



Banana in Europe in 2007

MFNs up, ACP and EU down

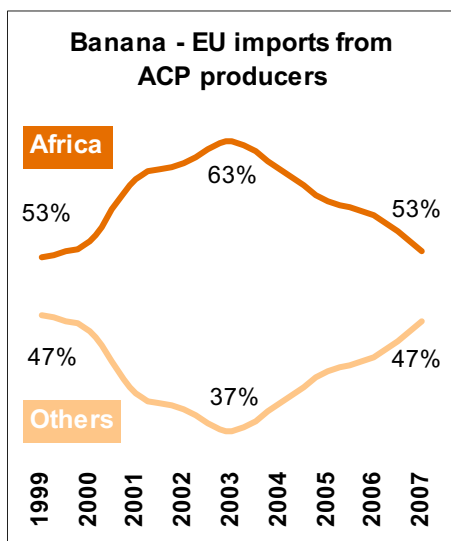
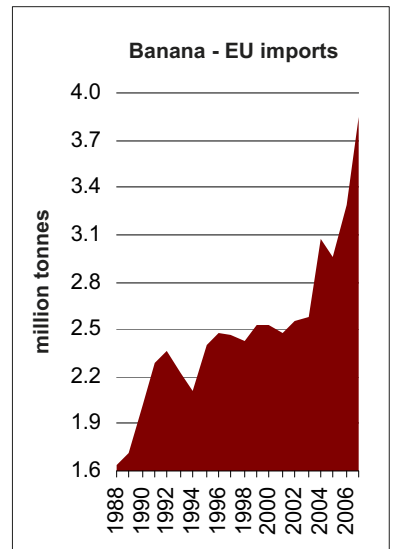
Not all suppliers benefited from the dynamics of a strongly growing market. MFN suppliers profited to the full from the liberalisation of the European market while ACP and community producers suffered extremely bad weather that hit their production capacity.

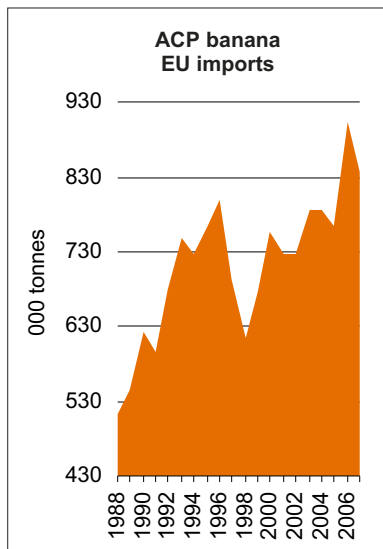
Dollar suppliers: a hold-up

Bananas shipped by MFNs, more commonly referred to as dollar bananas, confirmed their hold on the European market. Their market share has never been so large, reaching 73.4% in 2007, 5.4% up on 2006 on an import market that increased by 7%. Brazil (- 6%) and Guatemala (- 12%) were practically the only suppliers to show signs of weakness. The position of Ecuador in the EU stabilised, with shipments displaying a 1% decrease. However, it just maintained its lead over Costa Rica, Colombia and Panama. The three latter countries displayed two-figure growth at + 21%, + 16% and + 13% respectively. Peru and Honduras also scored better with + 48% and + 40%. These trends are sometimes related to the choice of target market that differs from one year to the next. For example, Colombia's position dwindled considerably on the United States market (- 20%) and it therefore chose to concentrate on the EU. The case was precisely the opposite for Guatemala which, after a disastrous European

season in mid-2006, returned to the United States market. Ecuador cumulated deficits in both the USA and the EU and concentrated more on the Russian market. Finally, Honduras and Costa Rica played in both courts, proving their substantial production potential expressed in 2007. As regards regulations, the question of the European customs tariff is still the exciting subject. The EU has been condemned

twice, to the benefit of Ecuador (end of 2007) and then the United States (beginning of 2008). This does not make much difference to the banana imbroglio. Customs dues are still set at EUR176 per tonne for these origins in 2008 and are very likely to remain so until the end of the year. In these hard times for European budgets, the member states and the Commission can still share the some EUR680 million in customs revenue.



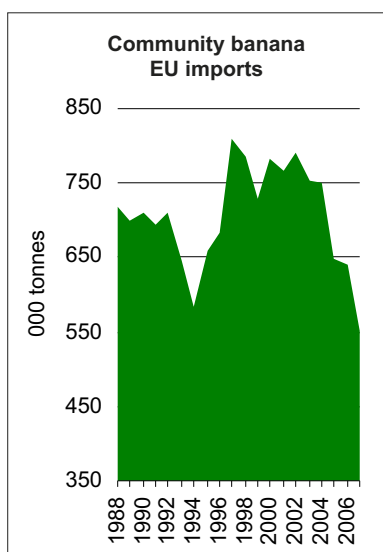


ACPs, or the very discreet hegemony

Expiatory victims of the dollar banana supplier countries, the ACP states kept a low profile in 2007. They reduced their shipments to the European market by 69 000 tonnes (total 837 000 tonnes), a 7% decrease in comparison with 2006. ACP bananas formed only 16% of total EU supplies in comparison with 18.7% in 2006 and 21.3% at the peak in 1994 just after the creation of the single European market for banana. An unusual feature is that the African ACP countries account for 95% of the decrease. Africa's share in ACP group supplies dwindled

from 56 to 53% in 2007. The other ACP countries have gained 10% since 2003 and now stand at 47%. All the other major sources reduced their shipments, except for the Dominican Republic, Surinam and Ghana. This situation is the result of bad weather (hurricanes and gales). Growth rates are in two figures for Ghana (+ 49%) and Surinam (+ 20%), showing that both countries are still in the investment and development phases as regards production capacity. The Dominican Republic, a favourite for organic and fair trade bananas, also displayed exceptional growth (+ 17%) in spite of floods and wind (in the south in the spring and in the north in December). Exports to the EU have increased five-fold since 1999!

The year was one of suspense as regards regulations. The signing of economic partnership agreements (EPAs) between the ACP states and the EU right at the end of the year reassured the banana sector in these countries. Their bananas now enter the EU duty-free and quota free (DFQF). The system is a better replacement of the ACP quota that was tight (775 000 tonnes) and required two monthly management of import rights on a first come, first served basis, making the system very complex, expensive and often uncertain. Even if many people consider that EPAs are bad for ACP economies—especially in Africa—because of the reciprocity of market opening (EU-ACP), they are a chance for export sectors like banana.



EU production: bad news from the sky

The fall was a tough one. In 2007, the market share of European production fell to 10.5% in comparison with 13.3% in 2006. This is the lowest figure ever seen. European producers have lost 7% in terms of market share since the common market organisation of banana came into force in 1993. Two effects were cumulated in 2007—the damage caused by weather to plantations in Martinique and Guadeloupe and enlargement to two new member states (Romania and Bulgaria), that purchase dollar bananas. Hurricane Dean reduced shipments from Martinique by nearly 100 000 t in comparison with the 2004-05-06 three year average and those from Guadeloupe were down by 14 000 t. This short-term trend conceals another that is more worrying still, that of the steady decrease of European banana production.

Since 2002, not counting the effect of hurricanes, it has decreased by 150 000 t, that is to say by nearly a fifth of the total in 2002. The Canaries have lost 60 000 t, Martinique 43 000 t, Guadeloupe 47 000 t and Madeira nearly 7 000 t. We are now far from the record of 810 537 t reached in 1997. The undertakings made by the EU in favour of its producers will be remembered (Regulation (EEC) 404/1993, 7th 'Whereas' clause): '... introduction of the market organisation should not place producers in a worse situation than at present, and since it is likely to alter the levels of prices on those markets, provisions should be made for compensation to cover the loss of income which may derive from implementation of the new system so as to permit the continuation of Community production at the costs entailed by the specific structural situation for as long as this remains unadjusted by the structural measures implemented...'

Often perceived and qualified as generous by certain member states and the majority of third country banana suppliers, Europe's policy of aiding its production did not have all the effects hoped for. Will the new European production support regime formula correct certain imbalances? For the second year running, some EUR280 million has been paid to European producers within the framework of European POSEI programmes that include specific measures for ensuring the continuity and development of local crops in extremely remote regions, taking their specific handicaps into account ■

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Banana — EU-27 imports — 2007

000 tonnes	AT	BELU	BG	CY	CZ	DE	DK	EE	ES	FI	FR	UK	EL	HU	IE	IT	LT	LV	MT	NL	PL	PT	RO	SE	SI	SK	EU-27	
Total 3rd count.	2 351	1 204 044	26 689	0	12 064	981 987	9 517	0	115 314	39	232 685	910 507	47 757	1 831	41 613	598 890	1 016	530	841	82 028	29 140	107 614	145 719	95 346	30 542	893	4 678 958	
incl. ACP	0	189 676	0	0	0	2 220	13	0	533	0	225 940	394 527	0	0	8 798	6 349	0	0	0	2 079	17	6 898	0	0	0	0	837 050	
of which ACP	0	189 676	0	0	0	2 220	13	0	533	0	225 940	394 527	0	0	8 798	6 349	0	0	0	2 079	17	6 898	0	0	0	0	837 050	
Ecuador	0	289 313	21 959	0	41	229 749	2 823	0	60 956	39	5 620	42 436	34 899	1 128	772	270 950	914	466	0	37 547	26 729	10 802	129 829	7 302	9 772	0	1 184 047	
Colombia	2 316	295 861	3 239	0	0	397 087	6 659	0	35 633	0	992	161 169	6 503	384	13 206	153 359	28	64	841	19 163	599	34 532	2 971	0	19 201	0	1 153 803	
Costa Rica	35	293 281	0	0	12 023	154 780	21	0	17 047	0	0	234 309	2 342	202	5 135	113 996	0	0	0	16 949	1 794	46 338	4 631	65 179	1 369	893	970 326	
Panama	0	79 447	0	0	0	183 217	0	0	21	0	0	15 505	3 104	0	267	35 570	0	0	0	2 101	0	7 224	4 469	22 865	201	0	353 991	
Cameroon	0	65 343	0	0	0	0	0	0	0	0	81 108	70 438	0	0	0	0	0	0	0	165	0	4 864	0	0	0	0	221 918	
Dom. Rep.	0	28 643	0	0	0	2 186	13	0	0	0	20	167 060	0	0	0	6 329	0	0	0	1 913	0	0	0	0	0	0	206 164	
Côte d'Ivoire	0	83 273	0	0	0	0	0	533	0	0	72 027	32 028	0	0	0	20	0	0	0	0	0	1 959	0	0	0	0	189 840	
Brazil	0	16 628	0	0	0	6 831	0	0	1 066	0	41	40 302	0	0	0	18 625	0	0	0	553	0	1 820	0	0	0	0	85 865	
Belize	0	0	0	0	0	0	0	0	0	0	0	52 543	0	0	8 631	0	0	0	0	0	0	0	0	0	0	0	61 175	
Surinam	0	0	0	0	0	0	0	0	0	0	54 342	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	54 342	
Peru	0	22 460	0	0	0	7 616	0	0	39	0	75	337	0	0	0	0	0	0	0	3 004	0	0	0	0	0	0	33 531	
Ghana	0	11 855	0	0	0	0	0	0	0	0	18 439	3 034	0	0	0	0	0	0	0	0	0	76	0	0	0	0	33 404	
St Lucia	0	0	0	0	0	0	0	0	0	0	0	30 456	0	0	0	0	0	0	0	0	0	0	0	0	0	0	30 456	
Honduras	0	11 021	0	0	0	350	0	0	0	0	0	7 035	0	0	11 860	0	2	0	122	0	0	0	0	0	0	0	30 390	
Guatemala	0	20	1 492	0	0	126	0	0	0	0	0	10 911	902	0	1 320	0	0	0	114	0	0	0	3 818	0	0	0	18 703	
Jamaica	0	484	0	0	0	0	0	0	0	0	0	17 886	0	0	0	0	0	0	0	0	0	0	0	0	0	0	18 371	
St Vincent	0	0	0	0	0	0	0	0	0	0	0	13 792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	13 792	
Venezuela	0	6 303	0	0	0	0	0	0	0	0	0	3 597	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9 900	
Dominique	0	0	0	0	0	0	0	0	0	0	0	7 291	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7 291	
Belarus	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	308	0	0	0	0	0	0	308	
Chile	0	0	0	0	0	0	0	0	0	0	0	238	0	0	0	0	0	0	0	0	0	0	0	0	0	0	238	
Mexico	0	0	0	0	0	0	0	0	1	0	7	0	0	0	118	0	72	0	0	21	0	0	0	0	0	0	220	
Total intra, incl.	99 169	38 850	11 094	3 538	107 178	455 351	80 559	9 902	47 896	70 697	250 675	66 425	58 891	78 004	12 600	84 921	19 845	19 661	3 685	84 983	200 214	44 355	8 645	88 256	12 266	50 945	2 008 605	
Total EU-15, incl.	97 185	37 970	11 059	3 538	97 100	450 625	80 559	7 902	47 894	70 465	250 082	65 871	58 815	67 275	12 600	77 795	18 206	13 750	3 599	84 726	189 188	44 355	4 655	88 256	12 266	33 583	1 929 318	
Belgium	26 679	3 169	0	0	29 425	370 647	2 776	2 023	1 749	6 836	138 939	18 974	10	28 607	458	12 977	2 901	1 324	0	48 778	61 570	258	0	2 370	486	14 937	775 891	
Germany	46 586	3 299	0	0	27 880	0	51 581	5 498	104	23 838	41 805	1 258	1	25 894	1 367	5 631	12 522	4 035	0	30 782	94 047	1	3 704	41 997	3	15 424	437 257	
Netherlands	18 237	19 114	20	1	14 454	39 580	17 850	12	7 970	19 672	20 992	18 396	38	179	68	25 416	2 604	7 805	19	0	22 001	331	270	22 953	610	161	258 751	
France	3 584	10 066	2 063	0	21 356	24 937	42	0	23 857	26	0	8 611	78	1 743	107	23 437	94	215	0	479	6 810	10 880	0	1	1	1 201	139 585	
Italy	463	409	4 803	942	3 385	10 906	0	0	4 223	0	16 177	98	58 606	3 428	0	43	371	3 565	1 245	1 245	4 024	4 060	620	0	9 470	1 860	128 698	
Spain	1 636	1 143	0	0	235	1 360	83	11	0	0	3 754	8	44	99	0	786	0	0	14	2 898	716	28 826	0	3	2	0	41 618	
UK	0	51	0	0	0	435	326	0	214	0	22 987	0	0	0	10 600	129	0	0	0	501	0	0	0	6 123	0	0	41 365	
Sweden	0	389	0	0	0	923	7 425	0	9 777	0	3 129	29	0	0	0	9 272	0	0	0	28	20	0	0	0	0	0	28 920	
Portugal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	22 208	
Ireland	0	20	0	0	0	32	169	0	0	0	18 439	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	18 660	
Denmark	0	306	0	0	0	5	0	0	0	0	58	0	0	0	0	0	0	16	0	0	0	0	0	14 368	0	0	14 754	
Austria	0	0	0	0	365	1 800	0	0	0	0	1 767	0	39	7 315	0	147	0	0	0	0	0	0	0	0	1 560	0	12 993	
Greece	0	0	4 174	2 595	0	0	0	0	0	0	0	0	0	10	0	0	0	0	0	0	0	0	61	0	134	0	6 974	
Finland	0	0	0	0	0	0	309	358	0	0	490	0	0	0	0	0	0	0	0	0	0	0	0	440	0	0	1 597	
Luxembourg	0	4	0	0	0	0	0	0	0	0	43	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	47	
Total NMS, incl.	1 985	880	35	0	10 078	4 726	0	2 001	2	232	593	554	76	10 730	0	7 125	1 640	5 911	86	257	11 027	0	3 991	0	0	0	17 361	79 287
Czech Rep.	21	867	0	0	0	359	0	0	0	0	590	0	0	3 498	0	41	1 104	0	0	0	8 137	0	2	0	0	0	31 588	
Slovakia	690	0	0	0	6 858	0	0	0	0	0	0	0	0	5 570	0	496	0	0	0	0	361	0	0	0	0	0	13 975	
Poland	578	0	0	0	2 984	1 831	0	0	0	0	0	554	0	60	3 991	464	1 580	0	257	0	0	134	0	0	0	129	12 562	
Lithuania	0	0	0	0	0	0	0	1 957	0	0	0	0	0	0	0	0	4 332	0	0	0	1 713	0	0	0	0	0	8 001	
Slovenia	683	0	0	0	20	0	0	0	2	0	0	0	0	1 247	0	2 369	0	0	0	0	0	0						

Country codes according to the official EU norm / Source: Eurostat