

OVERVIEW GLOBAL BANANA MARKET

Competition is getting tougher in Latin America. Costa Rica is expanding their production and Ecuador feels the consequences. In most European countries, the demand peaks in the first months of the year. The only exceptions are Poland and Italy. India is looking to boost banana exports, mostly within its region, but also to Europe. The Chinese market is shifting to imports from Ecuador. In the US, a price war is a threat to small businesses. Australia is investing in a laboratory to develop a banana variety that is resistant to the dreaded TR4.

Ecuador: more competition from Costa Rica

Every year, the number of producers increases. The production was good, but competition in Central America is getting tougher and this is reflected in the prices of bananas, which are 50 cents cheaper than in previous years. Ecuador suspects that this is due to Costa Rica's greater production. As regards exports, the country sees demand increasing in Japan, South Korea and Dubai.

Rain complicates harvest in Colombia

The rain has hampered the harvest in Colombia, but production continues to increase. Europe is by far the main consumer of the country's bananas, accounting for 75% of the exports. The US is second with 15%. In the coming years, Colombia wants to find new export markets, also in Asia. The prices are pretty good and demand is stable. The country wants to produce bananas in the conflict areas. At present, 20% of those areas are devoted to banana cultivation.

Peru focuses on organic

The production volumes had been somewhat disappointing due to the weather, but the supply is now back to normal. The heavy rains of the past few weeks have not delayed the

harvest. The country sees demand rising especially for organic bananas. As for exports, the sector expects them to grow by 15% this year. Also, many growers are interested in switching to organic cultivation.

Costa Rica sees exports rise

Last year, the country exported 120 million boxes; a record figure. Costa Rica's banana production is growing, and the demand is also increasing. The share of exports of major brands like Chiquita and Del Monte is on the rise; proportionally, there is less free trade.

Netherlands: Peak months for banana sales

The peak months for banana sales are currently underway. Traditionally, consumption during the first months of the year stays at a good level and importers feel the market pull. We come from a period when there were fewer bananas available, but now the supply is rising again. "Interestingly, the market for organic bananas continues to grow. It is still a niche market, but demand is on the rise at various fronts. The wide range of children's bananas, budget bananas and organic bananas, sometimes in combination with Fairtrade, ultimately results in additional demand," said an importer

Belgium: Prices on the rise for green and stable for yellow

The first four months of the year are usually the best months for banana sales. In general terms, the market is calm and there is "nothing special going on." The prices for green bananas are now slightly going up, while the "yellow" prices are more stable. Green prices are the purchase prices for the importer/riper who will later sell the yellow bananas. The price of the yellow banana is always a little behind. According to a trader, it is difficult to get higher prices for bananas. "Making the product more expensive for customers today is not easy anymore." Although there are several brands available on the market, there seems to be a preference for Chiquita bananas.

UK market stable

At this time, the market is stable. Both supply and demand record no significant changes, either upwards or downwards. Traditionally, the demand increases slightly in the first months of the year and the supply may drop somewhat, but since most of the banana market is fixed in contracts and little is traded on the spot market, the price barely changes. The exchange rate may be affecting the trade in the spot market, but volumes there are very small. Last summer, however, traders noted that there was an impact on the price when the pound lost value against the dollar. A trader says that the supply from Ecuador has not faced any issues, although Costa Rica and Colombia had bad weather. These weather conditions only took a toll on free trade. Importers diversify their business by offering other services or products. For example, there are importers who expand the range of exotics, while others invest in logistics services.

France is facing supply shortages

On the French market there are currently many African bananas available. A trader says that there are shortages in the supply from Latin American and Caribbean countries. Colombia, Guadeloupe, Martinique and the Dominican Republic are facing shortages. Thus, the prices for premium bananas are high and the demand is shifting to Class 1 bananas, whose prices are more affordable. The dollar makes imports difficult. According to an importer, it is not easy to get a contract with a better price, so there are many companies in Europe losing money.

Poland: Low demand due to school holidays

A Polish banana importer describes the situation in the Polish market as "not great." The sales of yellow bananas are not in proportion with purchases in the northern parts of Europe. Last week, the spot price of Ecuadorian bananas stood between 10.50 and 11 dollars. That price increase has not yet been reflected in the price level of yellow bananas. There are promotions underway that advertise the sale of bananas at low prices. In general, sales are not spectacular at this time of the year. According to a trader, the price should be higher and the situation should be better. On the wholesale markets, the supply remains stable. The low temperatures

do not give sales a boost. Furthermore, the school holidays have a negative impact on sales in parts of the country. In recent years, a number of niche products, such as red bananas, baby bananas and plantains, have also hit the market, but they remain small products.

Spain: Battle between imported and Canary bananas

The market share of imported bananas continues to rise at the expense of Canary bananas. This applies especially in the southern Mediterranean regions. In Northern Spain, the consumption of imported bananas is smaller. Imported bananas have approximately a 40% share of the Spanish market, while Canary bananas account for the other 60%. In recent years, prices have become more competitive because tariffs on imported bananas have been reduced. Spanish supermarkets use these bananas as part of promotions to attract more customers. Imported bananas are therefore cheaper than the Canary bananas and the quality has also improved. Colombia has flooded the market over the past six months. Consequently, the prices have been under pressure. At this time, Canary bananas are 60 to 70 cents more expensive than imported bananas. In the winter months (February to March), demand peaks and prices rise; however, the supply is limited. The supply of Canary bananas remains stable at around 6 to 8 million kilos per week. The import market is less stable. European importers use Spain to dump surpluses and stabilise the market.

Quiet market in Italy

The beginning of the year is not a good period for the banana market. From late February, the market shows an upward trend lasting until late June. The supply comes from both Africa (Cameroon) and South and Central America (Ecuador, Costa Rica and Colombia). The price on the wholesale market in Naples stands between 90 cents and 1 Euro per kilo for a box of 18 kilos of bananas. In Turin, bananas from Central America cost 87 cents, which is a slightly below the price recorded early in the month. In Rome, the price stands at 80 cents.

The prices on the wholesale market in Verona clearly show the differences between the various brands:

- 0.83 €/kg for Bouba branded bananas, category I, from various foreign origins;
- 0.85 €/kg for Simba branded bananas, category I, from various foreign origins;
- 0.88 €/kg for Cabana branded bananas, category I, from various foreign origins;
- 0.90 €/kg for Del Monte and Tropy branded bananas, category I, from various foreign origins;
- 1.03 €/kg for Dole branded bananas, category I, from various foreign origins;
- 1.15 €/kg for Chiquita branded bananas, category I, from various foreign origins.

Expensive bananas in Greece

South American bananas have been expensive over the past two weeks, according to a trader. The importer states that Greek consumers have a preference for Ecuadorian bananas because of its size. The trader explains that demand is high and supply low, which results in rising prices for the growers. "The growers benefit from the current situation."

Supermarkets are showing more interest in organic bananas and in a variety of sizes. What is positive for the market is that transport costs have halved compared to two years ago.

US banana war

Although the supply of bananas is stable, demand is disappointing. "We are in a price war. Every chain sells for 39 cents per pound (454 grams), and that hurts," said a trader from the Boston area. The price war has been raging for some time and there is no end in sight for it. According to the trader, supermarkets are offered attractive prices by the big multinationals and small players are the ones suffering the most from this. Besides the price war, bananas also have to deal with the competition from other fruits that are supplied all year round, which according to the trader, takes a toll on the demand. Meanwhile, the market for plantains does show a positive trend.

China imports less from Philippines

The peak in banana sales is recorded between the months of September and February. In China, bananas are grown in the southern provinces of Guanxi, Yunnan and Hainan. At this time, the market is weak. The prices for the domestic harvest last year were higher than in the previous season. The reason for this was the supply shortages caused by the impact of storms and the declining imports from the Philippines. The archipelago is the main supplier of imported bananas, but the focus is increasingly shifting to Ecuador. Last May, some batches of Philippine bananas were destroyed on arrival in China. Political tensions also play a role. Furthermore, the production in the Philippines fell due to extreme weather and diseases. According to estimates, exports to China dropped by 30%. China also imports bananas by road from Vietnam and Thailand. There are ripening facilities in major Chinese cities, like Beijing and Shanghai, but capacity is limited.

India sees exports rise

In the last two years, India's banana production has been affected by drought. A grower reports that last year's harvest volume was 40% smaller. At present, the prices are high, but they are expected to drop as soon as the new harvest hits the market in March. A trader explains that, beside the famous Cavendish, the country also grows Yelakki bananas. These bananas are marketed under a separate label, and thanks to a substantial investment in irrigation, it will be possible to export them. The company also expects baby banana exports to Europe and the Middle East to develop. Shipments go to countries in the region, such as Afghanistan and Pakistan, and further afield, to the Gulf States. Demand is rising especially in Pakistan, and Dubai is also a growing market. Last year, exports increased by 45% and reached a volume of over 93,000 tonnes. Besides the aforementioned destinations, France and the United Kingdom are also export markets.

Australia setting up a test plantation

In a few months, a test area extending over 6 hectares will be set up south of Darwin for the cultivation of several genetically modified banana varieties, namely Cavendish varieties. With

this, researchers hope to develop a variety that is resistant to the dreaded TR4 disease, which resurfaced in 1997 for the first time in the north of the country. In previous studies, scientists found a high resistance to it in four lines of Grand Nain Cavendish bananas.

Lien article : <http://www.freshplaza.com/article/171075/OVERVIEW-GLOBAL-BANANA-MARKET>