

# BANANA MARKET REVIEW

Preliminary results for

**2018**

Food and Agriculture Organization of the United Nations  
Rome, 2018

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## Foreword

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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/>

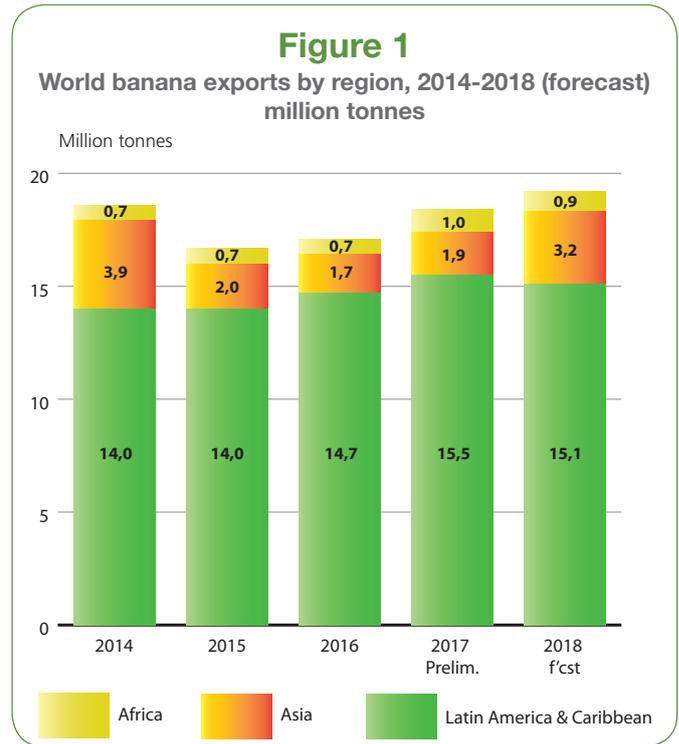
# Developments in banana trade - preliminary results for 2017<sup>1</sup>

## Exports

On account of ample growth in supplies, global exports of banana, excluding plantain, are expected to reach a record high of 19.2 million tonnes in 2018. This would mark an increase of 4.4 percent compared to 2017. Strong supply growth in the two leading exporters – Ecuador and the Philippines – are mainly accountable for this rise. However, adverse weather conditions continued to affect shipments from several other key suppliers, most notably Costa Rica, Guatemala and the Dominican Republic.

Exports from **Latin America and the Caribbean** are expected to decline by 2 percent in 2018, to 15.1 million tonnes, primarily due to weather induced production shortages in Costa Rica and Guatemala, two of the leading four exporters in the region. Following a record year in 2017, exports by Costa Rica are estimated to decline by 18 percent in 2018, to a total of 2.2 million tonnes. Weather disruptions, including severe flooding, experienced by the country in early 2018 had afflicted plantations for several months. Yields were also compounded by lower temperature levels and a lack of sunshine. Similarly, exports from Guatemala, the third leading exporter in the region, are expected to register a 2 percent decline in 2018 on account of cooler weather conditions. Nevertheless, Guatemala is set to remain the third leading exporter of bananas globally, behind Ecuador and the Philippines, at an approximate volume share of 13 percent. Shipments from Colombia, currently the fourth largest supplier globally, are estimated to fall by 5 percent to 1.8 million tonnes in 2018, which, if materialized, would be equivalent to approximately 10 percent of total global exports. Despite successful efforts

<sup>1</sup> Preliminary 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. Predictions for 2018 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.



to raise production through an expansion in planted area as well as technology-related productivity gains, exports from Colombia were hindered by strike-related disruptions to domestic transport links. Exports from Ecuador, the largest supplier of bananas globally, are meanwhile predicted to expand by an estimated 4 percent to reach a new height of 6.7 million tonnes in 2018, thanks to favourable weather conditions and successful investments in production expansion and yield-improving technologies. Shipments from Ecuador continued to benefit from the scheduled tariff reductions under the EU-Andean agreements in 2018, which facilitated entries to the EU market at a reduced rate of 96EUR/tonne throughout the year. As a result, Ecuador is expected to account for a volume share of nearly 40 percent of global shipments in 2018.

Exports from the **Caribbean** are estimated to reach an estimated 140.000 tonnes in 2018 – a modest increase of 3 percent compared to 2017. Severe weather-related disruptions to production in the Dominican Republic, which accounts for approximately 90 percent of exports from the region, continued to affect the overall export performance of the Caribbean. Banana production in the Dominican Republic had been dramatically affected by Hurricane Irma in September 2017, causing exports to drop from 380,000 tonnes in 2016 to 125,000 tonnes in

2017. Environmental degradation due to deforestation, which hindered water supplies to plantations, reportedly caused further obstacles to production in several key production areas in 2018. While significant investments were made to recover production sites, and in particular to expand plantings for more lucrative organic bananas, shipments from the Dominican Republic were additionally hampered by a lack of export contracts, which producers had not been able to secure in light of the uncertain production situation. 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.

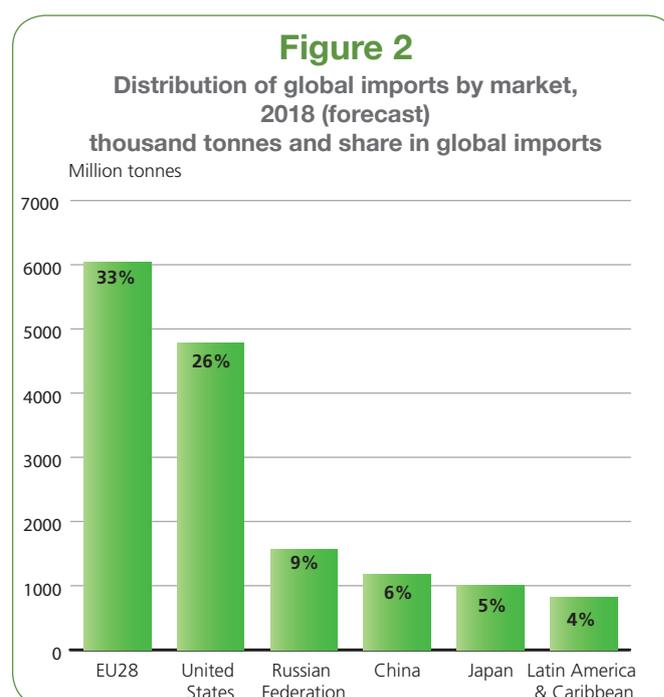
**Asian** exports continued to display a healthy recovery from the weather-induced production shortages of 2015 and 2016 and are forecast to reach 3.2 million tonnes in 2018, representing an increase of nearly 70 percent compared to 2017, when they stood at 1.9 million tonnes. The rise is primarily due to strong production growth in the Philippines, where output is predicted to reach 2.9 million tonnes in 2018, an estimated increase of 77 percent compared to the previous year. Banana production in the Philippines had been affected by a series of adverse conditions between 2015 and 2017, in response to which significant investments were made in area expansion, new technologies and improved inputs. The Philippines ranks as the largest exporter in the region, accounting for approximately 90 percent of total export volumes from Asia. Thanks to the strong performance in 2018, the Philippines regained its place as second largest supplier of bananas behind Ecuador, at a volume share of 16 percent of global shipments.

**Africa's** exports<sup>2</sup> are predicted to close at an estimated 15 percent below the level of 2017, following significant disruptions to supplies from Cameroon. The country had overtaken Côte d'Ivoire as the leading supplier in the region in 2017. However, in 2018, prolonged civil unrest caused significant disruptions to exports, which are consequently expected to decline by 25 percent in 2018. Nevertheless, Cameroon is set to remain the leading exporter of the region, accounting for around 48

percent of the total export volume from Africa in 2018, compared to 43 percent for Côte d'Ivoire. Shipments from Côte d'Ivoire registered a 2 percent increase in the first nine months of 2018 compared to the same period in 2017, pointing to an overall export volume of 374,000 tonnes for the whole of 2018. Exports from Côte d'Ivoire primarily reach the EU, most importantly France, where they benefited from a continued shortage in domestic supplies following severe crop destruction in the French territories of Martinique and Guadeloupe, which had been caused by tropical storms in the latter part of 2017.

## Imports

Global import volumes of bananas are expected to reach 18.3 million tonnes in 2018, an increase of 2 percent compared to 2017. Preliminary estimates indicate growth of 4 percent in the largest net importer, the European Union, and a 1 percent contraction in the United States. Conditions of supply outstripping demand, particularly during the summer months when competition from temperate fruits was strong in both the United States and the European Union, significantly suppressed prices in both destinations in 2018. This caused substantial concern to African, Caribbean and Pacific (ACP) exporters and European producers, who are faced with considerably higher production costs and thus are typically unable to compete on prices.



<sup>2</sup> For the purpose of this study, African intra trade is excluded.

Gross imports by the **European Union** (EU) are expected to reach an unprecedented quantity of 6 million tonnes in 2018, firmly placing the EU as the largest importer globally with an estimated volume share of 33 percent. Besides growing health awareness in the major importing countries, rising incomes among the new member states such as Poland, Slovakia and Estonia are additionally contributing to higher demand for bananas. However, unexpected warm weather conditions in the EU in the first quarter of the year resulted in the early arrival of temperate summer fruits, and significantly affected demand for bananas throughout the region during most of 2018. This situation was closely reflected in monthly developments of indicative EU import values of bananas. Early in the year, a shortage in export supplies resulted in EU import unit values reaching a peak of USD 820 per tonne in February 2018.

Meanwhile, abundant export supplies, coupled with the above mentioned decline in demand, resulted in a significant drop in prices during the summer months, with EU import unit values reaching a trough of USD 685 in August 2018. In terms of imports by origin, three of the main exporting countries situated in Latin America – Ecuador, Colombia and Costa Rica – continue to dominate the market, providing some 80 percent of all EU imports. Volumes from all three exporters have benefited from tariff reductions introduced in January 2018, with cumulative shipments over the period January-August 2018 exceeding the levels observed in the same period in 2017. Meanwhile, shipments to date from competing ACP exporters remained well below those of the corresponding period last year. ACP exporters notoriously struggle to match the price levels of bananas from Latin America and have continued to express concern over the scheduled tariff reductions.

Regarding the import thresholds set by the European Commission as part of the Banana Stabilisation Mechanism, data reported by the European Commission in November 2018 show that three Latin American exporters significantly exceeded the import volumes agreed in the respective bilateral trade agreements. According to these data, volumes from Nicaragua reached 540 percent of the agreed level in the first 11 months of 2018, while volumes from Guatemala and Peru reached 202 and 124 percent of the agreed levels, respectively.

Given the relatively small share of bananas imported into the EU from these producers when compared to their main competitors – Colombia, Ecuador and Costa Rica – the impact on prices and on the overall stability of the European banana market remained negligible. Considering this, the European Commission decided against the temporary suspension of the tariff preferences foreseen in the stabilization mechanism agreements, thereby providing additional cause for concern to both ACP exporters and EU producers. In terms of planned tariff reductions, the MFN tariff rate is scheduled to decrease to 114EUR/tonne on 1 January 2019. The tariff rates agreed under the Central American and Andean bilateral agreements meanwhile are scheduled to be reduced to 82EUR/tonne on 1 January 2019. Imports from Ecuador will pay EUR83/tonne from 1 January 2019 onwards.

European banana production is forecast to reach 622,160 tonnes in 2018, approximately 1 percent above the level reached in 2017.<sup>3</sup> This is primarily due to a 30 percent output increase estimated for Martinique, the main supplier of bananas to France, which accounts for approximately one quarter of European banana production. Following the severely destructive tropical storms that hit the Caribbean in the fall of 2017, Martinique and Guadeloupe, the two French West Indies suppliers, had suffered a near complete loss of banana crops, which continued to affect their respective production capacity in 2018. Despite the growth expected in Martinique, production will remain well below the average of 190,000 tonnes registered from 2014 to 2016, at an estimated 158,519 tonnes in 2018. Production in Guadeloupe meanwhile is anticipated to continue to suffer a decline in 2018, at an estimated 18 percent, to 32,573 tonnes. In response to the difficult supply situation from the French West Indies, France continued to increase its imports to cover domestic demand in 2018. Between January and October 2018, France reportedly acquired 594,000 tonnes from global markets, a 9 percent increase compared with the same period in 2017, of which 141,000 tonnes sourced from Côte d'Ivoire.

Gross imports into the **United States** (US) are expected to stagnate at 4.7 million tonnes in 2018, placing the US

<sup>3</sup> Estimate provided by the European Commission in November 2018

as the second largest banana importer with an estimated global volume share of 26 percent in 2018. Adverse weather in three of the five major exporters to the US – Guatemala, Costa Rica and Honduras – resulted in considerable difficulties in obtaining supplies. Between January and October 2018, Guatemala accounted for some 40 percent of supplies to the US, while Costa Rica and Honduras provided approximately 18 percent and 11 percent of volumes, respectively, making disruptions to shipments from these exporters particularly critical. However, in addition to the shortages in supply, import demand in the US remained subdued from April 2018 onwards, offsetting the effects of lower imports to large extent. Similarly to the situation observed in the EU, this was mostly on account of a shift in consumer demand towards summer fruits. US wholesale prices closely reflected the overall market situation, reaching a peak of USD 1.20 per kilogram in February 2018 and declining continuously thereafter to USD 0.87 per kilogram in December 2018.

Imports by the **Russian Federation** are expected to post a moderate growth of 2 percent in 2018 and reach a total volume of 1.5 million tonnes. The country ranks as the third largest banana importer globally behind the European Union and the United States. Banana imports by the Russian Federation had witnessed a fast expansion in 2017, aided by a more stable currency and rising incomes. However, in 2018, similarly to the situation in the European market, conditions of demand shifting to abundantly and cheaply available temperate fruits meant that the Russian Federation was unable to match previous year's import growth. Approximately 96 percent of banana imports into the Russian Federation originated in Ecuador between January and October 2018, but competing exporters Costa Rica, Guatemala and Colombia continued to expand their shipments at a fast pace.

Banana imports by **Japan** are expected to reach 1 million tonnes following moderate growth of 2 percent in 2018. In light of an increasing popularity of bananas among Japanese consumers, import growth in Japan benefited from the production recovery in the Philippines, traditionally the largest supplier to Japan. Exports from the Philippines to Japan increased by 8 percent between January and October 2018.

Imports by China are expected to continue to recover from the dip experienced between 2015 and 2016 and reach 1.2 million tonnes in 2018, following an estimated expansion of 5 percent from 2017. Import demand in China benefited from weather and disease related disruptions to domestic production as well as income growth. At an estimated volume share of 6 percent in 2018, China ranks as the fourth largest importer globally, marginally ahead of Japan. Similarly to Japan, China procures the majority of its bananas from the Philippines, with its second leading supplier being Ecuador.

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

	2012-16 avg.	2017	2018
	<i>(thousand tons)</i>		
<b>Latin America &amp; Caribbean</b>	<b>13 617.5</b>	<b>15 479.0</b>	<b>15 125.4</b>
<b>Central and South America</b>	<b>13 263.8</b>	<b>15 343.4</b>	<b>14 985.7</b>
Belize	95.0	74.7	65.0
Bolivia	111.9	104.2	108.4
Brazil	83.4	40.9	61.4
Colombia	1 688.4	1 884.8	1 790.6
Costa Rica	2 103.6	2 648.8	2 176.0
Ecuador	5 587.5	6 415.2	6 646.2
Guatemala	1 941.9	2 366.3	2 319.0
Honduras	693.0	648.5	609.6
Mexico	381.0	561.3	564.1
Nicaragua	66.6	117.0	136.5
Panama	278.3	208.7	208.7
Peru	159.7	202.9	229.3
Suriname	73.1	69.9	71.0
Venezuela	0.4	0.0	n/a
<b>Caribbean</b>	<b>353.7</b>	<b>135.6</b>	<b>139.7</b>
Dominican Republic	338.0	124.7	130.0
Jamaica	0.2	0.0	0.0
<i>Others</i>	15.5	10.9	9.7
<i>Dominica</i>	1.4	n/a	n/a
<i>Saint Lucia</i>	12.8	9.0	8.0
<i>St. Vincent &amp; Grenadines</i>	1.4	1.9	1.7
<b>Asia</b>	<b>2 755.1</b>	<b>1 905.5</b>	<b>3 216.2</b>
China	7.9	15.8	20.5
Malaysia	21.1	27.5	25.0
Pakistan	52.4	45.9	45.0
Philippines	2 562.8	1 663.4	2 950.0
Thailand	26.9	29.2	36.5
Vietnam	15.4	28.6	30.2
Others	68.6	95.1	108.9
<i>India</i>	65.8	93.5	107.5
<i>Indonesia</i>	2.8	1.6	1.4
<b>Africa</b>	<b>664.7</b>	<b>1 016.9</b>	<b>864.3</b>
Cameroon	266.1	551.4	413.6
Côte d'Ivoire	339.6	366.3	373.6
Ethiopia	10.7	8.6	0.8
<i>Others</i>	48.3	90.6	76.3
<i>Ghana</i>	42.9	88.5	75.0
<i>Madagascar</i>	0.0	0.1	0.1
<i>Uganda</i>	5.0	0.8	0.6
<i>Zimbabwe</i>	0.3	1.2	0.6
<b>Oceania</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>WORLD</b>	<b>17 037.2</b>	<b>18 401.5</b>	<b>19 205.8</b>

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

	2012-2016 avg.	2017	2018
	<i>(thousand tons)</i>		
<b>DEVELOPING COUNTRIES</b>	<b>3 559.1</b>	<b>3 378.4</b>	<b>3 399.1</b>
<b>Latin America &amp; Caribbean</b>	<b>694.0</b>	<b>833.3</b>	<b>813.9</b>
Argentina	406.9	488.0	459.8
Chile	178.2	223.8	228.2
El Salvador	56.8	66.0	71.4
Uruguay	46.6	51.4	50.6
Others:	5.6	4.1	3.8
Paraguay	0.0	0.0	0.0
Trinidad and Tobago	5.6	4.1	3.8
<b>Asia</b>	<b>2 509.5</b>	<b>2 379.8</b>	<b>2 411.7</b>
CHINA total	919.1	1 115.1	1 170.9
China - Mainland	845.8	1 039.1	1 091.1
China - Hong Kong SAR	69.6	71.0	74.5
China-Macao	3.6	5.0	5.3
Iran	282.7	1.0	0.0
Jordan	10.2	29.3	22.8
Korea Rep.	353.7	437.4	454.9
Kuwait	117.4	82.4	79.9
Saudi Arabia	206.0	210.6	216.9
Singapore	50.9	59.4	57.2
Syria	293.9	n/a	n/a
Turkey	219.1	207.6	174.2
United Arab Emirates	116.4	160.4	158.0
Others:	116.4	76.6	77.0
Bahrain	1.0	1.0	0.8
Iraq	123.6	n/a	n/a
Lebanon	0.2	n/a	n/a
Qatar	10.9	0.1	0.1
Armenia	8.2	12.9	13.2
Azerbaijan	7.1	2.0	2.0
Georgia	15.6	23.4	26.8
Kazakhstan	37.9	32.0	29.0
Kyrgyzstan	10.8	5.2	5.0
<b>Africa</b>	<b>355.6</b>	<b>165.2</b>	<b>173.5</b>
Algeria	240.3	95.9	90.0
Egypt	16.5	0.7	0.1
Morocco	19.4	10.1	26.3
Senegal	12.4	0.0	0.0
Tunisia	37.1	57.3	56.0
Others:	29.9	1.2	1.1
Botswana	1.7	0.9	0.8
Burkina Faso	2.9	0.3	0.3
Libya	63.3	n/a	n/a
<b>DEVELOPED COUNTRIES</b>	<b>13 074.6</b>	<b>14 582.7</b>	<b>14 866.6</b>
<b>EC ( 28 )</b>	<b>5 005.4</b>	<b>5 810.2</b>	<b>6 042.6</b>
<b>Other Europe</b>	<b>1 892.2</b>	<b>2 190.9</b>	<b>2 232.0</b>
Albania	19.4	12.8	15.5
Belarus	67.2	74.2	73.5
Bosnia Herzegovina	34.8	47.8	51.9
Croatia	54.0	65.9	68.0
Iceland	3.6	3.7	3.5

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	2012-2016 avg.	2017	2018
Macedonia Former YR	18.9	n/a	n/a
Moldova Rep.	10.6	12.4	12.8
Norway	82.2	86.2	84.9
Russian Fed.	1 286.2	1 544.1	1 559.8
Serbia	47.7	66.4	69.0
Montenegro	8.8	12.6	13.4
Switzerland	84.3	92.4	95.1
Ukraine	212.2	238.3	252.6
<b>North America</b>	<b>5 093.2</b>	<b>5 393.3</b>	<b>5 351.0</b>
Canada	548.5	578.6	566.7
United States	4 544.6	4 814.7	4 784.4
<b>Others</b>	<b>1 083.8</b>	<b>1 188.3</b>	<b>1 241.0</b>
Japan	985.1	985.6	1 001.3
New Zealand	71.9	87.7	89.4
South Africa	26.8	114.9	150.3
<b>WORLD</b>	<b>16 633.7</b>	<b>17 961.1</b>	<b>18 265.6</b>

