



Banana *market review*

Preliminary results for 2017

Food and Agriculture Organization of the United Nations
Rome, 2017

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 International Investment and Tropical Fruits, Trade and Market Division, 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 International Investment and Tropical Fruits provides research and analyses on agricultural investments in developing countries, 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 investment in agriculture.

The report is available at the following FAO website:
<http://www.fao.org/economic/est/est-commodities/bananas/en/>

Developments in banana trade - preliminary results for 2017¹

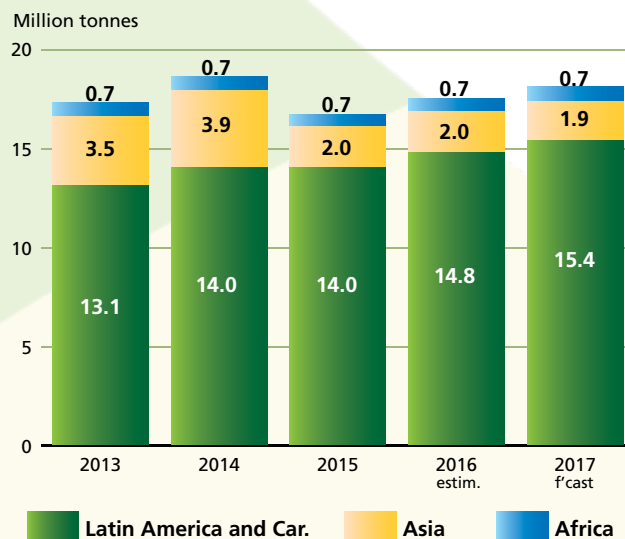
Exports

Following two consecutive years of sustained growth, global exports of banana, excluding plantain, are expected to reach 18.1 million tonnes in 2017. This would mark a healthy recovery from the weather-induced drop in exports experienced in 2015, when volumes fell to 16.7 million tonnes. Amidst strong demand in the major markets, export volumes benefitted from supply growth in some of the main exporting regions, most notably Latin America and the Caribbean. However, a series of tropical storms in the Caribbean in September 2017 caused severe disruptions to supplies and transport in the fourth quarter of the year, resulting in significant crop losses and lower shipments in a number of Caribbean countries.

Exports from **Latin America and the Caribbean** are expected to increase by 4 percent in 2017, on the back of an estimated 10 percent growth in Ecuador and Colombia, two of the leading four exporters in the region. Both countries have benefitted from the scheduled tariff reductions under the EU-Andean agreements in 2017, following the decrease of the rate from 127EUR to 97EUR for Ecuador and from 103EUR to 96EUR/tonne for Colombia on 1 January 2017. Despite a series of weather-related crop disruptions in the first half of the year, preliminary data indicate that exports from Ecuador will reach a record of 6.5 million tonnes in 2017, thereby accounting for a volume share of nearly 40 percent of global shipments. Flooding in some of the major Ecuadorian production regions had resulted in noticeable price increases in the first half of the year, weakening Ecuador's competitive position and causing

¹ Preliminary data and information in this market review were compiled from communications with national sources and industry partners in trading countries, monthly data from GTIS and COMTRADE and secondary information and data from desk research. Predictions for 2017 trade data were produced using a seasonally adjusted forecast model and expert considerations on current and most recent market developments. All data in this report should be considered as provisional.

Figure 1
World banana exports by region, 2013-2017



price rises in the United States, a major destination of its shipments. This in turn facilitated higher shipments from Colombia, which stepped-up production through an expansion in planted area as well as technology-related productivity gains, and was thereby able to offer more competitive prices. Shipments from Colombia are estimated to reach nearly 2 million tonnes in 2017, an equivalent of 12 percent of total global exports. Exports from Guatemala, the third leading exporter in the region, are expected to register a 5.5 percent decline in 2017, following hurricane damage to production and infrastructure, which rendered a sizeable share of the crop unfit for export to the United States, the most important destination of Guatemalan bananas.

Exports from the **Caribbean** are estimated to drop to 177,000 tonnes in 2017 – a 54 percent decline compared to 2016 – following severe weather-related disruptions to production in the Dominican Republic, which accounts for approximately 98 percent of exports from the region. Banana production in the Dominican Republic particularly suffered from the strong winds and floods brought on by Hurricane Irma, which hit the Caribbean in September 2017 and reportedly destroyed some 50 percent of the country's banana harvest. A similar situation had been observed in 2015, when tropical storms destroyed some 40 percent of

the country's banana crops. The increasing frequency and magnitude of adverse weather events in the region provide considerable cause for concern, particularly for small exporters such as Dominica, whose competitive positioning in banana trade has been undermined by its inability to shield crops from natural disasters.

Asian exports remained subdued by slow production growth in the Philippines, the largest exporter in the region. The Philippines account for approximately 87 percent of total export volumes from Asia. According to information from the Philippine Banana Growers and Exporters Association, supplies from the Philippines were hampered by unrest in the main banana producing area, which caused damage to banana input factories and infrastructure and hindered investments. Exports from the Philippines are accordingly predicted to drop to 1.67 million tonnes in 2017, an estimated decline of 3.8 percent compared to the previous year.

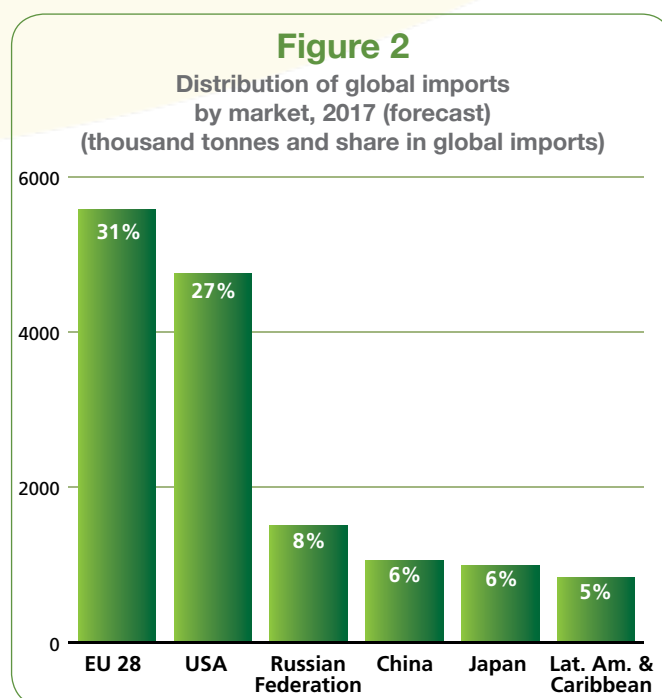
Africa's exports² are predicted to close at an estimated 8 percent above the level of 2016, following a strong performance in Côte d'Ivoire and Cameroon, the two leading exporters in the region. Preliminary estimates indicate that Côte d'Ivoire remained the leading supplier, accounting for around 53 percent of total export volume from Africa. Exports from Côte d'Ivoire registered a 6 percent increase in the first three quarters of 2017 compared to the same period in 2016, pointing to an overall volume of 384 000 tonnes for the whole of 2017. Shipments from Côte d'Ivoire primarily reach the European Union, most importantly France, and benefitted from a shortage in domestic supplies following harvest disruptions in Martinique and Guadeloupe in the fourth quarter of 2017.

Imports

The global import volume is expected to reach 17.8 million tonnes in 2017, an increase of 4 percent compared to 2016. Preliminary estimates indicate moderate growth in the two largest net importers, the European Union and the United States, at expected rates of 2 percent and 3 percent respectively. In both markets, a rising health awareness is contributing to higher fruit consumption, with bananas among the most popular choices due to their nutritious, filling and

convenient characteristics. In the European Union, the highly competitive price strategies of retailers are further supporting the popularity of bananas.

Gross imports by the **European Union (EU)** are expected to reach an unprecedented quantity of 5.5 million tonnes in 2017, firmly placing the EU as the largest importer globally with an estimated volume share of 31 percent. Beside a growing health awareness in the major importing countries, rising incomes in the New Member States such as Poland, Slovakia and Estonia are additionally contributing to a higher consumption of bananas. In the key banana markets of Germany, France and the UK meanwhile, a growing demand for premium bananas – fair trade, organic and specialty varieties – is becoming more pronounced, providing opportunity for higher profit margins. In terms of imports by origin, three of the main exporting countries from Latin America and the Caribbean – Ecuador, Costa Rica and Colombia – continue to dominate the market, providing some 20 percent of total imports into the European Union each. Volumes from all three exporters seem to have benefitted from the tariff reductions introduced in January 2017, potentially threatening shipments from competing African, Caribbean and Pacific (ACP) exporters. Regarding the import thresholds set by the European Commission as part of the Banana Stabilisation Mechanism, data reported by the European



² For the purpose of this study, African intra trade is excluded.

Commission in December 2017 show that three Latin American and Caribbean exporters significantly exceeded the import volumes agreed in the respective bilateral trade agreements. According to these data, volumes from Nicaragua reached 351 percent of the agreed level, while volumes from Guatemala and Peru reached 151 and 118 percent of the agreed levels respectively, providing cause for concern to both ACP exporters and EU producers. In terms of planned tariff reductions, the MFN tariff rate is scheduled to go down to 118EUR/tonne on 1 January 2018. The tariff rates agreed under the Central American and Andean bilateral agreements meanwhile are scheduled to be reduced to 89EUR/tonne on 1 January 2018. Imports from Ecuador will pay EUR90/tonne from 1 January 2018 onwards.

European banana production was initially forecast to reach 656 644 tonnes in 2017.³ However, the severely destructive tropical storms in the Caribbean in the fall of 2017 resulted in the near complete loss of banana crops in Guadeloupe and Martinique, two of the main suppliers of bananas to France. Accordingly, European banana production is expected to close at around 490,000 tonnes at the end of 2017. Following the crop losses in the French West Indies, France significantly increased its imports to cover domestic demand starting from October 2017, in particular from Côte d'Ivoire, Colombia, Costa Rica and Ecuador.

Gross imports into the **United States (US)** are expected to reach 4.7 million tonnes in 2017, despite weather-related supply disruptions, placing the US as the second largest banana importer with an estimated global volume share of 27 percent in 2017. Adverse weather in the major suppliers to the US, primarily Ecuador and Guatemala, resulted in considerable difficulties and significant price rises particularly during the first half of 2017. Guatemala accounts for some 37 percent of supplies to the US, while Ecuador provides approximately 20 percent of volumes, making disruptions to shipments from these exporters particularly critical. Consequently, the average US import price fluctuated at around USD1 100 per tonne from January to November 2017, ranging on average 7 percent higher than in 2016. Demand for bananas in the US is supported by an estimated 1 percent population growth in 2017, coupled

with high income growth and a related rising health consciousness. In this regard, similarly to the trend observed in main EU markets, consumers in the US have started to display a growing propensity to spend on premium bananas, most importantly organic varieties, demand for which is shaped by high income elasticities.

Imports by the **Russian Federation** are expected to reach 1.5 million tonnes in 2017, a new record figure and an estimated increase by 9 percent compared to 2016. Banana imports by the Russian Federation particularly benefit from the embargo imposed by, among others, the EU and the US, which has been extended until the end of 2018. Approximately 98 percent of banana imports into the Russian Federation originate in Ecuador.

Banana imports by **Japan** are expected to reach 980.000 tonnes following moderate growth of 2 percent in 2017 compared to 2016. In light of an increasing popularity of bananas among Japanese consumers, a significant obstacle to import growth in Japan continues to be the severe production shortage in the Philippines, traditionally the largest supplier to Japan. The situation is further exacerbated by reports of economic sabotage concerning Philippine banana exports, which resulted in shipments being rejected in 2017 after pieces of metal had been found inside of the fruit.⁴ Exports from the Philippines to Japan declined by 9 percent between January and October 2017.

Imports by **China** are expected to recover slightly from the dip experienced between 2015 and 2016 and reach approximately 960.000 tonnes in 2017. At an estimated volume share of 5.4 percent in 2017, China ranks as the fifth largest importer globally, only marginally behind Japan. Chinese producers had made significant investments into domestic production in 2014/2015, thereby reducing import demand in 2016. An unexpected spread of the Fusarium Wilt TR 4 disease in new plantations, coupled with declining prices reportedly led to a reduction in domestic production in 2017, resulting in higher import demand. The Philippines continues to rank as the largest exporter to China and accounted for 69 percent of

³ Estimate provided by the European Commission in July 2017.

⁴ According to information provided by the Philippine Banana Growers and Exporters Association in October 2017.

shipments between January and October 2017. Despite the severe production shortage in the Philippines, exports to China increased by 15.5 percent compared to the period from January to October 2016, in part facilitated by volumes freed up by lower Philippine shipments to Japan. Second leading exporter to China is Ecuador, at a volume share of 18 percent over the same period.

Among the developed country importers, **South Africa** registered by far the fastest growth rates over the period under review, at an estimated 53 percent in 2017. Coming from a small base, imports into South Africa benefitted from a relocation of domestic production into neighbouring Mozambique and strong consumer demand. South African retail chains also retrieved shipments from Ecuador and Côte d'Ivoire, two new suppliers to the country.

Table 1 - World gross exports by country
Tableau 1 - Exportations brutes mondiales par pays
Cuadro 1 - Exportaciones brutas mundiales por país

	2011-2015 avg.	2016	2017
	<i>(thousand tonnes)</i>		
Latin America & Caribbean	13 216.1	14808.1	15407.9
Central and South America	12 845.7	14418.8	15230.6
Belize	96.0	70.7	74.7
Bolivia	108.6	114.7	102.4
Brazil	92.7	63.6	62.9
Colombia	1 703.1	1841.9	1989.3
Costa Rica	2 009.5	2365.0	2427.9
Ecuador	5 471.0	5974.4	6547.9
Guatemala	1 824.5	2239.3	2116.1
Honduras	664.5	659.1	666.8
Mexico	326.8	448.3	555.9
Nicaragua	55.4	109.2	131.5
Panama	278.2	249.6	275.3
Peru	141.0	202.4	201.6
Suriname	73.8	80.7	78.3
Venezuela	0.5	0.0	0.0
Caribbean	370.4	389.3	177.3
Dominican Republic	353.4	382.7	172.2
Jamaica	0.2	0.0	0.0
<i>Others</i>	<i>16.8</i>	<i>6.6</i>	<i>5.0</i>
<i>Dominica</i>	<i>2.3</i>	<i>0.0</i>	<i>0.0</i>
<i>Grenada</i>	<i>0.0</i>		
<i>Saint Lucia</i>	<i>9.4</i>	<i>4.6</i>	<i>3.1</i>
<i>St. Vincent & Grenadines</i>	<i>1.1</i>	<i>2.0</i>	<i>1.9</i>
Asia	2 867.4	1988.1	1924.4
China	8.2	8.6	15.1
Malaysia	20.6	25.1	24.2
Pakistan	54.1	50.3	48.4
Philippines	2 692.7	1733.8	1668.0
Thailand	26.9	24.8	31.7
Vietnam	12.2	24.5	28.6
<i>Others</i>	<i>52.6</i>	<i>121.0</i>	<i>108.4</i>
<i>India</i>	<i>51.5</i>	<i>111.8</i>	<i>95.0</i>
<i>Indonesia</i>	<i>1.2</i>	<i>9.2</i>	<i>13.4</i>
Africa	654.5	684.2	747.7
Cameroon	254.5	249.6	285.6
Côte d'Ivoire	330.8	363.9	383.9
Ethiopia	9.2	11.8	12.1
<i>Others</i>	<i>60.0</i>	<i>58.9</i>	<i>66.0</i>
<i>Ghana</i>	<i>54.4</i>	<i>58.0</i>	<i>65.0</i>
<i>Guinea Rep.</i>			
<i>Kenya</i>	<i>0.0</i>	<i>0.1</i>	<i>0.1</i>
<i>Madagascar</i>	<i>0.0</i>		
<i>Somalia</i>			
<i>Togo</i>			
<i>Uganda</i>	<i>5.0</i>		
<i>Zimbabwe</i>	<i>0.6</i>	<i>0.8</i>	<i>0.9</i>
Oceania	0.0	0.0	0.0
<i>Cook Islands</i>	<i>0.0</i>		
<i>Samoa</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<i>Tonga</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
WORLD	16 738.1	17480.5	18080.0

Table 2 - World gross imports by country
Tableau 2 - Exportations brutes mondiales par pays
Cuadro 2 - Exportaciones brutas mundiales por país

	2011-2015 avg.	2016	2017		2011-2015 avg.	2016	2017
	(thousand tonnes)				(thousand tonnes)		
DEVELOPING COUNTRIES	3 723.6	3230.2	3466.4	DEVELOPED COUNTRIES	12 888.6	13791.6	14281.4
Latin America & Caribbean	678.1	754.2	823.3	EC (28)	4 840.7	5435.1	5549.3
Argentina	399.1	433.4	477.2	Other Europe	1 917.2	2061.3	2 225.9
Chile	174.0	205.5	225.0	Albania	18.4	22.8	23.0
El Salvador	52.8	64.8	66.1	Belarus	62.4	64.4	75.0
Uruguay	46.3	46.0	50.9	Bosnia Herzegovina	33.4	45.0	52.6
Others:	5.9	4.5	4.1	Croatia	51.9	59.0	62.4
Paraguay	0.1	0.0	0.0	Iceland	4.0	3.6	3.9
Trinidad and Tobago	5.8	4.5	4.1	Macedonia Former YR	19.0	22.6	23.5
Asia	2 680.6	2186.5	2371.1	Moldova Rep.	10.8	10.8	10.5
China total	909.4	958.0	1036.7	Norway	81.1	83.6	85.3
<i>China - Mainland</i>	832.1	887.2	964.4	Russian Fed.	1 276.1	1356.0	1480.7
<i>China - Hong Kong SAR</i>	74.0	66.4	67.2	Serbia Montenegro			
<i>China-Macao</i>	3.3	4.5	5.1	Serbia	46.4	58.2	73.1
Iran	400.9	0.3	0.1	Montenegro	8.1	10.7	12.2
Jordan	19.5	1.6	1.3	Switzerland	82.2	89.8	92.9
Korea Rep.	351.4	364.6	438.6	Ukraine	223.4	191.9	230.7
Kuwait	124.0	146.9	145.9	North America	5 037.3	5 166.5	5 315.3
Saudi Arabia	219.1	190.5	210.12	Canada	535.9	569.8	578.4
Singapore	48.0	56.1	59.9	United States	4 501.4	4596.7	4736.9
Syria	268.9			Others	1 093.4	1128.6	1191.0
Turkey	214.1	209.4	212.1	<i>Japan</i>	1 006.8	956.4	977.5
United Arab Emirates	108.8	164.2	180.4	<i>New Zealand</i>	69.0	95.5	96.2
Others:	124.2	94.9	86.0	<i>South Africa</i>	17.7	76.7	117.4
<i>Bahrain</i>	3.8	1.3	0.8	WORLD	16 612.1	17021.8	17747.8
<i>Iraq</i>	123.6						
<i>Lebanon</i>	0.3						
<i>Qatar</i>	11.0						
<i>Armenia</i>	8.2	11.3	15.5				
<i>Azerbaijan</i>	11.3	22.6	24.4				
<i>Georgia</i>	14.7	17.1	22.9				
<i>Kazakhstan</i>	38.5	35.5	17.8				
<i>Kyrgyzstan</i>	11.7	7.0	4.7				
Tajikistan							
Turkmenistan							
<i>Uzbekistan</i>							
Africa	364.8	289.5	271.9				
Algeria	244.0	196.8	182.7				
Egypt	18.9	13.9	11.2				
Morocco	22.1	11.2	7.8				
Senegal	15.2	0.0	0.0				
Tunisia	32.3	65.2	68.2				
Others:	32.4	2.4	2.1				
<i>Botswana</i>	2.6	2.1	1.8				
<i>Burkina Faso</i>	3.4	0.3	0.3				
<i>Zimbabwe</i>	0.0	0.0	0.0				
<i>Libya</i>	43.9						