

# OVERVIEW GLOBAL PINEAPPLE MARKET

Bad weather in Costa Rica is keeping the pineapple market on its toes. The situation in this country determines the mood on the world market, even though conflicting messages are arriving. Costa Rica expects no improvement in the coming weeks. In the US, this results in a tight market. Dutch importers are seeing an excessive volume, while Belgian traders wonder if the low market prices are finally over. Many countries in Latin America are investing in pineapple production. Growers see opportunities in this lucrative market. In Asia, the popularity of the fruit is also growing. China imports from neighbouring countries, and despite the agreements signed, there are still no imports from Latin America on the market.

## Slow supply from Costa Rica

Poor weather and rain in 2016 and early 2017 has slowed down the supply of pineapples. Export volumes are expected to be lower than normal for July and August. This will affect prices on the world market during those months.

The beginning of the year was good, with good demand, also from the processing industry. As a result, less fruit was available for export, but in the next six to eight weeks, that supply will have to recover. A better supply is expected in June. "I expect no recovery in the volumes before the autumn," states an exporter.

## Mexico is looking for new markets

Exporters fear they may lose the US market because of the policies of the new US President Trump. Furthermore, they point to the restrictions imposed on avocado exports. In the US, however, it is emphasised that the supply of pineapples from Mexico is sustainable because there are no other countries from which the fruit can be imported. In the port of Veracruz there is also no sign of American protectionism. According to the port authorities, 10% more was shipped to the US from this port in February. The export of 40,000 tonnes of pineapples in 2,000 containers yields Mexico 100 million dollars. In any case, Mexicans are not waiting to see what happens, but are already looking for new markets, mostly in South America, Asia and Europe.

Between 2005 and 2015, the pineapple production grew strongly, from 701,740 tonnes in 2005 to 840,486 tonnes ten years later. With a share of 66%, Veracruz is by far the most important cultivation area. The second is Oaxana, with a share of 13%. By 2015, the total acreage stood at 18,865 hectares, with an average yield of 44.55 tonnes per hectare.

### **Sector under pressure in Panama**

Pineapples are Panama's second most exported product, only behind bananas. According to government figures from April 2016, the country's pineapple production generates 77 million dollars and provides direct jobs for 60,000 people. This year, exports are showing signs of recovery. In January, \$ 1.1 million worth of pineapples was shipped, which is an increase compared to the previous year.

Europe is the main destination for the fruit, with a share of 70% of the exports. The US is also a major export destination, and smaller volumes are sold in the Caribbean.

Nevertheless, cultivation has been under pressure in recent years and the number of hectares is falling. The main reason for this is the high production and labour costs.

### **Colombia benefits from shortages**

According to a trader, the heavy rainfall recorded recently in Colombia did not affect the pineapple plants in the country. In the most affected areas, there are no pineapple plantations, and most plantations are well-equipped with drainage and irrigation systems to minimise the impact of severe weather.

According to this trader, Colombia could become a true competitor for Costa Rica, because there is usually less rainfall. However, he sees more of an edge in "differentiation on quality and origin" than in competition. Europe and the US are the main destinations for the fruit, in addition to the domestic market. One exporter sums up the most important markets in Europe: "Spain, Portugal and Italy, and Germany is a new market." Exporters benefit from the limited supply on the world market, which translates into good prices.

### **Dominican Republic especially for its own market**

Most of the pineapples harvested on the tropical island remain in the domestic market. A trader, who has been active in the pineapple market for a year and a half, tells us that the focus is on the MD2

variety. The small acreage, totalling 37 hectares, is planned to double each year. The company is led by a Costa Rican who brought the knowledge. The trader eventually wants to export most of the production to Europe and perhaps Russia. He emphasises the advantages of the Dominican Republic: many hours of sunshine, little rain and cheap labour.

### **Cuba sees opportunities in export**

In 2009, the MD2 variety was introduced on the island. That turned out to be a success. Over the last five years, 3,000 tonnes of pineapples have been exported. In the coming year, an exporter expects to ship 1,200 tonnes to Europe. The yield of 88 tonnes per hectare should make it possible to reach this target. A grower says that they aim to have a total of 2,000 hectares planted with MD2 by 2022.

### **Peru: Pineapple as an alternative to cocaine**

The South American country is not known for the export of pineapples. According to figures from Agrodata Peru, only a few tonnes were shipped to Spain, Germany and Chile in 2016. A year earlier, exports to these countries were still at zero. In the Apurímac Valley, Ene and Mantaro, pineapple cultivation has become an alternative to cocaine plantations. "Pineapple is a good alternative to cocaine and has proved to be the best replacement for that crop, with good productivity and profitability," said a trader. Peru is looking for customers for the fruit and hopes that more cocaine growers will switch to this crop.

### **Slow supply and peak in US demand**

Due to a delayed supply from Costa Rica, there are fewer pineapples available. Rains have taken a toll on the supply to the east coast of the US and consumers are feeling the consequences. The smaller supply coincides with a peak in demand, which is something that usually happens between May and August. A trader says that more pineapples are sold in these four months than in any other month of the year. That the quality of the fruit available is good is another positive factor. The situation is expected to continue like this at least until next month.

### **Australia closed off to world market**

Australia is virtually closed off to the world market because the demand is covered by the domestic production. High production costs make exports too expensive. The advantage is that developments in the world market, such as the rainfall in Costa Rica, have no impact on the domestic market. A grower tells that more pineapples than usual are expected this winter. Thanks to favourable conditions, the harvest volume will increase. This production should hit the market in about six weeks. "Demand usually falls when temperatures drop," explains a trader.

### **Costa Rica and Malaysia knock on Chinese door**

Wholesale market figures show that pineapple sales have risen this year. In the past, Hainan was the main production region. Due to the fruit's unprecedented popularity in the north and west of China, production in other provinces has been boosted, namely in Southern Guangdong, Guangxi and Yunnan. Packaging costs have recently declined. The fruit is more often packed than sold in bulk and this has contributed to its rise in popularity.

Taiwan is a major pineapple supplier and is famous for its Diamond Pineapples. Due to severe weather conditions last year, production on the island fell by 10%. There are also imports from Thailand and the Philippines.

Costa Rica and Malaysia are slowly making progress in the process of gaining market share. In February, a Chinese delegation visited pineapple plantations in Costa Rica. The visit is seen as the last obstacle before the implementation of the 2015 agreement. As for Malaysia, it appears that the procedures are also in the final stages. A trade agreement was signed in 2013, but the treaty has not yet been ratified.

### **Philippines: Much demand in the Middle East and China**

The Asian archipelago ranks fourth in the list of major pineapple exporters, with only Costa Rica, the Netherlands and Belgium ahead. In 2015, the value of exports stood at \$ 15.4 million, up 6% compared to the previous year. The main destinations are Japan, South Korea, China, the United Arab Emirates and Saudi Arabia. A grower tells us that there is a good demand from the Middle East and China. Although the political situation between the Philippines and China is sometimes reflected and has a great impact on banana exports, that effect is more limited in the pineapple market. According to a trader, this also has to do with the (too) long shipping times from South America. In any case, domestic turbulence is also slowing down foreign investment in the crop's cultivation.

### **Belgian market is back on its feet?**

Prices have fallen to around 10 Euro. The supply currently comes from Costa Rica, Ivory Coast and Ghana. The market situation is rated as "difficult." "After a period with high prices, we are now seeing them fall again. There isn't a greater volume available than a couple of weeks ago, but demand has slowed down due to the high prices. This situation should now start to improve," explains a trader. That is the result of recent prices reaching around 20 Euro per package. He believes that the worst has been left behind and that the market will be back on its feet in the coming weeks.

### **The Netherlands: Too much pineapple supply, too little demand**

The situation on the pineapple market is quite disastrous on the Dutch import market. There is too much supply on the European market, and the competition of other European fruits is high. Besides, there is hardly any demand from the processing industry in Costa Rica and this also contributes to the low prices. The US market is also difficult. Importers expect this situation to continue probably until the end of June.

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