



Indicators

The main fruits	In shares by total volume and expenditure on fruits for the month in France		
	%	Volumes	Expenditure
	Peach/Nectarine	16	19
	Apple	21	15
	Apricot	8	10

The trends for the main produce of the month significantly influence the overall situation of the fruit market. A column entitled 'Indicators' discussing these fruits precedes the pages devoted to a selection of exotic and citrus fruits.

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Peach/Nect. The market has been catastrophic even though the volumes available have been somewhat smaller than average. The harvest was normal in France but a distinct deficit was seen in the Spanish production zones supplying the market in June (Murcia and Valencia). However, demand was very sluggish as a result of weather conditions unfavourable for consumption. Prices fell to very low levels but this had no positive effect on demand.

June 2007 / June 2006			
Price	↘↘	Vol.	=↗

Apple The market remained well balanced and prices were higher than in 2006. Firstly, only fairly moderate quantities were available. Shipments from most of the southern hemisphere sources were down, especially because of the strong attraction of the North American market. Secondly, stocks of European production were fairly small, limited to the last Gold Delicious in France. Sales were fluid and prices slightly higher than those of 2006.

June 2007 / June 2006			
Price	=↗	Vol.	=↘

Apricot Supplies were smaller than average. Production of 'Bulida' from Spain displayed a marked deficit. Furthermore, the French harvest was also smaller than average—especially for the later varieties. However, the poor weather weighed on demand, as for peach and nectarine. Prices were therefore only slightly higher than in 2006.

June 2007 / June 2006			
Price	=↗	Vol.	=↘

Sea freight The first half of 2007 saw seismic changes in many aspects of the specialised reefer business. On the one hand the industry shake-out, which started in 2002/03 after seven years of below breakeven returns caused by capacity imbalance, accelerated as one of the few remaining players Zodiac Maritime sold off its tonnage. At the other end of the spectrum trades continued to polarise between the specialised reefer and the reefer box: between the start of the season in November and the end of May this year, 82% of South Africa's fruit exports to Europe were shipped on the container lines compared to approximately 73% for the same period in 2005/06. Chile, the Southern Hemisphere's largest fruit exporter, shipped an estimated 100K pallets more fruit in containers over the same period, equivalent to 20 vessel sailings.

June 2007 / June 2006			
large reefers	↗	small reefers	↗

Notes concerning market appraisal methodology

The statistics on the following pages are estimates of quantities put on the market in France. They are only calculated for the main supplier countries and are drawn up using information on weekly arrivals or market release statements by representative operators. The figures in the 'Main fruits' section above are provided by the CTIFL, with SECODIP being the source. The data published in the French market pages are provided solely as a guide and CIRAD accepts no responsibility for their accuracy.



Banana

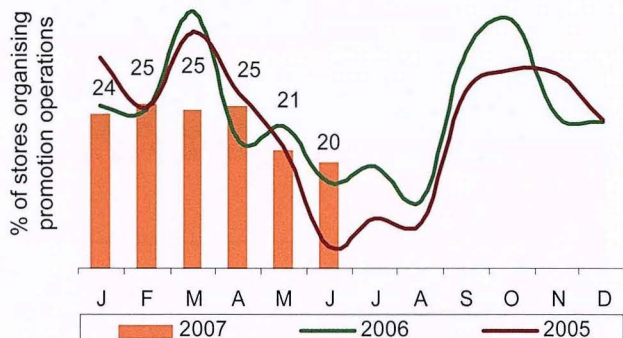
JUNE 2007

The seasonal slowing of demand was noticeable but less marked than in preceding years. The cool weather, especially during the first two-thirds of the month, was favourable for banana consumption and limited the increase in supplies of competing fruits. In addition, retail prices remained attractive, especially in Germany and in France where supermarket promotion operations were at a good level for the season. Overall supply was above average. However, arrivals from the West Indies displayed a deficit of about 7% and those from Africa of nearly 13% as the recovery of production in Cameroon was delayed by losses caused by high winds at the beginning of June. Likewise, shipments from Colombia continued to decrease and were much smaller than the average. Deliveries from the other dollar origins more than made up for this deficit. Hitherto smaller than in previous years, Ecuadorian exports were about 10% above average and concentrated on the EU (shipments to Russia and the United States were similar or smaller than last year's). Similarly, Costa Rica was more present than in 2006. The quay price was therefore distinctly down on that of 2006 and the three-year average.

More information...

Just one finger! This is what American banana-lovers have been able to ask for since the beginning of the year in cafés, petrol stations, etc. Chiquita recently launched the 'Chiquita to go' concept for selling individual fruits on the US market. The final aim is to reach 200,000 points-of-sale.

Promotion operations



Monthly and annual comparisons

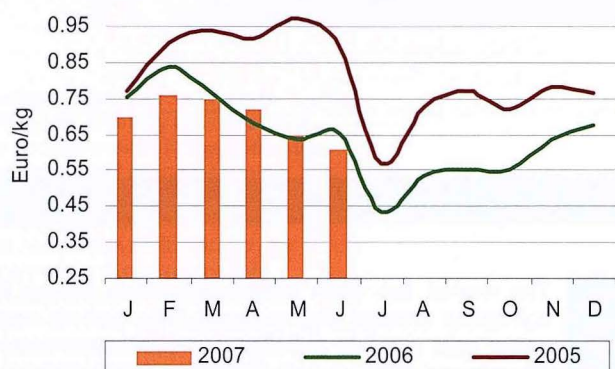
Volumes*	EU reference price**
June 2007 / May 2007	
↘ - 8%	↘ - 6%
June 2007 / June 2006	
↘ - 10%	↘ - 5%

* Arrivals from Africa/West Indies

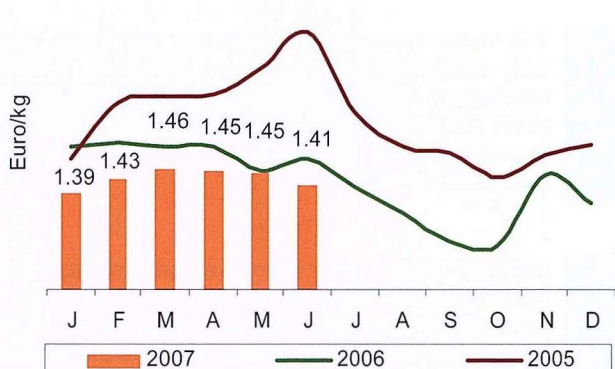
** Aldi price

French banana market — Indicators

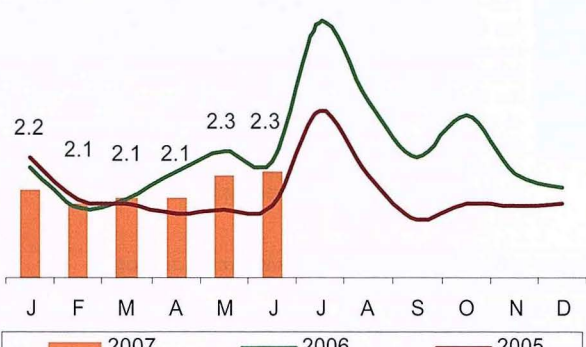
Price at import stage*



France - Retail price



Retail price / green price ratio*



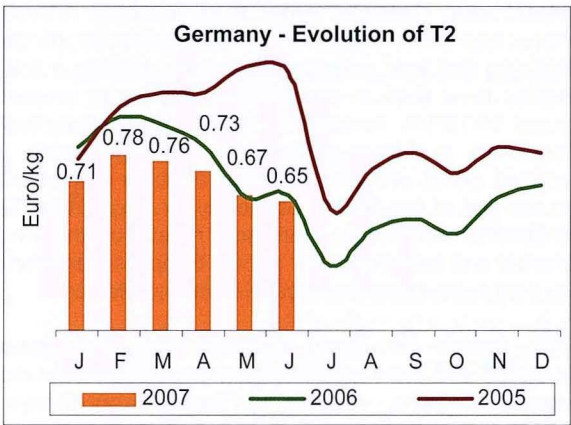
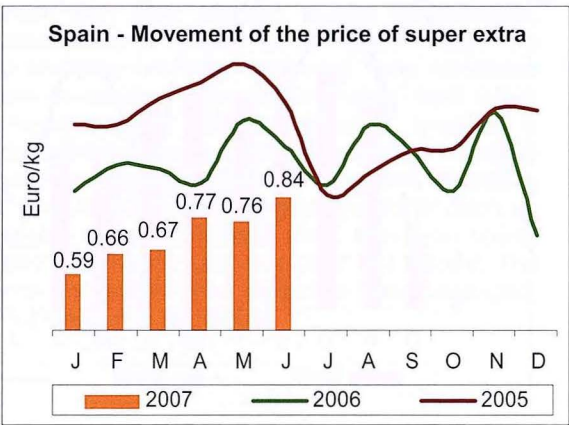
* Africa origin

European banana market — Indicators

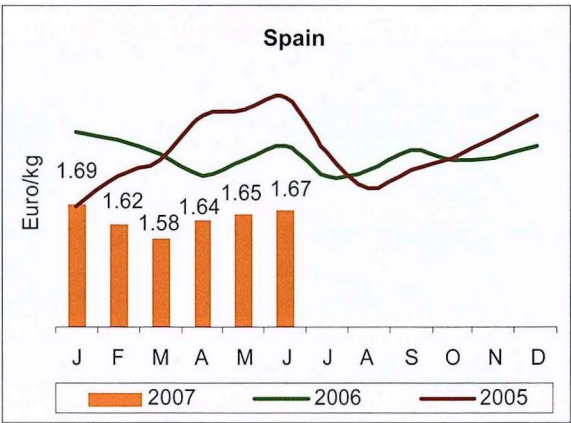
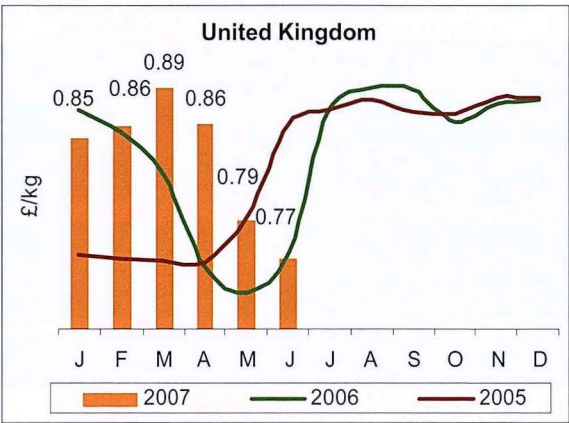
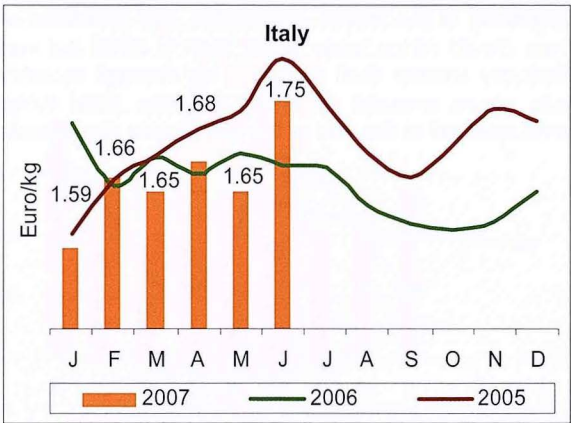
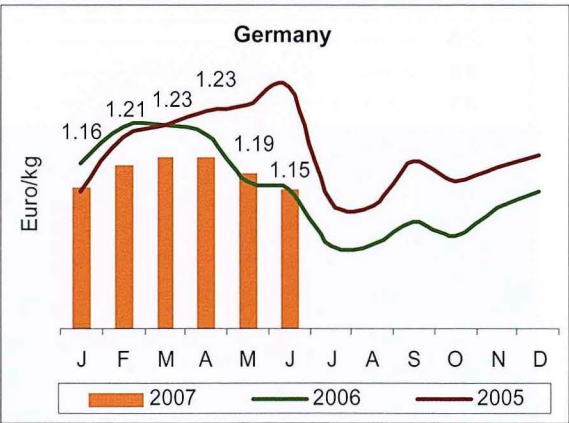
Main origins in Europe

Tonnes	June 2007	Comparisons (%)		Total season 2007	Season comparisons (%)	
		2007/2006	2007/2005		2007/2006	2007/2005
Martinique	18 921	+ 10	- 8	104 790	+ 11	- 6
Guadeloupe	3 867	+ 2	- 5	23 690	+ 13	- 8
Canaries	25 692	- 3	+ 2	192 514	+ 9	+ 11
Côte d'Ivoire	12 319	- 16	- 16	85 732	- 21	- 15
Cameroon	17 277	- 27	- 13	115 161	- 8	- 4
Ghana	2 979	+ 59	-	14 770	-	-

Green price in Europe



Retail price in Europe



Sources: Cirad, SNM, TW Marketing Consulting



Avocado

JUNE 2007

After the small volumes arriving in May, supplies to the market increased markedly in June with the increase in shipments from the southern hemisphere. Supplies of 'Hass' were distinctly larger than average. Arrivals from Peru had been moderate in May because of late fruit ripening and then gained momentum, attaining a noticeably higher level than in preceding years (large proportion of sizes 10/12/14). In addition, South African supplies—also moderate in May—regained an average level. In this context prices slid continuously, reaching a very low point at the end of the month, especially for large fruits. The last shipments from Spain were sold mainly on the wholesale market and fetched higher prices. Supplies were completed by very limited volumes from Kenya and Mexico.

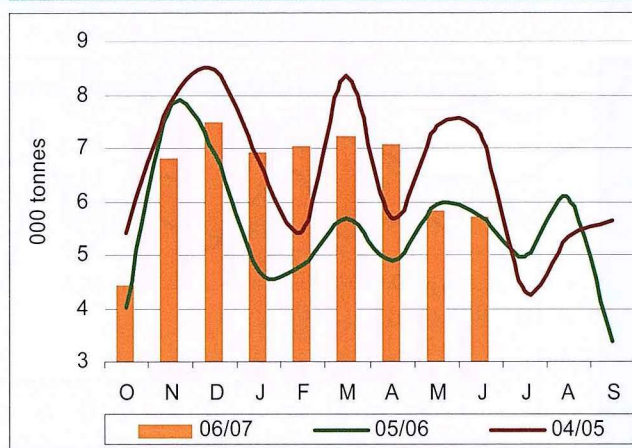
The market for green varieties was less generously supplied and more satisfactory, even though it did display a downward trend. Arrivals of 'Fuerte' from Kenya were moderate as the logistic aspect is more of a constraint and the Peruvian season started to come to an end at the beginning of the month. In addition, the quantities shipped from South Africa were larger than in 2006 but remained distinctly smaller than normal. The average monthly price was above average for these varieties even though the level attained at the end of the month was disappointing.

Monthly and annual comparisons

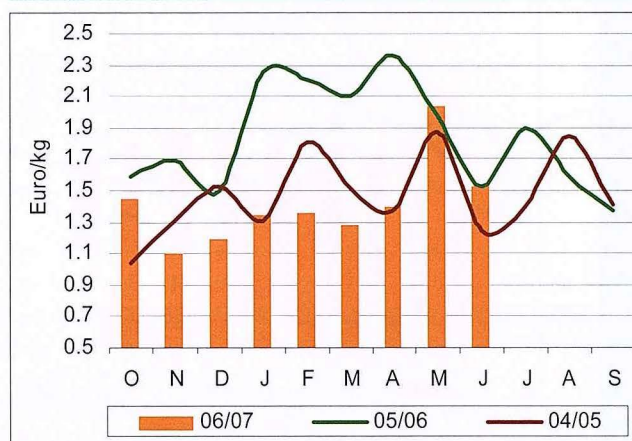
Volumes	Price
June 2007 / May 2007	
↘ - 2%	↘↘ - 25%
June 2007 / June 2006	
0%	0%

Estimated market releases in France

Volumes

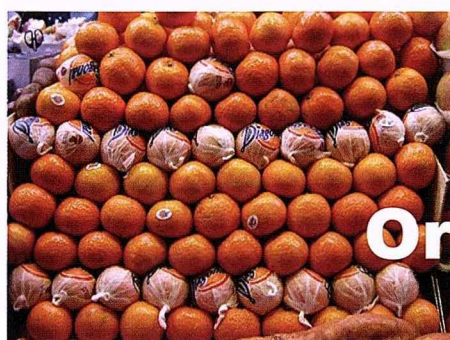


Price at import stage



Estimated market releases in France by origin

Tonnes	June 2007	Comparisons (%)		Total season 2006/2007	Season comparisons (%)	
		2007/2006	2007/2005		06-07/05-06	06-07/04-05
Spain	1 023	+ 7	+ 5	14 745	+ 1	- 11
Kenya	575	- 41	- 60	3 132	- 19	- 33
Peru	2 694	+ 29	+ 19	3 488	- 20	+ 14
South Africa	1 399	- 18	- 41	2 422	- 25	- 46
Mexico	45	+ 129	- 61	7 627	- 44	- 43
Total	5 736	0	- 21	31 414	- 21	- 25



Orange

JUNE 2007

Market performance was unexpectedly good. Demand remained excellent for the season with overall sales 10% above average, even though there was a slight slowing in comparison with May. Medium to low temperatures, excellent taste quality of fruit during the first two-thirds of the month and low pressure from competing fruits stimulated consumption. In addition, deliveries of 'Navel' from South Africa displayed a deficit that was almost as great as in 2006 (production was larger but difficult market conditions in Europe were anticipated). Spanish exporters therefore conserved their near monopoly and continued to catch up on the dragging sales of 'Valencia Late'. Moroccan operators extended their 'Maroc Late' season in this context. The upward price movement that started in May continued, especially for medium to large fruits.

More information...

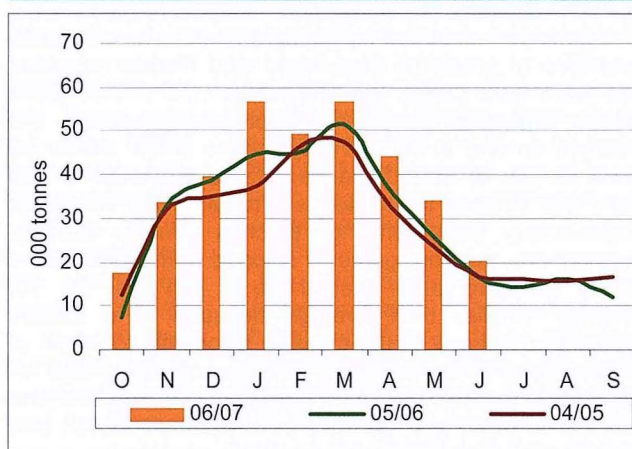
The orange crop should be much larger in Florida in 2007-2008. According to an estimate by the Florida Citrus Mutual, production should approach 200 million 90-lb (approx 40.8 kg) field boxes. In comparison, the figure has oscillated between 130 and 150 million boxes in the last three years but averaged 225 million boxes between 2000 and 2003. The harvest will thus not be record-breaking but should be sufficient to reconstitute the strong depleted stocks of concentrated juice after several years of shortage.

Monthly and annual comparisons

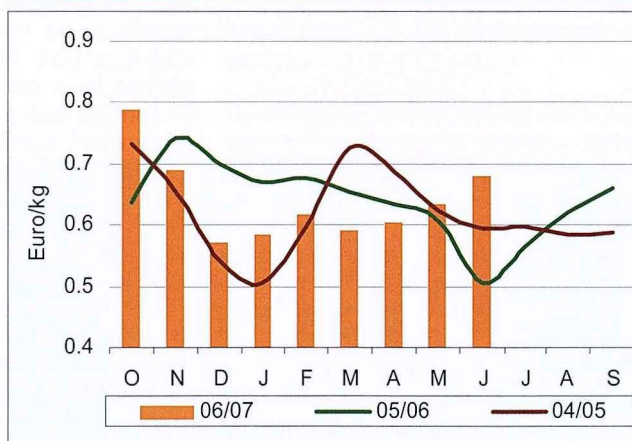
Volumes	Price
June 2007 / May 2007	
↘ - 41%	↗ + 8%
June 2007 / June 2006	
↗ + 20%	↗ + 34%

Estimated market releases in France

Volumes

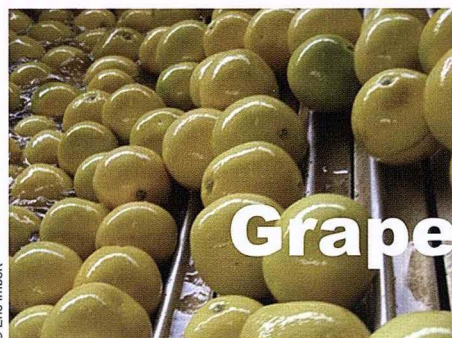


Price at import stage



Estimated market releases in France by origin

Tonnes	June 2007	Comparisons (%)		Total season 2006/2007	Season comparisons (%)	
		2007/2006	2007/2005		06-07/05-06	06-07/04-05
Spain	16 320	+ 17	+ 45	315 816	+ 21	+ 31
Morocco	1 791	+ 80	+ 258	7 547	- 35	- 19
South Africa	2 012	+ 10	- 58	2 012	- 1	- 64
Total	20 123	+ 20	+ 21	325 375	+ 19	+ 27



Grapefruit

JUNE 2007

Supply of the market was slightly larger than in 2006 but still markedly below average. Fruits consisted mainly of exports from southern hemisphere sources as only small quantities of grapefruit from Israel and Florida remained and were sold during the first half of the month. Even though Argentinian shipments approached average, the volumes arriving in the EU displayed a deficit almost as great as that of 2006 because a large proportion of the fruits was shipped to Russia as a result of the very strict phytosanitary restrictions for batches sent to Europe. Furthermore, the consignments shipped from South Africa to the EU were larger than those of last year but still distinctly smaller than average because of a logistic problem and above all the massive shipments to Japan at the beginning of the season. Prices were firm and high for sizes 35/40 fruits in this supply deficit context. However, the abundance of 45 and 50 fruits in both South African and Argentinian shipments caused a more marked fall in the price of small fruits. Supply of the French market was completed by a few batches of 'Star Ruby' from Corsica.

More information...

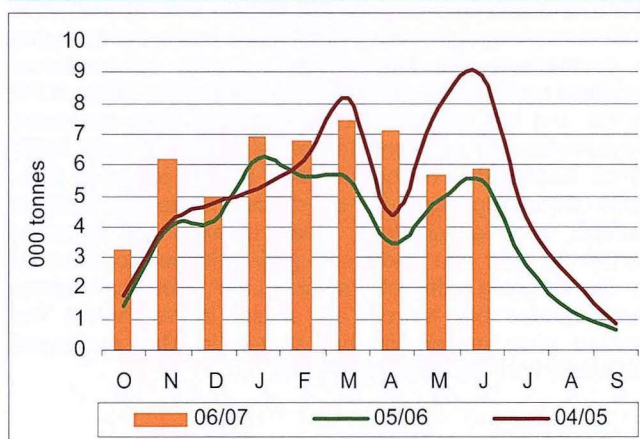
Chinese pomelo is soon to be awarded a Protected Geographical Origin. Indeed, the EU and China came to an agreement in August on the mutual recognition of PGOs for 10 agricultural products. Thus 'pruneau d'Agen' (Agen prunes) will be protected in China and 'Guanxi Honey Pomelo' will have the same status in the EU.

Monthly and annual comparisons

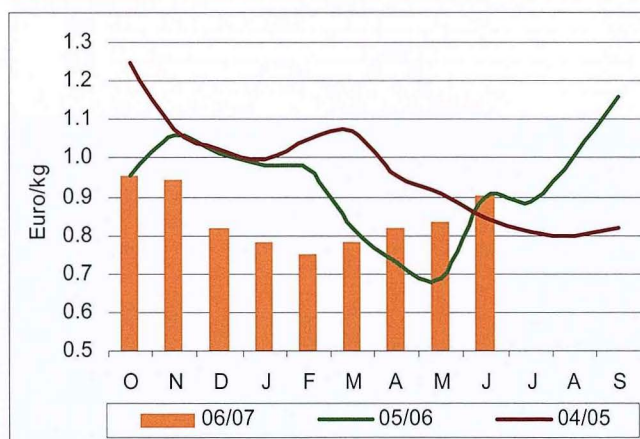
Volumes	Price
June 2007 / May 2007	
↗ + 4%	↗ + 8%
June 2007 / June 2006	
↗ + 7%	0%

Estimated market releases in France

Volumes



Price at import stage



Estimated market releases in France by origin

Tonnes	June 2007	Comparisons (%)		Total season 2006/2007	Season comparisons (%)	
		2007/2006	2007/2005		06-07/05-06	06-07/04-05
South Africa	4 144	+ 39	- 26	5 468	+ 10	- 37
Argentina	1 741	- 16	- 43	3 213	+ 9	- 50
Total	5 885	+ 7	- 34	8 681	+ 10	- 58



Litchi

JUNE 2007	Litchi - Import prices in Europe		
	Euro/kg	Min	Max
	By air		
	Thailand	4.50	7.00
	By sea		
	Thailand	2.00	3.50

Litchi sales conditions were not favourable in June. Strong competition from the season's fruits and lousy weather in much of Europe made demand weak throughout the month. It also seems that the commercial results in recent years have not encouraged supplier countries to increase exports to the European market. Thailand was the main supplier but with smaller volumes whose prices remained fairly stable, with occasional variations.

Most of the supplies for the European markets came from Thailand throughout June. Most shipments arrived in the Netherlands before distribution to the various market. Sales in the Netherlands fluctuated from week to week. Thus, prices were around EUR 3.50 per kg at the beginning of the month but weak demand obliged operators to lower the price by about EUR 1.00 per kg to encourage buyers and thus shift the arriving fruits. Prices remained at the same level in the following weeks, hovering around EUR 2.50 per kg with peaks of up to EUR 2.75 per kg as a result of regular arrivals in excess of demand. Sales picked up a little in the second and third weeks of June, stimulated in particular by supermarket promotion operations in Holland and also in Germany. Prices firmed slightly to between EUR 2.75 and 3.00 per kg at the end of the month, but the hitherto satisfactory fruit quality tended to worsen. Indeed, a few batches were affected by moulds and had to be resorted or rejected. As a result, the upward trend only compensated the losses resulting from worsening fruit quality.

The litchi market in Belgium was not very dynamic in June. Sales were steady but concerned only limited volumes. Prices slid downwards at the end of the month and stabilised at around EUR 2.50 per kg. Small batches of litchi from China were also available during this period but marketing was considerably hindered by competition from produce from Thailand. Offered at EUR 3.50 per kg, Chinese litchi was neglected by customers who preferred the cheaper Thai fruits.

The French market was fairly uneven in June. Supplies were based on fruits shipped from Thailand by sea available at between EUR 2.00 and 3.00 per kg depending on the week and the quality. In addition, a few batches of litchi on the branch (large fruit variety) were shipped from the same origin by air and were sold throughout the month. The price was normally set at EUR 7.00 per kg but sales rarely attained this level and were fairly erratic. A few batches sold rapidly, giving the impression of a recovery of consumption but this was generally followed by slower sales that obliged

operators to make concessions as regards price. Finally, these fruits fetched between EUR 5.50 and 6.50 per kg and some end-of-batch sales were even concluded at EUR 4.50 per kg.

A few batches of fruits from Mexico reached the market sporadically during the first half of June. It was difficult to find purchasers for these fresh fruits. Mexican litchis were offered at EUR 6.00-6.50 per kg during the first week of the month but they fetched less on average because the fruits oxidised rapidly. Sales became even more difficult in mid-month and prices were open for the last batches to arrive.

It seems that demand for litchi has flagged on European markets during the last two years. Decreasing amounts are released and sales are more difficult. The main reasons are probably the strong competition from the season's fruits at this time of the year and the high prices asked.

Litchi — Import price on the French market — Euro/kg						
Weeks 2007	23	24	25	26	June 2007 average	June 2006 average
By air						
Thailand (on the branch)	5.50-6.00	6.00-6.50	6.00-6.50	5.00-5.50	5.60-6.10	na
By sea						
Thailand	2.50	2.00-2.50	2.00-2.50	2.50-3.00	2.25-2.60	3.25-3.55



Mango

JUNE 2007	Mango — Weekly arrivals — Estimates in tonnes				
	weeks 2007	23	24	25	26
	By air				
	Mali	70	60	50	25
	Burkina Faso	30	20	15	5
	Côte d'Ivoire	5	-	-	-
	By sea				
	Brazil	860	790	800	550
	Côte d'Ivoire	880	660	770	330
	Mali	330	330	440	440
Burkina Faso	200	110	220	130	
Guinea	110	110	110	90	

Mango sales were particularly difficult throughout June. Total supply remained greater than demand in spite of a gradual decrease in arriving shipments. Competition with the season's fruits was fiercer as a result of prolonged bad weather. To add to it all, the appearance and spread of marked fungal attacks on fruits from Côte d'Ivoire soon put off buyers. The other sources of supply such as Mali and Burkina Faso benefited from this situation with their healthier produce selling well. Shipments from Brazil decreased gradually and were partly compensated by exports from Central American supplier countries.

An unexpected combination of factors made June a particularly unfavourable context for mango sales. First of all, poor weather in most of western Europe did not encourage consumers to buy this fruit. In addition, competition from the season's fruits was strong this year, with large deliveries also concentrated as a result of the weather conditions during the preceding months. This produce was available in large quantities at decreasing prices and often replaced tropical fruits in consumers' shopping baskets. In addition, large volumes were shipped from Côte d'Ivoire instead of decreasing as they usually do in June. Finally, the increase in mould spots on mangoes from this source strongly hindered sales and prices fell until the middle of the month. The problem gained speed in the second half of June and operators had to run increasingly frequent clearance sales. At the end of the

month, rejected fruits exceeded sales. In this context, export markets closed rapidly and turned to other sources of supply, making sales even worse. Thus, sounder fruits from Mali and Burkina Faso sold better and formed an alternative for buyers of fruits from Côte d'Ivoire.

The other European markets tended to opt for supplies from Mali and Burkina Faso to complement dwindling shipments from Brazil and Central America. The prices of the latter produce recovered slowly in mid-month as stocks of poor quality fruits from Côte d'Ivoire weighed heavily on transactions.

Given the market situation, the prices mentioned below for Côte d'Ivoire mangoes should be decreased to allow for the proportion of fruits discarded during the month.

The air mango market was also sluggish during the first half of the month because of the large shipments from West Africa in spite of the halting of exports from Côte d'Ivoire. The presence of large stocks of fragile quality (overripe) led to clearance selling. Market conditions improved in the second half of the month with the decrease in arrivals from West Africa where the export season was gradually coming to an end. This is when the first shipments from Senegal arrived. These were sold at a higher price, profiting from the novelty effect of fruits of satisfactory quality. A few regular batches of 'Keitt' from the Dominican Republic completed supplies and sold at from EUR 3.00 to 4.00 per kg according to quality. Occasional batches from Brazil ('Haden'), Sudan and Thailand (Asian varieties) and Haiti were also sold during the second half of the month.

Mango — Import prices on the French market — Euros							
Weeks 2007		23	24	25	26	June 2007 average	June 2006 average
By air (kg)							
Mali	Amélie	2.20-2.50	-	-	-	2.20-2.50	nc
Mali	Kent	2.30-3.00	2.00-2.70	2.70-3.50	2.50-3.50	2.35-3.90	2.50-3.05
Burkina Faso	Kent	2.20-2.80	2.80-3.00	2.70-3.50	3.00-3.50	2.70-3.20	2.45-2.85
Côte d'Ivoire	Kent	3.50-4.00	-	-	-	3.50-4.00	3.00-3.75
Senegal	Kent	-	-	3.50-3.80	3.50-4.00	3.50-3.90	nc
By sea (box)							
Côte d'Ivoire	Kent	3.00-3.50	2.00-3.00	2.00-3.00	2.00-3.00	2.25-3.10	2.50-3.75
Mali	Kent/Keitt	2.80-3.50	2.50-3.00	3.00-4.00	4.00-4.50	3.10-3.75	2.50-3.35
Burkina Faso	Kent/Keitt	2.80-3.50	2.50-3.00	3.00-3.50	3.00-4.00	2.80-3.50	2.50-3.60



Pineapple

JUNE 2007	Pineapple — Import price		
	Euros	Min	Max
	By air (kg)		
	Smooth Cayenne	1.60	1.85
	Victoria	2.50	3.50
	By sea (box)		
	Smooth Cayenne	5.00	8.00
	Sweet	4.50	7.50

June was particularly difficult for pineapple sector operators. The arrival on the market of large volumes of 'Sweet' from Latin America at a time when demand is focused more on the season's fruits disturbed sales considerably throughout the month. The situation of air pineapple was no better as over-heterogeneous supplies combined with very weak demand resulted in failure to shift the nevertheless small volumes. The return of the season's fruits had an even more devastating effect on the 'Victoria' market, resulting in lack of interest in small exotics in general and 'Victoria' pineapple in particular.

The much-heralded increase in the volumes from Latin America finally took place at the beginning of the month. Without being excessive, they were fairly large during the first fortnight and then decreased in the last half of the month. The volumes of 'Sweet' that arrived in the first half of the month weighed heavily on a market where demand was strongly focused on the season's fruits. Furthermore, supplies were not at all balanced as the batches consisted mainly of small fruits for which there was no demand. Operators could not therefore turn to export markets to clear their fruits. Saturation was the rule everywhere and prices were extremely low on the northern markets from the first week onwards. To this was added the very aggressive price policy of leading brands (Del Monte and Dole) whose fruits were available at much lower prices than usual from the second week of June onwards. Stocks accumulated and prices fell. The supply volume on the 'Smooth Cayenne' market decreased throughout the month. The batches that did arrive were so small

that 'Smooth Cayenne' was in a niche market position. Supplies of 'Sweet' at lower prices than those of 'Smooth Cayenne' exerted further pressure. Overall, sales of 'Smooth Cayenne' were complicated by 'Sweet' prices at an equivalent level, even though some operators selling in France only reported prices higher than those given below. The confirmation of the decrease of Latin American supplies in the second week did not have the expected positive effect on sales—quite the opposite. Indeed, the second half of the month was even worse for pineapple operators who just managed stocks that were difficult to shift on a market with no demand. Prices were very open throughout this period and sometimes even very low (often less than EUR 4.50 per box). The market was still clogged at the end of June and in spite of the announcement of a decrease in the quantities arriving from Latin America, prices did not seem to recover. Supplies of 'Smooth Cayenne' in the second half of June were very small and also suffered from problems of quality. A

fair proportion of the batches arriving was either overripe or very dull, making the fruits difficult to sell.

The air market was no better throughout the month. Overall, supplies were not only very small but also of irregular quality. Rather than buying lack-lustre or overripe fruits, consumers preferred seasonal fruits available in large quantities and at low prices. Even the batches of 'sugarloaf' pineapples from Benin that are usually of very steady quality lost all attraction and it was difficult to find takers at more than EUR 1.90 per kg at the end of the month.

The situation on the 'Victoria' pineapple market was even worse. Total lack of interest in this small exotic was accompanied by quality problems. Although most were from Réunion and Mauritius, with some problem batches sold at derisory prices (EUR 0.50 to 1.00 per box), many operators planned to suspend supplies—especially from Mauritius—at the end of the month.

Pineapple — Import prices on the French market — Main origins — Euros

Weeks 2007		23	24	25	26
By air (kg)					
Smooth Cayenne	Benin	1.75-1.85	1.75-1.85	1.70-1.80	1.65-1.80
	Cameroon	1.75-1.85	1.75-1.85	1.70-1.80	1.65-1.80
	Côte d'Ivoire	1.75-1.85	1.75-1.85	1.75-1.80	1.70-1.80
	Ghana	1.60-1.70	1.60-1.70	1.60-1.75	1.60-1.75
Victoria	Côte d'Ivoire	3.00	3.00	3.00	2.50-3.00
	Ghana	3.00	3.00	3.00	2.50-3.00
	Réunion	3.00-3.40	3.00-3.40	3.00-3.40	3.00-3.50
	Mauritius	3.00-3.20	3.00-3.20	3.00-3.20	2.50-3.00
	South Africa	3.00	3.00	3.00	2.50-3.00
By sea (box)					
Smooth Cayenne	Côte d'Ivoire	6.00-8.00	6.00-8.00	5.00-7.00	5.00-8.00
	Ghana	5.50-7.50	5.50-7.50	5.00-7.00	5.00-6.00
Sweet	Côte d'Ivoire	6.50-7.50	5.50-7.50	5.00-7.00	4.50-6.00
	Cameroon	6.50-7.50	5.50-7.50	5.00-7.00	4.50-6.00
	Ghana	6.50-7.50	5.50-7.50	5.00-7.00	4.50-6.00
	Costa Rica	5.50-7.00	5.00-7.00	5.00-6.00	4.50-6.00



Sea freight

JUNE 2007

The first half of 2007 saw seismic changes in many aspects of the specialised reefer business. On the one hand the industry shake-out, which started in 2002/03 after seven years of below breakeven returns caused by capacity imbalance, accelerated as one of the few remaining players Zodiac Maritime sold off its tonnage. At the other end of the spectrum trades continued to polarise between the specialised reefer and the reefer box: between the start of the season in November and the end of May this year, 82% of South Africa's fruit exports to Europe were shipped on the container lines compared to approximately 73% for the same period in 2005/06. Chile, the Southern Hemisphere's largest fruit exporter, shipped an estimated 100K pallets more fruit in containers over the same period, equivalent to 20 vessel sailings.

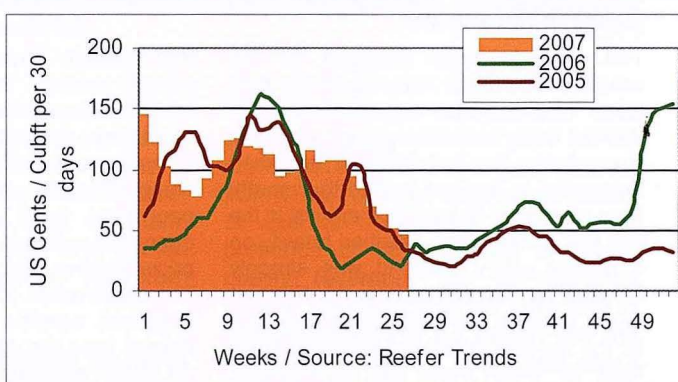
However the three changes that have had the most impact in the short term relate to how the largest operator Seatrade and the world's two historically largest charterers of Spot tonnage, Turin-based CoMaCo and Chiquita's Great White Fleet, changed their chartering strategies over the period. With Seatrade focussing more on 'industrial' shipping, CoMaCo moving into Time Chartered tonnage and Chiquita/GWF structuring a strategic long-term relationship with NYKLC/Eastwind there have been major changes in the volume of Spot business conducted on the one hand and in the utility of the reefer fleet on the other. The first major consequence of this fundamental change in supply/demand dynamics is that the Spot market has become suddenly and dramatically short of modern, fuel-efficient, deck-stow container friendly tonnage. Although the Spot market is currently in its usual summer doldrums, the cost of chartering a modern unit today reflects its scarcity value. While it is possible to charter a mid-80s built 'workhorse' vessel at 35c/cbft, a more efficient mid-90s built vessel with deck-stow container capacity cannot be found for less than 65c/cbft! The longer-term ramifications are likely to be felt not only laterally by competitors who are not similarly set up, but also vertically along various supply chains, with the Ecuadorian banana producers who sell to the local Spot trade probably the most exposed. If the oil price remains as high as it is today owners and operators of older, fuel-inefficient units will be forced into laying up or demolishing unless they can secure sufficiently high box rates on single voyages to at least cover their costs. However if the markets into which the bananas are traded cannot match the CIF arrival cost then the charterer and/or producer can start counting the losses as the vessel loads! This change in specialised reefer logistics may even force a change of structure in the Ecuadorian banana industry with more fruit signed into contracts. If so, the minimum reference price established by the Government will become easier to defend. On the downside, the net reduction in specialised reefer capacity hands the initiative for new market development to the container lines. If all the available units are Time Chartered or tied into Contracts Of Affreightment, the ability to recapture market share or create new trade lanes disappears. At 98c/cbft the Spot market average rate for the first six months is more than 40% plus higher than the corresponding figure for 2006. However with the enormity of changes that have taken place, the question is whether this figure is relevant as a benchmark indicator of the health of the industry any longer! One sign of the change is the urgency with which 12-month 'period' charter negotiations have already started. While historically period business tends to be finalised in October and November, several eye-catching deals have already been finalised. The newfound urgency to fix must be partly attributable to banana charterer CoMaCo's decision to annex as many modern units on long-term TC to cover its change in strategy. Firstly Del Monte extended the charters of two of the most modern vessels in the fleet, the Seatrade-operated Lombok and Luzon Strait sisters, for three years to end 2010 at a 15% increase in rates, which would approximate to a high 90'sc/cbft TCE. Secondly the October to May charter market-temperature benchmark Canary Island tomato contract was fixed in June, two months earlier than normal. However the most significant piece of long-term chartering however has been fixed by Russian charterer JFC/Bonanza, which grabbed the three ice-class Santas

Monthly and 1st half spot average

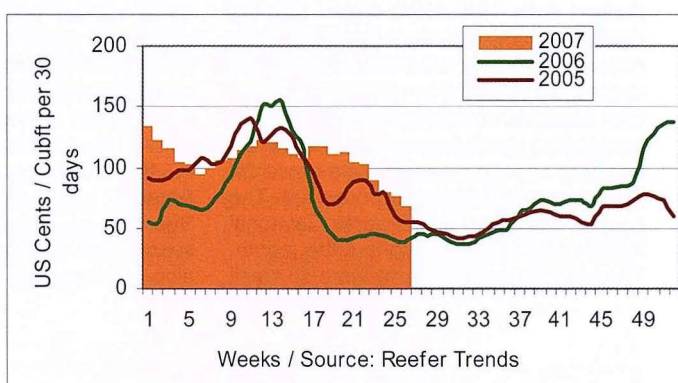
US\$cents/ cubic foot x 30 days	Large reefers		Small reefers	
	June	1st half	June	1st half
2007	59	98	71	105
2006	27	68	43	77
2005	47	95	64	97

Weekly market movement

Large reefers (450 000 cuft)



Small reefers (330 000 cuft)



(464'cbft blt'99-00 Lucia, Maria and Catharina currently on charter to Geest) on Time Charter for three years at a reported rate of 110c/cbft. The change in chartering patterns combined with high bunker costs could also precipitate the end for the reefer fleet's senior citizens. If in future there is no high season peak because so much banana and/or fruit business either disappears into containers or liner schedules, and/or there is no South Atlantic squid surge, then it will become ever more difficult to justify continued operations. The pressure is on for those who operate vintage tonnage in the Spot market to find a home for their fleets. Their alternative is to sell (but to whom?) or demolish. What is the impact of the changes going forward, specifically in relation to the two large reefer pools operated by NYKLC and Seatrade? In difficult times on poor markets the pool is something of a safe haven: the owner is protected to some degree against the effects of a capacity imbalance. The pools also enable the operators to develop a critical mass number of units to create and develop certain trades. However in a strong market the pool operations are more exposed. It is a lot more difficult to justify a certain return on a particular unit in a pool when equivalent tonnage is earning significantly more on a specific deal with a specific charterer. With the demand for modern, fuel-efficient, deck-stow container friendly tonnage becoming ever more inelastic the pools are likely to come under greater pressure from the owners of the units in greatest demand.