



# Banana

A banana is an edible fruit – botanically a berry – produced by several kinds of large herbaceous flowering plants in the genus *Musa*. The fruit is variable in size, color, and firmness, but is usually elongated and curved, with soft flesh rich in starch covered with a rind, which may be green, yellow, red, purple, or brown when ripe. India Ranks First in Global production & produces around 31.75 Million MT in 2018-19.

## Latest Updates in International Market



### ECUADOR

#### *Market sentiment*

The price stood at 2 dollars per box. Falling trend in prices expected due to:

1. Large volumes available in all production countries. Prices will remain under pressure due to competition from Costa Rica, Colombia, Guatemala or Mexico.
2. Reduction of the demand expected from Russia. These two sales channels only accepted fruit that was already sold under contracts.
3. Thirdly, there is an expected shortage of empty containers for export.
4. Tariffs have increased and the transport costs are higher than exporters had expected when signing their contracts.

Currently, the banana production figure stands at 180,000 hectares. This has been due to growers switching to other products.

*The banana sector has called on the government to reform the current banana regulations in order to improve the country's productivity and competitiveness.*

*Initially the US and Europe were the most important markets, accounting for nearly 80% of exports. Today, that share has shrunk to 43% of exports. Russia, the Middle East, Eastern Europe and South America have since become their more important destinations.*

*In May, a manual to protect the health and safety of employees in the sector was presented. The concept has already been presented in November last year at the World Banana Forum in Geneva.*



## PERU

### **Peru invests in organic cultivation**

With the help of the government, investments have been made in the cultivation of organic bananas. The small growing community in Santa Sofia was exporting one container per week three years ago. Last year, three containers were leaving bound to Europe each week, which corresponds to about 80 tonnes of organic bananas.



## COLUMBI

### **Colombia gains access to Argentina**

The South American country recently gained access to the Argentinian market. In the first quarter of this year, exports amounted to around \$ 224 million. Colombia exports bananas to more than 20 countries, including Germany, Saudi Arabia, Australia, Canada, China, North Korea, Egypt, the United Arab Emirates, Japan and Morocco. Last year, the country exported 918 million dollars' worth of bananas.



## ARGENTINA

- Currently, there is more fruit available than there is demand due to the large import, as a result of which, bananas are being destroyed.
- Hence protectionist measures expected to be introduced, including regulation of imports in the period when the local production is available (May-September), so that imports complement the local production instead of competing against it.



## PANAMA

- With the planting of 350 hectares of banana plants in the Baru region, Chirigui, the crop's cultivation is once again on the rise. The project aims for 900 hectares to be planted with bananas.
- In terms of value, exports also grew by 28.6%. Between January and March, 23.9 million dollars' worth of bananas were exported (compared to 18.6 million dollars last year).



## HONDURAS

- More than 30,000 containers of bananas worth 523 million dollars were shipped.
- Banana companies expected to go on strike
- The focus now is to expand the acreage and improve the cultivation with new techniques.
- Last year, 32,422 boxes (18 kg) were exported at an average price of 16.12 dollars each. That was an improvement compared to the \$ 14.98 per box obtained a year earlier.
- Last year, the US and Ireland were the most important markets for Honduran bananas.



## MEXICO

- Unrest in local markets on expected prices. The growers want a price of 2 pesos, but due to competition from other countries, they have to accept a price of 1.50 pesos.
- The banana trade in the region is in the hands of five people, who sign the contracts with the growers. The prices offered are too low.
- Exports to Canada are starting this month

### **Dominican Republic focuses on organic production**

The island is best known for its organic bananas, but that cultivation is also more difficult. That is why new biostimulants were recently introduced. The country is committed to the organic cultivation of bananas and aims to become one of the main export countries worldwide in that market.

### **SOUTH AFRICA AND MOZAMBIQUE: LOCAL BANANAS REPLACED BY EXPENSIVE IMPORTS**

- Currently about 30% of the bananas on the South African market are grown in neighboring Mozambique. There is no supply from the north of that country, where TR4 has been detected.
- Roughly a quarter of the harvest is intended for the Mozambican market, although that market is under pressure due to the recent economic crisis.
- The price oscillates between the R70 (4.42 Euro) and R80 (5.05 Euro) per box. The crops are mainly located in the Komatipoort region, on the border with Mozambique.
- Some South African retailers import from Ecuador between R130 (8.20 Euro) and R140 (8.84 Euro) per box (18kg). This price is far

### **US: IMPORTER OPTS FOR MEXICAN BANANAS AFTER HURRICANE IRMA**

- After hurricane Irma caused severe damage to banana crops in Florida, the sector in that State is working hard to recover.
- The supply of bananas from the neighbouring country is going well, although there are some issues with the colouring. Due to the warm weather in Mexico and a shortage of cold storage, the bananas ripen en route and arrive to the US with a colouration rate of 50 to 60 percent. That makes it difficult to sell the bananas, because customers want fruit with a good shelf life; they do not want ripe bananas.

- above the cost of domestic bananas.
- The South American bananas are larger, grow faster and are not as ripe when harvested to compensate for the long transport.
- In the Kierpersol region, almost all banana growers are switching to the cultivation of macadamias or avocados.
- Meanwhile, demand is falling on the US market. There is pressure from summer fruits and the summer holidays are around the corner. Traditionally, this is a period with lower demand. There will be little demand until schools open again in September.
- Prices are stable, although they have risen from \$ 13.50 FOB in the past weeks to \$ 14 FOB expected to rise to \$ 15 FOB due to the impact of a hurricane that recently passed through the growing area.

## AUSTRALIA

- Bananas are grown all year round in Australia. The entire production is intended for the domestic market. However, some have recently started looking into the fruit's export potential and the possible sales markets.
- By far, the largest share of the production consists of Cavendish (95%), but there is also a limited amount of Lady Finger (4%) and other varieties.
- The sector is working on a long-term plan against TR4.

## FRANCE

- France suffering from export surplus right now.
- The banana surplus on the French market is mainly caused by imports from South America. "The bananas are of good quality and also very cheap, costing 7 to 9 Euro per box.
- South American bananas are still on their way to Europe
- There is not much demand for bananas; European stone fruit is a big competitor right now. The surpluses are so great that supermarkets are forced to refuse the goods.
- The internal market of Île de France, the Paris region, remains slightly protectionist. "The Paris consumer's preference is for bananas from

## POLAND: HOT SPRING SETS MOOD ON BANANA MARKET

- Due to the warm spring, the market has collapsed since Easter.
- Prices were halved in just four weeks' time. The early arrival of summer fruit immediately resulted in lower banana sales.
- Also, the entire sector is faced with a new problem: a shortage of labour. Unemployment in the country is below 6.2%.
- Although the majority of bananas in Europe reach the continent via ports in the Benelux and Germany, 60% of Polish imports arrive straight from Latin America. The re-export accounts for 15% of the imports. These bananas find their way to other countries in

Martinique, the price of which is still high at the moment

Eastern Europe: Ukraine, Belarus, Romania and the Baltic states. Poland imported 485,000 tonnes of bananas last year.

- The average consumption is 8 kilos per capita, but it is still growing.
- Retailers have a very important share of the banana market, accounting for 30.3% of all sales. Supermarkets (16.4%) and hypermarkets (13.5%) have a smaller share.

### **SPAIN: HIGH PRICES FOR CANARY BANANAS**

- For more than a month, there has been a shortage of bananas from the Canary Islands and prices are high.
- There are no bananas available from the islands and that is an exceptional situation. Due to the weather conditions, the harvest started much earlier, causing the supply to also fall earlier. This, in combination with the slow start of the summer fruit season, has resulted in sharp price increases
- The shortage of Canary bananas will continue until September
- The ripening and distribution of bananas has undergone a major development in recent years.
- The market for organic bananas has grown considerably in recent times.

### **ITALIAN TRADE IS RECORDING STABLE PRICES**

- Between 16 May and 20 June, banana prices on the wholesale market in Turin remained stable at around 0.95 Euro.
- The difference with bananas from big brands was small. The price of Chiquita bananas stood at 1.17 Euro.
- In Rome, too, prices for the bananas from various origins have remained stable over the past 10 days. The fruit from Central America reached a price of 1 Euro.
- Chiquita bananas cost 1.20 Euro. Category I plantains from Africa were sold for 1.05 Euro.
- On 20 June, the prices in Verona oscillated between 0.75 and 1.15 Euro per kilo, depending on the origin and

### **GERMAN MARKET STABLE DESPITE COMPETITION FROM SUMMER FRUIT**

- The German banana market is currently in a stalemate: the main cause is the early start of the domestic soft fruit season, but also the availability of typical summer fruits, such as melons, cherries and other stone fruits.
- Hence the wholesalers do not need to adjust their import volumes remarkably.
- Prices remain generally stable: only here and there has the price level of the B and C brands been reduced somewhat.
- Gradual increase of organic and fair trade banana sales expected.

brand.

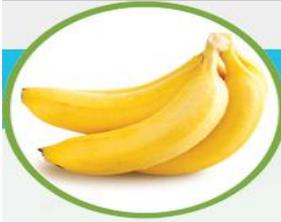
### **CHINA: WARM WEATHER DRIVES PRODUCTION, BUT REDUCES DEMAND**

- Prices for both imports and domestic bananas are low. Due to the warm weather, there is a wide range of domestic bananas.
- Consumers tend to prefer summer fruits, such as watermelons, litchi and mangoes.
- China also imports bananas from Ecuador, the Philippines, which is closer and more accessible, remains the largest supplier.
- Recent investments in ripening rooms have led to an increase in the supply of well-ripened fruit in supermarkets.
- Bananas will become an important item in the future and that each Chinese will consume two bananas a day.

### **THE NETHERLANDS: DIFFICULT MARKET FOR BANANAS**

- Current conditions in the banana market are difficult.
- The well-known brands can still get good prices, but there are also many B-brands on the market, which are spoiling the market, with prices ranging between 6 and 8 Euro.
- The banana supply will fall in the coming period, which is normal, as the winter holidays are around the corner and there will also be an abundant supply of winter fruits.

# FURTHER ADDITIONAL INFORMATION



## Major Producing States



Andhra Pradesh (5.0 Mill MT)



Gujarat (4.5 Mill MT)



Maharashtra (4.2 Mill MT)



Tamil Nadu (3.2 Mill MT)



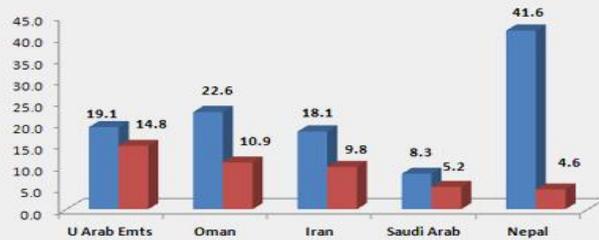
Uttar Pradesh (3.2 Mill MT)

## India's Export

CAGR 10.61%  
5 Years

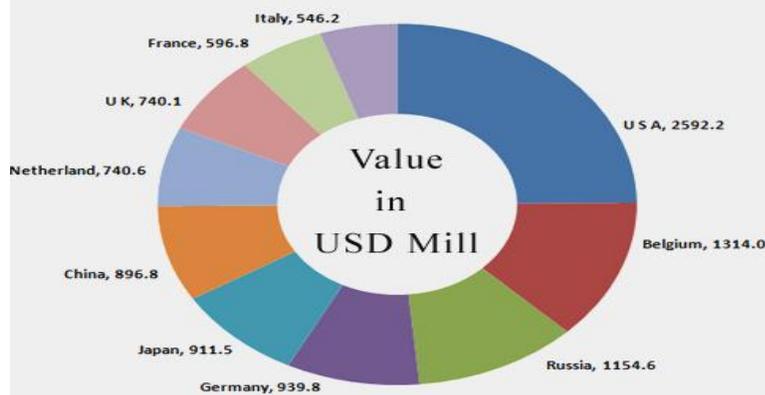


Export of Banana from India is 135.2 Thousand MT, valuing Rs. 415.06 crore during 2018-19



■ Qty in 000 MT ■ US\$ Mill

## Top Banana Importer Countries



## BANANA WOULD REMAIN MOST TRADED FRUIT FOR 2020 GLOBALLY

Bananas are one of the most consumed and cheapest fruits worldwide: they are the most traded fruit and the fifth most traded agricultural product. The global export value of the banana trade was estimated to be US \$11.8 billion in 2017-18, with a retail value between \$20 and 25 billion. This value stood 12328502 thousand US\$ in 2018 which accounted for almost 10% of the total fruits traded globally. Bananas are also number four on the list of staple crops in the world and one of the biggest profit makers in supermarkets, making them critical for economic and global food security.



Source: International Trade Centre & World Banana Forum, 2020

## GLOBAL CONSUMPTION OF BANANA WILL BE ON RISE IN 2019-20

Bananas are one of the most popular fruits in the world. They are the fourth most important food crop after wheat, rice, and maize in terms of production and are the world's favorite fruit in terms of consumption quantity. They are not only consumed raw, but are also used in making juices, sauces, baked goods and various dishes. The global consumption for bananas is estimated to grow at a CAGR of 1.21% for the forecast period of 2019-2024. In the medium term, the global banana market is set to continue moderate growth. The expected population growth will drive the consumption of bananas in the world.

### INCREASING HEALTH CONSCIOUSNESS WILL DRIVE THE BANANA MARKET

The increasing advancements in food and beverages and growing health awareness have led to a shift in the focus of consumers to hygienic and healthy food products. Bananas are a rich source of Vitamin B6, Vitamin C, Manganese, Potassium, dietary fibers, and protein. Bananas are also used in a wide variety of food products such as breakfast cereals, ice cream, and other desserts apart from raw consumption. The demand for bananas owing to its various health benefits is expected to rise during 2019-2024.

### INDIA AND CHINA WILL REMAIN THE LARGEST BANANA MARKETS IN THE WORLD

Bananas are globally one of the most commonly eaten fruit, not just in the tropics where they are usually grown, but in regions like North America and Europe. The global banana consumption peaked in 2017 and is likely to continue its growth in the immediate term. In 2018, India (25%), China (13%), Indonesia (6%), Brazil (6%), Philippines (4%), the U.S. (4%), Angola (3%), Tanzania (3%), and Rwanda (3%) were the largest banana markets in the world, based on physical terms. The above countries together account for about 67% of the world consumption of bananas. In India, which accounts for a quarter of bananas consumed worldwide, the upward trend in consumption is expected to continue, due to the population growth and large volumes of domestically grown bananas available, which fully satisfy the market demand.

In other major Asian markets, China and Indonesia, consumption is also expected to increase with continuing population growth. Average per capita consumption in Asia,

however, is inferior to that in the African countries, where bananas are a staple food. African countries, namely Angola, Tanzania, Rwanda stood amongst the leaders in terms of per capita consumption in 2018.

Amongst these countries, Angola (+11.9%) and China (+6.1%) had the highest annual growth rates of bananas consumption over the period under review. India and China constitute the largest banana markets, however, these countries had the lowest volume of per capita consumption: 29 kg/per person and 10 kg/per person, respectively.



The increase in banana consumption is projected to average +2.0% annually from 2017 to 2025. By 2025, the market volume is expected to reach 136M tons. Angola, Tanzania, Rwanda stood amongst the leaders in terms of per capita consumption in 2018. China and Indonesia, consumption is also expected to increase.



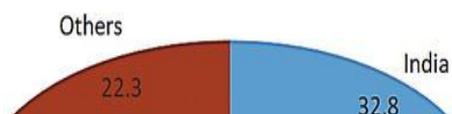
At the same time, African countries, Rwanda (252 kg/year), Angola (154 kg/year), Tanzania (67 kg/year), remain leaders in per capita consumption, which is explained by the relatively small population and the fact that bananas are a traditional local fruit, which, combined with a lower standard of living compared to developed countries, determines the significant role of bananas in people's diets.

### COMPETITIVE POSITION OF INDIAN BANANA VIS-À-VIS GLOBAL PLAYERS

Growing consumption of Banana in 2020 gives a promising business for India, considering India as the world's leading producer of banana accounting for nearly 25.7% of the total output. However, most of these countries where banana consumption is found to be on rise are also the leading producers of bananas in the world, except for the USA. Hence the competitive position of Indian banana towards exploiting the growth in demand would depend on the supply story of competing banana producers.

India is the largest banana producer in the world capturing an approximate share of 32% of global

Banana production across the world



### INDIAN BANANA EXPECTED TO OUTNUMBER LATIN AMERICAS IN 2024

Considering the trend in banana production, global forecast for international global supply of banana indicates good prospects for Indian banana depicting high growth along with Chinese banana which would reach global markets approx. at the same period. High growth is also depicted in case of South East Asian countries and Australia. However, Indian bananas wouldn't face competition from Australian bananas due to diff time zone and counter seasonality.

Global Banana Market- Production by Region (2019-2024)



Indian banana production will outnumber banana production of Latin America and Australia where the growth rate of banana production is expected to be moderate and further outnumber banana production in the US and CIS region.



## PEELING OFF THE GLOBAL BANANA STORY

French warehouses are still full of bananas, which will push prices down.

There is a totally different picture in Spain. Due to a late start of the summerfruit campaign and a smaller volume of Canary bananas, prices have increased.

Poland and China, the supply of summer fruit had a good start, so consumers have shown a preference for that fruit. This had resulted in pressure on the banana market.

Latin America remains the largest banana producer by far. There was a price spike early this year, but at the moment there is a large supply.

- Peru and the Dominican Republic are investing in organic farming.
- Panama hopes for a revival of banana cultivation in the country and wants to plant hundreds of hectares.
- Honduras expects to export more this year than in the previous one.
- Argentinian growers are strongly affected by imports and therefore demand control measures.

In South Africa and Mozambique, supermarkets are preferring the more expensive imported bananas to the fruit grown domestically.

That is not the case in Australia. Bananas there are only grown for the domestic market, although some are starting to look into the export potential.

## GLOBAL BANANA SUPPLY EXPECTING CHANGE IN 2020.....

El Niño phenomenon, which is manifested every 2 to 7 years in the form of increased temperatures in the southeast Pacific Ocean, causes climate disruptions on a worldwide scale: warmer and wetter air generates heavy rains which can cause floods in Latin America (Peru, Chile, Ecuador) and droughts in Indonesia and Oceania . Conversely, la Niña is characterised by cooling of the waters of the Pacific. *Hence banana production is affected by the climate disruptions arising from these phenomena in various parts of the world.*

Diseases and pests Banana production is affected by some fungal diseases such as Black Sigatoka (or black leaf streak disease) - now present in all of the world's production zones - or Moko disease in the Caribbean and Latin America. These diseases arise during periods of high humidity (rains), and may lead to falls in yield of up to 25 per cent. Conversely, supplies may be affected for longer periods by diseases such as Panama disease or Bunchy Top, which cause plant death.

The banana market is heavily influenced by economic factors affecting the competitiveness of the various production factors, such production subsidy programs emerging as part of the revision of the Customs arrangements on the European banana market, production aid have been set up for zones deemed to be losing competitiveness due to the opening up of the market. This is the case with the Banana Accompanying Measures (BAM) for certain

ACP States and agricultural subsidies for the outermost European regions (POSEI)

Prospects Projects to extend or create new plantations are flourishing in zones entitled to production aid and Customs preferences, which heralds a rise in supply in the coming years. This is the case with Cameroon, which had the objective of doubling its exports by 2019-2020 (to 500 000 tonnes), or Côte d'Ivoire, where projects in progress might increase the production area by 1 500 ha. The same applies to the Caribbean zone, where local initiatives are also appearing, such as in Haiti with the creation of a banana export industry.

Finally, the dry zones (e.g.: northern Peru, Dominican Republic), each of which have a climate requiring less treatment due to lower sanitary pressure, are in favour, of organic crops.. However, in certain zones, agronomic constraints are increasingly weighing heavily on the economics of expanding plantations. A disease such as Black Sigatoka, which can develop resistance, is forcing the producers to increase the number of treatments, or to move, or even to change their management method or cultivation system, as is the case now in the French West Indies with the implementation of agro-ecological methods. Similarly, the spread of the TR4 strain of Panama disease is concerning, and although it still seems to be under control, it remains a real threat for the production zones of Central & South America, and Africa.

## BANANA CONSUMPTION IN 2020 EXPECTED TO INCREASE IN THE US, STABLE IN EU AND DECLINE IN RUSSIA

Bananas will continue to be highly traded, fueled by increasing consumption, trade liberalization policies, and intense global and regional integration. High trade intensity is determined mainly by the substantial distances between the main countries of banana production and key consuming countries, which is especially characteristic for the European countries and the U.S.

Importer countries	Consumption per capita, in kg
United Kingdom	17.1
Sweden	16.8
Denmark	14.1
United States	12.5
EU-28 average	10.2
France	8.7
Russia	8.6
Poland	7.5
Japan	7.4
Romania	3.2

The dessert banana is consumed mainly in big producer countries where consumption can exceed 20 kg/capita/year. The big import markets are registering the best performances, with Europe and the United States leading the way, with consumption in excess of 10 kg/capita/year.

The European market amounted to 7.7 million tonnes of banana, thereby consolidating its position as the world number 1 consumption market. Within the European Union, the United Kingdom and Sweden are the main banana consumer countries, with more than 14 kg/capita/year. The smallest consumers are the New Member States in the East, such as Romania, Bulgaria, Hungary and Poland, with less than 6kg/capita/year, giving the EU a significant margin for growth.

Seasonality of consumption Europe has seasonal banana consumption. Consumption troughs can be observed during the summer and end-of-year holidays, when demand turns to local seasonal fruits, school canteens are closed (holidays) and temperatures push consumers toward other products. Consumption reaches its peak in autumn and early spring (April-May and October), thanks to temperatures favourable for banana consumption and low pressure from local fruits, whose campaigns get off to a gradual

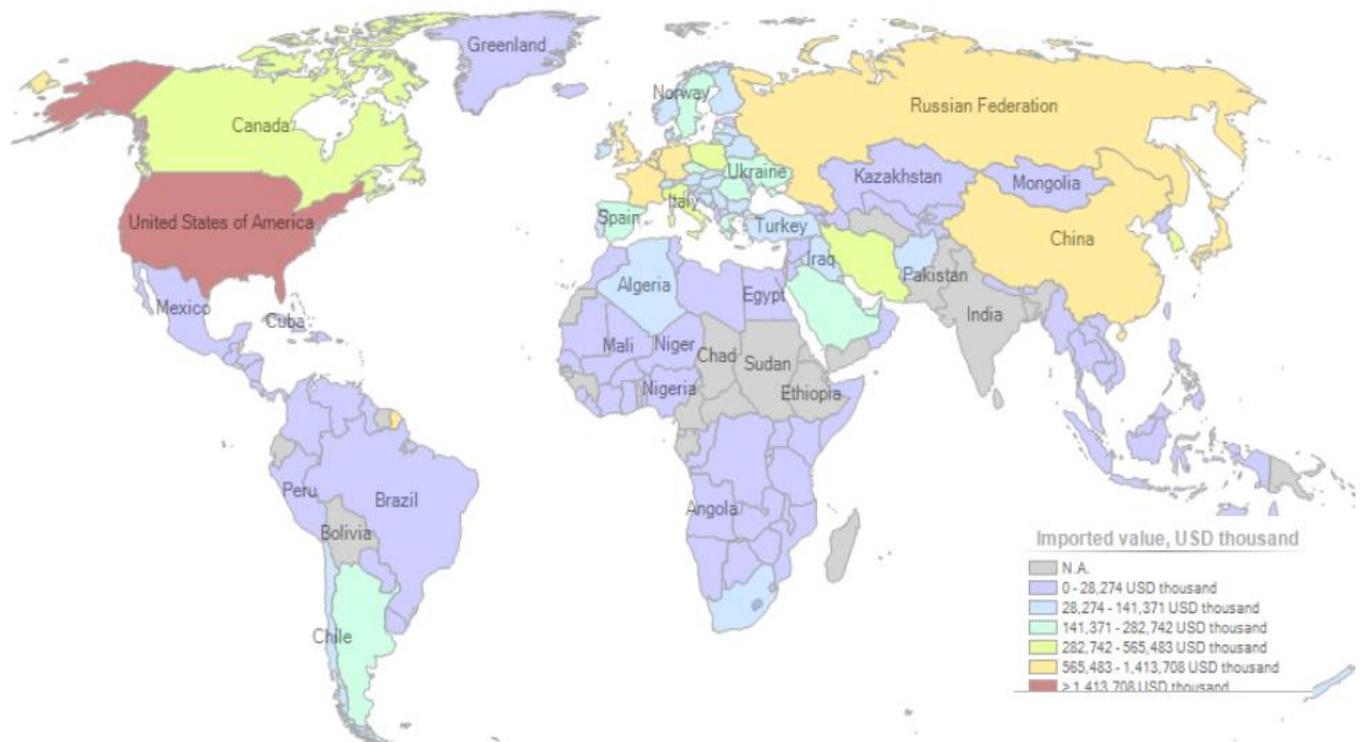
start. Hence banana demand is dependent on temperature and competition from other fruits.

The US market is expected to remain the world number two however the consumption per capita is expected to remain stable at 12.5 kg, but still above the European average (11.2 kg/capita/year).

Consumption on the Russian market has not been steady, in particular over the past four years . The depreciation of the rouble against the US dollar driven by a fall in energy prices, by rampant internal inflation and by the sanctions imposed by Europe and the United States due to the Russo-Ukrainian conflict, significantly increased the price of imported products such as the banana.

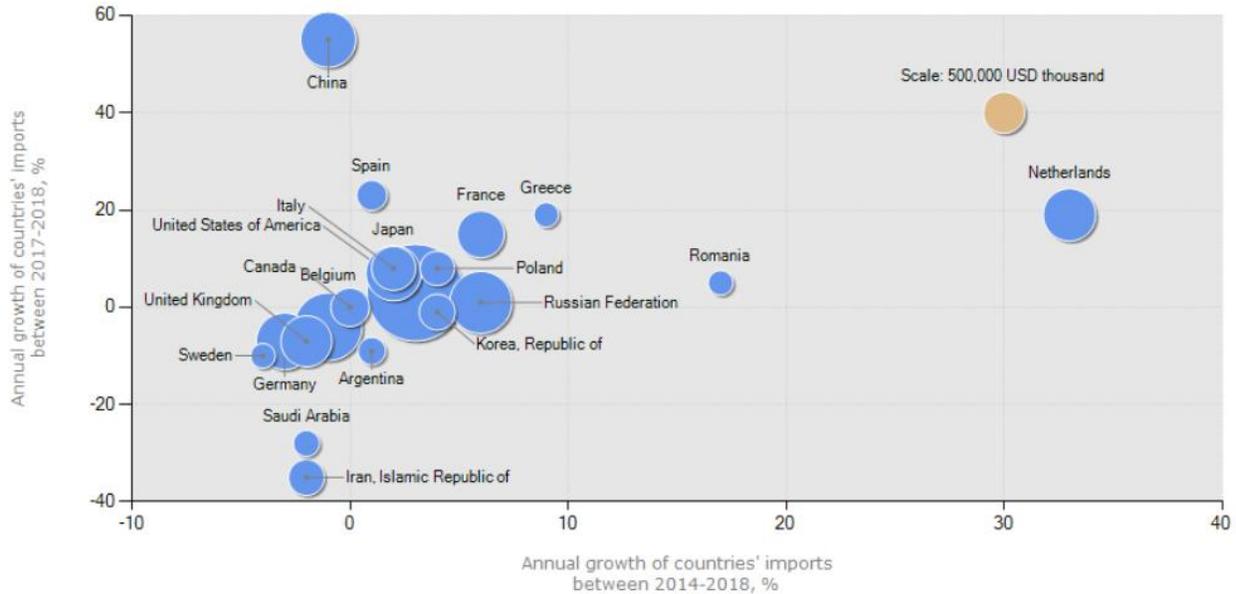
Banana consumption in Japan has been declining for past several years now wherein, the imports have collapsed, dropping back under the one million-tonne mark since 2013. Annual consumption per capita has fallen to 7.4 kg. The main reasons behind this drop in consumption are i) a weak yen which favours exports rather than imports, and ii) falling household consumption due to a steep increase in VAT. **In the period from 2010 to 2018, the share of imports in consumption reached the level of 17-19%.**

### APPROX. 18% OF BANANAS CONSUMED WORLDWIDE ARE IMPORTED



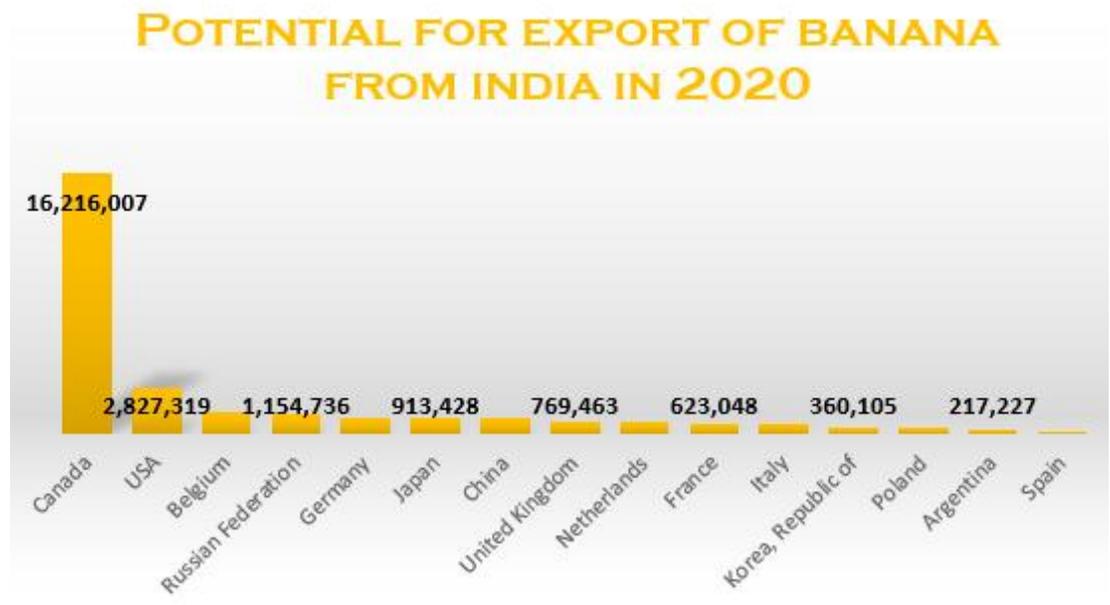
USA SEEMS TO BE THE LARGEST IMPORTER OF BANANA FOLLOWED BY RUSSIA AND CHINA. FEW AFRICAN COUNTRIES REMAINED CONSISTENT BUYERS ALONG WITH CANADA ALSO DEMANDING BANANA IMPORTS.

IMPORT GROWTH HIGHEST IN CASE OF NETHERLANDS, RUSSIA, CHINA, UK, CANADA, USA AND FRANCE: PROSPECTIVE MARKETS FOR 2020.



**OPPORTUNITIES FOR INDIA**

Considering the growing import demand of banana in these identified countries, potential for India remains highest in case of Canada followed by USA, Belgium, Russian Federation and Japan.



Opportunities for India estimated on the basis of World import of banana versus the actual export from India.

Country	World's Import (000' USD)	India's Export (000'USD)	Gap
Canada	16,216,042	35	16,216,007
United States of America	2,827,416	97	2,827,319
Belgium	1,314,021	0	1,314,021
Russian Federation	1,154,736	0	1,154,736
Germany	949,367	242	949,125
Japan	913,428	0	913,428
China	896,812	0	896,812
United Kingdom	769,477	14	769,463
Netherlands	740,570	0	740,570
France	623,049	1	623,048
Italy	564,353	0	564,353
Korea, Republic of	360,129	24	360,105
Poland	301,831	37	301,794
Argentina	217,227	0	217,227
Spain	78,714	0	78,714

### TO WHAT EXTENT COULD INDIAN EXPORTERS EXPLOIT THESE GROWING OPPORTUNITY?

India produces 30% of global banana production. Since the fruit was available 365 days of the year, it could be exported quickly to its export destinations, because it takes 3-12 days to reach any export destination. Affinity to the West Asian markets has offered a huge opportunity for Indian exporters to boost their banana consignments to the region. Iran imports 2,500 containers of banana every month from across the world. From India, it takes just 40 containers a month, though five months ago it was less than 10 containers. Each container contains 20 tonnes (20,000 kg) valued at ₹8 lakh.

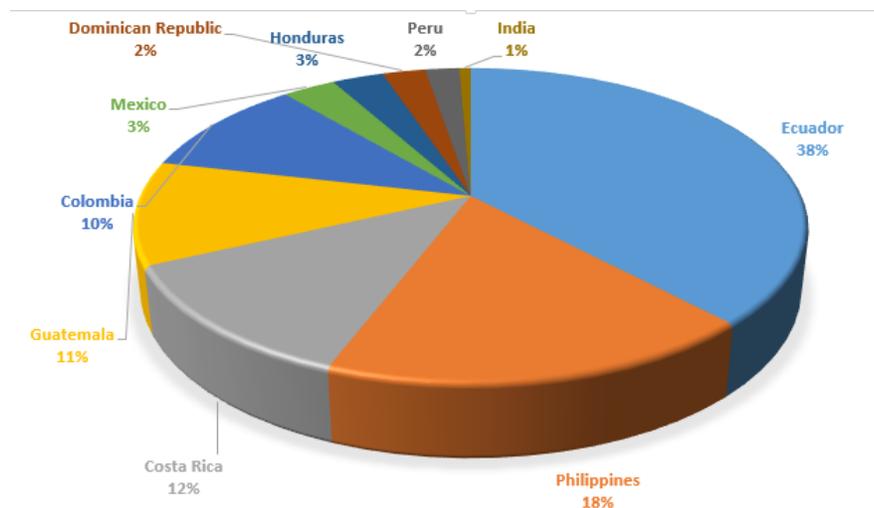
Currently, some 150 containers stacked with bananas are shipped from India per month to markets in the West Asia. With 1,800 containers per year, the market is around ₹150-200 crore. Branded bananas seem to have found favour in Western Asia. Consumers in West Asia appear to have taken a liking for bananas from India. Though India recorded a 45 per cent jump in banana exports in 2013-14, and Qatar, Saudi Arab, Oman, United Arab Emirates, and Kuwait were among the top export destinations, exporters insist much more needs to be done to jump-start the fledgling business.

## Prime Competitor of Indian Bananas for 2020



The main exporter is Ecuador, which accounted for an annual average of one-third of total global banana export volume between 2014 and 2018. Other large exporters are the Philippines (13 percent volume share between 2010 and 2016), Costa Rica (13 percent), Guatemala (12 percent) and Colombia (10 percent).

The majority of exports from Central and South America are directed at the North American markets, western Europe, Japan and Russian Federation; exports from Africa and the Caribbean are mainly traded in the European market and exports from the Philippines in the Asian market. The main exporters of organic bananas are Colombia, Peru and the Dominican Republic.



Exports of table bananas from India could not rise above a certain stage since many other nations, notably the Philippines, could easily supply the fruit in large quantities at cheaper rates.

## EXPORT PROSPECTS IN 2020

- On account of ample growth in supplies, global exports of banana, excluding plantain, are expected to reach a record high of 20 million tonnes in 2020. This would mark an increase of 4.4 percent compared to 2019.
- 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 2019, 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. Exports by Costa Rica are estimated to decline by 18 percent in 2019, 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 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 which, if materialized, would be equivalent to approximately 10 percent of total global exports.
- Exports from the Caribbean are estimated to reach an estimated 140.000 tonnes. 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.

## Can India sustain in its traditional export markets for Banana?

Country	Competing Banana suppliers	Market Share (%)	Price points (CIF)	Average Tariff (%)	Final landing price USD/TON
United Arab Emirates	India	13.7	1,118	0	1118
	Ecuador	47.3	690	0	690
	Philippines	35.7	696	0	696
	Sri Lanka	2.2	785	0	785
	Indonesia	0.6	582	0	582
Oman	India	64.3	512	0	512
	United Arab Emirates	15.4	904	0	904
	Ecuador	9.9	470	0	470
	Philippines	8.4	304	0	304
	Indonesia	1.7	567	0	567

Country	Competing Banana suppliers	Market Share (%)	Price points (CIF)	Average Tariff (%)	Final landing price USD/TON
Saudi Arabia	India	3.2	1,128	0	1128
	Philippines	75.7	710	0	710
	Ecuador	16.7	616	0	616
	Sri Lanka	3.1	941	0	941
	Yemen	0.5	472	0	472
Iraq	India	4.1	485	Data NA	Data NA
	Ecuador	50.9	443	Data NA	Data NA
	Kuwait	32.1	216	Data NA	Data NA
	Philippines	12.2	269	Data NA	Data NA
	Costa Rica	0.6	434	Data NA	Data NA
Nepal	India	100	113	9	1130
Qatar	India	73.9	630	0	630
	Philippines	13.9	762	0	762
	Mexico	13	682	0	682
Kuwait	India	16.2	1,959	0	1959
	Ecuador	42.9	736	0	736
	Philippines	38.5	840	0	840
	Ghana	0.7	669	0	669
	Indonesia	0.6	709	0	709
Afghanistan	Data NA	Data NA	Data NA	Data NA	Data NA
Bahrain	India	14.2	665	0	665
	Philippines	83.1	776	0	776
	Ecuador	1.4	652	0	652
	Sri Lanka	1.2	4,333	0	4333
	Pakistan	0.1	Data NA	0	Data NA
Maldives	India	70.9	656	7.5	5576
	Sri Lanka	15.2	1,647	7.5	13999.5
	United Arab Emirates	7.2	1841	7.5	15648.5
	Thailand	3.2	3714	7.5	31569
	Malaysia	1.1	2571	7.5	21853.5
Malaysia	India	7.2	486	28.9	14531.4
	Philippines	76.2	576	5	3456
	Vietnam	8	533	5	3198
	Thailand	7.3	323	5	1938
	Indonesia	1	472	5	2832
United States of America	India	0	4,850	0	4850
	Guatemala	39.5	525	0	525
	Costa Rica	17.4	545	0	545
	Ecuador	13.7	531	0	531
	Honduras	10.5	515	0	515

## How feasible will it be for Indian banana to enter newer growing markets?

Top 15 Destination Countries	India's share in Destination Country's Imports	Unit Price (India) - USD/tonne	Average Tariff (India) - in %	FLP India (USD/tonne)	Competing Countries in newer destinations	Share of competing country in Destination Country's Imports	Unit Price	Average	FLP
United States of America	0	4850	0.00%	4850	Guatemala	39.50%	529	0.00%	529
					Costa Rica	17.40%	547	0.00%	547
					Ecuador	13.70%	541	0.00%	541
					Honduras	10.50%	515	0.00%	515
					Mexico	9.20%	570	0.00%	570
Russian Federation	0		3.20%	0	Ecuador	96%	741	3.20%	764.712
					Costa Rica	1.40%	727	3.20%	750.264
					Guatemala	0.80%	732	3.20%	755.424
					Mexico	0.80%	741	3.20%	764.712
					Colombia	0.80%	731	3.20%	754.392
Japan	0		10.00%	0	Philippines	84.60%	921	0.00%	921
					Ecuador	9.80%	813	10.00%	894.3
					Mexico	2.70%	892	0.00%	892
					Guatemala	0.70%	833	10.00%	916.3
					Peru	0.70%	1034	1.80%	1052.612
China	0		6.90%	0	Philippines	67.00%	591	0.00%	591
					Ecuador	16.70%	623	10.00%	685.3
					Vietnam	7.50%	500	0.00%	500
					Myanmar	4.00%	353	0.00%	353
					Thailand	3.00%	1177	0.00%	1177
United	0	1556	13.60%	1767.616	Colombia	29.40%	741	3.00%	763.23

Kingdom					Costa Rica	16.90%	626	3.00%	644.78
					Dominican republic	15.40%	820	0.00%	820
					Ecuador	9.20%	557	3.10%	574.267
					Cote d'Ivoire	5.00%	813	0.00%	813
Germany	0	17286	13.60%	19636.9	Colombia	28.00%	767	3.00%	790.01
					Ecuador	27.80%	661	3.10%	681.491
					Costa Rica	26.10%	792	3.00%	815.76
					Peru	5.40%	845	3.00%	870.35
					Dominican republic	5.20%	1059	0.00%	1059
Italy	0		13.60%	0	Ecuador	42.10%	748	3.10%	771.188
					Colombia	23.70%	608	3.00%	626.24
					Costa Rica	17.50%	670	3.00%	690.1
					Guatemala	4.90%	833	3.00%	857.99
					France	4.10%	755	0.00%	755
France	0		14.70%	0	Cote d'Ivoire	30.00%	803	0.00%	803
					Colombia	15.10%	781	0.00%	781
					Cameroon	14.40%	721	6.10%	764.981
					Dominican republic	10.50%	950	0.00%	950
					Ecuador	9.70%	946	6.10%	1003.706
Canada	0	3000	0.00%	3000	Guatemala	43.80%	737	0.00%	737
					Costa Rica	19.90%	627	0.00%	627
					Ecuador	12.50%	842	0.00%	842
					Colombia	11.20%	684	0.00%	684
					Honduras	5.90%	591	0.00%	591
Belgium	0		13.60%	0	Colombia	29.70%	934	3.00%	962.02
					Costa Rica	18.10%	934	3.00%	962.02
					Ecuador	16.20%	1013	3.10%	1044.403
					Cameroon	8.80%	1184	0.00%	1184

					Cote d'Ivoire	7.00%	1181	0.00%	1181
Korea, Republic of	0	480	30.00%	624	Philippines	77.80%	843	30.00%	1095.9
					Ecuador	8.90%	739	30.00%	960.7
					Peru	5.10%	1368	0.00%	1368
					Guatemala	4.40%	839	30.00%	1090.7
					Mexico	2.20%	759	30.00%	986.7
Poland	0	685	13.60%	778.16	Ecuador	47.80%	678	3.10%	699.018
					Colombia	22.30%	606	3.00%	624.18
					Costa Rica	16.40%	698	3.00%	718.94
					Guatemala	5.40%	599	3.00%	616.97
					Panama	1.50%	894	3.00%	920.82
Argentina	0		10.00%	0	Ecuador	77.40%	620	0.00%	620
					Bolivia, Plurinational State of	15.60%	303	0.00%	303
					Paraguay	4.00%	217	0.00%	217
					Brazil	2.60%	228	0.00%	228
					Colombia	0.40%	525	0.00%	525
Netherlands	0	1000	13.60%	1136	Panama	28.30%	1180	3.00%	1215.4
					Costa Rica	20.60%	1077	3.00%	1109.31
					Belgium	20.20%	860	0.00%	860
					Germany	7.50%	942	0.00%	942
					Ecuador	7.30%	711	3.10%	733.041
Spain	0		13.60%	0	Costa Rica	30.20%	591	3.00%	608.73
					Cote d'Ivoire	19.10%	735	0.00%	735
					Colombia	14.40%	609	3.00%	627.27
					France	7.10%	424	0.00%	424
					Ecuador	7.00%	786	3.10%	810.366

## BANANA: GLOBAL PRICE POINTS

<p>In order to guarantee producers minimum revenue, certain countries such as <b>Ecuador</b> have established a guaranteed minimum price, and encouraged the signature of contracts between exporters and producers.</p>	<p><b>In Costa Rica and Colombia</b>, practically 100 per cent of traded fruits are under long-term contracts between producers and exporters.</p>	<p>Recently, green stage prices have been higher than in previous years, due in part to a euro/dollar exchange rate approaching parity, rising European demand stimulated by weather unfavourable for consumption of other fruits in spring, and a fairly moderate banana supply due to climate problems in the production zones.</p>
<p>Prices on the European market have generally fluctuated between €13 and €14 per 18.5-kg box.</p>	<p>The average import price of green banana into <b>Russia</b> was 14 USD/box CIF St. Petersburg. Volatility on this market is continuing to show very marked extremes, with crisis periods when import prices drop under the 10 USD/box mark, and prosperous periods when double the import price is reached.</p>	
<p>Prices in <b>Germany</b> will remain unchanged, since the contracts were set at the beginning of the year for a one-year period.</p>		<p><i><b>It is forecasted that bananas will be in short supply in some production areas, as the El Niño phenomenon has already caused damage in the Costa Rican banana zones (flooding in June-July) and in the Philippines (severe drought).</b></i></p>

### Possible impact of Currency Fluctuations in newer markets

Home Currency	Destination Country Currency	Current Exchange Rate (Foreign/Domestic)	Expected Rate after 1 year	Change	Direction
INR	USD	0.0139	0.0133	-4.317%	INR to Depreciate
INR	RUB	1.122	1.111	-0.980%	INR to Depreciate
INR	JPY	1.509	1.43	-5.235%	INR to Depreciate
INR	RMB	0.0979	0.0954	-2.554%	INR to Depreciate
INR	GBP	0.0108	0.0105	-2.778%	INR to Depreciate
INR	EUR	0.0126	0.0122	-3.175%	INR to Depreciate
INR	CAD	0.0185	0.018	-2.703%	INR to Depreciate
INR	KRW	16.284	15.924	-2.211%	INR to Depreciate
INR	ARS	0.83	1.059	27.590%	INR to Appreciate

## **FUTURE PROSPECTS**

The consumption markets are still on the rise, and more particularly in the emerging markets. Although the core banana consumption is based on a staple, commoditised and inexpensive product, the past twenty years or so have seen substantial, constant development of a so-called more ethical segment, where the consumer exhibits an interest in an environmentally friendly banana which can ensure the economic and social well-being of the producers. The emergence of a great variety of certification is the proof of this: consumers are searching for guarantees about the product. This is the case with organic and Fairtrade labelled bananas, which have seen a significant surge in recent years, but which represent only approximately 10 per cent of the market.

## **STRATEGY TO PROMOTE INDIAN BANANA EXPORTS**

India needs to work on its yield level for banana. In general, within commercial banana production of the Cavendish variety, the average yield per hectare ranges between 40 and 50 tonnes. Some of the large producers in countries with well-established industries such as the Philippines have reached average yields of around 60 tonnes per hectare, while smaller producers in other countries only produce around 30 tonnes per hectare.

The impact of TR4 on food security in developing countries has so far luckily been limited because the spread of the disease is gradual at larger scale. The disease predominantly affects the Cavendish variety, which primarily meets the international market demand but is also important for local consumption in developing countries. Because once the disease is established there is no means of eradication, it is considered as a serious threat. Difficulties in accessing disease free planting materials and weaknesses in implementation of necessary phytosanitary measures make developing countries and particularly smallholder banana farmers vulnerable to the disease.

## **India needs to apprise Indian Banana Exporters for public standards in Banana**

Public standards In Europe, regulations are limited to defining the minimum quality standards for banana marketing. Hence the European Commission Implementing regulation EU no.1333/2011 brings together 3 texts previously in force in the banana sector (Regulation (EC) no.2257/94, Regulation (EC) no.2898/95 and Regulation (EC) no.239/2007). It lays down marketing standards for bananas: quality (minimum characteristics, classification into categories), sizing (minimum length and grade), quality tolerances, presentation (uniformity, packaging, presentation), marking (product identification, nature, origin, commercial specifications, brand). Finally, the Regulation lays down the provisions relating to verification of compliance with these marketing standards and requirements for notifications in the banana sector

The banana is also the subject of the European Parliament and Council Regulation (EC) no.396/2005 of 23 February 2005 on maximum residue levels of pesticides in or on food and feed of plant and animal origin. Regarding the organic banana, Regulation (EC) no.834/2007 sets out all the rules to follow regarding production, processing, distribution, importing, inspection and labelling of organic products.

### **Private Standards in Banana World over taking shape**

Private standards are continuing to develop, with their specifications targeting a particular product or process, and occasionally the marketing process, as in Fairtrade. These standards can be classified into environmental issues (soil conservation, water protection, use of pesticides or waste management), social issues (workers'rights, occupational health & safety) or other issues such as food safety

Rainforest Alliance: This is an environmental certification. Companies which scrupulously comply with sustainable development standards can use one of the Rainforest Alliance registered trademarks so that their products and services stand out on the market. This is the case for farms which comply with all the criteria of the Sustainable Agriculture Network, logging operations which comply with the stringent standards of the Forest Stewardship Council (FSC) and tour companies which demonstrate their progress in reducing their environmental footprint and supporting their workers, local culture and surrounding communities. Some supermarket specifications Tesco Nurture (formerly Tesco Nature's Choice): a good agricultural practices code aimed at conservation of biodiversity, and in general, farm conservation and environmental management. Similar to the GLOBAL GAP code, this benchmark was developed by the British chain Tesco and the ADAS (Agricultural Development Advisory Service). The requirements of Tesco Nurture in some cases exceed legal requirements. The benchmark relates to all the producers supplying Tesco with fresh fruits, vegetables, salads and other horticultural products. This certification may be combined with GLOBAL GAP, BRC or IFS certification.

Eco-labels France's Grenelle Environment Forum has helped develop carbon footprint labelling, which measures CO<sub>2</sub> emissions, or water footprint labelling in the agri-business industries. Since the 1990s, life cycle assessment (LCA)has sought to include other factors such as depletion of resources, air, water and soil pollution, as well as damage to biodiversity, so as to avoid having partial benchmarks. In this case it is referred to as environmental disclosure. However, there are no comprehensive labels including all these factors. The long-term trend is for increasing requirements, incorporating sustainability factors, as well as economic and social factors. Fairtrade

label Fairtrade certification, one of the best known, certifies the banana marketing process.

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