



Food and Agriculture  
Organization of the  
United Nations

# BANANA

Market Review 2020



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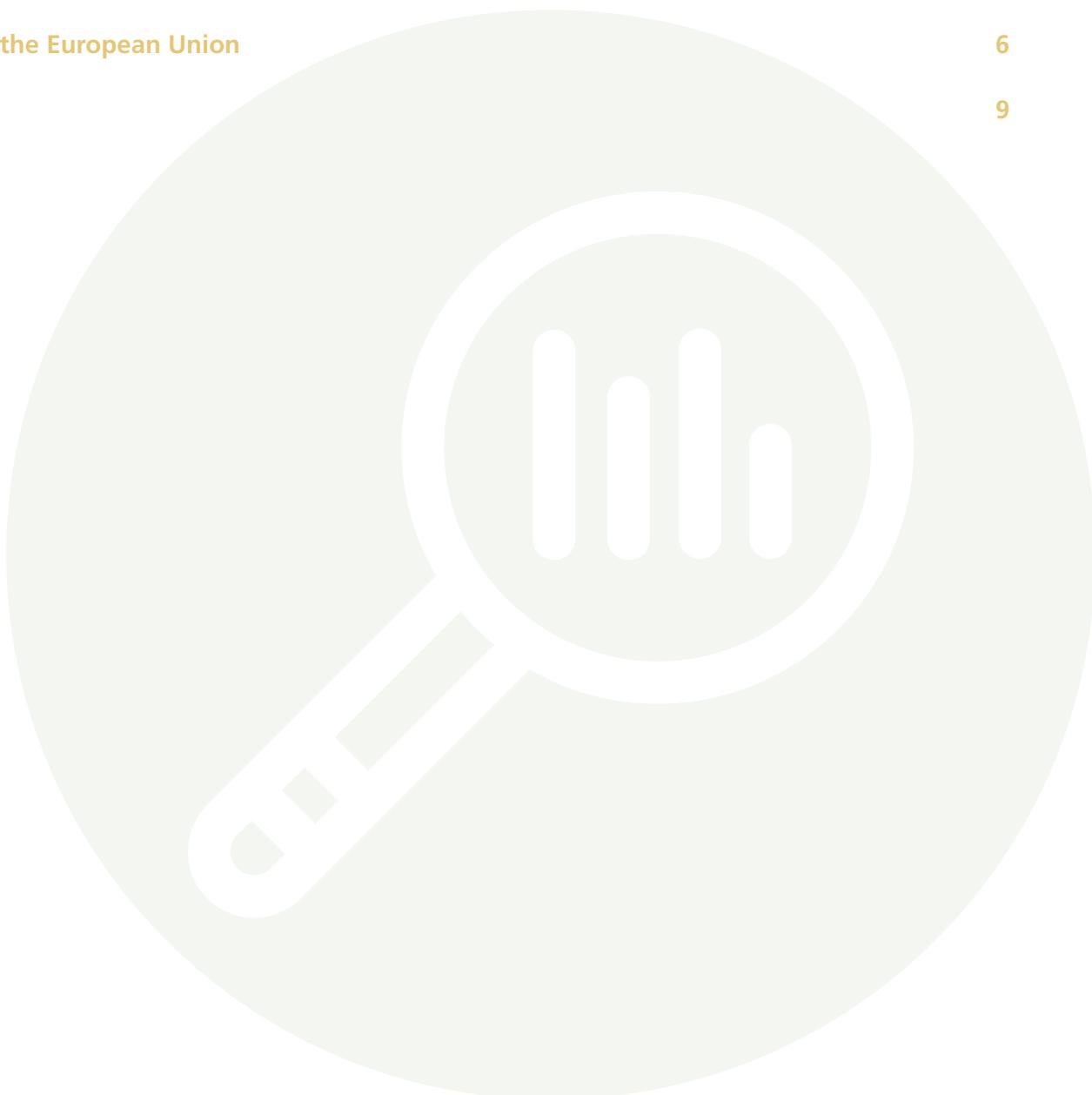
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# Contents

Note on methodology	iv
Foreword	v
Developments in global banana trade – results for 2020	1
Exports	1
Imports	3
Market access to the European Union	6
Uncertainties	9





## NOTE ON METHODOLOGY

Data and information in this market review were compiled from communications with national sources and industry partners in trading countries, monthly data from TDM and COMTRADE and secondary information and data from desk research.

Detailed tables on global trade in bananas as well as further information on data sources and any deviations from the underlying methodology can be found in the *Banana Statistical Compendium 2020*.

All data in this report should be considered as provisional.

# FOREWORD

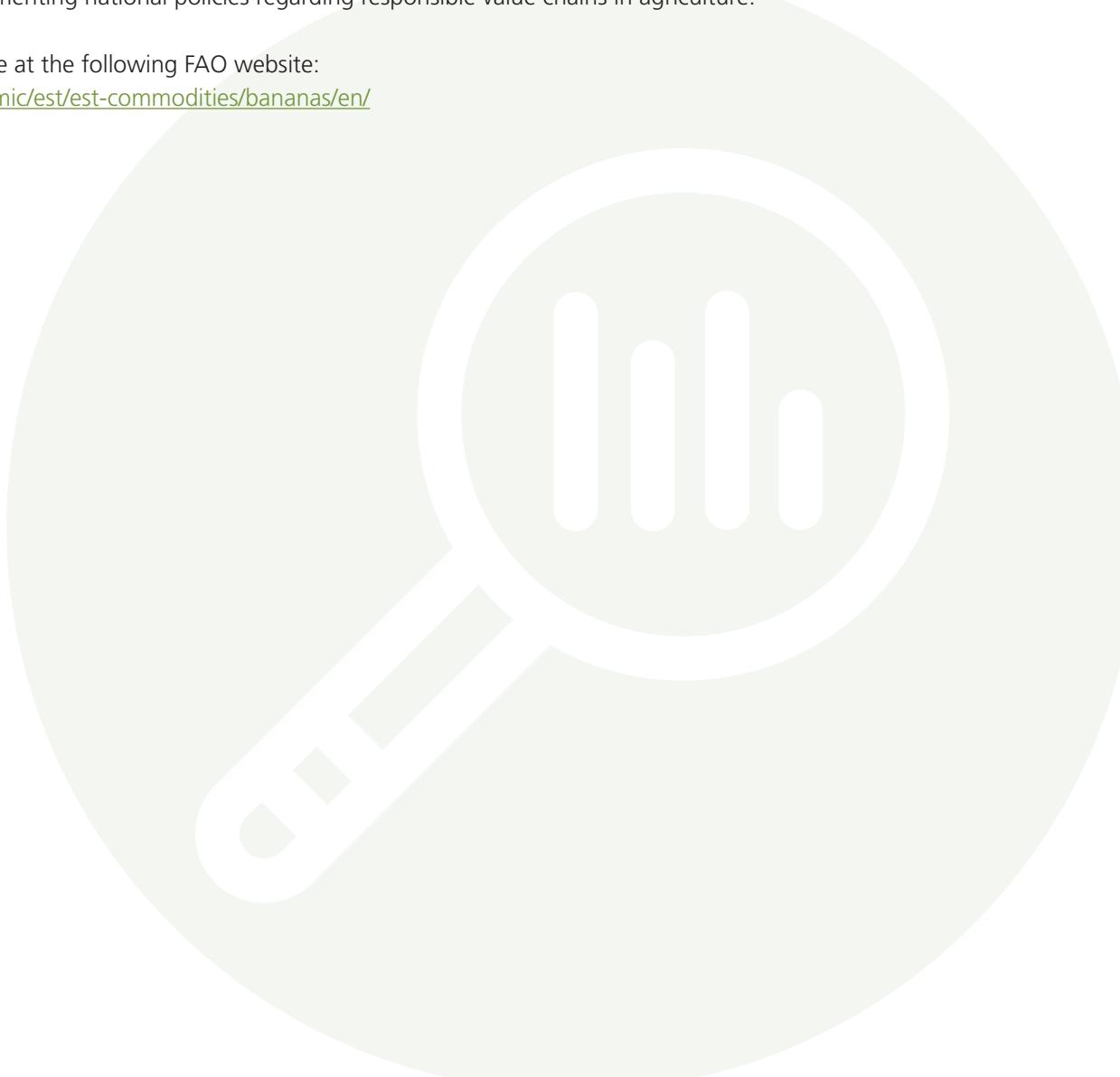
The *Banana Market Review* is issued on an annual basis to Members and Observers of the Sub-Group on Bananas of the Intergovernmental Group on Bananas and Tropical Fruits, which is a subsidiary body of the Committee on Commodity Problems (CCP).

It is prepared by the Team on Responsible Global Value Chains, Markets and Trade Division, Food and Agriculture Organization of the United Nations (FAO), Rome, and the tables contained bring together the information available to FAO, supplemented by data obtained from other sources in particular with regard to preliminary estimates.

The Team on Responsible Global Value Chains provides research and analyses on global value chains for agricultural commodities, and economic data and analyses on tropical fruits. Regular publications include market reviews, outlook appraisals and projections for bananas and tropical fruits. The team also provides assistance to developing countries in designing and implementing national policies regarding responsible value chains in agriculture.

The report is available at the following FAO website:

[www.fao.org/economic/est/est-commodities/bananas/en/](http://www.fao.org/economic/est/est-commodities/bananas/en/)





# BANANA



# Developments in global banana trade – results for 2020

This report describes full year results on developments in global banana trade in 2020 and represents an update to the Banana Market Preliminary Results 2020. The data on trade quantities presented in this report were compiled from the following sources: country responses to the 2021 questionnaire of the FAO Intergovernmental Sub Group on Bananas; data from the UN Comtrade database; and secondary data and information from desk research. The findings incorporate revised data and information as available up to the end of June 2021. FAO is continuously monitoring global trade flows of bananas and will update these results should revisions of officially reported data be released.

## Exports

Available data indicate that global exports of bananas, excluding plantain, remained relatively stable at around 21.5 million tonnes in 2020, as higher shipments from **Latin America and the Caribbean** were offset by lower exports from Asia and Africa (Fig. 1). This stability of world exports stood in stark contrast with the fast expansion of global banana trade seen between 2017 and 2019. According to various sources in the industry and specialized media, developments in global banana trade in 2020 were to a large extent conditioned by the manifold and far reaching ramifications of the COVID-19 pandemic throughout most of the year, which particularly hampered exports from Asia and Africa. However, amid the many factors at play in 2020, including the impact of natural disasters and the spread of plant diseases, and due to the lack of counterfactual, it is difficult to draw clear conclusions on the precise impact of COVID-19 on global banana trade. The fact that world exports remained very close to their record level reached in 2019 suggests that banana supply chains were more resilient in 2020 than expected at the onset of the COVID-19 crisis, at least in terms of aggregate global exports.

Industry sources indicate that many large scale producers of bananas, notably those located in Latin America and the Caribbean, managed to keep a sufficient number of workers in plantations to avoid major output disruptions. As such, shipments from Latin America and the Caribbean (LAC), the world's leading exporting region, grew by approximately 3.7 percent in 2020, to a total of 16.5 million tonnes – some 600 000 tonnes higher than their 2019 level. Strong supply growth in Ecuador, Costa Rica and Colombia, three of the five leading exporters both in the region and globally, was the key driver of this robust performance. All three countries reportedly implemented disease mitigation strategies in their plantations at early stages of the pandemic and were thereby able to minimize disruptions to their ability to supply bananas to world markets. As such, Ecuador, the largest exporter of bananas globally, registered 5.6 percent growth in shipments, to reach an unprecedented high of 7 million tonnes. A reported 22 percent surge in exports to the United States, the second largest export destination for bananas from Ecuador with a quantity of 890 000 tonnes in 2020, was the main factor behind this expansion.

Exports from Costa Rica, which had been affected by adverse weather conditions in 2018 and 2019, witnessed a strong recovery and grew by 8.6 percent in 2020, to 2.4 million tonnes, allowing the country to rank as the third leading exporter from the region. Similarly, exports from Colombia, the fourth leading supplier of bananas in the LAC region, reached approximately 2 million tonnes following a 7.3 percent expansion in 2020, on account of successful disease mitigation strategies pertaining to both the containment of the Banana Fusarium Wilt Tropical Race 4 (TR4) outbreak and the impact of COVID-19. On the other hand, exports from Guatemala, the second leading exporter from the LAC region, remained almost unchanged (+0.1 percent in 2020) at some 2.4 million tonnes. Aside from COVID-19 related difficulties, higher growth prospects for exports from the country were hampered by production shortages caused by two hurricanes that passed through Central America in November 2020. Adverse weather conditions also disrupted exports from Honduras, which fell by 28 percent in 2020, to 430 000 tonnes. Reports by the Honduran Ministry of Agriculture and Livestock elaborated that the two hurricanes Eta and Iota in the fall of 2020 resulted in the flooding of



200 000 hectares of banana plantations, and in the ensuing destruction of approximately 40 percent of plants. Similarly, flooding in critical production areas in southern Mexico adversely impacted Mexican banana exports, which declined by 3.4 percent in 2020, to approximately 540 000 tonnes.

Exports from the **Caribbean** grew by an estimated 4.4 percent in 2020, to reach approximately 420 000 tonnes. A reportedly robust performance of banana supplies from the Dominican Republic, which continued to recover from a series of destructive hurricanes that hampered the country's banana production between 2017 and 2019, was the key reason for this growth.<sup>1</sup> The Dominican Republic accounts on average for some 95 percent of banana exports from the Caribbean and specializes in the production and export of organic bananas, which accounted for approximately 75 percent of the country's total exports in 2017–18, according to latest obtainable data. While precise data on global trade in organic bananas are not available – as most countries do not separately report these in their customs declarations – anecdotal evidence suggests that the category witnessed particularly high demand in 2020, as consumers in key import markets, notably in the European Union and the United States, displayed a higher propensity to spend on organic produce. According to a combination of official and imputed data, banana shipments from the Dominican Republic registered an estimated 4.5 percent increase from 2019, to approximately 410 000 tonnes in 2020. This was largely on account of higher procurements from Belgium and Germany, which purchased some 50 000 and 40 000 tonnes of bananas from the Dominican Republic, respectively, in 2020. Overall, the Netherlands, an important re exporter within the European Union, and the United Kingdom remained the leading recipients of bananas from the Dominican Republic, importing some 100 000 and 125 000 tonnes in 2020, respectively.

According to available data and information, banana exports from **Asia** suffered an 11.7 percent decline in 2020, to 4.4 million tonnes, partly induced by the adverse impacts of the COVID-19 pandemic on banana production in the region. On average, some 90 percent of Asian banana exports originate in the Philippines, which ranks as the second leading global banana exporter behind Ecuador. Industry information conveys that banana exports from the Philippines were affected by severe production difficulties arising from the spread of plant diseases, which were worsened by the movement restrictions implemented to contain COVID-19. This reportedly had a particularly detrimental effect on small scale banana producers, which were faced with cancelled orders due to quality concerns. Official data indicate a fall of 13.5 percent in the quantity of Philippine banana exports in 2020, to 3.8 million tonnes. Shipments to China, the largest destination for bananas from the Philippines, procuring one third of total Philippine exports in 2019, reportedly fell by 25 percent in 2020, to some 1.2 million tonnes. Shipments to Japan, another important export market for Philippine bananas, displayed a decrease of 0.8 percent in 2020, to around 1.4 million tonnes.

**Africa's** exports<sup>2</sup> registered an estimated fall of 21.8 percent in terms of quantity in 2020, to some 630 000 tonnes, in the face of COVID-19-induced difficulties in the production, harvesting and transport of bananas, which resulted in higher costs and a reduced ability to compete with cheaper bananas from Latin America.<sup>3</sup> The leading exporter from the region, Côte d'Ivoire, registered a reported fall in exports of 24.4 percent in 2020, to just below 330 000 tonnes, as previously negotiated contracts with importers were interrupted by the impact of the pandemic. Exports from Côte d'Ivoire primarily go to the European Union, mainly France, which typically receives 50 to 60 percent of exported quantities each year. At an average import unit value of USD 820 per tonne in 2020 – a rise of 7.4 percent from 2019 – banana shipments from

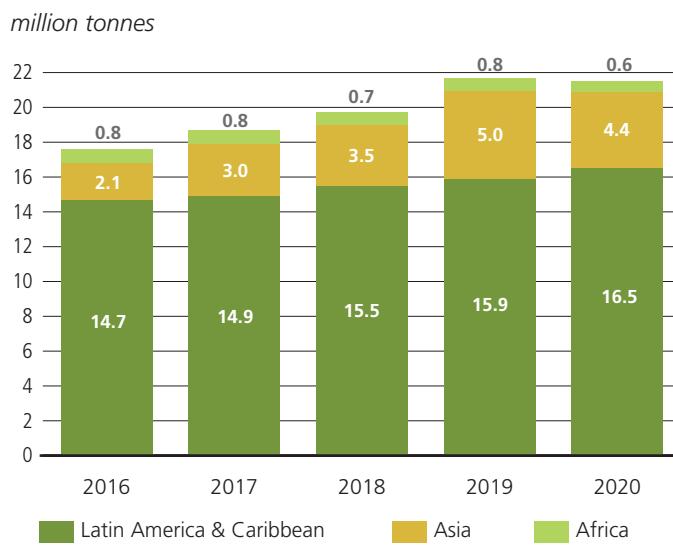
<sup>1</sup> It should be noted that reported trade data as well as industry information for the Dominican Republic continue to be incomplete and may be subject to later revisions, allowing only an indicative assessment of the country's 2020 banana shipments at the current stage.

<sup>2</sup> Data in this market review exclude intra-African trade.

<sup>3</sup> Due to the unavailability of officially reported data and information on trade flows from a number of African exporters, the current estimate for banana exports from Africa provided should be considered as provisional and indicative only. FAO is continuously monitoring global trade flows of bananas and will update these estimates with more precise data becoming available.

Côte d'Ivoire to France were approximately 23 percent more expensive than those from competing Colombia, which accordingly witnessed a surge in procurements from France by 360 percent in 2020, to 50 000 tonnes. At the same time, shipments from Côte d'Ivoire to France registered a 14 percent decline in 2020, to 210 000 tonnes. Similarly, shipments from Cameroon, the second leading exporter from the region to the United Kingdom fell by 37 percent in 2020, to 23 000 tonnes, as a result of high unit values, which averaged some USD 920 per tonne at the import level. In terms of new developments in trade agreements, Côte d'Ivoire signed an Economic Partnership Agreement with the United Kingdom in November 2020, which encompasses tariff-free trade of bananas between the two partners.

**Figure 1** - World banana exports by region, 2016-2020

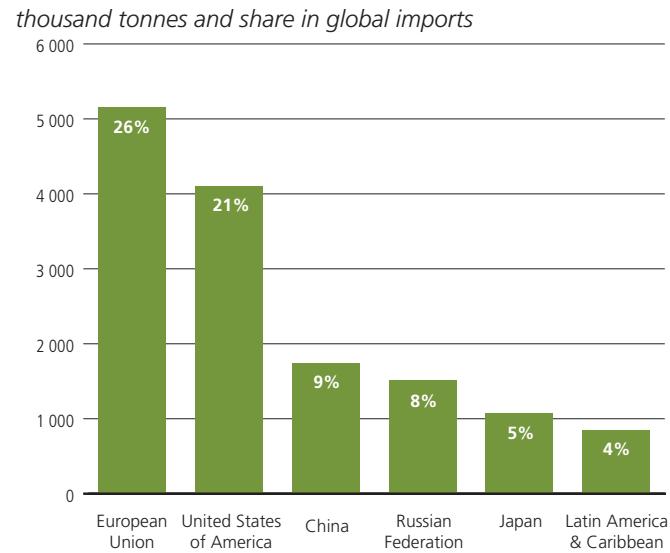


## Imports

Global net import quantities of bananas remained relatively stable around 19.8 million tonnes in 2020. This relative stability contrasted with the expansion observed in previous years. It possibly reflected pandemic induced strains on global supply chains as well as impacts on demand in several key import markets, although it is difficult to attribute the cause to a specific factor among the many at play. Available data indicate that imports by the European Union (EU-27) rose, while those by the United States, the

second largest importer behind the European Union, remained relatively stable. On the other hand, imports by China, the third largest importer of bananas globally, fell by a reported 10 percent on account of supply chain disruptions and the production shortages experienced in the Philippines. However, as previously noted, prevailing inconsistencies in trade data as well as persistent delays in data reporting are rendering a complete assessment of global banana trade in 2020 difficult. As it stands, reported trade data continue to indicate an imbalance of global exports and imports of approximately 1.8 million tonnes, equivalent of 8 percent of global exports, which substantially exceeds the commonly accepted tolerance of 2-5 percent generally caused by fruit shrinkage and loss in transit. This imbalance may also be caused by data reporting errors beyond the impact of the pandemic. FAO is continuously monitoring global trade flows of bananas and will update these figures in the event that revised data become available.

**Figure 2** - Distribution of global net imports by market, 2020

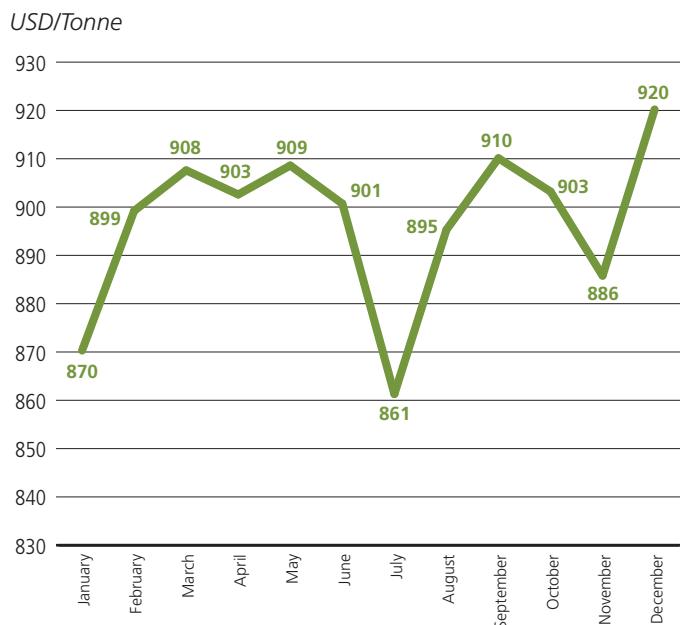


Net imports by the **European Union (EU-27)** grew by a reported 4.8 percent in 2020, to 5.2 million tonnes, marking a new peak in EU banana procurements. In global markets, the European Union thereby remained the largest importer of bananas at an approximate 26 percent share (Fig. 2). Overall, in response to the COVID-19 related health concerns and the elevated importance of supporting the immune system



through healthy nutrition, bananas ranked among the most popular fruit choices in the European Union as consumers aimed to increase their intake of fresh fruits and vegetables.<sup>4</sup> Furthermore, amid lockdown induced panic buying, bananas reportedly benefited from the fruit's convenience factor, perceived sanitary safety and longer shelf life. Since bananas tend to be predominantly consumed at home, the repeated and prolonged lockdowns implemented in many EU countries were probably another reason that contributed to higher sales. As such, import demand for bananas remained particularly strong in some of the countries that were worst affected by the spread of COVID-19, including France and Italy, which, in 2020, expanded their imports by 4 and 7 percent, respectively. While precise data are not available, industry sources further described significantly higher demand for organic bananas in major EU markets. For example, imports from the Dominican Republic, a key supplier of organic bananas, increased by 30 percent in Germany and by 20 percent in Belgium in 2020. Indicative EU import unit values of bananas in both USD and EUR terms displayed a tendency to rise in response to ample demand in 2020, with only a brief trough of USD 861 per tonne observed in July 2020, when competition from temperate summer fruits was strong (Fig. 3). Another small decline was also noticeable in November 2020, when supplies from the key Latin American and African origins were strong. Overall, at an average of USD 897 per tonne, EU import unit values ranged 2.4 percent higher in 2020 than in 2019, closing at a peak of USD 920 per tonne in December 2020. In terms of imports by origin, Ecuador, Colombia and Costa Rica remained the three predominant suppliers of bananas to the European Union, jointly accounting for approximately 72 percent of total EU imports in 2020.

**Figure 3** - European Union Monthly Indicative Import Unit Values 2020



Higher import demand in the European Union was additionally supported by an approximate 6 percent decrease in European banana production, which fell to 594 198 tonnes in 2020.<sup>5</sup> On average, over 90 percent of EU banana production takes place in Spain and France, namely on the Canaries and the French West Indies. Both cultivation zones face difficulties to compete in global banana markets due to their significantly higher production costs stemming from the remoteness and insularity of their locations. In 2020, this situation was further exacerbated by the impact of the COVID-19 pandemic on the movement of workers, as well as by disruptions in global supply chains and transport routes.<sup>6</sup> Production in Martinique and Guadeloupe, the two key production locations in the French West Indies, additionally suffered from prolonged drought conditions that began in March 2020. In view of higher production costs, the average unit value of bananas produced in the European Union and sold at the stage of delivery at the first port of unloading rose by 12 percent in 2020, to EUR 1 001

<sup>4</sup> [www.freshplaza.com/article/9238048/overview-global-banana-market/](http://www.freshplaza.com/article/9238048/overview-global-banana-market/)

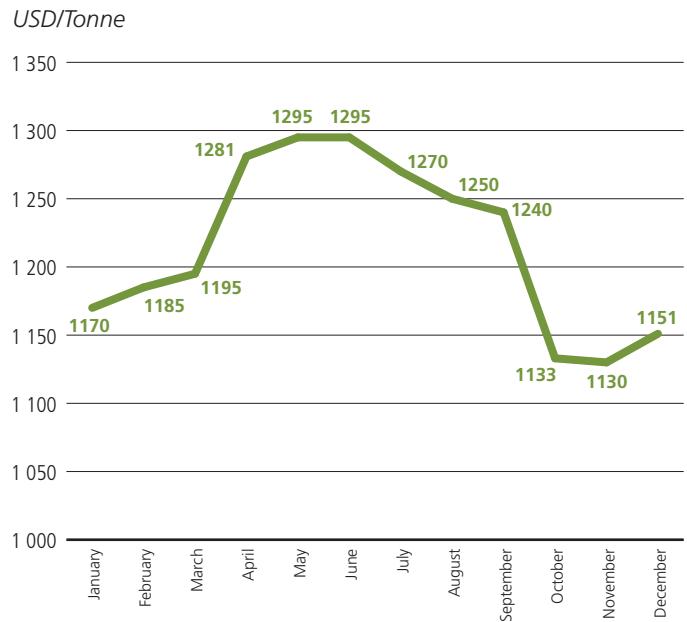
<sup>5</sup> Data provided by the European Commission in March 2021.

<sup>6</sup> J.M. Blazy, F. Causeret, S. Guyader, *Immediate impacts of COVID-19 crisis on agricultural and food systems in the Caribbean*, Agricultural Systems, Volume 190, 2021, p. 5.

per tonne, which is 39 percent higher than the average unit value of imports from Latin American suppliers.<sup>7</sup> More severely, the average unit value of bananas produced in Spain increased by 16 percent in 2020, to EUR 1 220 per tonne, approximately double the average unit price from the globally leading origins.<sup>8</sup> In light of these difficulties, banana supplies from Spain declined by 4 percent in 2020, to approximately 382 000 tonnes. Supplies from the French West Indies fell by 7 percent, to 184 000 tonnes – another factor contributing to the higher import demand witnessed in France.

Net imports into the **United States** remained almost unchanged at 4.1 million tonnes in 2020. The more severe spread of the COVID-19 pandemic in the United States had serious consequences for the country's economic performance and incidence of unemployment, and this may have hampered domestic demand. The production shortages experienced in Guatemala and Honduras, alongside lower imports from Mexico, added further difficulties by triggering a 7 percent increase in the average import price in the United States in 2020. On average, the United States purchases some 40 percent of its banana imports from Guatemala and some 10 to 11 percent from Honduras and Mexico, all of which typically supply bananas at lower unit values than competing origins. In 2020, as combined imports from these three suppliers to the United States fell by approximately 110 000 tonnes and the prices of imports from Costa Rica and Colombia increased, banana import prices in the United States surged to their highest levels in the decade. While for the full year, import prices averaged around USD 1 220 – approximately 20 percent higher than their 10 year average – they ranged at nearly USD 1 300 per tonne from April to August 2020, when the second wave of the pandemic in the United States was acute (Fig. 4).

**Figure 4** - United States of America Monthly Import Prices 2020



Net imports by **China** declined by 10 percent in 2020, to 1.8 million tonnes, according to China Customs Statistics data. Available information suggests that Chinese imports were severely hindered by the immediate impact of China's mitigation strategies against the COVID-19 disease on its import infrastructure early in the year, which included the temporary closure of ports and wholesale markets. The production shortage in the Philippines, which resulted in a 23 percent decrease in Chinese imports from this origin in 2020, caused additional difficulty. Similar to Japan, China typically procures the majority of its bananas from the Philippines, which accounted for respectively some 66 and 53 percent of total Chinese banana imports in 2018 and 2019. In response to the supply difficulties experienced in the Philippines, China considerably increased imports from several Southeast Asian exporters in 2020, notably from Viet Nam, Cambodia and the Lao People's Democratic Republic. This diversification of suppliers was supported by a recent upsurge in Chinese investments in banana

<sup>7</sup> Data refer to the average unit value of EU green bananas based on average selling prices at the stage of delivery at the first port of unloading, as reported by the European Commission in March 2021.

<sup>8</sup> Data refer to the average unit value of EU green bananas based on average selling prices at the stage of delivery at the first port of unloading, as reported by the European Commission in March 2021.



production facilities in these countries, and by the fact that the sea route from Ho Chi Minh port, through which banana exports from these countries are channelled, remained unaffected by COVID-19-related disruptions. Accordingly, Chinese imports from Viet Nam, which had more than doubled already in 2019, grew by 1.8 percent in 2020, to 280 000 tonnes. Chinese procurements of bananas from Cambodia, meanwhile, reached 240 000 tonnes in 2020, more than 10 times the level of 2019. Similarly, imports from the Lao People's Democratic Republic rose more than sevenfold, to reach 70 000 tonnes in 2020. Overall, despite the fall in imports, China maintained its position as third largest importer of bananas globally in 2020, at an estimated quantity share of 9 percent of global imports.

Net imports by the **Russian Federation** remained almost unchanged at 1.5 million tonnes, a small rise of 0.2 percent from 2019. The Russian Federation imports bananas almost exclusively from Ecuador via previously agreed contracts, which are settled in US dollars. In 2020, growth opportunities were limited by the depreciation of the Russian rouble, which fell by 11.4 percent against the US dollar due to a number of factors including the collapse of the global oil price, and which reportedly led to unexpected intermittences of import orders and changes to previously agreed quantities and prices. The closing of the Russian border in response to the COVID-19 pandemic posed an additional obstacle to higher import growth.

Net imports by **Japan** grew by a reported 2.2 percent in 2020, to 1.1 million tonnes, partly due to higher consumer demand for fruits in response to COVID-19 related health concerns. Japan typically sources some 80 to 85 percent of its banana imports from the Philippines, but it notably raised procurements from several Central and Latin American suppliers in 2020, following the supply shortages experienced in the Philippines. Accordingly, while Japanese banana imports from the Philippines fell to 800 000 tonnes in 2020, a decline of 4 percent, imports from Ecuador, Mexico, Guatemala and Costa Rica rose at double digit paces, to jointly amount to nearly 240 000 tonnes.

This was seemingly also due to the significantly lower unit prices offered by these four exporters, which, at average import unit values in Japan of between USD 765 and USD 870 per tonne, ranged between 19 and 7 percent lower than those of the Philippines.

## Market access to the European Union

Market access for bananas to the European Union is regulated by the terms and conditions of the Geneva Agreement on Trade in Bananas, which was agreed between the European Union and Latin American banana exporting countries in December 2009 and entered into force on 1 May 2012. By this agreement, the European Union committed to a gradual reduction of the Most Favoured Nations (MFN) tariff in eight steps, from the previous level of EUR 176/tonne to EUR 114/tonne in 2019 at the latest. Accordingly, the MFN tariff stood at EUR 114/tonne in 2020 (Table 1).

A number of bilateral trade agreements concluded between the European Union and Latin American banana producing countries in 2013 furthermore ensure preferential tariff duties on most of the imports from this region. Bananas imported from Central America (except for Belize), Colombia and Peru paid a reduced rate of EUR 75/tonne in 2020 under the Central America Agreement and the European Union Andean agreements. The African, Caribbean and Pacific (ACP) banana suppliers, meanwhile, benefit from duty- and quota-free access to the European Union market under the Economic Partnership Agreement (EPA), which came into effect on 1 January 2008.<sup>9</sup> The most significant development in trade policy in recent years was the accession of Ecuador to the European Union Andean agreements, with effect from 1 January 2017. Under this provision, the tariff on banana imports from Ecuador, previously the only major supplier paying the MFN tariff, stood at a rate of EUR 76/tonne in 2020, i.e. one euro above the rate paid by its main competitors Costa Rica and Colombia.

<sup>9</sup> All current banana suppliers in the ACP have concluded negotiations on either a full or interim EPA: Belize, Cameroon, Côte d'Ivoire, Dominica, Dominican Republic, Ghana, Grenada, Jamaica, Saint Lucia, Saint Vincent and the Grenadines and Suriname.



**Table 1** - European Union's preferential tariff reduction schedules under the banana agreements

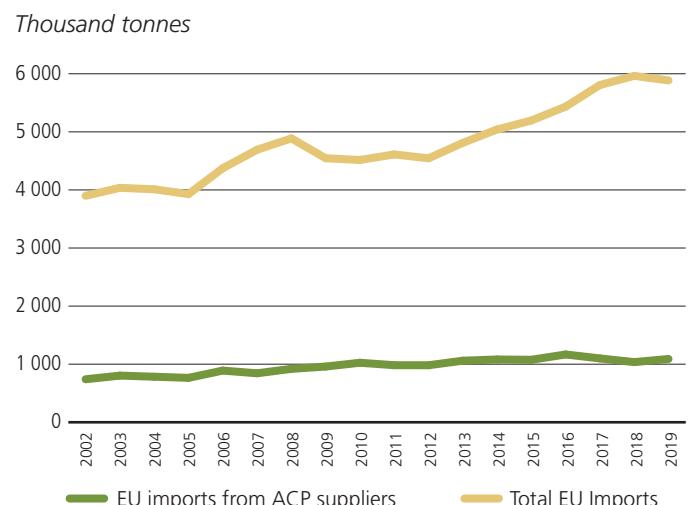
	<b>MFN</b>	<b>ACP</b>	<b>Central America and Andean countries*</b>	<b>Ecuador</b>
<b>2010</b>	148	0		148
<b>2011</b>	143	0		143
<b>2012</b>	136	0		136
<b>2013</b>	132	0		132
<b>2014</b>	132	0		132
<b>2015</b>	132	0		132
<b>2016</b>	127	0		127
<b>2017</b>	122	0		97
<b>2018</b>	117	0		90
<b>2019</b>	114	0		83
<b>2020</b>	114	0		76
<b>2021</b>	114	0		76
<b>2022</b>	114	0		76

Source: WTO Tariff Database.

\*Except Ecuador.

Annual data from the European Union show a distinct increase in total banana imports following the implementation of the Geneva Agreement on Trade in Bananas in 2012 and the conclusion of the bilateral trade agreements with Andean and Central American banana producers in 2013 (Figure 5). This can be assessed most meaningfully for the period up to 2019, since 2020 developments may have also been altered by the effects of COVID-19 and the withdrawal of the United Kingdom from the European Union, as further discussed below. Between 2012 and 2019, total European Union (EU 28) imports of banana grew at an average annual rate of 4.1 percent, in line with imports originating in Latin American countries, which rose at an average annual rate of 4.3 percent. Over the same period, ACP producing countries experienced an average annual growth of only 0.9 percent (Figure 5). This compares with average annual growth of 4.1 percent for imports from ACP suppliers for the period of 2004 to 2011, when total European Union (EU 28) imports expanded on average by only 2.2 percent per annum. Further, following Ecuador's accession to the European Union Andean agreements on 1 January 2017, European Union (EU-28) banana imports from Ecuador ranged on average 17.9 percent higher between 2017 and 2019 than in 2016, while

imports from ACP suppliers displayed declines in 2017 and 2018, and also remained below their 2016 peak in 2019 (Figure 5). Compared to the three year average of 2014–2016, aggregate volumes from Central American and Andean suppliers stood 16 percent higher, while volumes from ACP producers stood 2 percent lower in 2019 (Table 2).

**Figure 5** - Evolution of European Union (EU-28) Banana Imports

**Table 2** - European Union (EU-28/EU-27) imports

<b>Evolution of EU imports</b>	<b>2014-2016 EU-28 average</b>	<b>2019 EU-28</b>	<b>2020 EU-27*</b>
Total EU Imports	5 224.4	5 885.5 (+13%)	5 156.6 (-1.4%)
EU imports from ACP suppliers	1 108.1	1 089.7 (-2%)	792.4 (-28.5%)
EU imports from Central American and Andean suppliers	4 000.5	4 645.8 (+16%)	4 201.5 (+5%)
Ecuador	1 380.7	1 482.4 (+7%)	1 482.7 (+7.4%)
Colombia	1 230.3	1 406.1 (+14%)	1 173.4 (-4.6%)
Costa Rica	1 005.0	1 159.1 (+15%)	1 023.8 (+1.9%)
Panama	210.8	285.9 (+36%)	255.4 (21.0%)
Peru	104.8	110.7 (+6%)	97.6 (-6.9%)
Guatemala	68.9	201.6 (+193%)	168.5 (144.3%)

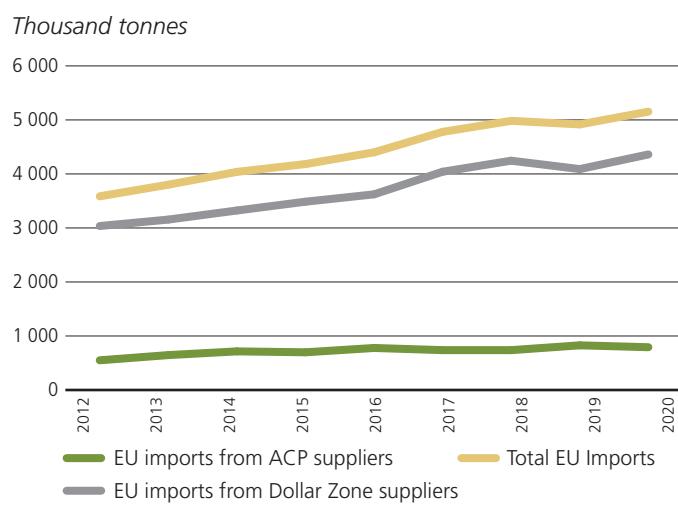
Source: Eurostat

\*Excluding imports by the United Kingdom after 31 January 2020.

Beside the accession of Ecuador to the European Union Andean agreements, an important factor determining the respective shares of Latin American and ACP suppliers in EU imports in 2020 was seemingly also the withdrawal of the United Kingdom from the European Union, which came into effect on 1 February 2020. Data including the United Kingdom until 31 January 2020, and excluding the country thereafter, show that quantities imported by the EU from ACP producers stood 29 percent lower in 2020 compared to the three-year average of 2014–2016, the time span immediately preceding the accession of Ecuador to the European Union Andean agreements assessed in comparison (Table 2). Aggregate quantities from Central American and Andean suppliers to the European Union, meanwhile, stood 5 percent higher in 2020 than in 2014–2016. While data for 2020 are still partially provisional, this development seemingly also reflects the higher share of banana imports from ACP origins in the United Kingdom, the main recipient of bananas from the Dominican Republic. This could possibly suggest that, in addition to COVID-19 and the accession of Ecuador to the European Union Andean agreements, the withdrawal of the United Kingdom from the European Union has reduced the share of ACP bananas in total EU imports.

Data on European Union (EU-27) imports excluding the United Kingdom, meanwhile, indicate that between 2012 and 2020, total EU-27 imports of bananas grew at an average annual rate of 4.7 percent, while imports originating in Latin America and ACP producing

countries experienced an average annual growth of 4.9 percent and 3.9 percent respectively (Figure 6). Furthermore, in 2020, the comparatively weaker position of ACP exporters was seemingly exacerbated by the adverse effects of COVID-19, with banana imports from ACP suppliers displaying a 4.2 percent decline from their 2019 level while total EU-27 imports increased by 4.8 percent (Figure 6).

**Figure 6** - European Union (EU-27) Banana Imports

However, it is important to note that preference erosion and the British withdrawal may not be the only reasons hindering expansion in exports from ACP suppliers, since these have been additionally curtailed

by adverse climatic events such as the strong hurricanes frequently experienced in the Caribbean, other events and by the aforementioned impacts of the pandemic. Both European Union and ACP producers, particularly those located in the smaller Caribbean ACP countries, notoriously face difficulty to compete in both the global and European Union banana markets. Less favourable land conditions, small farm sizes, difficult transport networks and the exposure to natural disasters result in high production costs, which in some cases such as Saint Vincent and the Grenadines are reported to be a multiple of the production costs in the most efficient Latin American countries. In addition, marketing costs are also higher due to the typically low output quantity in ACP producers and limitations in the transportation network. To conclude, it is difficult to disentangle the impacts of these various factors on the European Union's imports from ACP countries in 2020.

## Uncertainties

The social and economic impacts of the ongoing COVID-19 pandemic continue to pose risks and uncertainties for global banana markets. Although data from the IMF indicate that the global economic downturn in 2020 was less severe than earlier expected, particularly in the key banana importing countries of the United States and the European Union, the paths of recovery will likely vary across countries and regions. While for high-income countries, the economic performance in 2021–22 is currently anticipated to be better than previously expected, recovery in low income countries, which tend to lack resilience in infrastructure and fiscal capacity, is predicted to be less robust. Overall, these diverging patterns of recovery should underpin higher import demand for bananas in high income countries, contingent on respective elasticities of demand, but could result in continuing and possibly higher risks on the supply side in the face of rising costs. While banana supply chains from most of the leading exporters have so far adapted to constraints on input supplies and the impacts of

implemented lockdowns, emerging issues such as much higher energy and transportation costs will likely have adverse effects in the short- to medium term. The net impact of these factors on trade remains uncertain but, given the evidence on the impact of the pandemic on global banana trade thus far, trade quantities and prices will be mostly determined by the characteristics of the supply chains at the country level.

Beyond the uncertain future developments of the COVID-19 pandemic, several significant threats to global production, trade and consumption of bananas are present. The effects of climate change are resulting in a higher occurrence of droughts, floods, hurricanes and other natural disasters, which render the production of bananas increasingly difficult and costly in many producing regions. In late 2020, for example, banana production in Guatemala and Honduras was significantly impeded by a succession of two destructive hurricanes, as described above. Such adverse events pose a particular threat to the livelihoods of smallholder banana producers in affected areas, who often lack the financial means to sustain operations in the face of simultaneous yield losses and increased production costs. With rising temperatures, more rapid and more severe spreads of plant pests and diseases are additionally being observed<sup>10</sup>, as for example is the case with the plant fungus Banana Fusarium Wilt. The currently expanding strain of the disease, described as Tropical Race 4 (TR4), poses particularly high risks to global banana supplies, as it can affect a much broader range of banana and plantain cultivars than other strains of Fusarium wilt, and no effective fungicide or other eradication method is presently available. According to official information from July 2021, TR4 is currently confirmed in 23 countries, predominantly in South and Southeast Asia, but also in the Middle East and Latin America, with Colombia reporting the first infection in August 2019 and Peru in April 2021.<sup>11</sup> In particular, the spread of TR4 to important banana exporting countries in Latin America is of alarming concern to global trade given the significance of the region

<sup>10</sup> See for example: Pautasso, M., Döring, T.F., Garbelotto, M. et al. Impacts of climate change on plant diseases—opinions and trends. *Eur J Plant Pathol* 133, 295–313 (2012); Desai, S., Dubey, S.C. & Prasad, R.D. Impacts of climate change on Fusarium species vis-à-vis adaptation strategies. *Indian Phytopathology* 73, 593–603 (2020); Salvacion, A.R., Cumagun, C.J.R., Pangga, I.B. et al. Banana suitability and Fusarium wilt distribution in the Philippines under climate change. *Spat. Inf. Res.* 27, 339–349 (2019).

<sup>11</sup> [www.promusa.org/Tropical+race+4+-+TR4#Distribution](http://www.promusa.org/Tropical+race+4+-+TR4#Distribution)



in the supply of key markets, notably the European Union, the United States and the Russian Federation. A recently conducted assessment of the potential economic impact of the TR4 disease on global banana production and trade showed that a further spread of TR4 would, *inter alia*, entail considerable loss of income and employment in the banana sector in the affected countries, as well as significantly higher consumer costs in importing countries, at varying degrees contingent on the actual spread of the disease.<sup>12</sup> FAO is monitoring the situation closely and has launched an emergency project under its Technical Cooperation Programme to help countries in Latin America and the Caribbean to contain the spread of Fusarium wilt. Under the umbrella of the multi stakeholder **World Banana Forum**, FAO has further established the **TR4 Global Network**, a neutral platform for information exchange and global collaboration that coordinates actions worldwide to fight the disease.

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<sup>12</sup> The results of this scenario were published in the November 2019 issue of FAO's biannual publication *Food Outlook* ([www.fao.org/3/CA6911EN/CA6911EN.pdf](http://www.fao.org/3/CA6911EN/CA6911EN.pdf)).

## NOTES





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