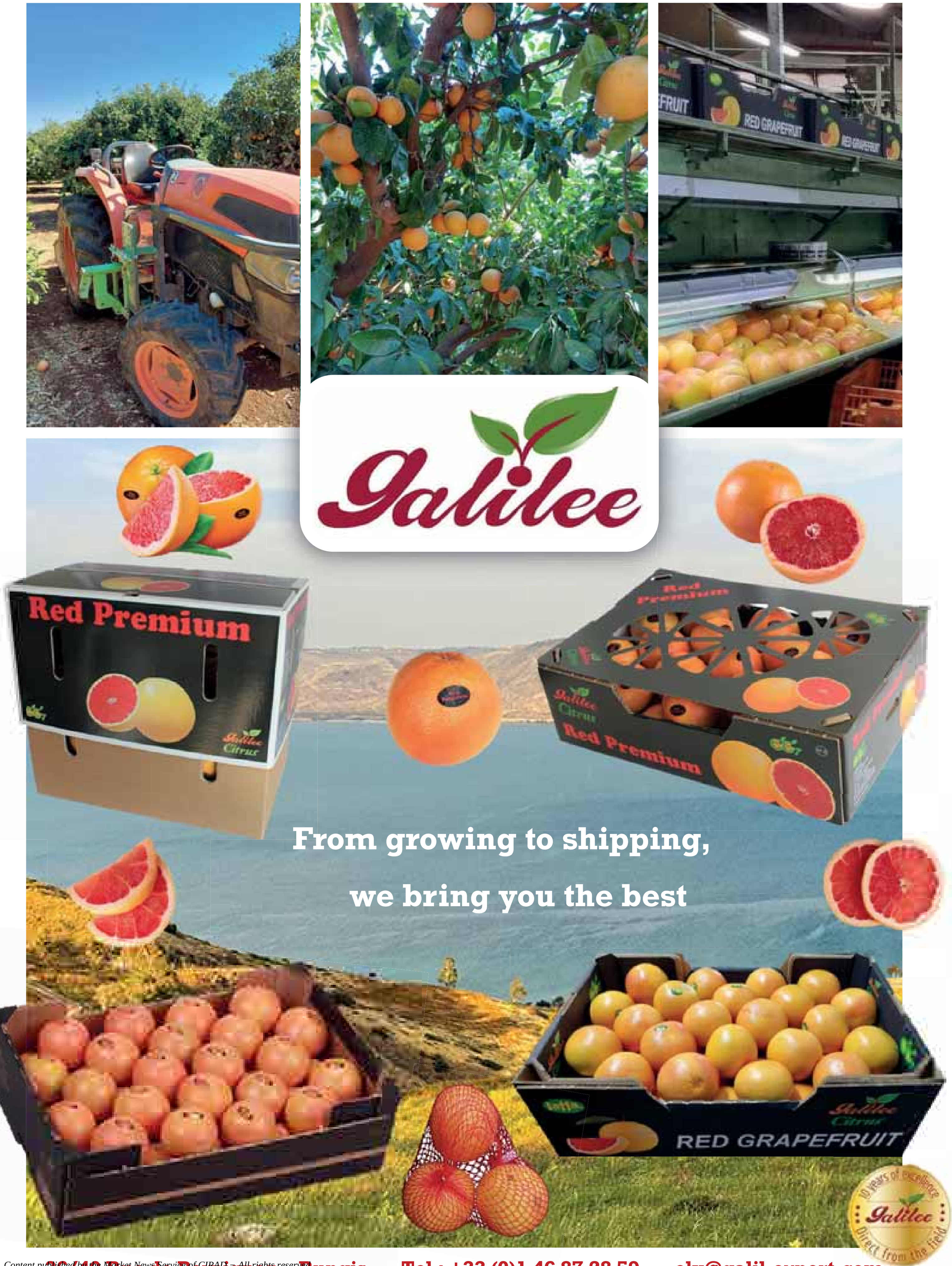
Similarly, Spanish Nadorcott production is set for a very good level, with an estimated export potential of at least 200 000 t. This was a real boom too, after three seasons of near-total stagnation (production gain of 20 000 t between 2020/21 and 2021/22, as opposed to 3 000 t between 2018-19 and 2020-21). The increase should above all be accredited to the orchards in the south of the country: Huelva and Sevilla now represent 35 % of production, and Murcia 17 %. The harvest remains static in the Valencian Community (just over 40 % of volumes, mainly in Valencia and Castellón). The Spanish Tango variety should also enjoy a strong growth dynamic (+ 15 % to + 20 %), with its export potential reaching 115 000 t to 120 000 t.

Conversely, for the Israeli and Spanish Orri, a minimal rise is expected (9 % above the four-year average). The cold spell affecting Israel around 20 January apparently did not have any major consequences on production. The heavy load on the trees, mentioned above, and the clear water shortages in most of the production zones, could play a crucial role in the profile of this campaign. Indeed, the initial observations are showing a significant proportion of small sizes (4, 5, 6), which could represent up to a quarter of the harvest in Spain and Morocco.

Easy peelers – Mediterranean – Late hybrids exported volumes

in 000 tonnes	Varieties	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22*	2021-22 compared to	
													2020-21	4-year average
Morocco	Nadorcott	42	67	65	99	106	126	171	116	188	189	220	+ 16 %	+ 33 %
Spain	Nadorcott	122	135	132	150	157	156	183	166	179	170	200	+ 18 %	+ 15 %
	Orri**					26	26	52	52	57	60	60	0 %	+ 9 %
	Tango							26	53	66	101	115	+ 14 %	+ 87 %
Israel	Orri	49	49	53	67	65	104	73	92	88	78	90	+ 16 %	+ 9 %
Total		**213**	**251**	**250**	**316**	**354**	**412**	**504**	**482**	**579**	**598**	**685**	**+ 15 %**	**+ 27 %**

* forecasts | ** ORC figures | professional sources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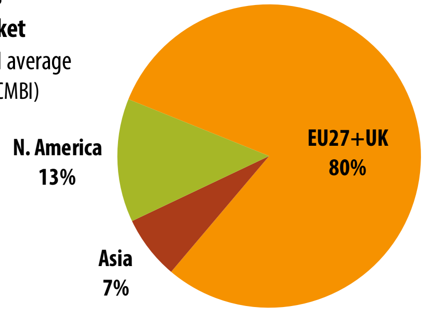
Volumes set to refocus on Europe, given the prices of long-distance sea-freight?

Could the current issues over sea-freight lead to a downturn in exports to distant markets, with volumes refocusing on Europe? The speedy recovery of the world economy has aggravated the shortage of shipping transport capacity, in particular for essential products. Shipping company prices are soaring, and some lines have even been eliminated. In this context exporters face very uneven situations in terms of additional costs incurred, while the increase in cost price is already spread across all the production process items (inputs, phytosanitary products, plastic, cardboard, etc.).

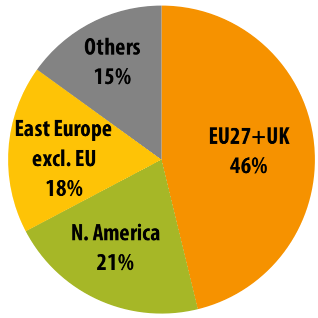
The problem is acute for Morocco, which exports approximately 40 % of its Nadorcott outside of the EU27+UK. The first part of the campaign, dedicated to clementines, showed that the catastrophic scenario of refocusing exclusively on the EC market did not come to pass. Thanks to long-term management of the logistical chain by bodies such as MFB ("Maroc Fruit Board") and FFM (Fresh Fruit Morocco), as well as use of conventional sea-freight rather than refrigerated containers, the increase in transport costs remained restricted to around 10 % to 15 % more than last season. Moroccan Nadorcott should indeed enjoy an excellent outlet this season on the North American market, which ordinarily takes in approximately 20 % of volumes. There is a major opening left by the production shortfall of Californian easy peelers (approximately 760 000 t expected across all varieties, i.e. 13 % below average, and more than 200 000 t down on the previous season). Russia, which in previous seasons took in approximately 20 % of volumes, should also remain a considerable outlet. There has been a good level of clementine shipments to this market since the start of the season, although significant stocks were still available in mid-January, in a context of ongoing slow demand after the end-of-year festivities.

Israeli Orri Exports by market
2020-21 average
(source: CMBI)



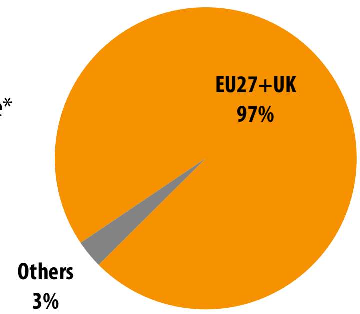
Moroccan easy peelers Exports by market
in 2021*
(source: Trademap)

* from January to end of season, mainly Nadorcott

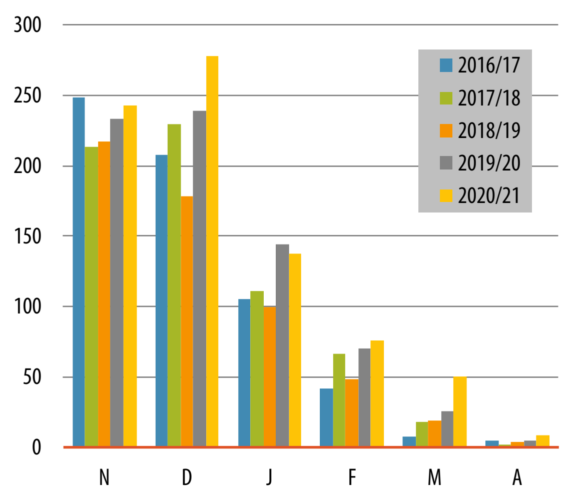


Spanish easy peelers Exports by market
2020-21 average*
(source: Eurostat)

* from January to end of season, main late hybrids



Easy peelers - Turkey - Monthly exports
(in 000 tonnes | source: Trademap)



Furthermore, the competition from Turkey, which since the start of the season has borne the cost of reinforced controls on pesticide residue content, is less lively during the second half of the season, since its range is still largely based on early varieties. Nonetheless it is on the upgrade, as is shown by a rise over five seasons of 100 000 t in exports made between January to April. While Turkey will never be a specialist in late citruses in view of the frost risks, it nonetheless has a Nadorcott cultivation area estimated at more than 6 000 ha, and coming into its prime.

The problem of freight cost is less marked for Israel. Orri exports outside the EU27+UK are mainly aimed at the North American markets (15 % of total volumes), where the prices charged, in the context of a Californian shortfall, should help offset the increased transport price. Unlike the grapefruit, Orri shipments to Asia remain marginal. Conversely, the shekel rate, constantly climbing over the past several years against foreign currencies, is more challenging than ever for exporters, which could be forced to concentrate more on the local market.

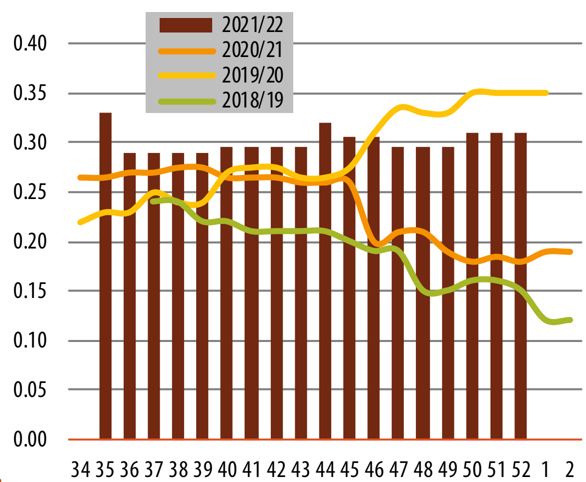
A less open market context than predicted in Europe

The major production shortfall for Spanish Nules clementines pointed to an early end of the campaign, and therefore a highly open market for late hybrids from late December. This was not the case, since out of their desire to make the clementine campaign last, rates remained very high at the production stage, encouraging operators to focus more on other varieties such as Clemenvilla to ensure the supermarket sector programmes. We also need to gauge the ultimately detrimental effect of the resurgence of Covid on demand, hard hit by the health restrictions across a whole swath of the market (wholesale segment, out-of-home and commercial).

In this context, late hybrids could not take full advantage of the first weeks of January, when easy peelers remain centre stage, and weigh heavily in terms of volumes placed. Unlike last season, the tipping point came only from mid-January, earlier than in a typical campaign, though nonetheless a little later than in 2021. Given the available production volumes, the pressure was relatively high.

The first part of the season started on fairly aggressive footings for varieties with large and rising volumes to be sold, since the operators sought to take their positions as quickly as possible on the markets, and to win shelf space in the supermarket sector. However, the big advantage of late hybrids lies in their long lifetime, which ensures a wide trading window, extending from January to May. Hence the pressure should fairly rapidly subside, helping regain better profitability levels during the second half of the campaign. This is a necessity for production, more weakened than ever in economic terms in a context of unprecedented price increases for all the production factors ■

Clementine Nules - Spain - Weekly price at production stage
(in €/arroba | source: GVA)



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LIME WORLD STATISTICS

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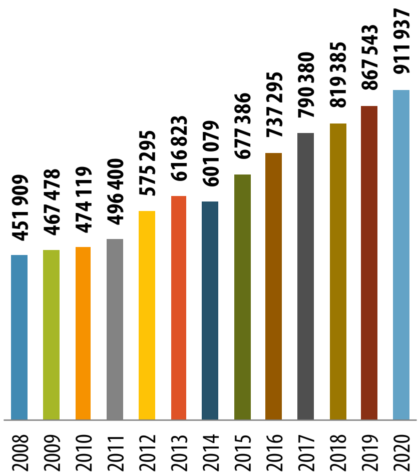
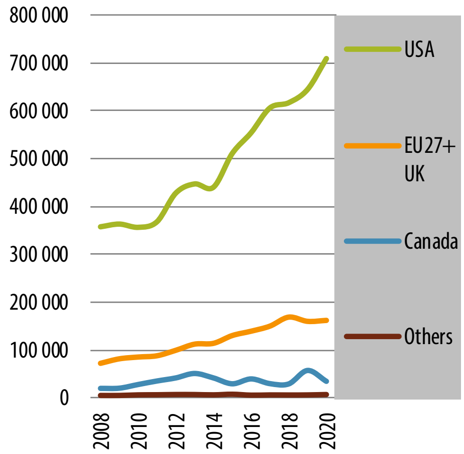
Imports

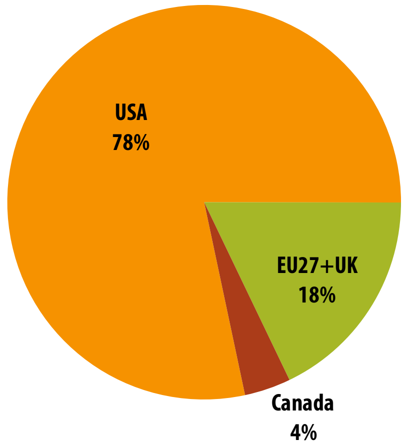
LIME - Evolution of world trade Main markets
(in tonnes | sources: Eurostat, Trademap, US Customs)



LIME - Evolution of imports by main destination markets
(in tonnes | sources: Trademap, Eurostat, US Customs)

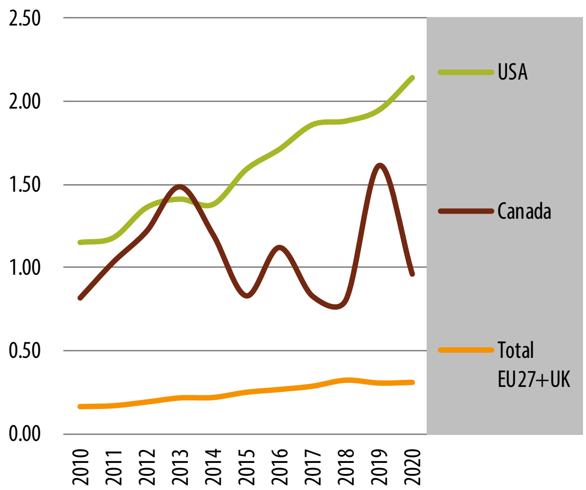


LIME - World - Main importer markets in 2020
(sources: Trademap, Eurostat)

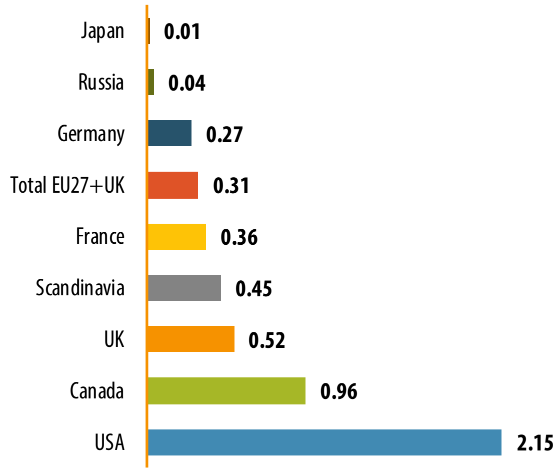


Consumption

LIME - Evolution of consumption on main markets
(in kg/capita | sources: Trademap, Eurostat, US Customs)

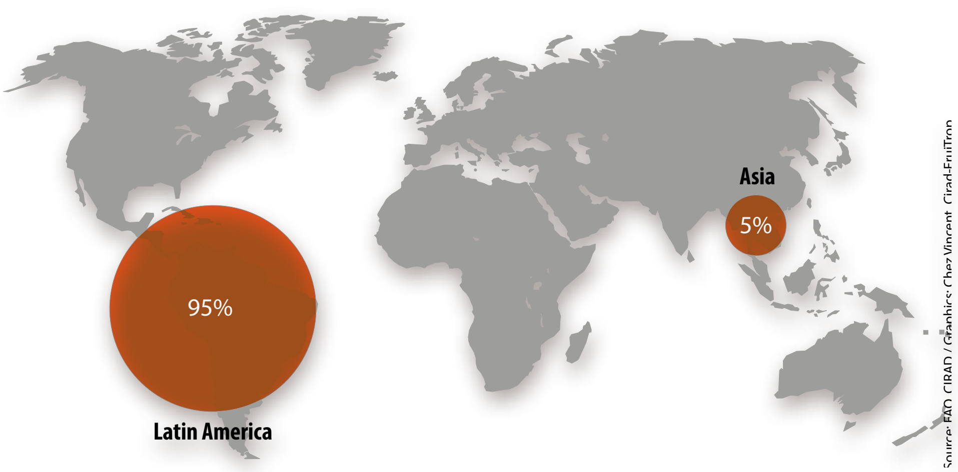


LIME - Consumption in main import markets in 2020
(in kg/capita | sources: Trademap, Eurostat, US Customs)



Exports

World exports **1 000 000 tonnes**

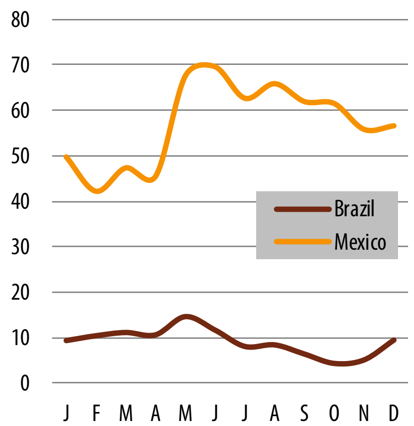


LIME – World
Main exporter countries

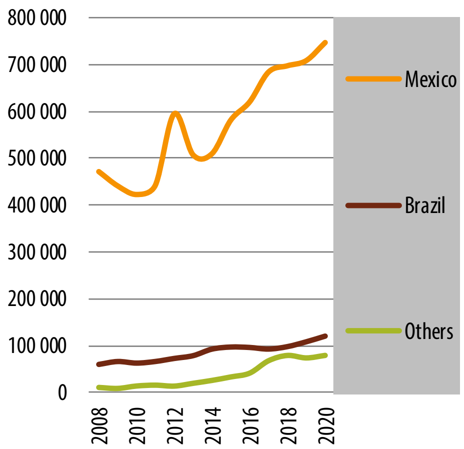
in tonnes	in 2020
Mexico	746 617
Brazil	119 427
Colombia	28 305
Vietnam	30 000
India	19 000
Peru	18 037
Others	80 005

Source: Customs

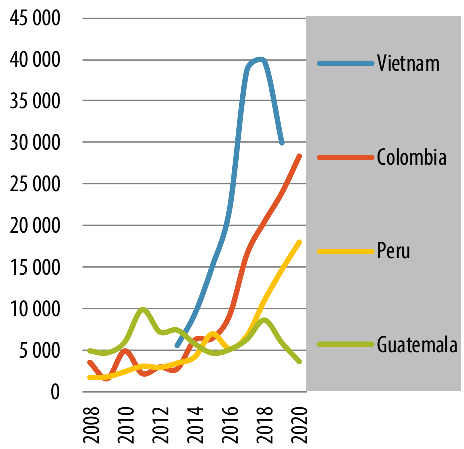
LIME - Evolution of main exporter countries monthly exports
2018-2019-2020 average
(in 000 tonnes | source: Customs)



LIME - Evolution of exports in main exporter countries
(in tonnes | sources: Trademap, Eurostat)

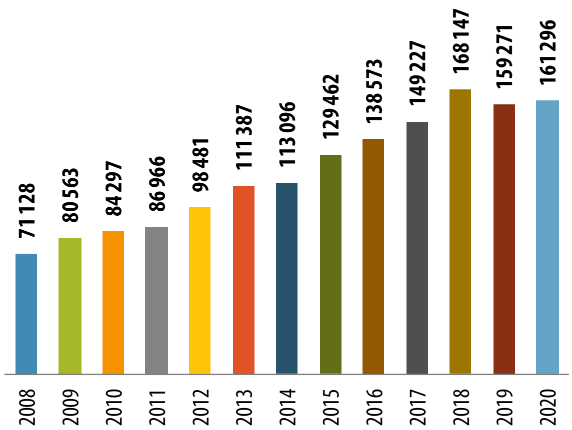


LIME - Evolution of exports in "other" exporter countries
(in tonnes | sources: Trademap, Eurostat)

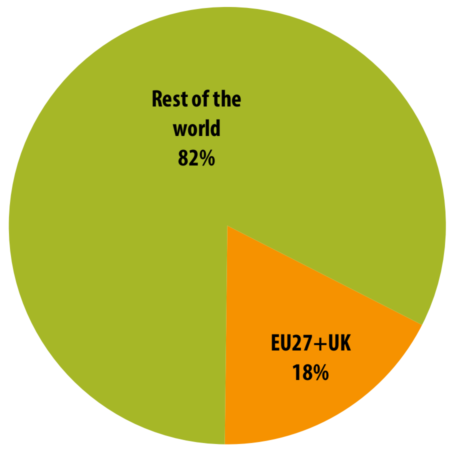


European Union + UK

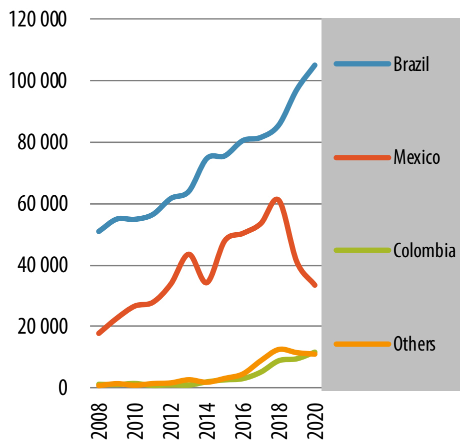
LIME - EU27+UK
Evolution of imports
(in tonnes | sources : Eurostat, Trademap)



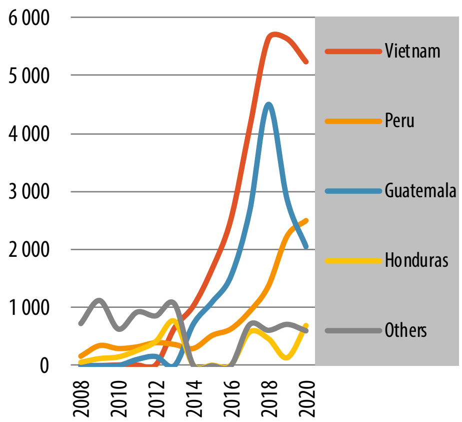
LIME - EU27+UK
Market shares in 2020
(sources: Eurostat, Trademap)



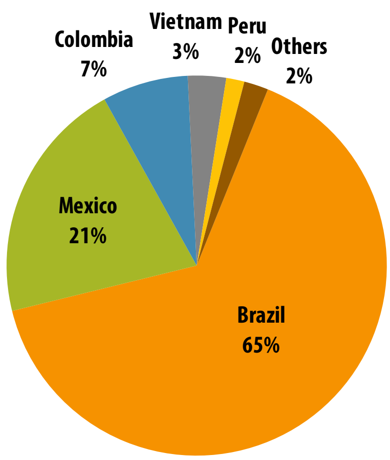
LIME - EU27+UK
Evolution of imports by origin
(in tonnes | sources: Eurostat, Trademap)



LIME - EU27+UK
Evolution of imports by origin
Other supplier countries
(in tonnes | sources: Eurostat, Trademap)



LIME - EU27+UK
Main supplier countries in volumes
(sources: Eurostat, Trademap)



Imports by origin

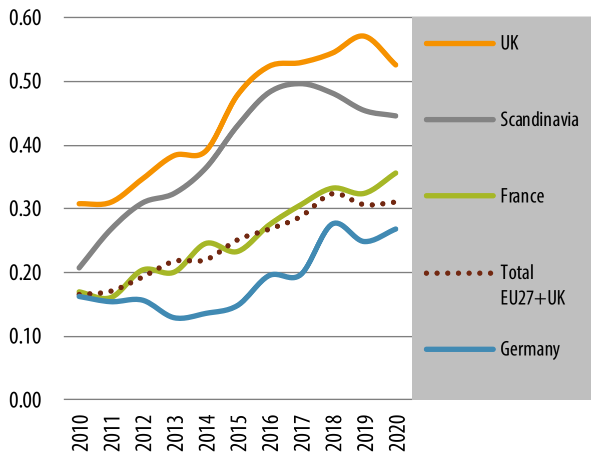
LIME – EU27 + UK – Imports

in tonnes	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
TOTAL	**84 297**	**86 966**	**98 481**	**111 387**	**113 096**	**129 462**	**138 573**	**149 227**	**168 147**	**159 271**	**161 296**
Brazil	55 026	56 593	61 763	64 073	74 717	75 570	80 502	81 538	85 551	97 006	104 925
Mexico	26 718	27 923	33 851	43 529	34 313	47 931	50 300	53 494	61 044	41 091	33 508
Colombia	1 471	832	1 027	944	2 016	2 676	3 077	5 223	8 979	9 616	11 796
Vietnam	11	9	15	652	1 031	1 669	2 524	4 101	5 639	5 636	5 240
Peru	299	327	399	367	300	522	633	932	1 369	2 225	2 488
Guatemala	0	105	154	0	715	1 094	1 537	2 657	4 496	2 857	2 049
Honduras	144	256	415	766	0	0	0	577	462	130	691
Morocco	4	5	5	6	4	0	0	63	74	287	411
South Africa	3	28	217	41	0	0	0	163	112	109	131
Dom. Rep.	472	698	416	597	0	0	0	136	156	149	42
Israel	150	190	219	414	0	0	0	343	266	165	16
Others	1 082	1 618	1 839	2 842	2 050	3 285	4 694	8 972	12 573	11 558	11 068

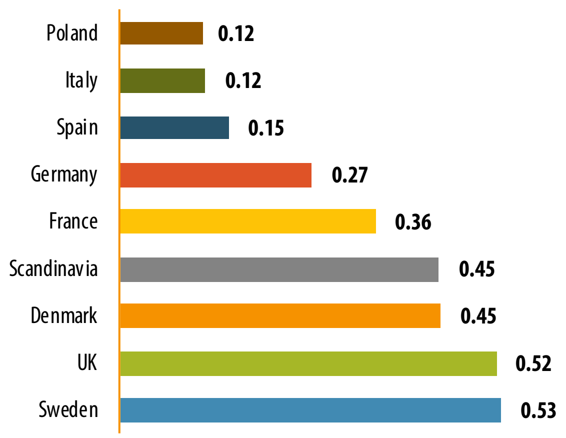
Sources: Eurostat, Trademap

Consumption

LIME - Europe - Evolution of consumption
Main markets
(in kg/capita | sources: Eurostat, Trademap)



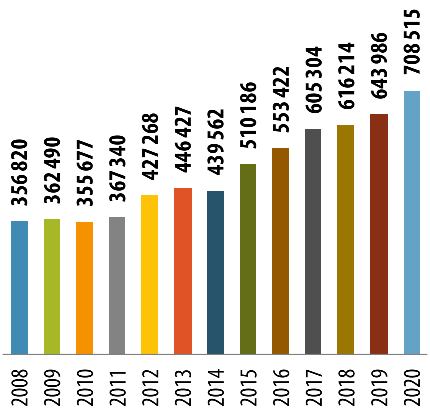
LIME - EU27+UK
Consumption on main markets in 2020
(in kg/capita | sources: Eurostat, Trademap)



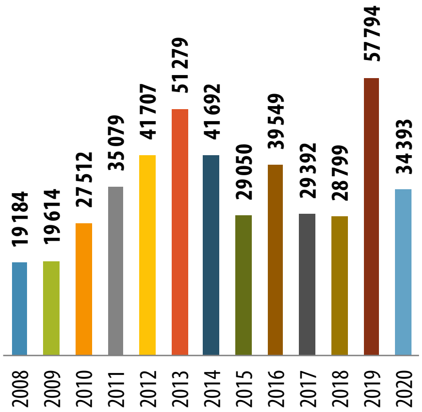
USA CANADA
LIME STATISTICS 2020

Imports

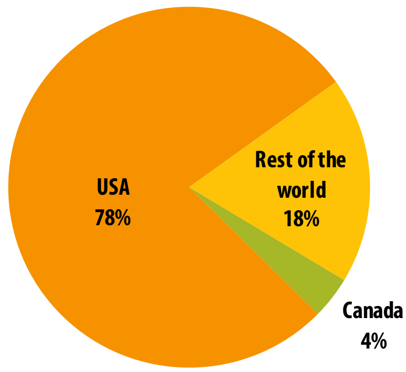
LIME - United States - Evolution of imports
(in tonnes | source: US Customs)



LIME - Canada - Evolution of imports
(in tonnes | source: Trademap)



LIME - North America
Market shares by volumes in 2020
(sources: US Customs, Trademap, Eurostat)



LIME – United States – Imports by origin

in tonnes	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
TOTAL	**355 677**	**367 340**	**427 268**	**446 427**	**439 562**	**510 186**	**553 422**	**605 304**	**616 214**	**643 986**	**708 515**
Mexico	344 376	353 154	417 083	434 075	432 547	504 994	547 482	594 958	600 959	628 945	691 998
Colombia	1 503	353	404	240	2 973	2 270	3 374	5 680	8 688	9 732	12 267
Guatemala	6 374	7 958	4 770	3 708	3 974	2 512	2 454	1 992	948	1 534	678
Others	3 424	5 875	5 011	8 405	67	410	113	2 675	5 619	3 775	3 572

Source: Trademap

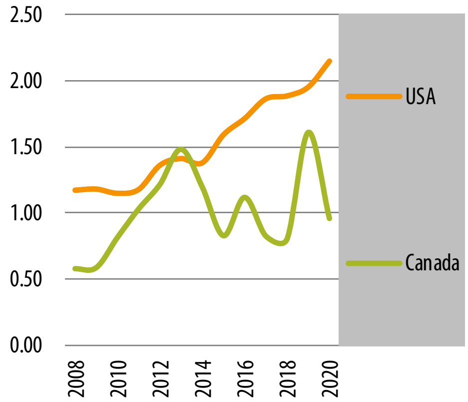
LIME – Canada – Imports by origin

in tonnes	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
TOTAL	**27 512**	**35 079**	**41 707**	**51 279**	**41 692**	**29 050**	**39 549**	**29 392**	**28 799**	**57 794**	**34 393**
Mexico	26 126	34 125	41 239	51 196	39 781	28 305	39 061	28 606	27 170	55 969	33 164
Brazil	1 385	954	468	83	1 911	745	488	786	1 629	1 825	1 229

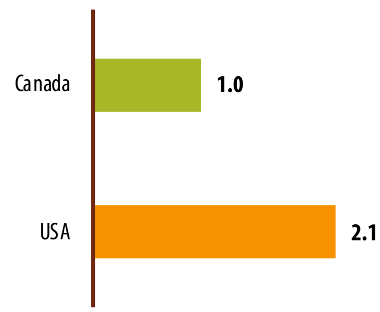
Source: Trademap

Consumption

LIME - USA and Canada
Evolution of consumption
(kg/capita | source: Trademap)

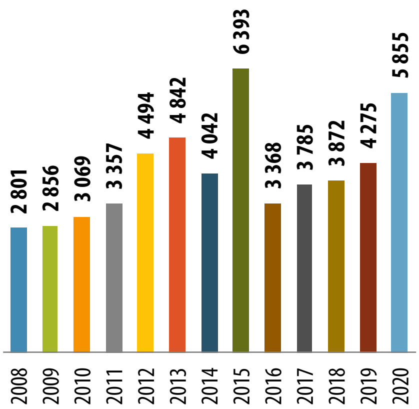


LIME - USA and Canada
Consumption in 2020
(kg/capita | source: Trademap)

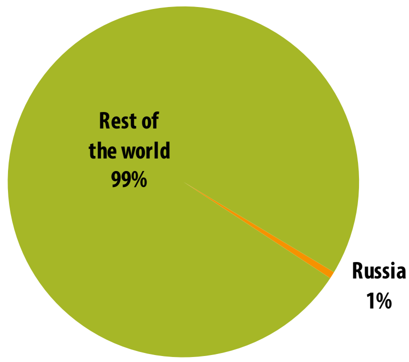


Russia

LIME - Russia - Evolution of imports
(in tonnes | source: Trademap)



LIME - Russia - Market shares by volumes in 2020
(source: Trademap)



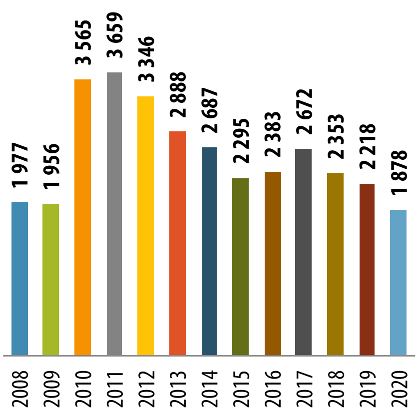
LIME – Russia – Imports by origin

in tonnes	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
TOTAL	**3 069**	**3 357**	**4 494**	**4 842**	**4 042**	**6 393**	**3 368**	**3 785**	**3 872**	**4 275**	**5 855**
Brazil	2 110	2 269	2 863	2 680	2 402	4 273	1 091	1 049	1 333	2 186	3 436
Mexico	959	1 088	1 631	2 162	1 640	2 120	2 277	2 736	2 539	2 089	2 419

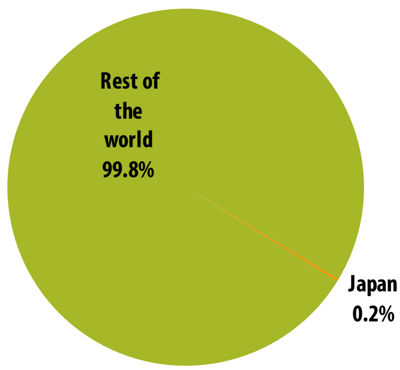
Source: Comtrade

Japan

LIME - Japan - Evolution of imports
(in tonnes | source: Trademap)



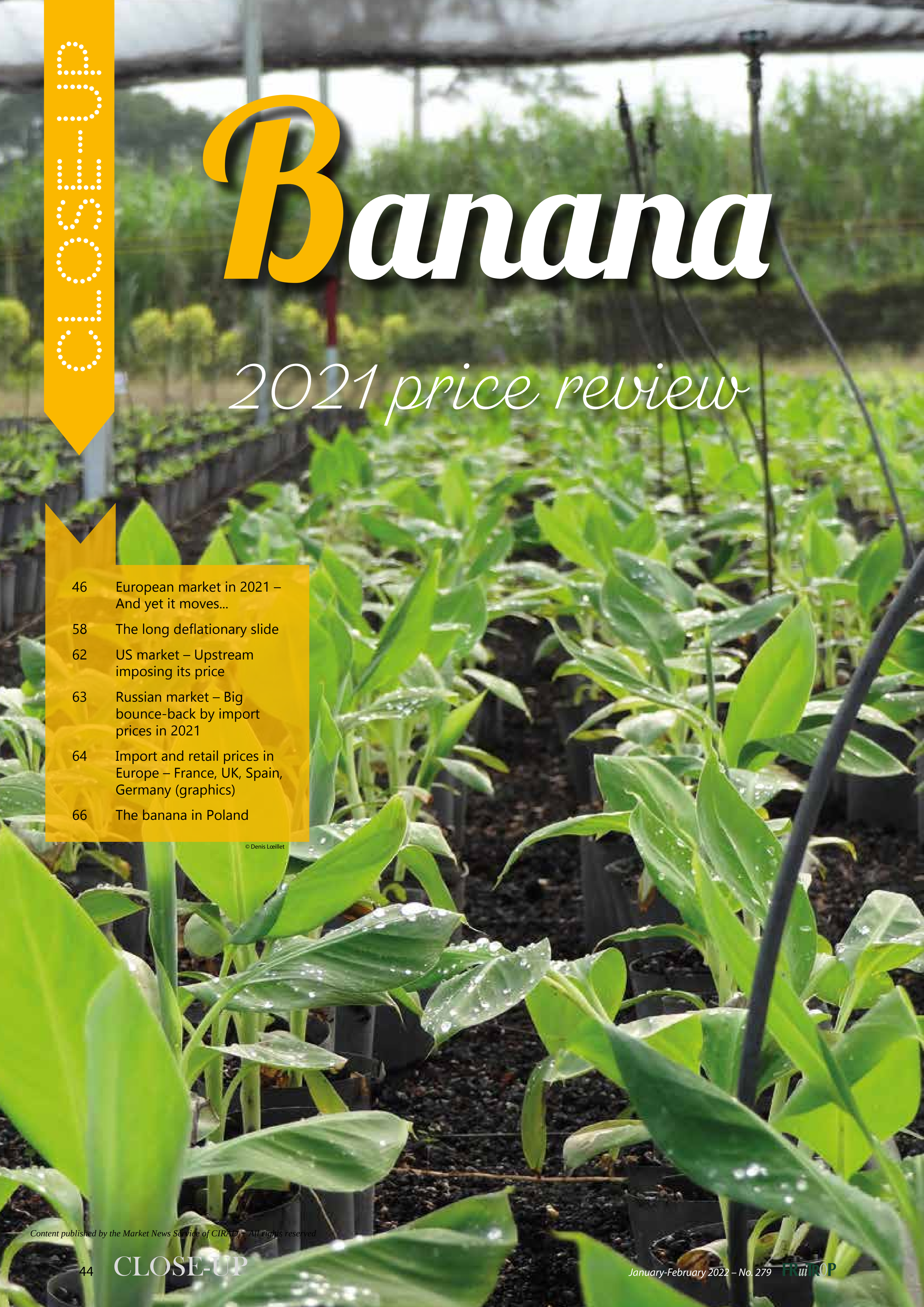
LIME - Japan - Market shares by volumes in 2020
(source: Trademap)



LIME – Japan – Imports by origin

in tonnes	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
TOTAL	**3 565**	**3 659**	**3 346**	**2 888**	**2 687**	**2 295**	**2 383**	**2 672**	**2 353**	**2 218**	**1 878**
Mexico	3 565	3 659	3 346	2 888	2 687	2 295	2 383	2 672	2 353	2 218	1 878

Source: Comtrade



CLOSE-UP

Banana

2021 price review

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Banana

European market in 2021

And yet it moves...

Denis Lœillet, CIRAD
denis.loeillet@cirad.fr

The European contract price has seen a really considerable increase in 2022. This is cause for celebration, since it has been on a distinctly downward curve since 2015. However this revaluation is an illusion, as it is objectively only the consequence of spiralling prices for practically all the production factors. Hence we should not see therein any paradigm shift, with all the operators banded together to halt the assault on added value. No, the revolution is not happening today, or tomorrow, or doubtless the day after. It is true that while the industry is still moving for most operators and origins, it is ultimately maybe worth waiting for.

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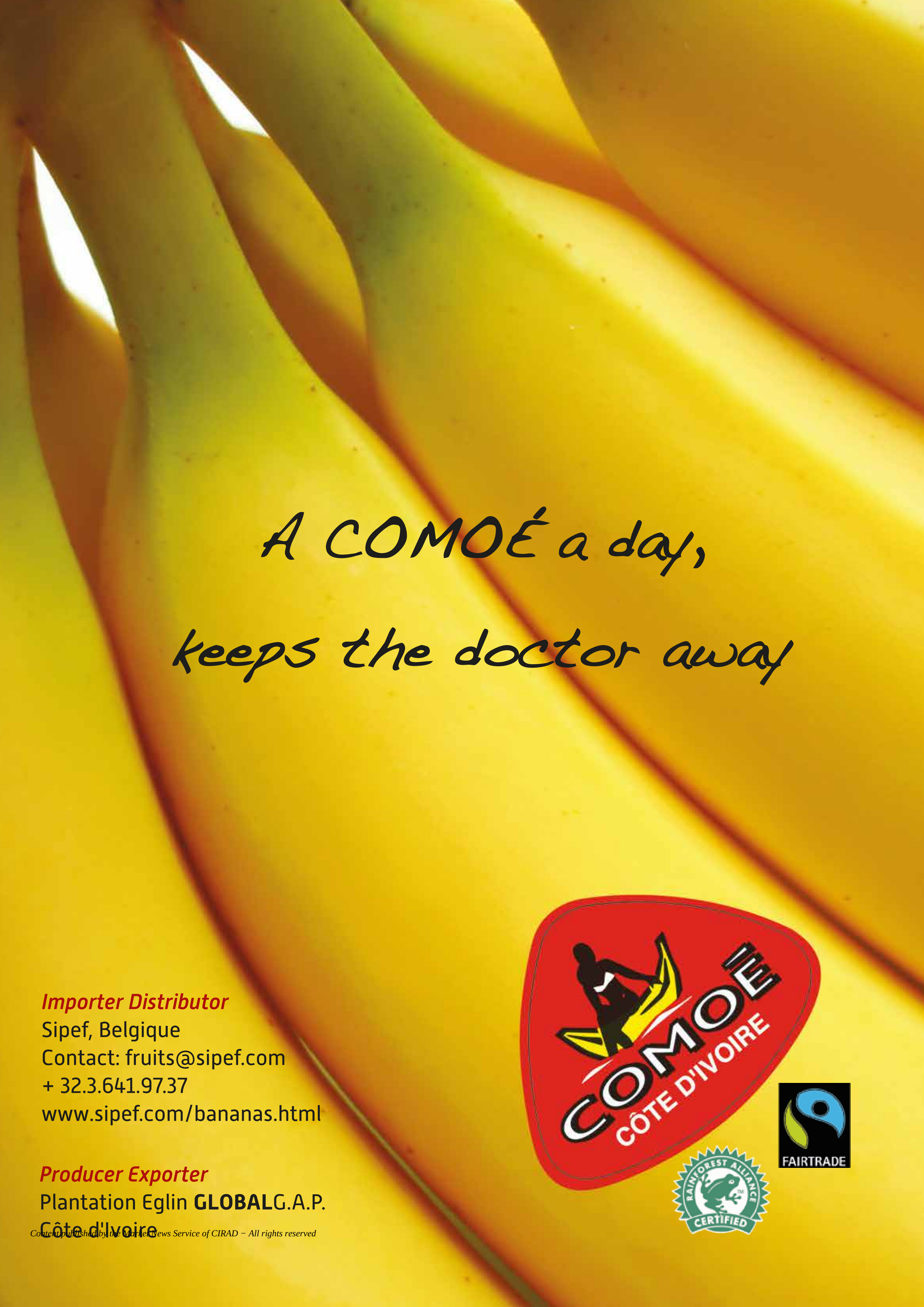
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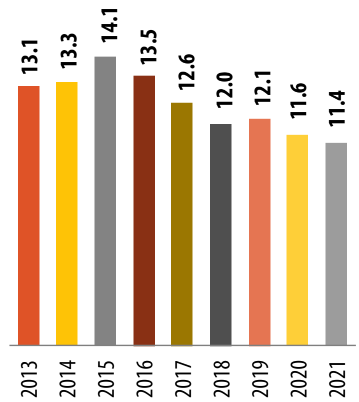
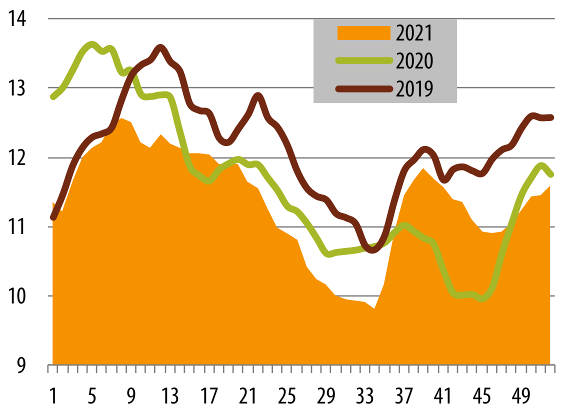
The word "blasé", in its original French meaning, can be defined as follows: rendered insensitive and indifferent to excitement and pleasures. This definition is perfectly suited to the world banana market, and more particularly the European one. In both its EU27 and EU28 incarnations, the world's leading import market has settled into chronic depression and debilitation. Upon the closure of the annual accounts, the only suspense is to see whether the balances will show whether there is any remaining potential for a further drop in European import prices, or whether the carnage has finally stopped. In other words, the only eagerly anticipated point is to find out whether the market was able to remunerate its players even less well than the previous year. Such morbid excitement!

Blasé is certainly the word, since there seems to be no limit to the price fall. There is even some resignation at witnessing the destruction of added value, with the scenario already written and familiar to all. In a world where there is no longer any regulation by public authority, neo-liberal economic processes are taking the place of the law. It is supply which influences market price, which for decades has deemed the banana to be a staple, i.e. cheap product, and therefore a value marker for the distribution chains. "The banana isn't quite free, but it's still cheap," as one operator quipped. The huge success of the banana in terms of household penetration rate, for example in Europe, is ultimately a curse. The banana is tagged cheap to bring in customers. Especially since recently, protecting their purchasing power has returned to the very top of Europeans' concerns. The fall guy is, and will continue to be, the banana.

Banana - EU barometer - Import price
(in €/18.14-kg box | source: CIRAD-FruiTrop)



Banana - EU barometer - Weekly import price
(in €/18.14-kg box | source: CIRAD-FruiTrop)

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A wretched record

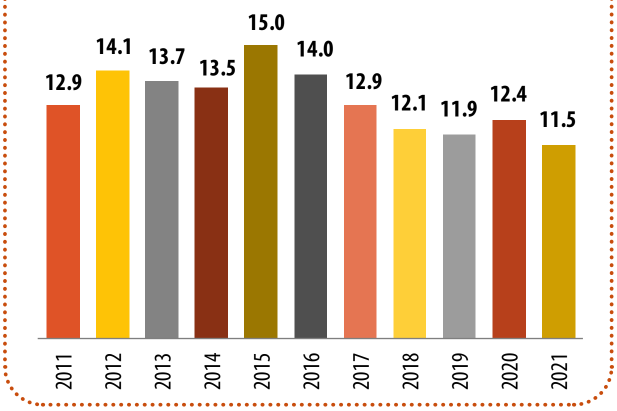
But let's look back in detail at how the 2021 campaign went. Unsurprisingly, the European price (Cirad reference) once again reached a low of €11.4/box, i.e. down by 2 % or 30 eurocents per box from 2020. Since 2015 – the high point of European import prices over the past decade – it has lost €2.7/box, collapsing by 20 %. We thought that the basement level of €12/box, which held up between 2018 and 2019, marked the limit between the possible and impossible in economic terms… but no way! Impossible is nothing, for the banana! Every year, the certainties tumble.

Let's take for example the price evolution curve on a weekly basis. Between weeks 31 and 34, the Cirad barometer dropped below €10/box. We need to go back ten years (weeks 23 to 31 of 2011) to find such a catastrophic level. The 2021 campaign was also marked by a summer crisis which followed a flat period throughout the 1st half-year, which determines the commercial success, or otherwise, of the entire year. Profits are made over the first part of the year, and then it's a case of damage limitation until the end of the year. That's how the market works. In 2021, while the price took four weeks to hoist itself up to barely €12, this modest rise halted, with fluctuation between €12 and €12.5 until week 17. Thereafter it plummeted straight through the €12 mark down to an incredible level of €9.8 in week 34! It made a quick bounce-back, but very moderate in scale, approaching €12 in week 39, before ending the year on an average of €11.3.

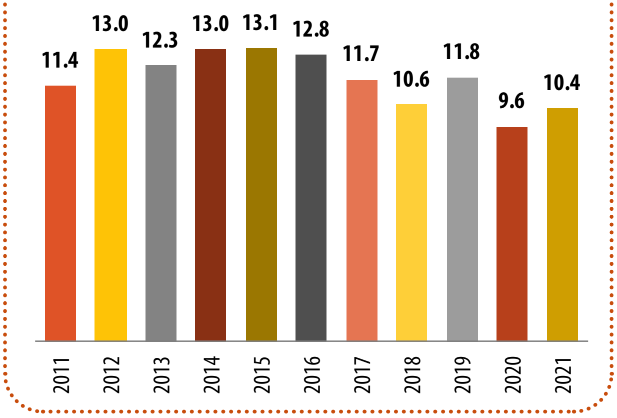
Other indicators perfectly describe the market as resigned to live in a state of permanent crisis. Let's take volatility, estimated in this case by the mean deviation over 52 weeks between the highest and lowest price. With €2.75/box, it is the worst level ever reached since Cirad has recorded the European price, i.e. a decade.


Chiquita

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



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



Signs of morbidity

In economics, the fact that a market is somewhat predictable in terms of price evolution is the mark of two completely opposite profiles. A profile of products with a perfectly controlled supply, and whose price is influenced by the degree of rarity. This is clearly the case for luxury products or certain electronic brands, but also products perceived as essential for the shelves, such as certain sodas, or even administratively managed products which are subject to quotas, restrictions, etc. The other, less rosy profile, is that of commoditised markets, where supply is not a limiting factor. Unfortunately it is all too clear to which profile the banana belongs. Since while for the former, it is the upstream segment which has weight in the negotiations, for the latter it is the downstream segment that sets the rules of the game.

Since deregulation of the European market, now practically complete, the world supply has reached its full expression, especially into Europe. The end of the quota-based management of the European market switched the power from upstream to downstream, in a context of growing supply pressure. Between 2013 and 2020, the total exports across all destinations from Ecuador, Costa Rica, Guatemala and Colombia went from 517 to 719 million boxes. And 2021 should confirm the trend. Colombia and Costa Rica have announced a growth rate of at least 3 %; Ecuador is reckoning on 1 %, although a historic record has already been set. Even Guatemala, hard hit by cyclones Eta and Iota in late 2020, has made up its shortfall, and has already surpassed its absolute record, with export growth over the first nine months of around 5 %. Regarding the ACP, overall volumes exported to the EU27+UK are also on the upgrade, with a provisional growth rate of 2 %.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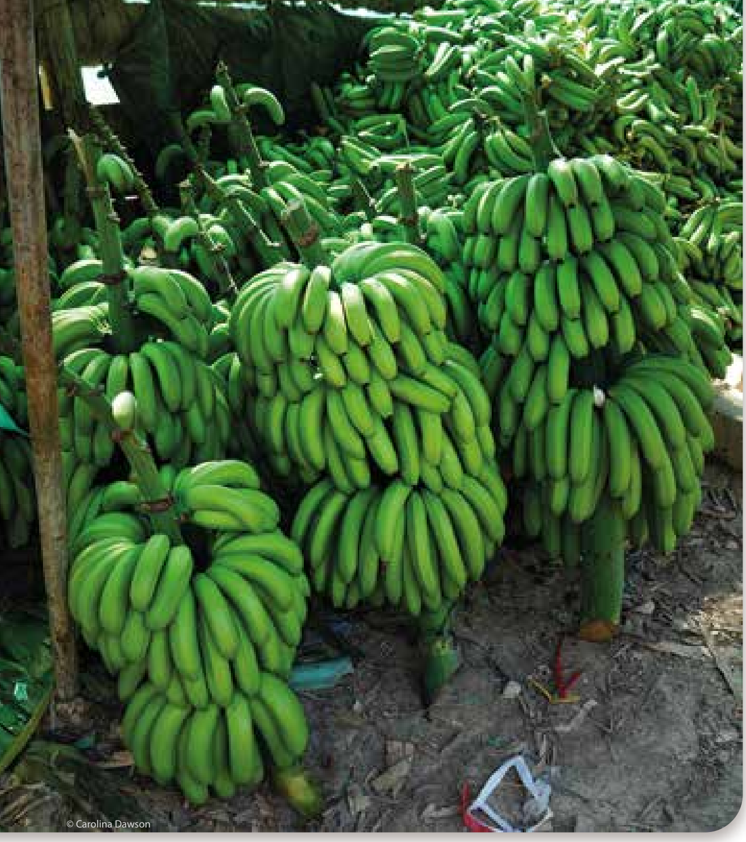


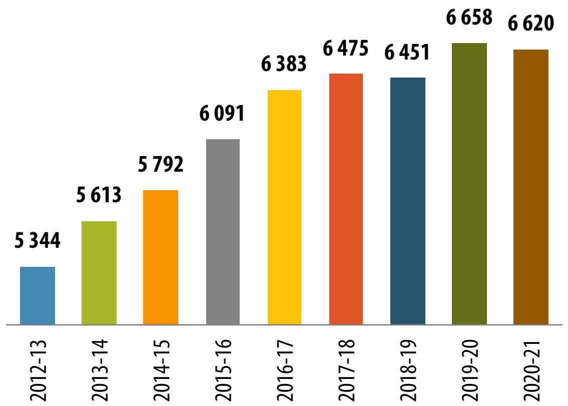
Europe: a supply market

In other words, we do not need to go much further to seek the reasons for the 2021 slump. There is a structural abundance of supply. As proof, after two devastating cyclones affecting major worldwide suppliers to the North American market (Honduras and Guatemala), prices on the European market have barely twitched upward. And yet, these disastrous climate vagaries have led Ecuador, Colombia, Costa Rica and also Panama to shift their trading policy favour of the North American market. Here we are talking about 8 million boxes over just the 1st half of 2021. Nonetheless, this did not lead to banana shortages in Europe. Even with the communicating vessels mechanism, the source seems inexhaustible. The quantitative review (FruiTrop 281, May-June 2022) will provide an opportunity to document this idea. Without getting too far ahead, we should observe that the European market has, at worst, shrunk by just one percent.

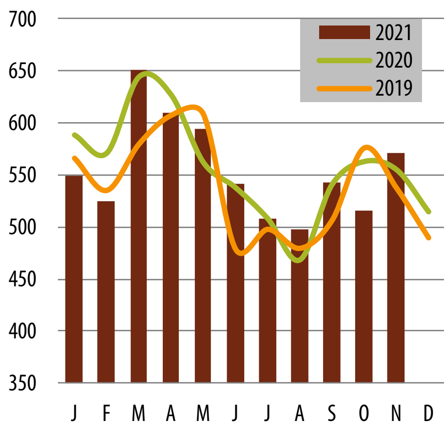
As you will have understood, the supply and policy of the distribution chains are the only factors affecting import prices. To make matters worse in 2021, the effects of the health crisis have been felt on the world's logistical chains, which have been disrupted (freight supply, container availability, port congestion, etc.). All that has not helped get the market moving, thereby creating the conditions for saturation, and therefore greater depreciation.

Besides this cyclical situation, let's come back to import volumes to explain the desperate listlessness of the market. Given the evolution of the rate and annual supply over the long term, it is reasonable to believe that the EU27+UK are long past the import levels enabling them to guarantee an average price above €12 to €13/box. This level is estimated at around 6.3 million tonnes, which makes the price a bit more sensitive to volumes on the market. I.e. a shortfall at a given moment is reflected by a price increase. True, this is still the case if we analyse the situation over a weekly period. But as we have demonstrated previously, these variations over short periods are generally small. Conversely, over an annual interval, the market saturation effect is increasingly making itself felt.

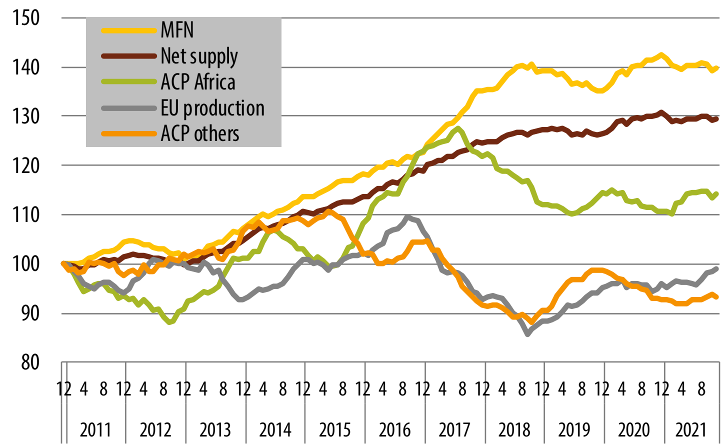
Banana - EU27+UK - Estimated supply
12-month period (December to November)
(in 000 tonnes | sources: CIRAD, Eurostat | updated 1/02/2022)



Banana - EU - Estimated supply
October 2021: subject to confirmation
(in 000 tonnes | sources: CIRAD, Eurostat)



Banana - EU27+UK - Supply on a 12-month sliding basis
(Index 100 = year 2010 | source: CIRAD-FruiTrop)

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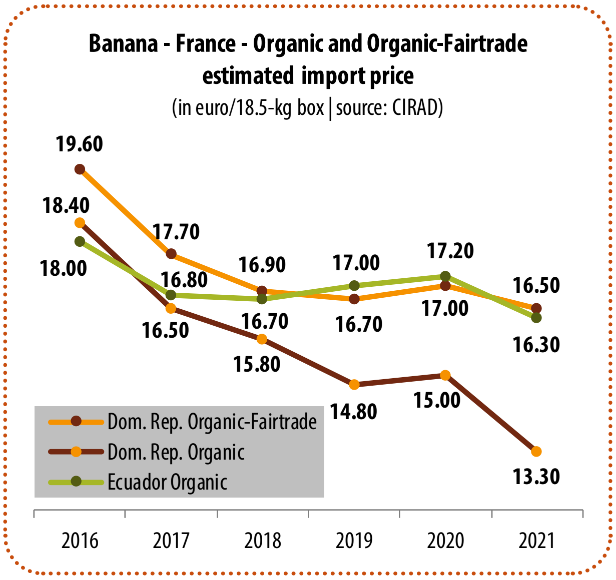
Anything always possible

This alarming finding is also fuelled by the belief system governing the market: "anything is always possible". As we have said, the power on the market is now at the distribution end. It uses and sometimes abuses this belief system in multiple forms. This of course is manifested in the contract price. The distribution sector has it all sewn up since ultimately, there is always an operator which will offer a better price to win the contract. It is the law of the market, in particular a market characterised by an abundant supply. In addition, the counters are not reset every year. For the price negotiated at the end of the previous year (n-1), they try to apply anticipations for the following year (n+1), while also factoring in the cyclical conditions of year n. That gives forecasters some work to do… but also makes for some disinformation! Since subjecting a tropical agricultural product to commercial techniques which apply to industrial products is a heresy. Hence they are trying to avoid the main characteristic of these industries: exposure to agricultural risks, and in particular to the impacts of climate vagaries. The triggering of the Act of God clause in the USA, decided on by all the operators simultaneously, is an example of the fact that long-term forecasts are not worth much for our industries. This is especially true in a period of health crisis.



Product sophistication – occasionally a sacrifice for segmentation

The distributor's injunctions, conveyed or created by society or public authority, are pushing for ever greater sophistication of the banana as a product. There are all kinds of injunctions: health, social, cosmetic, presentation, etc. We can only applaud any incentives helping redesign the production system, increasingly doing without pesticides, applying the principles of agroecology or proposing improvements to social conditions of production. The bar is sometimes high, but the objective is noble and non-negotiable. Cirad is a stakeholder in this paradigm shift, by proposing technical solutions or developing R&D programmes which in the long term will help make the systems more virtuous. Regarding social aspects, we can only hail the increasing awareness across the board.

On these two points, once again things are moving in the right direction, but as always, the devil is in the detail. Firstly, the injunctions must relate to important subjects, which make sense in terms of progress for the environment or people. Reducing or eliminating use of herbicides is laudable in itself… but it is far preferable to first withdraw insecticides and nematicides, which are highly toxic to people and the environment. In this undertaking, we also need to watch out for ideas which only seem good. For example, we can ask whether we should do without air-borne treatments. Except that, if it is carried out according to good practice, they are far preferable, in every respect, to land-based technical solutions.

Above all, the efforts need to be shared between the players. We cannot ask for the growers everything, and sometimes anything (in terms of direction or impact), while continuing to drive import prices down. This is at best lack of awareness, and at worst a con on the part of distributors and consumers. Since, traditionally, it is the most fragile links in the value chain which will pay the price, i.e. the growers and agricultural labourers.

The upstream can't do it all

The changes, or even disruptions, demanded come with a cost. The increasing uncertainty and spiralling cost prices, for example, go alongside reduced use of pesticides. Eliminating synthetic phytosanitary products, doing without systematic mancozeb treatment (cf. article https://www.fruitrop.com/en/Articles-by-subject/Economic-analyses/2021/Mancozeb-as-a-banana-treatment-the-end-of-an-icon) to combat black sigatoka, using leaf cutters, removal of hands at certain periods, etc., all affect the yield, the green or yellow lifetime, the commercial potential, etc. This proves that we need to rethink the division of efforts between the links in the value chain.

Furthermore, we will also need to take a close look at the undesirable effects of this sophistication of systems, which the least technical growers could bear the cost of, thereby reducing the "biodiversity" of the players. Since the entry ticket into agroecology is not in everyone's reach without strong agro-technical support, which for the moment is widely lacking.

So evaluating the economic, social and environmental impacts is logically the only way of producing numerical data, sharing it and making it the basis for enlightened negotiations between the upstream and downstream segments. Which is just like asking poker players to show their hand! Given the lack of collaboration from the players, the "Observatory on the costs of sustainable production and the distribution of value (OCOSP)" project, run within the World Banana Forum by the FAO, Cirad and Le Basic, has been halted, proof that the sector is not yet on the edge of the economic precipice.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In this context, cold analysis of the situation, i.e. rising world production potential, the structural fall in import prices, increasing cost prices, etc., counts for little against the individual behaviour by some upstream operators (including importers), which believe that, for things to go well, they need to conceal their costs, and the collective is only good for anything if it cries wolf on the media stage, since there will always be some money still to be made. However, they should be wary of their word losing value over the years since, we stress once again, major efforts are required and it is no good having the same players always bearing the burden of the change.

Saying yes to everything is also the best way for the demands to keep on coming, and even intensify. We might point to format types (band, flow pack, etc.) which suppliers are now asked for. To make your money on the shelves, you need to offer a visually different supply. While this is the case for organic, Fairtrade or certain promoted origins or brands, the consumer is only being fooled in the other segments, which are more to do with size, external appearance or presentation (5 or 6 fingers, entry-level bag, loose) than with a real difference. Regardless, this makes the industry branches' job more complex. For example a ripener will have to manage up to ten production lines, combining a production or certification system (organic, Fairtrade), box types (US, 60 x 40, reversible, etc.), loose, flow pack, bands, etc. And this is not to even mention the maturity stage criteria viewed through the prism of coloration (and now even semi-coloration) now spicing things up even more.

While it is a diversified supply, what story is the consumer being told? How do they justify different prices for false differences in characteristics? The illusion of wealth is not wealth. A merchandising work to verify the commercial efficiency (sale price, turnover per linear metre, volume purchased) of a segmentation would doubtless teach us a lot on the optimum range to offer. Oh, I forgot! Unfortunately, the banana is sold only to bring consumers into the store: without applying the slightest merchandising, the banana section is still profitable. And this is doubtless more than enough for things to carry on without asking too many questions.

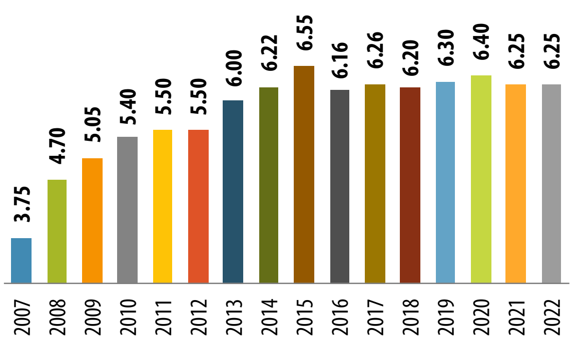
Price increase in 2022 not settling the underlying issue

Negotiations for 2022 contract prices were once again highly acrimonious. Partisans of an approach that some might dub "name and shame" once again marked these negotiations. Latin American operators denounced the widening gulf between price and cost. Their demands to raise the purchase price were all the more insistent this year given the tough international economic environment, still suffering from the effects of the pandemic. Inflation got the better of all cost items: primarily energy and its avatars which are fertiliser, boxes, plastic, logistics, agricultural equipment, etc. Not to mention the new threats weighing on the dollar zone with the extension, or even expansion, of TR4 in Colombia, where a second centre has been declared in the Santa Marta region, and in Peru where the disease has every chance of rapidly getting out of control. This threat, besides quite rightly concerning growers in terms of their future, means deploying biosecurity measures which have some impact on their cost price.

If we add to this the increases decided on in the USA by the operators themselves, and the general economic atmosphere which is showing an inflationary recovery in all sectors, the downstream segment could only make a gesture by offering price increases. According to our information, the European reference import price went from €11.5 to €13.3/box. So we are talking about an increase of €1.8, i.e. + 15.7 %. At this stage we should specify that this is an indicative price, and that major variations are sometimes possible, depending on the downstream operators, the origins, volumes, qualities and format concerned, etc.

So besides the caution always required when handling these figures, it remains to be seen whether the increase agreed is sufficient to cover the drift in costs. It would take a smart cookie to demonstrate this, since the heterogeneity of the production and logistics systems in our sector is huge, a given production system provides different products and finally opacity is a rule which seems to suit many. In addition, this increase will be cyclical, since nothing has fundamentally changed, and the factors driving down value are still there.

Banana - Ecuador - Minimum price paid to producers
(in US$/41.5-43.0-pound box | source: National Authorities)

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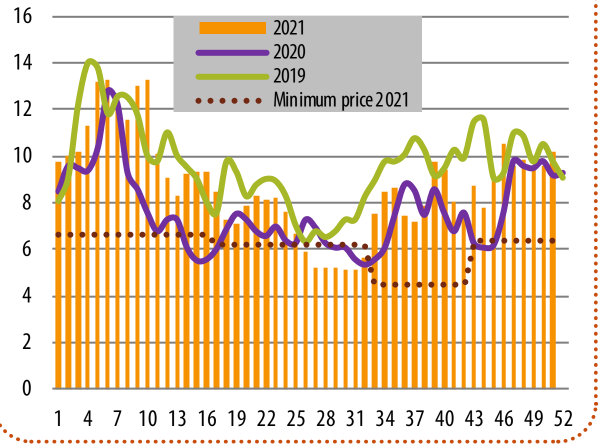
The reactions to this price increase are well-rehearsed: the downstream congratulates itself for the efforts that it has agreed on, and the upstream laments pillaging of value by the downstream. Hence they collectively avoid addressing the gangrene of destruction of added value, a fresh redistribution of value between the links in the industry and the need to fund major social and technical changes, which production must face. For an editorial writer, it's all in all fairly comfortable. No doubt I could reuse this paragraph in my forthcoming analyses for a long time to come.

Unless the terms of the equation change. As we have seen, factors for change have often come from the downstream segment, sometimes chaotically and sometimes even without any sense. Now the injunctions could come from the political sphere. In the more or less long term, we can mention several initiatives of different kinds. For example, the forthcoming measures derived from the implementation of the European Commission's Green Deal, which among other things proposes applying reciprocal measures on the EU's imports, i.e. having the importers comply with the environmental and social standards of the European industries. The appearance of an opinion piece recently in the French daily Le Monde by three European ministers (Austria, Spain and France) is a sign that the subject is on the European political agenda. On the other hand, the initiatives around "sustainable cacao" by European governments (Switzerland, the Netherlands, Belgium, Germany and recently France) but also the Japanese government, are showing the way for the other import sectors, by questioning many aspects of sustainability. Finally, on a different tack, we can mention the initiatives of the European authorities, conveyed or driven by certifiers (such as Rain Forest Alliance or Fairtrade), which are drastically reducing use of many pesticides.

Not all that bad

The banana world is a never-ending source of astonishment… and despair more often than not. The distributors can boast of making quality progress in terms of their sourcing, and still for cheap since it is burdened by the first link in the chain, the growers. Consumers purchase a product on which they receive environmental and social reassurances, again on the cheap. Ultimately, if everyone seems happy and does not change their attitude, it is because the sector is not yet at the very end, economically speaking … So let's draw inspiration from Schumpeter and Galileo. The former for his theory of creative destruction, except that if the destruction phase is underway, it does not seem deep enough to move on to the creative phase. And the latter for the famous saying that we would like to borrow: "And yet it moves" ■

Banana - Ecuador - Spot price - FOB
(in US$/box 22XU | source: National Authorities)



Exchange rate effect on the value of a box of bananas

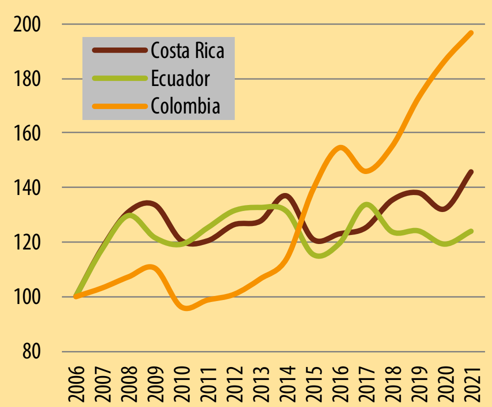
What if some of the resistance of the dollar origins to the fall in the European import price could be explained by something completely different from higher productivity or below-average production costs among the producers supplying the market? If we look at the comparative evolution of exchange rates, we might think that currency is something to do with the European market's appeal for a given origin. A simple calculation giving the European price in the local currency, minus the Customs duty taken upon entering the EU, might lead us to believe that it is a considerable, or even central, factor.

The numbers provide proof. If we convert the price level into the national currency, and index it from a base of 100 in 2006, Colombia obtained a peak of 197 for 2021 - no less than doubling in the space of fifteen years! For Costa Rica, the 2021 index reached 146, while for Ecuador it was just 124.

However, we need to handle these figures with care, since while the turnover has increased in national currency for the same unit of sale, that tells us nothing about the variation in the cost structure for the upstream link of the industry, the price variation in raw materials, labour, nor the proportion of intermediate costs paid in national currency, US dollars or euros.

The fact remains that the doubling of Colombia's revenue raises questions. Especially since it has hugely stepped up its export share to the EU, now with a large majority of over 80 %. So this perhaps explains it… you can draw your own conclusions!

Banana - Europe - Import price less Customs tariff (local currency) (index 100 = 2006 | source: CIRAD-FruiTrop)



Banana

The long deflationary slide

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The banana is the most competitive fruit product, which is also what condemns it. Since 2010, a third of its value has been chipped away. So what is the point of being ultra-competitive? For the downstream segment, it's all too clear – it is a marker of the appeal of its stores. It has to be said that the imbalance between supply and demand favours the distributors. Which is a shame, since the production industries are being asked a lot in terms of agro-ecological transition or social progress, while being increasingly less well rewarded for doing so.

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The European banana price has continued to drop, indeed reaching a historic low in 2021 (see previous article "European market in 2021"). The situation is slightly better in France, where the import price stopped deteriorating, and even picked up by 1.4 % to reach €12.3/box 2021. The efforts at segmentation and market supply management, despite it being open to all-comers and becoming dollarised at a rate of knots, are a big factor in this modest upward trend. Nor should we think that France has found the solution to falling value. We are still in extremely low price zones.

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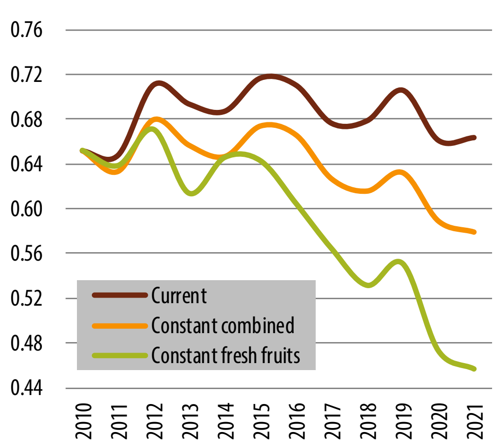
Value down by one third in less than a decade

Contrary to the adage that comparison is reassuring, the pauperisation of the banana sector in relation to consumption, and more particularly of fresh fruit, has never been as evident in France. On the Cirad barometer, correction of the current import price by inflation in France makes for dizzying reading. There are two inflation rates available: the rate across all consumption of goods and services, dubbed "overall"; and the specific rate for fresh fruit. If we use the "overall" rate and convert the value of the import price (current price) in 2021 to the year 2010, the banana has lost 11 % of its value (constant price). More serious still: if the "fresh fruit" inflation rate is used, the fall increases to 30 %! In other words, compared to 2010, you need 30 % more bananas to purchase a kilo of fresh fruit in 2021.

An optimistic reading of this downward trajectory is that the industry's upstream operators are making a distinct contribution to moderating food prices. This is valuable in these times, when the consumer feels that their purchasing power is plummeting. But, as you will have understood, this is scant consolation for the upstream segment, which has to bear the weight of the effort, especially since it is enforced.

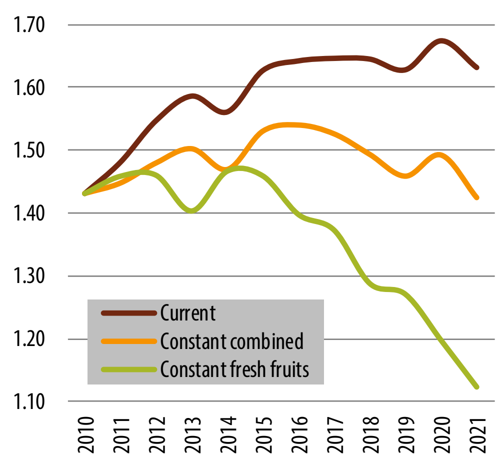
This is especially serious since France has a peculiar banana supply, in terms of its content, both environmental and social. The French West Indies are at the cutting edge in this respect, and Africa is also establishing a virtuous circle. Hence observing year in-year out that added value is being sacrificed is a market aberration, and an insult to the innovative industries.

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



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

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



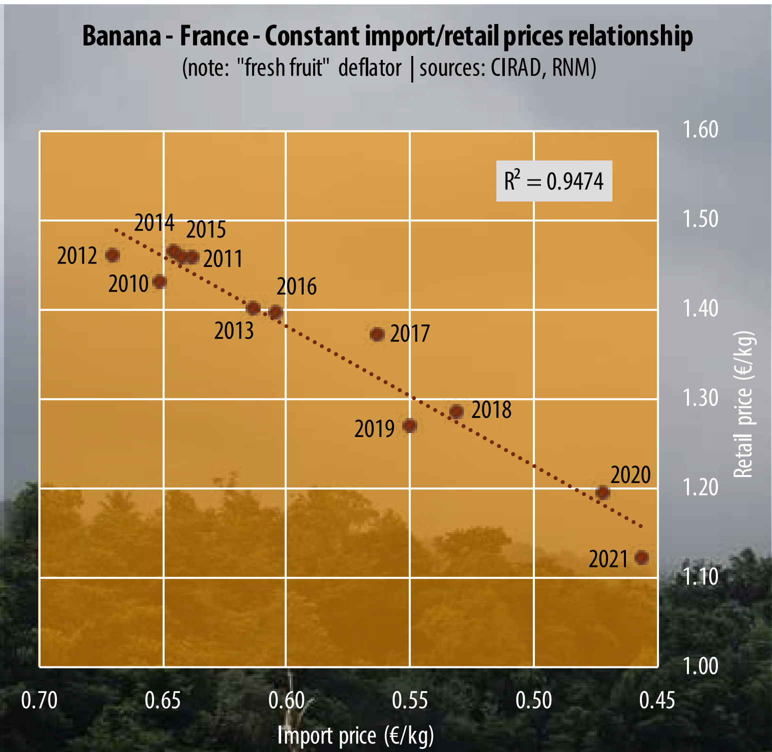
Note: "all consumption" and "fresh fruit" deflators

Banana as a marker of appeal

If the imports segment is a shooting gallery, what about the retail sector? If we can believe the data from France's RNM (market news network), the retail price fell by an average of 3 % in 2021. So it has gone against the grain of the evolution of the import price. We are back to precisely the price levels from 2019, i.e. prior to the Covid pandemic. As we have just done for the import price, examination of the evolution of relative value of the banana in the basket of French households at the retail stage cannot be disputed either. The retail price in constant euros collapsed by 22 % between 2010 and 2011, if we use the "fresh fruit" inflation rate. Conversely, deflated by the "overall" index, we can see that the 2021 retail price is identical to the price recorded in 2010. The stability of the current price conceals a constant drop in the relative value of the banana in relation to its competitive world. This is one of the characteristics of a commoditised product.

Whose fault is it? We could point to all the players in the industry. Some for saying yes to all the demands from the downstream segment without compensation, and others for not rewarding the efforts of the upstream segment in terms of the social and environmental content of the fruit sold. Furthermore, if we take the banana sector alone, we can also say that a fruit which is in every case the cheapest on the shelf, and year-round at that, could withstand a higher price level without consumption being affected. We are talking about low elasticity at these already very low price levels.

This would at least make it possible to rethink for example the distribution of value in the industry in compensation for the efforts agreed. Except that it is pure supposition, and the principle of "all other things being equal" in the case of the banana is completely inoperative, and even absurd. Since, as has been said many times over, the banana is not being sold in its own right, but as a marker of a chain's appeal. This absurd situation is only possible because the supply is abundant, and the power on the market is well and truly in the hands of the most downstream link ■



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Banana

US market

Upstream imposing its price

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Nothing very new to report in the USA, where the upstream imposed its tempo on the banana market. This year, an Act of God meant ongoing sky-high (spot) import prices, leading to slight retail price inflation.

While Europe and the rest of the world have made the dramatic observation of a depreciating banana price, especially at the import stage, the USA offers a completely different scenario. There, prices on an upward long-term trend, and the upstream segment is still calling the shots. There, the price per box in 2021 maintained a stable level of $18.1 (spot price), the same as that registered in 2020, but above all $4 higher than in the mid-2000s. We should specify that these are spot prices, i.e. outside of annual contracts, hence they only reflect a small part of the transactions, since the US market is highly contractualised. This stability, actually with an increase if we look back over the past decade, is a real classic of the US market, which some would dub a cartel. We should recall that this price stability has been accompanied by completely flat-lining volumes.

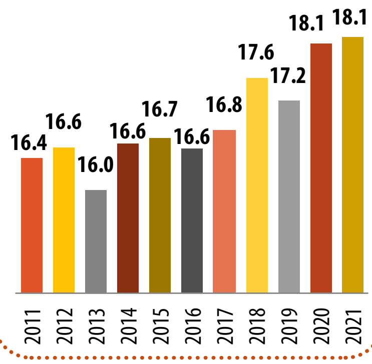
If we examine the weekly variations in the import price in 2021, it is astounding to see the enormous stability of the spot price, contrary to what could be observed in previous years. The mean deviation in 2021 was $0.28/box, as opposed to $1.17 in 2020. We need to go back to 2017 to see such a low weekly price variation. This is all the more inexplicable in 2021, since the US market's supply structure had to face major disruptions caused by the transit of two cyclones, Eta and Iota, in late 2020, affecting two origins which provided 50 % of the market supply in 2020: Honduras and Guatemala. This complete insensitivity of the market says a lot about its organisational format.

Act of God

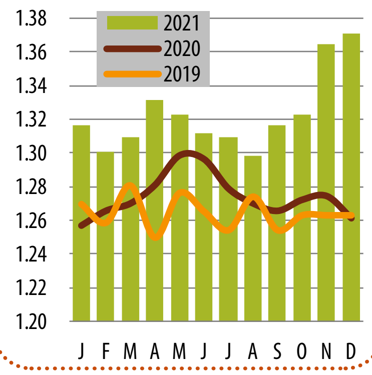
Finally, we will recall that 2021 was marked by a real rarity for the US market: the triggering by the upstream operators of the Act of God clause. This was used to raise contract prices due to unforeseeable events affecting the economic workings of the upstream segment. The destruction of banana planted areas in Honduras and Guatemala, and the ensuing disarray of production, e.g. black sigatoka control undermined, were among the reasons put forward for unilaterally decreeing (practically simultaneously across all the operators) an increase in the price per box to $2, with the measure taking effect from the end of 2020, and only coming to an end in mid-2021.

This import increase was partly or fully passed on to the retail stage from the start of January 2021. Though there was a steeper increase in November and December. The price increase for all the production factors, often mentioned, and the contract renewal period, are some of the reasons for this. Over the year, the price climbed by 4 % to $1.32/kg, a level never reached since 2014. However, note that for the last fifteen years, the banana retail price has been fluctuating at around $1.3/kg ■

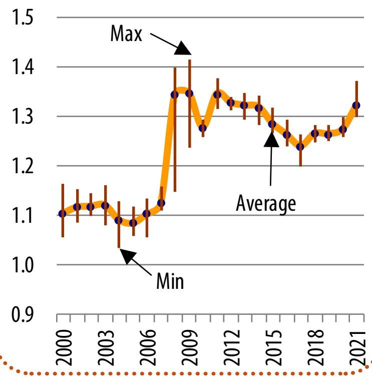
Banana - USA - Annual spot import price
(US$/box | source: Sopisco)



Banana - USA - Monthly retail price
(US$/kg | source: national authorities)



Banana - USA - Annual retail price
(US$/kg | source: Bureau of Labor Statistics)



Banana

Russian market

Big bounce-back by import prices in 2021

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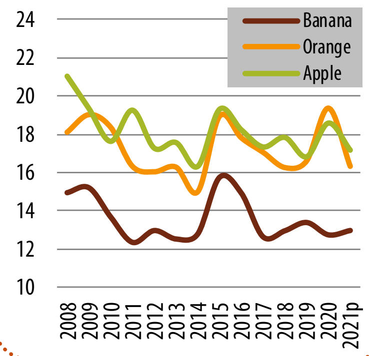
After a disastrous 2020, the import price on the Russian market rallied in 2021, to regain a level around the ten-year average, at $12.7/box. Regarding retail prices, the banana remains by far the most appealing fruit.

In 2021, the Russian banana market was the reverse of the European market. Import prices (CIF St. Petersburg) leapt up by $2 per box, to $12.7. This very steep increase of 18 % wiped away the under-performance of 2020, when the price had plummeted by 21 %. So 2021 brought a return to the ten-year average. As elsewhere, the summer was a very tricky time, with the monthly import price dropping below $10 in July and August, though without collapsing, as was the case on many occasions between 2015 and 2018.

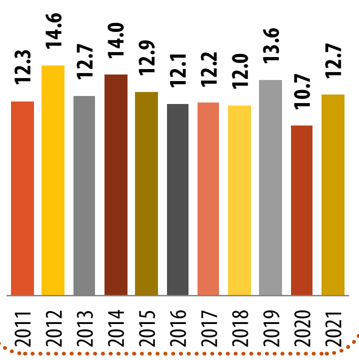
In terms of the rouble, there was a huge shock. Though restrained in 2021, the deterioration of Russia's currency against the US dollar came on top of the dollar price increase per box. This brought the level up to 935 roubles/box in 2021, as opposed to 778 in 2020, and even 361 ten years ago!

The massive increase in the dollar import price in 2021 had the effect of driving up the retail price by 10 %, on a current roubles basis. Conversely, when calculated on a constant roubles basis, the price was practically unchanged (+ 2 %), due to inflation taking a very vigorous upturn in Russia, with a provisional annual rate for 2021 of around 8 %. The fact remains that the banana maintained its place as the most appealing fruit for consumers, against the apple and the orange (see graph) ■

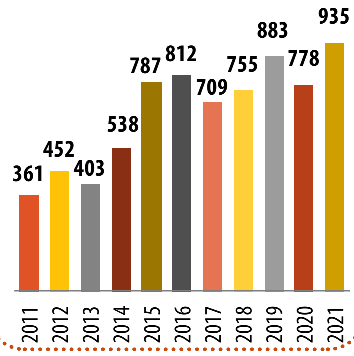
Fruit - Russia - Retail price on a constant rouble basis
(in rouble/kg | source: national authorities)



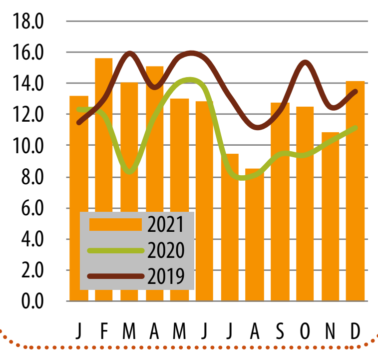
Banana - Russia - Annual import price - CIF St. Petersburg
(US$/box | source: CIRAD)



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



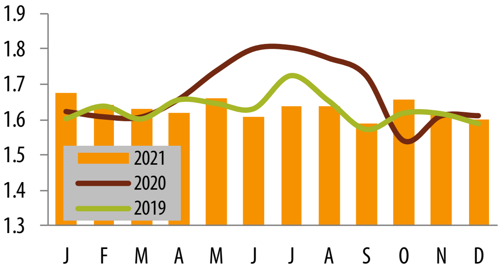
Banana - Russia - Monthly import price CIF St. Petersburg
(US$/box | source: CIRAD)



France

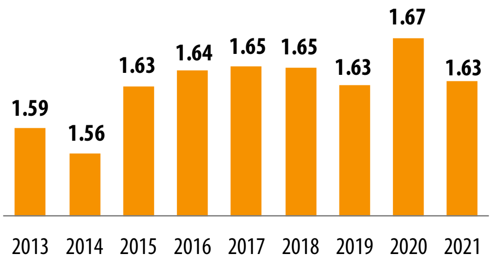
Banana - France - Monthly retail price

(in €/kg | sources: RNM, CIRAD-FruiTrop)



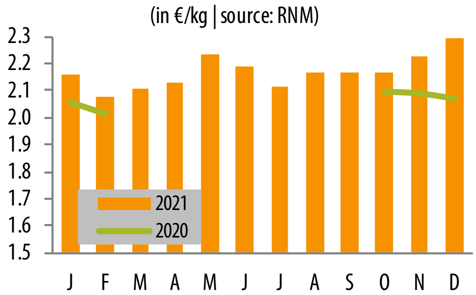
Banana - France - Annual retail price

(in €/kg | sources: RNM, CIRAD-FruiTrop)



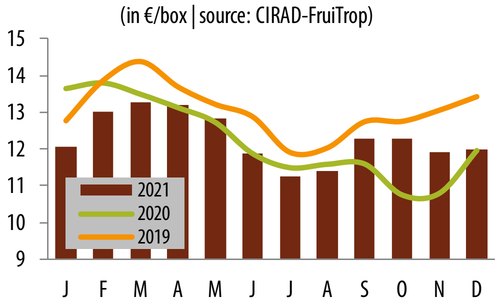
Organic banana - France - Retail price

(in €/kg | source: RNM)



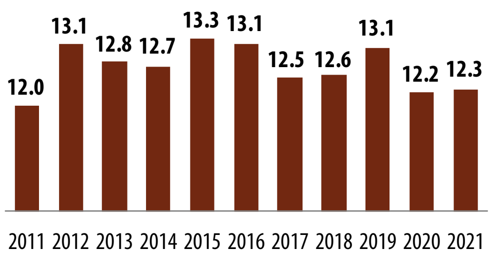
Banana - France - Estimated monthly import price

(in €/box | source: CIRAD-FruiTrop)



Banana - France - Annual import price

(in €/box | source: CIRAD-FruiTrop)

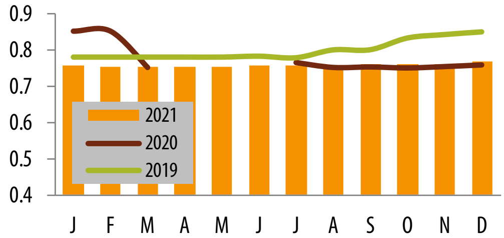


United Kingdom

Loose banana - UK - Monthly retail price

2020: many unlisted weeks

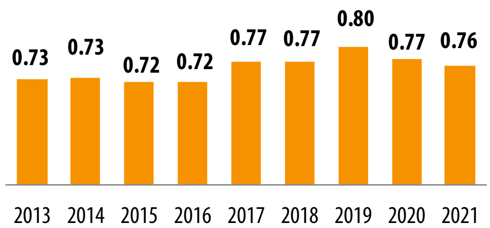
(£/kg | source: TWMC)



Loose banana - UK - Annual retail price

2020: many unlisted weeks

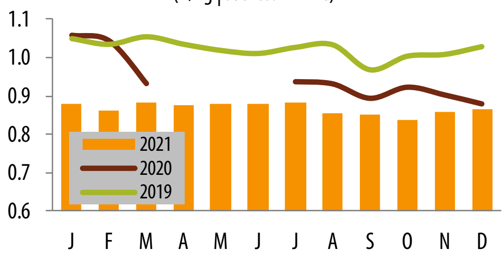
(£/kg | source: TWMC)



Prepacked banana - UK - Monthly retail price

2020: many unlisted weeks

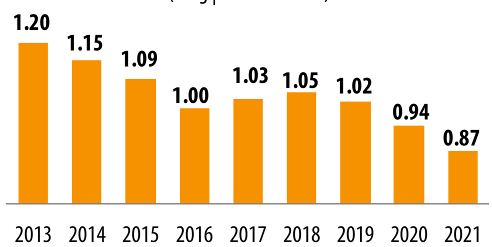
(£/kg | source: TWMC)

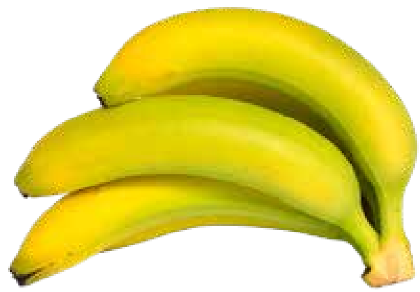


Prepacked banana - UK - Annual retail price

2020: many unlisted weeks

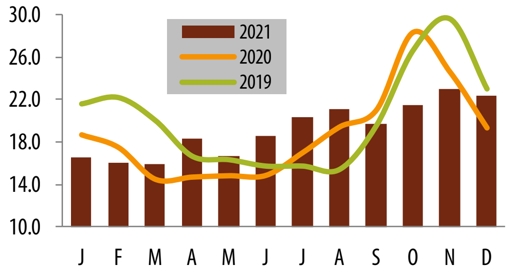
(£/kg | source: TWMC)



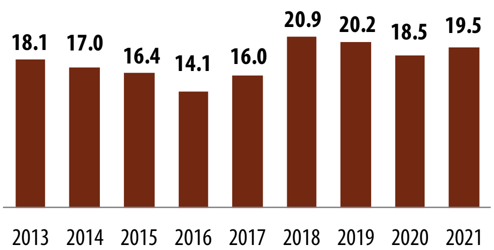


Spain

Canaries banana - Spain - Green price
(€/box | source: CIRAD-FruiTrop)

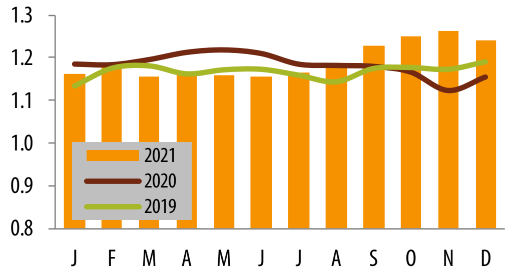


Banana - Spain - Super extra annual import price
(€/box | source: CIRAD-FruiTrop)

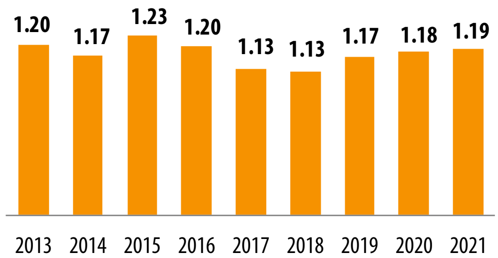


Germany

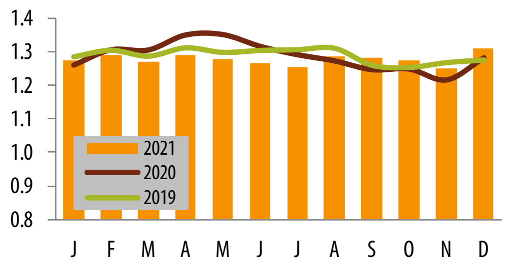
Banana - Germany - Monthly retail price - Discount stores
(€/kg | source: TWMC)



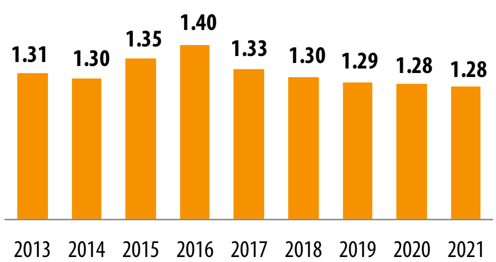
Banana - Germany - Annual retail price - Discount stores
(€/kg | source: TWMC)



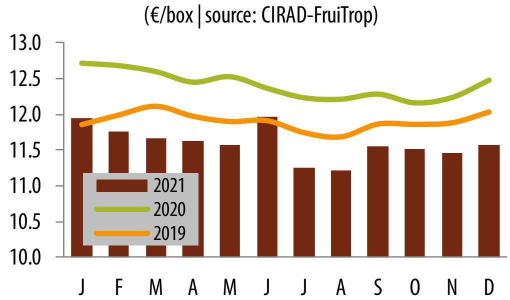
Banana - Germany - Monthly retail price excl. discount stores (€/kg | source: national authorities)



Banana - Germany - Annual retail price excl. discount stores (€/kg | source: TWMC)



Banana - Germany - Monthly green price
(€/box | source: CIRAD-FruiTrop)



MARKET PROFILE

THE BANANA IN POLAND

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Poland saw dazzling economic development, with its GDP nearly tripling, over the thirty years following the collapse of the Eastern Bloc. The country is now the European Union's eighth largest economy, and the biggest Central and East European market for food and beverage products. The arrival of Western retailers in the 1990s brought rapid modernisation of the distribution sector. In this context consumption of the banana, a product practically absent from the Polish market before the 1990s, saw a phenomenal surge. The acceleration has been particularly marked over the past decade, with banana consumption per capita more than doubling, and import volumes tripling. The modernisation of the retail sector is continuing with certification, although there is little demand for this, and above all with discount stores, whose main sale factor remains price. The emergence of large-scale domestic operators has also contributed to consolidating Poland's place as a banana trade hub to Central and Eastern Europe.

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IMPORTS

Polish banana imports have seen spectacular growth over the past decade, going from 201 352 tonnes in 2012 to more than 557 438 tonnes in 2020. Nearly 85 % of import volumes are aimed at the local market, where consumption is continuing to grow, with the share of exports to neighbouring East European countries also increasing.

Since the Polish market has hitherto been regarded as a re-export and clearance market, 80 % of the supply was provided by operators based in the west of the European Union, such as Germany, Belgium and the Netherlands. However, their market share has dropped considerably since the mid-2010s, especially because of the proliferation of local operators, which have developed direct imports, such as Citronex and Quiza. Hence in 2020, the share from Benelux represented just 44 % of the market supply, while direct imports accounted for more than 50 %.

Practically all bananas in this direct supply come from Latin America. While in 2015, 92 % of direct volumes came exclusively from Ecuador, the various import origins have diversified. Colombia's share has seen a big increase, even overtaking Ecuador in 2020. Although they remain marginal, Costa Rica and Guatemala have also increased their exports, due to importers' desire to diversify their suppliers. The development of direct shipping lines from Costa Rica and Guatemala to the port of Gdansk has also strengthened this trend.

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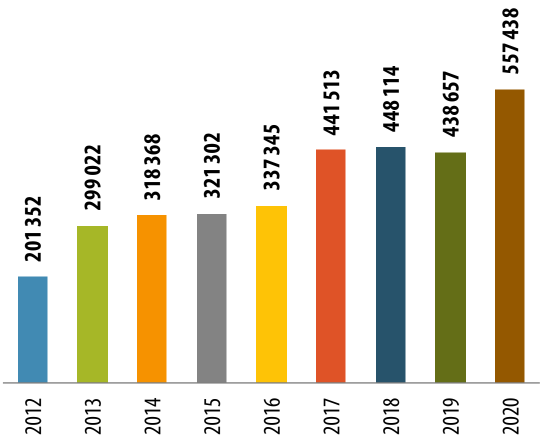
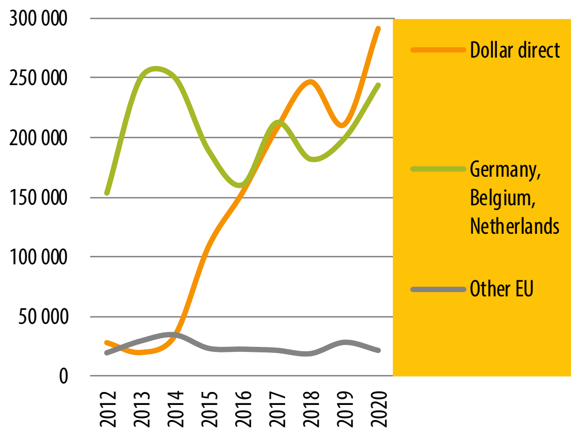
Banana - Poland - Imports
(in tonnes | source: Eurostat)



Banana - Poland - Imports by origin
(in tonnes | source: Eurostat)



LOGISTICS

It is thanks to the development of port infrastructures that direct banana imports have seen strong growth. The container capacity has been increased at the port of Gdynia, and above all at Gdansk, which has become the Baltic Sea's 3rd biggest cargo port. In addition, the Cargofruit refrigerated warehouses (main owner Citronex) at Gdansk have been renovated to increase their storage capacity. Thanks this, major operators such as Citronex have been able to modify their forwarding methods, switching from container lines arriving in German ports to conventional ships which can unload directly at the Gdansk Cargofruit terminal.

The Polish importers Quiza and Citronex are the main users of the ports of Gdansk and Gdynia in terms of bananas. Approximately 90 % of bananas entering via these ports are imported by Citronex, which receives approximately 3 700 tonnes per week at Gdansk, following an extension of the Zodiac Reefer service, driven by Citronex in 2019. These two companies have logistical advantages: Citronex owns Cargofruit, and has its own refrigerated lorries, while the Quiza facilities are just 15 km from Gdynia.

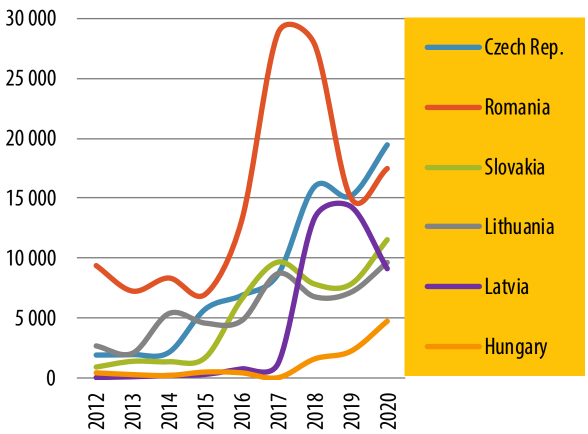
However, some importers are continuing to bring in their bananas via other West European ports. The expansion of the port of Vlissingen in the Netherlands probably explains that most bananas from the other Member States are from the Netherlands, ahead of the German and Belgian ports.


© Port of Gdansk

POLAND – Logistics

Port of departure	Port of arrival	Transit time with transshipments
Guayaquil (Ecuador)	Gdansk	36-37 days
Cartagena (Colombia)	Gdansk	24-26 days
Puerto Barrios (Guatemala)	Gdansk	36-40 days

Banana - Poland - Re-exports
(in tonnes | source: Eurostat)



RE-EXPORTS

Poland acts as a genuine hub, and is now the EU's number 6 banana exporter country, behind Benelux, Germany, France and Spain.

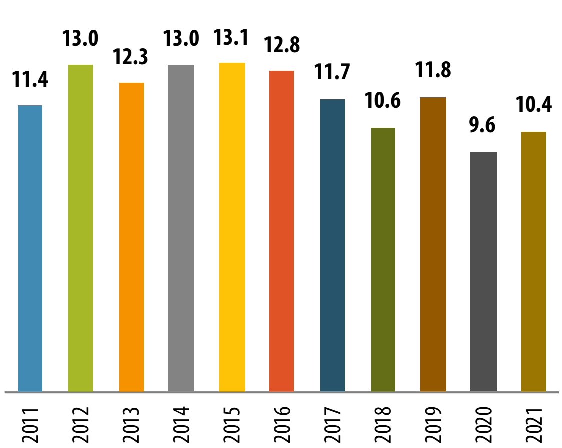
Polish re-exports currently 15 % of import volumes, and are constantly rising, mainly to the Czech Republic, Romania, Slovakia and Latvia. These markets, highly price-sensitive, and where there is little contractualisation, are able to take in a significant proportion of surpluses from the Polish market.

The rise of certain players, in particular Citronex, has been crucial in the re-exports dynamic. For example, the increase in Polish shipments to Romania, observed between 2016 and 2017, and followed by a drop in 2018, can be explained by a strategic change in the business. The opening in 2018 of a sister company, Yellow Fresh Fruit SRL in Romania, has enabled it to import bananas directly via the Romanian port of Constanta, ripen the fruit and ensure the supply to Hungary and Bulgaria. Hence some of the bananas no longer pass via Poland.

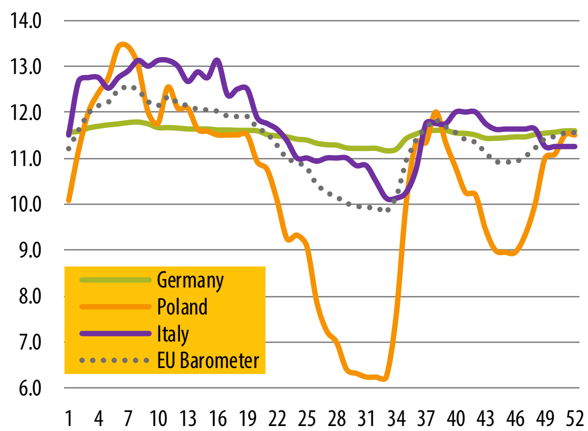
IMPORTERS AND RIPENERS

In the early 2000s, the import and ripening functions were provided mainly by western EU companies, as well as by US multinationals such as Dole, Del Monte and Chiquita, which set up in Poland through purchasing local companies owning import licences. However, with the end of the licensing system in 2006, competition and price volatility have soared on the Polish banana market, making it less lucrative and high-risk. If we add to that a low degree of contractualisation, the multinationals have preferred to refocus their activities on other western EU countries. Hence local players have rapidly progressed, which now handle the bulk of the market supply. This is the case for Citronex and Quiza, which on their own represent 80 % of volumes, with the remaining 20 % divided between Targban, Consorfrut, Bury, Chiquita, Del Monte, etc.

Banana - Poland - Green price (eq. CIF)
(in €/box | source: Cirad)



Banana - EU - Weekly green prices on main markets in 2021
(in €/box per week | source: Cirad)



These companies fully manage the banana import and ripening processes, before selling them directly once yellow to the distributors which do not have their own ripening centres. However, two supermarket chains – Auchan and Carrefour – employ their own procurement centres for their supply. Most of the import companies re-export some of their volumes.

The Polish import price is one of the most volatile in Europe. The market follows a pretty classic seasonal pattern, with a period of high prices in Q1, when the supply is more limited, and a low period starting from spring, reaching basement levels during the summer or even the autumn. However, price ranges are the most extreme on the European Continent, with green prices of up to €17/box in the high period, and down to a basement level of €6/box in the crisis period. Over recent years, there has been a downward trend for the average annual green banana price, nearing €10/box since 2018; very high peaks have become less common, while low prices have continued to dive. During the summer 2020 crisis, Poland registered its lowest ever recorded price (€5.80/box), and in 2021 the rate dropped back to €6.25/box.

DISTRIBUTORS

Banana sales between importers, wholesales or retailers are still based mainly on a daily or weekly spot price, which varies according to the season and the world market trends. The Polish market also receives spot sales of excess volumes from the western EU. The few contracts in place are either quarterly, or represent a minority of transactions.

The retail segment has undergone rapid and significant changes over the past thirty years, going from a highly fragmented market with numerous small local stores to a market dominated by foreign and domestic discount store, supermarket and hypermarket chains.

- **Wholesalers**: 35 % of bananas are still sold on the wholesale segment and distributed to consumers via small local stores or open-air markets. However, the market share of this distribution channel is tending to decrease, because of the dwindling number of small stores (gradual concentration of the sector) and above all the increasing competition from discount stores and supermarkets, offering more competitive prices.
- **Supermarket sector**: 65 % of bananas are sold in integrated distribution chains. Poland now has the biggest discount store market in Central and Eastern Europe. In terms of value, 35 % of Poles purchase their groceries from medium-sized discount or local stores such as Żabka. Biedronka, owned by a Portuguese company, is the main retailer, with competition from the main French and German chains such as Dino, Carrefour, Lidl, Netto, Kaufland, Aldi and Auchan. There are very few specialist stores.

POLAND – Distributions – Store formats

Formats	Characteristics	Examples
Discount stores	Aggressive prices, limited segmentation	Aldi, Netto, Lidl, Biedronka
Supermarkets	<5 000m²	Dino, Polomarket
Hypermarkets	>5 000m²	Auchan, Carrefour, Kaufland, E. Leclerc
Convenience stores, kiosks	<300 to 1 300m²	Carrefour Express, Zabka, Ruch
Specialist stores	In organic products	Carrefour Bio Convenience

CERTIFICATION AND SEGMENTATION

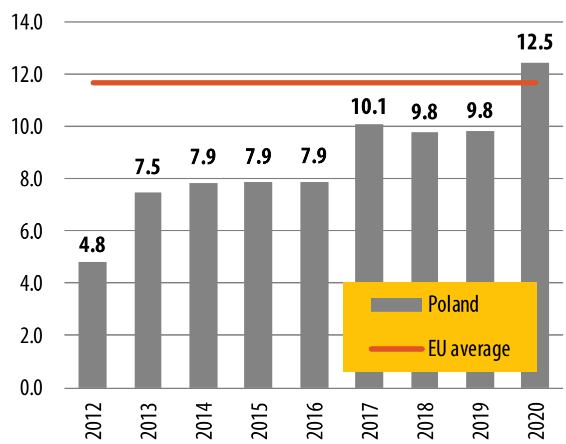
Unlike the other European markets, segmentation in Poland is limited, and price remains the leading sale factor. 95 % of bananas sold are derived from conventional agriculture, and split into three main categories: premium, category I, category II. Most supermarkets sell premium and category I bananas, with category II mainly aimed at the wholesale markets. Finally, unlike other European countries, certification such as Global Gap, Rain Forest Alliance, etc., is not necessarily required.

While brands are not really crucial in the decision to purchase, some do stand out. This is the case for Chiquita, which remains the main brand in terms of consumer recognition. Other local companies have also launched their own brands, such as Citronex with the "Yellow" brand, and Targban with the "Catalina®" brand.

The banana represents a strategic product for Polish supermarkets. There are many promotions, making the banana the number one loss leader. During periods of over-supply, promotion prices are highly aggressive, ranging from €0.41 to €0.61/kilo. Anecdotally, in the past, during promotion weeks, retail prices were so cheap that wholesalers purchased directly from the chains… This commercial practice is no longer permitted.

The organic segment, rapidly progressing in Western Europe, remains limited in Poland. It is estimated that just 5 % of volumes sold are organically grown. They are generally sold in generalist chains, since specialist organic stores are rare. There are no Fairtrade bananas on the market.

Banana - Poland - Evolution of consumption
(in kg/capita | source: Eurostat)



CONSUMPTION

Apparent Polish consumption has increased by a factor of 2.5 in barely ten years, reaching 472 969 t in 2020. Annual consumption per capita went from 4.8 kg in 2012 to 9.84 kg in 2019, approaching the European average (11.7 kg).

While bananas are popular because of their constant availability and low prices year-round, competition from local fruits is strong, mainly during the second part of the year. Poland has one of the biggest agricultural sectors in the EU: it is the EU's main apple producer, and has become the number two blueberry producer ■

Mixed initial figures, on both the European and export markets

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With the apple harvest set for an increase and the pear harvest to be well below average, European operators are reporting difficulties on both the European and export markets. Listless consumption was observed from October onwards on the domestic markets, while export volumes suffered from the shortage of containers and sea-freight.

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Now that all the Northern Hemisphere apples and pears have been harvested, on 10 January 2022 WAPA (World Apple and Pear Association) published the latest stocks level for the season, as at 1st December 2021. While pear stocks are historically low (21 % below the four-year average), apple stocks are abundant (+ 11 %).

PEAR – Europe – Stocks at 1st December 2021 by country

in tonnes	2021	2021/2020
Belgium	249 449	- 11 %
Netherlands	221 094	- 14 %
Spain	64 505	- 8 %
Italy	55 449	- 75 %
Poland	41 000	+ 14 %
France	9 643	- 44 %
Switzerland	6 931	- 31 %
Germany	6 292	+ 27 %
Czech Rep.	1 954	- 46 %
Denmark	121	+ 3 %
Total	**656 438**	**- 27 %**

Source: WAPA

PEAR – Europe – Stocks at 1st December 2021 by variety

en tonnes	2021	2021/2020
Anjou	135 519	+ 21 %
Williams (Northwest Bartletts)	35 820	+ 27 %
Bosc	35 495	+ 17 %
Red Anjou	15 919	+ 32 %
Comice	660	- 7 %
Forelle	408	+ 40 %
Concorde	269	+ 107 %
Seckel	107	- 57 %
Other winter varieties	81	- 54 %
Total	**224 278**	**+ 22 %**

Source: WAPA

Pear

An atypically small harvest

The WAPA data show that pear stocks have slipped 27 % down to 656 438 tonnes. This fall in stocks is due to steeply shrinking Italian production. Taking a closer look, Italian stocks were down by nearly 75 % over one year, while in France they were down by 44.3 %. To a lesser extent, stocks also decreased in Belgium (- 10.6 %) and the Netherlands (- 14 %).

As a reminder, at European level, the pear harvest remains well below average, despite an upward revision of 3.87 % to the Prognosfruit data dating from last August (1 666 000 tonnes). Production was heavily hampered by the frosts of April 2021, especially in France and Italy. This upward revision is due to increased production in Belgium, to 354 000 t (59 000 t more). The Netherlands announced an additional 15 000 t, to 340 000 t. These increases offset the losses suffered in France (- 1 000 t to 56 000 t), and even more so in Italy (- 11 000 t to 202 000 t), where the cultivation area has a production capacity of 700 000 t. In terms of varieties, Conference rose by 68 000 t to 873 000 t, while Abate Fetel was down by 12 000 t to 53 000 t.

In the face of interested demand, prices remained high, still reaching nearly €2/kilo for French Conference at the shipment stage (source: RNM), i.e. 30 % to 50 % above a normal year. To offset the fall in volumes, the French market resorted to lower-priced Belgian and Dutch imports (€1.60/kg at the wholesale stage), with this price differential holding up. The campaign will end early, as the supply started to subside, and should last until late March. So the market is stable and under-supplied, with restrained Italian competition at fairly high prices, and the Portuguese Rocha pear unable to offset the lack of volumes, since it too is below average.

© ANPP

Apple

Production increase

The WAPA data show that apple stocks rose by 6.8 % from the same period of 2020, reaching 4 917 891 tonnes. Unlike in the USA, stocks registered a level 2.6 % lower than last year, with 1 909 045 tonnes. In Europe, the increase was due largely to the magnitude of production. The harvest from the 21 main producer countries in the EU27+UK, with an 11 % increase from 2020-21 already predicted, was revised upward by 160 000 t to 11 895 000 t on 10 January 2022. This revision was due to Polish production rising to 4.3 million tonnes (+ 130 000 t), Belgian production rising to 240 000 t (+ 48 000 t) and Austrian production rising to 120 000 t (+ 5 000 t). Conversely, France registered a fall of 12 000 t to 1 363 000 t, as did the Netherlands, with a 5 000 t fall to 245 000 t. Italy maintained a stable level of 2 044 000 t (- 2 000 t from estimated levels).

In terms of varieties, Gala was down by 10 000 t to 1 553 000 t, while others rose, such as Jonaprince (+ 53 000 t), Jonagold (+ 26 000 t), Idared (+ 24 000 t), Red Delicious (+ 14 000 t), Pinova (+ 14 000 t) or Cripps Pink (+ 7 000 t).

The start of the European apple campaign in 2021 came later than usual. For example, in France, operators lost one week's trading. European forecasts were balanced, with a production shortfall in zones affected by spring frosts, including France. Ultimately, the harvest proved to be slightly bigger than predicted. Certain growers were heavily exposed to the cold spell in April 2021, and after battling for nearly 20 nights, managed to salvage their production potential. The situation was disparate between the zones. In Provence and Languedoc, a single night was sufficient to cause major localised damage, not to mention the hail damage, confirming the urgent need for protection against an increasingly chaotic climate. Granny and Cripps Pink (Pink Lady) were among the hardest hit products, since they are the first to bloom.

Since sizes were smaller (April frost and second bloom), there were more apples to place. In addition, the surging labour, energy and cardboard costs led to inflation, which had to be passed on to the industry as a whole. Generally speaking, the first part of the campaign until the end of September picked up where 2020 left off, with a very lively market. Thereafter, in October and November, the market was difficult, with consumption seeing a big fall after two exceptional years. As at 31 December 2021, sales were similar to those seen last year, i.e. normal. Conversely, a distinct downturn in exports was observed, due to the massive presence of small sizes and freight difficulties, generating additional costs. As in previous years, France registered an export downturn. Gala exhibited good quality, thanks to decent summer conditions and a harvest which went smoothly. Yet shipments to the Middle East and Asia were heavily disrupted by freight-related vagaries. This was a powerful phenomenon which led to transfers of Southern Hemisphere apples, whose campaign dragged out with lower-quality fruit. So the first three months of the season (August to October) were slightly disrupted.

APPLE – Europe – Stocks at 1st December 2021 by country

in tonnes	2021	2021/2020
Poland	1 695 000	+ 6 %
Italy	1 355 857	- 1 %
France	695 418	+ 7 %
Germany	351 306	+ 4 %
Spain	258 783	+ 42 %
Belgium	168 195	+ 83 %
Netherlands	167 660	+ 7 %
Austria	97 808	+ 5 %
Switzerland	63 888	- 0.3 %
Czech Rep.	52 863	- 4 %
Denmark	11 114	+ 67 %
Total	**4 917 891**	**+ 7 %**

Source: WAPA

APPLE – Europe – Stocks at 1st December 2021 by variety

in tonnes	2021	2021/2020
Gala	362 190	- 9 %
Red Delicious	324 304	- 12 %
Granny	262 985	+ 22 %
Fuji	241 759	- 14 %
Honeycrisp	194 150	- 17 %
Others	176 612	+ 10 %
Pink Lady	141 818	+ 25 %
Golden	87 356	+ 3 %
Cosmic Crisp	64 918	+ 139 %
McIntosh	19 474	- 25 %
Empire	15 623	- 27 %
Braeburn	3523	- 37 %
Rome	3 213	- 8 %
Cortland	2 968	- 47 %
Spartan	2 769	+ 27 %
Idared	1 222	- 71 %
Jonathan	1 085	- 48 %
York	934	0 %
Newtown Pippin	897	- 6 %
Mutsu/Crispin	688	- 45 %
Stayman	293	- 3 %
Rome Sport	264	- 63 %
Total	**1 909 045**	**- 3 %**

Source: WAPA

The highly technical Reine des Reinettes variety had a very positive season. It sold for three or four months on a steady market at high prices.

The European Pink Lady harvest was 18 % down on its usual potential. In Italy, Emilia-Romagna and South Tyrol were affected by the April frosts, just like south-east France, and to a lesser degree the South-West and Val de Loire. Only Spain was spared, with market placement running smoothly and exhibiting good prospects. As at 31 December, as usual, nearly 25 % of Pink Lady had been sold.

There was a relatively marked trading trough during the festive period this year. Since then, sales have been relatively more dynamic, thanks to the presence of various supermarket sector promotions.

For the second part of the campaign, which corresponds to the highest consumption months (March and April), operators announced stocks 6 % to 7 % higher than for the same period of 2021, but comparable in level to those of previous years, regarded as balanced.


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High additional costs from end to end of the industry

There is a great concern in France over production, packing and transport costs, with a boom in packhouse costs due to more expensive packaging. The price per box has soared due to abandoning plastic to meet the regulatory requirement of the AGEC Act (Anti-waste and circular economy). Packhouses had anticipated this increase, but the switch to all-cardboard has proven more expensive than predicted. Not to mention the labour difficulties caused by the Covid pandemic, causing absenteeism at the packhouses. Absenteeism has also hit the supermarket sector, with 6 % to 10 % of personnel affected. The increased energy costs have also made themselves felt, due to higher rates for the electricity powering the refrigeration chambers.

Hence the additional packing cost has led to an increase of 3 eurocents per kilo, and the increased electricity costs 3 to 6 eurocents per kilo. Not to mention the additional transport costs, and the efforts invested by growers during the April cold spell to warm their orchards to prevent losses. Installing anti-frost candles in the orchards represented an additional cost of €3 000 to €5 000 per hectare. Thinning also generated additional labour costs. All this added to the complexity of placing more expensive apples. For now, the apple has maintained a price average equal to the same period last year.

There were also difficulties to note for the OOH sector, with business and school canteens closed because of the Covid pandemic.

Lack of containers weighing down on European exports

On the world market, French and European apples, suffered from the same logistical problems as others due to the international lack of containers.

After quiet consumption during the end-of-year festivities when festive products were in the spotlight, the market is getting moving again. The current cold temperatures are also favourable for apple consumption. We can observe a recovery in flows on the French and British markets, as well as in the export sector. So January should be a decent month, given the multiple promotions planned by distributors. Regarding the varieties, Gala, Granny and Pink Lady are selling very well, but it is more complicated for the so-called local varieties, such as Golden and Chantecler, or the new varieties.

Southern Hemisphere: freight potentially a brake on exports

Freight could hinder access to the European market for Southern Hemisphere fruit. The appeal of the European market remains restrained, with Asia preferred. South Africa should have a strong presence, though it is set for some logistical difficulties due to the shortage of ships and containers. There too, the freight and labour costs have exploded. Shipments to Europe have already ebbed in recent years, and that should be even more marked this year. Since in order to export, empty containers need to be sent, which is extremely expensive. The South African fruit and vegetables industry has faced this freight shortage for the past two years. Exports to Europe halved last year, and that should continue this year. Regarding the Southern Hemisphere pear, it will never manage to offset the shortage of volumes, as the tonnages are not comparable.

Characterising apple origin

In France, to prevent any Gallicisation of imported merchandise, the ANPP (National Association for Apples & Pears) launched a research programme one year ago to characterise apple origin, using magnetic resonance and isotopic techniques, to determine the land of origin. This fairly new technique will be used to build a specific databank.

Although it is still too soon to give precise information, we already know that the apple and pear campaign will be early. In South Africa, after a fine winter, the harvest is set for a 4 % increase over one year. The Gala harvest has only just started, delayed by cool weather conditions. Exports should start during week 4. For Pink Lady, growers are more prudent, since the harvest will not take place straight away, with the cloudy and cool weather having slowed growth of the fruit, which will not be ripe until around late March-early April. The Southern hemisphere forecasts will be published in the last week of February, at the WAPA annual general meeting.

Across Europe, we are seeing the eat-local movement gain strength, with a preference for domestically-grown or European fruit, with the exception of imported Pink Lady, which arrives well after European Pink Lady trading has ended. On the French market, in late November there was an increase in imports from Spain, Italy and Poland. Nearly 50 % of Polish volumes were aimed at fruit puree manufacturers in particular, though at the end of week 3 some Polish apples could be observed on certain French wholesale markets ■

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Counter-season melon campaign becoming complicated

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While Brazil dominates counter-season melon exports, attention is also focused on other origins such as Senegal, the French West Indies and Morocco, before the massive arrival of Spain from mid-May, with the Charentais melon. Regarding the watermelon, shipments also come mainly from Brazil, but Morocco is on an upward trend, with bulky 10 kg to 15 kg watermelons dedicated to European ethnic consumption.

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© Pauline Feschet

Brazil the top supplier to the EC market

European melon imports totalled 361 546 tonnes in 2020-21. Brazil dominates the counter-season, with volumes in excess of 149 358 tonnes, down 7 % on the previous campaign and 2 % below the three-campaign average. Export melon planted areas in Brazil have gone up from 12 000 ha to 15 000 ha, with production aimed mainly at Europe, via the North European ports (Rotterdam or Hamburg), and then distributed across the EU. For its part, Spain mainly imports Piel de Sapo from Brazil in the counter-season. Out of the total 15 000 ha, 50 % are planted with the Canari yellow melon, 20 % with Piel de Sapo and 15 % Cantaloupe (ribbed Harper, without grooves). We can also find some Italo, which is larger than Charentais, but more complicated to produce, with the rest comprising green Charentais, a small proportion of which is exported.

The production calendar extends from September to March, with the best quality produced from September to early January. Thereafter, the quality deteriorates because of the intense rains which can batter the production zones. Hence the two main destinations, the Netherlands and the UK, then switch to other Central American origins to top up and secure their supply, such as Costa Rica (23 893 t in 2020-21, down by 46 % over one year, and 58 % below the three-year average), Guatemala (1 199 t, i.e. + 38 % over one year) and Honduras (28 816 t, i.e. - 6 % over one year, and 9 % below the three-year average). This year, operators will need to reckon with the increased container price out of Brazil. With some companies using more than 200 containers per week, there could be large sums involved. Hence over the past two years, the transport cost has increased six-fold.

From February-March, European imports focus on Senegal (17 868 t in 2020-21, i.e. - 0.5 % over one year, and 1 % below the three-year average). Then it is the turn of Morocco (44 020 t in 2020-21, i.e. 4.5 % over one year and 6 % below the three-year average), before Spain takes over between early and mid-May. Spanish production comprises 60 % the Piel de Sapo variety, planted over 800 ha, with the rest being yellow Charentais over a stable area of 500 ha. Production is at its most abundant between March and April.

Melon – EU27+UK – Extra-Community imports

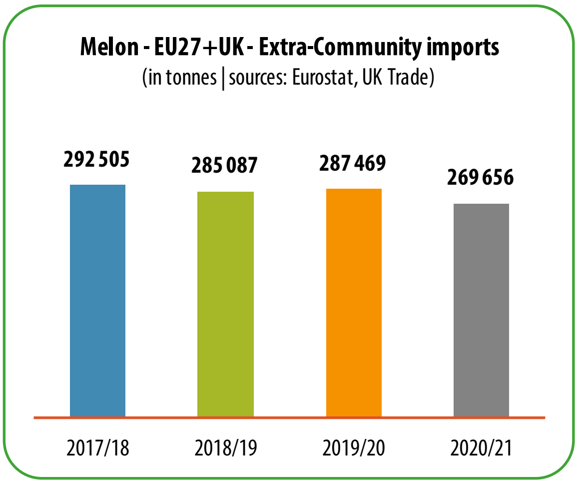
in tonnes	2017-18	2018-19	2019-20	2020-21
Total	292 505	285 087	287 469	269 656
Brazil	153 477	143 988	159 410	149 358
Morocco	40 748	41 516	42 019	44 020
Honduras	33 538	34 275	27 033	28 816
Costa Rica	38 600	40 095	35 017	23 894
Senegal	17 679	18 639	17 824	17 869
Turkey	3 337	1 429	3 057	3 109
South Africa	3 384	2 208	1 613	1 344
Guatemala	319	702	454	1 199
Panama	1 423	2 234	1 043	46

Sources: Eurostat, UK Trade

Morocco and Spain on the early side

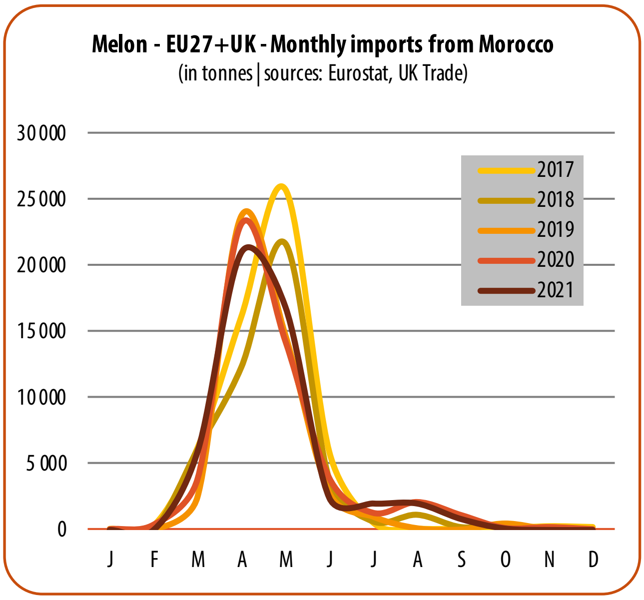
For nearly five years, Morocco has stepped up its early shipments to Europe, with volumes in excess of 21 000 tonnes in April, before subsiding to 16 000 tonnes in May. The Moroccan campaign starts in March with Dakhla melons, which this year were reportedly sown over an equivalent area to last year, or slightly smaller, as well as greenhouse-grown melons from around Marrakech. In the space of ten years, greenhouse areas have seen a distinct expansion in Morocco, going from 20 % to 60 %, with field cultivation now representing just 40 %.

Since the appearance of Covid, i.e. for two campaigns, Morocco has shifted its production calendar to the early melon. Around Marrakech, multiple green Charentais greenhouses have been set up, enabling the origin to arrive on the European market well before Spain. Conversely, we can see a decrease in surface areas, especially in Dakhla where a historic operator has halted its production. Hence the Marrakech zone has taken over from plantations further south in Morocco. The logistical costs of transport from Dakhla (no less than 2 600 km by road) could affect the profitability of Charentais from the zone this year. Morocco will begin its campaign in February, with early production until May, just before the arrival of Spain.



Early production is also prevalent in Spain, with greenhouse-grown Charentais melons from Murcia. Hence Morocco loses its advantage over Spain in May, with the arrival of the tastier Spanish yellow melon. The Spanish production calendar is very long, but for the past two years the climate vagaries have tended to reduce the trading campaigns. Hence the calendar has narrowed by one month, with an increase in early greenhouse-grown melons from Murcia and late melons on the way out. Note that for two years Spain has had tough springs, which are not favourable for yields in the most complicated campaigns. The Cartagena region has also been the subject of a regulatory ruling, making melon growing in the zone difficult.

In Senegal, the winding-up of a historic French operator has not been made good, hence the planted area is smaller. The FWI began in late January, and will be present until late April-early May. Volumes are similar to last year, over slightly smaller surface areas, with the objective of providing an Easter weekend presence.



Watermelon – EU27+UK – Imports from main supplier countries

in tonnes	2017-18	2018-19	2019-20	2020-21
Spain	112 427	127 405	151 891	128 906
Morocco	108 429	88 202	151 922	128 060
Brazil	36 149	42 921	42 176	41 349
Costa Rica	34 326	44 787	37 602	37 480
Senegal	13 382	13 845	11 299	13 358

Sources: Eurostat, UK Trade

Watermelon taking market share

European counter-season watermelon imports represented a volume of 322 166 tonnes in 2020-21, mainly from Brazil. This origin is making headway on the European market, especially to the Netherlands and the United Kingdom, to meet demand for processed fruit salads. Brazil started out 7 or 8 years ago with small 2-kg watermelons, with a very firm texture, before expanding its range with 6-kg watermelons, ideal for the industrial sector, thereby stimulating consumption.

In Senegal, Spanish operators based in the country have developed the Sugar Baby seedless watermelon, a round 5-6 kg fruit, for shipments between March and April.

Moroccan operators have not developed seedless varieties, and exports large-sized 10- to 15-kg watermelons, initially cultivated for the national market. Shipments have swelled with watermelons from Zagora, south of Ouarzazate. This is mainly to supply ethnic populations based in Europe. The export calendar starts in April.

Spain comes onto the market from June-July, with seedless watermelons in the majority. In 2021, 9 500 ha were planted in Almería, for a production of 550 000 tonnes according to the report by the Andalusian Prices and Markets Observatory, representing a 12 % increase over one year. This zone is one of Europe's top watermelon production regions, accounting for nearly half of Spanish production. But the unusually cold and rainy weather in Europe has curbed consumption of the product. The big mismatch between supply and demand has had a decisive impact on prices. Hence operators which have started planting are sceptical with regard to the season now starting. Production costs could soar with the increasing input costs. Some growers are reportedly abandoning the product in favour of safer crops such as the courgette ■

H2 2021

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Writing a review of the past 12 months in reefer shipping without resorting to cliché adjectives such as 'unprecedented', 'incomparable' and 'extraordinary' was a challenging task, particularly when 2021 was indeed all of those! The charter market in the second half of the year laid the foundations for what, without question, is going to be a record year for reefer shipping in 2022.

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The pattern for what was an exceptional reefer charter market in 2021 was established as long ago as the first half of 2020, when the Covid pandemic first emerged in the Far East to then spread across the world. It was exacerbated by developments at the start of April last year as consumer demand in the US first recovered and then boomed. The reasons for the strength of the reefer charter market are complex: there are a number of interacting causal links. Unusually and very much counter intuitively, it is the ongoing shortage of dry containers that remains the principal factor underpinning demand for specialised reefer vessels.

Persistent shortage of dry cargo containers

When China closed down its factories to prevent infections spreading, the container lines initially blanked hundreds of sailings to cover the loss of demand to transport dry goods: this threw liner schedules out of sync and resulted in an imbalance of container capacity. When demand for slots returned in 2021, the US west coast supply chain systems were unprepared for the consequences of a steep rise in US consumer demand coupled with the Chinese economy stabilising and transpacific trading patterns returning to just above normal levels. The position was complicated further by the odd outbreak of Covid in Chinese ports. A host of disruptions to production and shipping coincided with soaring demand for goods to produce bare shelves and rising prices.

The global supply chain crisis this precipitated was, and is, predominantly about the shortage of dry vans. The irony is that the vans exist – they are just in the wrong place, mostly stacked in and around the US west coast port of Los Angeles and Long Beach. The shortage of dry vans led to a cannibalisation of reefer containers, which continue to be used as Non Operating Reefers to shift the dry goods.

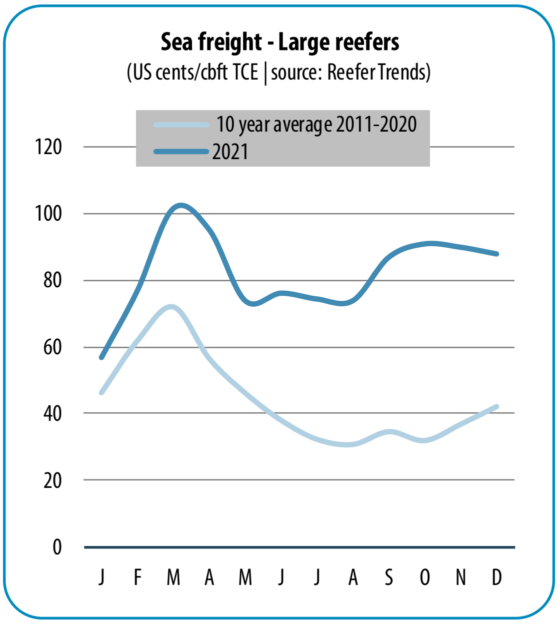
The problem is twofold: firstly, there aren't enough ghost ships to collect and re-deliver these empty containers. And secondly, even if there were, there aren't enough spare berths, chassis or labour at the terminals to work the ships. With containerships at anchor off the Californian coast for months at a time and therefore essentially off-market, the supply of tonnage tightened: as a result, the cost of chartering a vessel has increased almost as spectacularly as the cost of shipping a container.

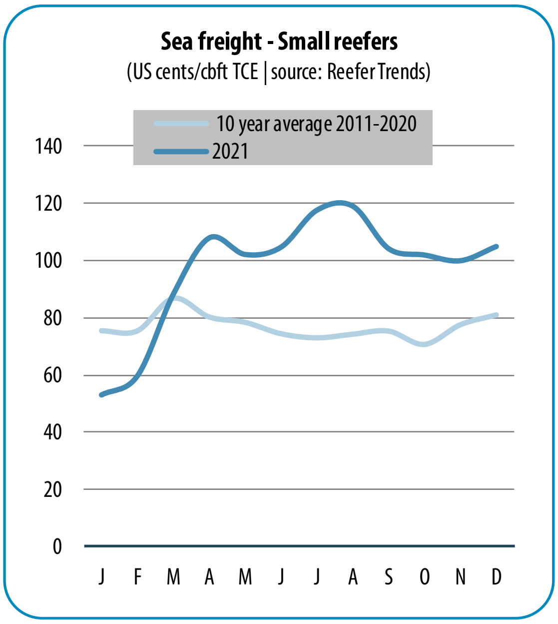
The reefers to the rescue

Reefer equipment meanwhile continues to be caught in the maelstrom. The global shortage of reefer containers created by the congestion and the bottlenecks in the United States seriously exposed those fresh and frozen cargo shippers that had become accustomed to easy availability and low rates. Fortunately, there are still just about enough specialised reefer vessels to mop up both reefer and dry cargoes – but at a price! The consequence was that there were no charter market doldrums at all in 2021: the reefer fleet was fully employed all year. Demolition was unsurprisingly minimal.

The result of the ongoing crisis on reefer supply chain stakeholders worldwide will likely be felt beyond 2022, even if or when the congestion in California is cleared. The most eye-catching repercussion of the rise in containership rates was the decision by Chiquita not to extend its container vessel charters, but instead charter in the world's 3 largest reefer vessels from Cool Carriers for 12 months, with an option for another 12. While this was certainly good news for the owner/operator, it meant that Cool was short of ships to service its core liner trades. This led to parent Baltic Shipping buying up and chartering in to guarantee coverage.

There were other highlights: the decision to continue tramping its 6-vessel fleet despite wretched spot markets for the past 5 years finally paid off for owner/operator Maestro, which demolished two units before selling its 33-35 year-old Ices Glacier, River, Runner and Grace to Baltic Shipping at an en-bloc figure 'close to US$20m'. The absence of the independent Maestro units on the market means that there are now only 2 providers of spot tonnage in the large segment.





The major beneficiaries of the rising reefer market have been owners Chartworld and the Ecuadorian Line, which have secured very significant year-on-year 12-month charter rate increases for 2022 on the Family and Island class units, respectively. The same will be true for operators in 2022: with such a high number of the larger units fixed on rates determined at the end of 2020 or early 2021, Seatrade and Baltic Shipping were not able to take full advantage of the market strength in 2021. However, both will be able to optimise their potential this year.

The picture is different in the small segment, which follows different market conditions. Unlike their larger cousins and with two major exceptions (the 100K MT potato trade between N Cont and N Africa and the citrus trade between Nador and St Petersburg), the small vessels are all traded spot. In an ordinary year, the poor catch in Mauretania would have been more than enough to keep rates low. However, the consistently strong catches in the Faroe Islands combined with demand from meat charterers in Brazil for shipments to all points north, south, east and west, as well as supplementary business from banana charterers, meant that the TCE rate established by operators during what was a strong squid season earlier in the year could be maintained throughout the second half of 2021.

Refrigerated goods neglected

While reefer owners and operators can give thanks for a bountiful year, how were shippers of reefer cargo affected? In South Africa, there was a mixed result to the season: bar Valencia-type oranges, South Africa set a clean sweep of record citrus volumes. However, this came at a cost, with farm gate returns in some cases reported well below what was achieved in 2020. According to the Citrus Growers Association (CGA), shippers were negatively affected by the increase in logistics and operational costs and the Rand remaining strong to major currencies. The CGA said that the labour unrest and cyber-attack on the Port of Durban in July led to the stranding of 300,000 pallets of citrus at any given time between packhouse floors and ships – on farms, in trucks, depots and at the port over a period of four weeks. "Even when the supply chain began to open, in early August, the mismatch between in and outbound vessels, and market destinations, fruit available in ports and along the supply routes and dry cargo imports compounded the already disastrous situation," Deon Joubert, CGA executive, told Fruitnet.

Meanwhile in New Zealand, Zespri Chief Global Supply Officer Alastair Hulbert said the disruption to global shipping networks meant that the kiwifruit marketer was obliged to increase its reliance on chartered reefer vessels, with 66 used in 2021 compared with 49 in 2020. Zespri's longstanding partnership with Fresh Carriers saw all three newbuild specialised reefer vessels in use, with the ships arriving just in time to help provide additional capacity. Long-term partner Cool Carriers also supported the season by sending the largest reefer newbuilding Cool Eagle on its maiden voyage to Europe with a record-breaking shipment volume.

With such a high percentage of the banana trade fixed on annual contracts, banana shippers were the least affected by the global supply chain crisis in 2021. For example, there was almost no difference in monthly shipments from Ecuador year-on-year. There were occasional reports of equipment shortages, but nothing exceptionally serious. However, given the shortage of reefer capacity between July and December, any exporter needing to fix prompt or spot was stung by reefer operator and carrier alike.

The consequences will be felt more severely in 2022, particularly if pricing in international markets is not sufficient to cover the significant rise in supply chain costs. Del Monte, Dole and Fyffes declared force majeure on their bananas late in the year in order to raise prices to their US customers. In the EU, German discounter and European banana market maker Aldi raised the price it will pay its suppliers – but not by enough, according to the grouping of dollar banana exporters and the Dominican Republic.

A temporary improvement for reefers

In a press release promoting its Reefer Analysis 2021, consultancy Dynamar said that "For conventional reefer operators, the joy is temporary, however. Their ships continue to grow older, while orderbooks are razor thin. Moreover, with new environmental regulations coming into force in 2023 requiring operators to reduce their fuel consumption, quite a number of ships will become uneconomical to operate. With regulations becoming even stricter in 2026 and the costs of upgrading too high, many ships are likely to be sold off for scrap by that time."

This is mostly true. There is, for example, no question that the specialised reefer business is in a state of managed decline: the reefer fleet is aging and there is more vessel demolition than there are reefer newbuildings. The new regulations referred to by Dynamar may be the final nail in the coffin for tonnage that would have, or should have, demolished already. Charterers and cargo may only have an alternative to the carriers for another 3 years. On the other hand, if the market remains strong enough for long enough, newer units may just de-rate and sail at slower speeds in order to remain trading.

While the events of the past 12 months may not lead to a new age of the reefer, the lifespan of the mode will have been extended significantly. Indeed, 2021 demonstrated that the position of the specialised mode remains critically important to the trade in fresh and frozen perishable goods. Had not the reefer fleet been able to work positions that the container lines abandoned, the consequences for reefer cargo all over the world would have been, and would continue to be, catastrophic.

Reefer shippers have every reason to be suspicious of the carriers: they should not forgive and/or forget in a hurry. It won't be until the infrastructure in and around the US ports of Los Angeles and Long Beach, which handle an estimated 40% of US inbound trade, has a significant upgrade that all containerised shipping will get back onto an even keel. Congestion at the terminals and bottlenecks in the inland US supply chain are the principal causes of the current global imbalance. The scale of the requisite investment means that this will be no quick fix.

The reefer and containership modes work on different commercial models. In super-simplistic terms, while the reefer follows the cargo, the carriers follow the money. Up until 2021, shippers had been fortunate that there was enough of a reefer contribution in certain trades to keep the carriers interested. However, when there was more money to be made in dry cargo, the carriers promptly sacrificed their less profitable reefer-heavy routes, cut service levels and moved tonnage and equipment to exploit this new demand. This is neither a criticism of the carriers nor the containership business model; however, as a consequence of their actions, reefer shippers were either pressured to pay higher rates or hung out to dry. There is no sign yet of a return to normal ■

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