

# OVERVIEW GLOBAL BANANA MARKET

Rainfall in Ecuador has pushed prices up. According to an exporter, US companies are not willing to pay those prices and are switching to imports from other Latin American countries. In Colombia and Honduras, this has resulted in export growth. Mexican exports are also on the rise, even though a smaller supply of organic bananas is expected. The Philippines is experiencing problems due to the unrest in the country, which is leading to reduced investments. In China, growers have been able to make a good profit from banana cultivation for a number of years.

## **Ecuador: Rainfall pushes prices up**

Due to the heavy rain this season, prices are high. Some plantations have been flooded, which has an impact on the quality of the fruit. Last year, the country dominated the global banana market. A trader emphasises that good prices are needed to compete and for the sector to develop. He points out that growers are unable to invest in better working conditions if prices are too low. The minimum price set by the government is \$ 6.26 per box; however, the price currently stands at 12 dollars per box. Many US companies are not willing to pay that price. According to a retailer, US companies therefore choose for imports from other countries, such as Colombia and Costa Rica. In any case, this exporter is concerned about the quality of bananas from other countries.

Since 1990, the Latin American country has had access to the Chinese market. The volume has since grown, especially in the case of baby bananas, which are doing really well. According to the latest figures, baby banana exports in 2015 amounted to 1,687 tonnes. A year later, that volume doubled to 3,240 tonnes. Up to April this year, exports stand at 779.99 tonnes.

## **Mexico: Delayed organic supply**

The supply of organic bananas has been delayed by the cold temperatures recorded in February. Mexico is the year-round supplier of organic bananas for the US market. US importers are getting ready for the peak of the organic season, while taking also the market tightness into account.

### **Honduras sees exports rising**

According to the Honduras Central Bank, exports have increased by 12.8% in the first quarter of this year, reaching \$ 134.6 million. Although prices are under pressure, the country's profit increased by \$ 15.3 million compared to the previous season, when the country made 119.3 million dollars from exports.

In terms of volume, the export figure amounts to 8.6 million boxes of 18 kilos. That is 13.1% more than in the first quarter a year earlier. According to the Central Bank, the increase is due to improvements in the plantations and new plantings.

### **Colombia exports to US and Europe**

According to official statistics, 520,289 tonnes of bananas were exported through the port of Santa Marta in 2016. This export flow generated \$ 248.6 million. About 28% of banana exports go through this port. With 30% of all shipments, the United States is the most important destination, followed by Belgium, with 23% of all exports. The third biggest market is the United Kingdom, with another 20%, followed by the Netherlands (11%) and Germany (9.9%). At the moment, work is underway to authorise the marketing of organic bananas.

### **China: End of growth in the domestic market?**

The country is the second largest banana producer and consumer in the world. By 2015, more than 14 million tonnes of bananas were consumed. The domestic production amounted to 12.9 million tonnes. Import bananas come from the Philippines, Ecuador and Costa Rica. With the country's economic growth and growing awareness among consumers about healthy eating trends, the banana market is expected to grow by 5% a year.

The cultivation is mainly found in the southern provinces of Guangdong, Guangxi, Hainan, Yunnan and Fujian. The total acreage is 270,000 hectares. In recent years, the situation has been difficult for the growers. According to estimates, only 10% to 20% of growers managed to make a profit from the crop's cultivation. As a result, plantations were abandoned and the total production decreased. The spread of Panama Disease only made matters worse. After three years, growers this season have a good harvest and higher prices. For example, in the Yunnan province, prices have risen by 0.8 yuan per kilo since the Chinese New Year and reached 3.0 yuan. However, growers are concerned about the growing importance of imports.

### **Filipino sector hampered by problems**

Although the country is one of the world's largest producers, more and more importers are turning their backs to the archipelago because of quality issues and social unrest. Philippine companies are worried and have asked the government for help. Companies have postponed investments. The government is working with a company from the Middle East to increase the acreage by between 5,000 and 10,000 hectares, but those plans have been put on hold.

China, South Korea and Japan are the most important export markets. With the growing demand and developments within the ASEAN trading block, there should be more investment in the sector.

### **Indonesia expects good harvest**

Thanks to the favourable weather conditions, the harvest volume is expected to increase. Furthermore, investments are being made to expand the acreage. The main export markets are South Korea, China, the Middle East and Singapore. The biggest competitor in the region is the Philippines. The domestic market is also attractive, especially if international prices are low.

### **The Netherlands: Reduced supply keeps banana market**

The banana market is in a very reasonable situation for this time of the year. The supply is limited, which is keeping prices at a good level. Sales prices of yellow bananas oscillate between 16 and 18 Euro and that is very good for June. It is mostly the tight supply that is keeping the price stable, because there is an abundant supply of summer fruits, like soft and stonefruit. During the summer, banana sales are always a little lower. However, wholesalers hate the low price of bananas (99 cents/kilo) in supermarkets, against which they are hardly able to compete.

### **Italy: Banana loses ground to summer fruit**

In the summer months, the banana market stabilises. A trader in Naples explains that "in the summer months, banana consumption drops drastically in favour of summer fruit." Prices for bananas differ between wholesale markets. In Rome, the Cavendish cost 80 cents on 6 June. In Turin, the price for a similar banana was 93 cents a day later. Since the beginning of the week, the price rose by 0.03 Euro.

Since the introduction of Fairtrade bananas in 2002, the market has grown to over 11,000 tonnes in 2016. An importer who has been importing these bananas from the very beginning has benefited from the growth in this market. "We hope more importers will decide to promote Fairtrade."

### **Retail prices on the rise in Australia**

In the 2016/2017 season, 396,000 tonnes of bananas were harvested, with a total yield of 600 million dollars (403 million Euro). The production is available year-round and is entirely sold on the domestic market. In March, growers feared hurricane Debbie would destroy the plantations, but reports from April show that the storm did not hit the main growing areas in the north. Queensland accounts for 94 percent of the 13,000 hectares of crops. Most of this acreage is found in northern Queensland, around the Cassowary Coast (Tully, Innisfail and Kennedy), south of Cairns, in Atherton Tablelands, and Lakeland, north of Cairns.

Retail prices have risen in recent months to between \$ 3.50 and \$ 4.50 (2.30-3 Euro) per kilo.

### **US: Lower supply of organic bananas**

The demand for organic bananas is on the rise. In addition to imports from Mexico, organic bananas are imported from Ecuador. Since prices have become more affordable, consumers are more willing to pay a little more. Also, a promotional campaign was carried out with Sesame street characters on the stickers. For the coming weeks, a lower supply of Mexican organic bananas is expected.

The market for premium bananas is also growing. A trader affirms that the market grew by 33 percent last year. The importer tells us that Mexico has gained considerable ground, as it has made great investments in infrastructure and the country is now better equipped to ship large volumes of the fruit to the United States.

**Lien article :** <http://www.freshplaza.com/article/176943/OVERVIEW-GLOBAL-BANANA-MARKET>