the changes in regulations can be handled after the 5-year programme.

The Pesticides Initiative programme has four components:

1) Information-communication, so that everybody knows the pesticide regulations applied to each type of crop.
2) Regulations: experiments should make it possible to set reasonable MRLs that reflect good farming practices, especially for the minor crops in which the MRLs are set at the detection threshold.
3) Good practices / sanitary quality approach.
4) Strengthening of ACP capability.

Under the aegis of the Directorate-General for Health and Consumer Protection (DG SANCO), the rapporteur member-states working on the setting of harmonised MRLs have agreed to form voluntarily a small group of experts on tropical crops. We have already held a meeting at the end of June to examine the possibility of reducing the information requirements for setting MRLs for minor tropical crops. Various extremely promising lines are envisaged, in particular using extrapolations between tropical fruits of similar size with inedible skins for post-harvest fungicide treatments with identical practices. The possibility of setting an MRL after one year for pre-harvest uses could be considered if the experiments performed at three similar locations using the same farming practices lead to identical results after the first year.

These discussions are in progress and require permanent dialogue for the taking into account of the requirements of tropical channels.

In conclusion, at a time when the subsectors sometimes consider that the changes in MRL regulations are a catastrophe, the Pesticides Initiative programme shortly to be launched by the European Commission will provide maximum support for informing and adjusting the practices of companies and for the conducting of experiments to set reasonable tolerances for pesticide residues. The scale of resources available will be strengthened by bilateral and multilateral contributions whose co-operation will be sought actively.

ACP enterprises must adjust to the changes in regulations in order to conserve their existing and future competitiveness. Research institutions have a very important supporting role through the development of technical solutions backed by systems that take their socioeconomic reality into account ■

The segmentation policy in the banana market

François Dalle, Pomona (R&D and Quality Manager), f.dalle@pomona.fr

Pomona is a family-owned company with sales totalling 11 thousand million francs. Six thousand persons work for Pomona in France, divided between two main activities:

- distribution: fruit and vegetables, frozen foods and groceries. All this distribution is in the catering industry and a little in supermarkets and hypermarkets. This was not the case a few years ago;
- upstream activities: these are mainly reserved for supermarkets and hypermarkets, thus all French retail chains. Our skill consists of finding products—sourcing—and processing them when necessary (ripening, for example) and taking marketing and quality into account. We prepare 'ready-to-eat' fruits and vegetables and have also been a large operator in fish processing (mainly wholesale fish trading) for the past 7 or 8 years and still conserve certain French shipping and export operations.

  We also provide services, as our large clients have integrated purchasing operations and entrust us with the logistic aspect.

In the banana subsector, we import some 150 000 tonnes of green bananas, especially from the West Indies, and ripen practically 140 000 tonnes. All our ripening facilities are certified and approximately 60% of the bananas ripened are West Indian.

Varietal segmentation of bananas

We have some experience in this field with a broad range of bananas: pink banana, plantain, figue-pomme, freysinnette. We provide a broad range of services and a person to explain the differentiation between products to consumers.

In terms of results, sales are not very substantial when compared to the 3.5 tonnes of bananas sold every three days in a hypermarket. Indeed, only 40 kg of freysinnette, 20 kg of pink bananas, 10 kg of figue-pomme and 20 kg of plantain were sold during the same period. Canary bananas—a gourmet segment—were also available and 80 kg was sold. Gourmet bananas are thus the most active segment, followed by freyssinette for its attractive small size.

Of course, this type of operation can only be carried out occasionally for a 2-3 day period, since it is difficult to perform, not only with regard to ripening but also for the assistance provided for consumers.

Production mode segmentation

Organic bananas

We have developed the importing and ripening of organic bananas in the past year. The organic banana market in Europe totals 30 000 tonnes, mainly in Germany and England, with the latter country being very much in advance on the others. It is a very small market in France, totalling about 1 500 tonnes. This is about 0.3 % of the French banana market, a situation equivalent to that of organic produce in the other fruit and vegetable subsectors.

The main difficulty in this market is that supplies are expensive all the year round and available in limited quantities. The Dominican Republic is the main origin, accounting for 90% of supplies to Europe, followed by Costa Rica and Colombia. However, the Dominican Republic is liable to hurricanes and this makes our supplies vulnerable; we are therefore seeking other origins and have tested fruits from Cape Verde.

It is also difficult to match supply and demand. We buy produce about 4 weeks in advance to leave time for transport, but it is difficult to know our client's requirements so far ahead. Thus, when we have too much produce we have to sell it at the price of conventional bananas and this costs us a lot of money.

Shelf indication is tricky. Signs must be posted and the produce packaged, which leads to added value and limits consumer purchases. This packaging enables the cashiers to identify the product, since there is no other way of identifying organic bananas. The produce is very attractive on the shelf. It is unscratched and so there is practically no difference between organic and conventional bananas, except during rainy periods in the production zone, when we have to sort the fruits between leaving the ripening installation and delivery.

Fair trade bananas (which do not really result from production mode segmentation)

This market totals 18 000 tonnes, of which 60% is sold in Switzerland, where this category has been sold for a long time. The Netherlands also use this approach, with the Max Havelaar label. France has still not started to sell this type of product. There has been some demand from shops and we have therefore examined the segment.

In fact, fair trade bananas include three features:

1) an ecological feature. Many fair trade banana growers produce ethical but also organic bananas. The production constraints are thus very strict.
2) a viability feature. A minimum is guaranteed for the grower and even a quota reserved for funding parallel operations such as building schools, dispensaries and social infrastructure;
3) a social feature. This consists of trying to ensure the survival of smallholders (a feature that interests us particularly in our promotion activities) and to promote the defence of farm workers (more difficult to defend and promote).

The European body FLO (FairTrade Labelling Organisations International) manages this concept, controls the different partners, organises the purchase centre aspect and above all helps with promotion by providing communication resources for this chain.

The difficulties are the same as for organic fruits. The produce is expensive and point-of-sale information is tricky. Even if there are campaigns run more for the general public, it is difficult to make consumers understand the difference between an organic banana and a fair trade banana, especially when shops do not accept large explanatory panels. In fact, in order to solve this problem, distributors like MIGROS (Switzerland) are bringing the two segments together and selling organic bananas under the Max Havelaar label because too much segmentation on the shelf kills segmentation.

Rational agriculture

Farming methods include rational agriculture, even if nothing has been implemented as yet. All the large French distributors are involved in this, but mainly for French produce. This is much more simple, consisting of short chains in contrast with the banana chain which is a long one, with the transporter, the importer, the ripener, etc.

However, is rational agriculture truly a segment? For the moment, the large distributors provide organic bananas and conventional products and are also setting up their own brands with strong advertising backing and are thus creating a third segment.

Will this third segment last? It seems that rational agriculture will become the main segment and conventional produce will disappear. We do not have enough experience as yet and our thinking is directed more towards a more overall approach. Rational agriculture seems to us to be too restrictive, since there is also all the environmental management and waste management both on farms and throughout the chain, with box management at ripening facilities, registration of locations, etc.

However, attention must also be paid to the safety of the farm workers who spray pesticides, the prevention of industrial accidents in our company and, of course, food safety, including packaging, the maritime shipper (are the containers washed?), etc.

The message is therefore: OK for rational agriculture, but it is necessary to go further.

The utilisation segment

Packaged small bananas

This product has long been sold by English distributors. Three years ago, we launched packaged small bananas for a distributor, with a two-year partnership agreement before packaging under his brand (Rik et Rok — Auchan brand). We have since proposed the produce to other distributors.

They are small bananas weighing about 100 g each, packaged in bags, with the feature of a steady price throughout the year. This is a great innovation in the perishables trade, where prices fluctuate enormously. The same problems of visibility of presentation on the shelf are encountered, and signs are necessary for good product display.

Gourmet bananas: Canary bananas

We wished to reach the gourmet segment here, but unfortunately had to stop after supplying a Belgian distributor and a French distributor for three years.

We sought above all a fruit that could be transported by sea to achieve a lower price than freyssinette transported by air. However, Canary bananas are a problem since they are inexpensive for six months of the year and impossibly expensive for the rest of the time. In addition, the growers were absolutely not motivated and respected neither quality nor volumes. We also had to perform the packaging, which adds a further FrF1.00 to 1.50 per kilo. The shelf price was comparatively high, sales were small and poor rotation means management problems and the need to throw away batches of unsold fruits. Nevertheless, we are still seeking a banana that could be sold in this segment and for this we have had a partnership with CIRAD for several years. We are thus testing other varieties in both the gourmet and small fruit segments as we are looking for a banana for children. We currently use fruits from the bases of bunches, but the ideal would be to have an industrially grown small banana in order to reduce the cost price.

In conclusion, in contrast with the situation a few years ago, all these segmentation initiatives come from demand from large retailers and are not at the initiative of large growers seeking to draw more from their production.

Pomona is trying to establish broad segmentation but is faced with substantial logistic difficulties such as the small ripening throughputs and the need to perform packaging. In contrast with apple segmentation, for example, where the different varieties are easy to recognise and where the distributors sell all apples at the same price to avoid the problem of box management, the different bananas are difficult to identify and display large price differences.

In addition, it is difficult to match supply and demand, even though we succeed in obtaining undertakings from distributors and schedules settled in advance. Once a product has been packed under one distributor's brand it cannot be sold to another. These products are therefore repacked.

In contrast, the advantages for our company are in terms of its image. We are beginning to be recognised as a company specialised in segmentation. The other advantage is to be able to work in a chain from the grower to the consumer's table, handling all the stages. This is very enriching ■

Questions / Answers

Jean Harzig, L'Echo
Do you really believe in banana segmentation?

François Dalle
Yes, of course we believe in it. Here are a few figures: for one of our clients, the children's banana segment forms 5% of his sales and organic banana 4%, which is not negligible. We therefore see substantial encouraging signs.

It is true that the amounts are small in comparison with the tonnage handled by the company and that it is expensive in terms of innovation costs. Two people handle this at Pomona. I seek suppliers upstream and one of my colleagues negotiates with clients downstream. Pomona is thus increasing this segmentation, even if it requires substantial financial resources, not only for development but also to make up for the losses resulting from the poor matching of supply and demand.

Jean Harzig
Isn't there also a problem of communication and of lack of knowledge of these different bananas by the public? Impulse buying operates for fruit and vegetables and particularly for fruits. But shouldn't one envisage other levels of communication to change mentalities so that people would buy a banana rather than a snack product for their children's elevenses or tea?

François Dalle
This is the basic problem of the fruit and vegetable sector. It has a marketing budget of 70 million francs, the equivalent of the budget earmarked for the launching of an agrofood product. Therefore, communication will be difficult until more funds are available. Otherwise, it will be necessary to obtain aid, such as European aid for apples, or to use marketing budgets like those of Max Havelaar.

Jean-Marc Piloquet, Compagnie Fruitière
The segmentation that you present is interesting, and is in fact inspired by English examples that have proved their effectiveness. However, it does has the disadvantage in certain segments of calling the rest of consumption into question. Consumers are worried and when stress is laid on organic produce, their question is 'What about all the other bananas?'.

Isn't it the right time to draw up a code of good practice—as in Great Britain ten years ago—to eliminate competition between origins and even between operators and thus restore consumer confidence? It might then be possible to re-examine promotional aspects and distributors' desire to do a number of things that they are qualified to do, and especially product promotion. This could result in considerable increases in consumption.

Jean Harzig
When you talk about a guide to good practice, does this concern only bananas?

Jean-Marc Piloquet
Yes, the British did this ten years ago when consumption was about 380 000 tonnes—less than the French market's 450 000 tonnes. They all got together and started by deciding what promotion to use to explain the advantages and limited disadvantages of bananas. They obviously stressed all the practices used in the regions specialised in supplying the British market, etc. The advantage of this approach is that it gives an image of bananas that corresponds with what we should like to create in France—a very fashionable product giving health and vitality. This could be done in France with the collaboration of CIRAD.

Bernard Houillier, SIMBA France
How does Pomona check the organic appellation of its products?

François Dalle
Firstly, we check all the import certificates and licences. Every organic farmer is controlled by a certification body, as is the importer, the ripener and even the packer. Four inspections are performed by certification bodies that are independent but send reports to the Ministry of Agriculture.

Secondly, we also perform field audits on suppliers. We meet them regularly to observe the development of their working methods.

Thirdly, we perform pesticide residue analyses. Like many companies today, we have a control plan for conventional bananas and especially for organic bananas. We check for about 200 substances in the latter.

Jean-Yves Sommier, secrétariat d'Etat à l'Outre-mer (Secretariat of state for overseas affairs)
Effectively, the term segmentation is without doubt the basic axis of guide-lines to be given for both banana and pineapple.

You mentioned the production method. But I consider that there is another aspect—that of product presentation. In France, until recent years, bananas were presented as hands because housewives bought bananas by hands and not in kilos. This encouraged the supply of the largest possible bananas to give the highest weights possible. Even if this was not a mistake at the time, we are beginning to be aware that it is one now. Should we continue to present hands of bananas while housewives are seeking the smallest bananas for their children. Isn't it therefore a fundamental orientation to present bananas in a different way?

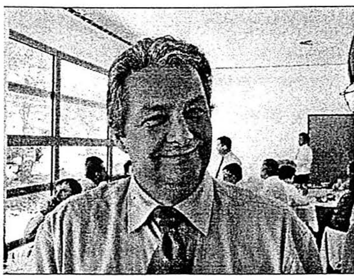
François Dalle
I think that you have raised a good question. We have been thinking about this problem for three years. The idea is to sell bananas as fingers, that is to say as individual fruits, to provide a better response to present snack consumption habits. Unfortunately, we come up against a problem of regulations. European regulations specify that we cannot import bananas that are not attached in a minimum of four, with a tolerance for a few sets of three. Two years ago, we requested the DGCCRF for a derogation and this was refused. We have repeated the request and are waiting for a reply.

Frans Papma, FLO
I am very impressed by the different types of bananas that you supply. This of course has advantages as consumers benefit from a wider choice but there are also inherent

problems in banana segmentation. Fair trade bananas can be a combination of practically all the segments: bananas for children in Denmark, organic bananas in many countries, bananas of specific origin like West Indian bananas in the United Kingdom, etc. We are about to introduce other fair trade fruits such as mangoes, grapefruit and other citrus. Does segmentation like that of banana exist for these fruits?

François Dalle

To the best of my knowledge, we do not have experience of this for other products—pineapple, mango, etc. I do not know if there is real market demand. Mango is still a 'small' fruit with 20 000 tonnes in France in comparison with 500 000 tonnes of bananas. It is more necessary to make these other products known to the consumer than to consider segmentation. A certain segmentation does exist in pineapple, with Victoria, Cayenne and MD-2 fruits, and possible air-sea segmentation. In mango, there is a small segmentation of varieties as professional have good knowledge of the varieties with the best taste, those with the least fibre, etc. but there is not really any promotion at shelf level ■



Potato market segmentation policy

Eric Bargy, Director of GERMICOPA, eric.bargy@germicopa.fr

Potato is the fourth largest crop in the world. The French production area totals 104 000 hectares giving approximately 4 million tonnes. Classified by use, a million tonnes is from family gardens and for consumption by the grower, a million tonnes is sold on the domestic market, a million tonnes on the 'processing industry' market and then a million tonnes is exported, mainly to the other EU countries.

An interesting phenomenon is that the activity of processing units increases steadily each year. As a result, potato is also an industrial product with, in particular, the well-known increase in frozen chips. It is also increasingly eaten fresh.

Another marked feature of the market is a fairly distinct evolution with regard to varieties. 'Bintje', the most classic, basic variety, is tending to decrease and now covers only a small half of the market. Firm-fleshed varieties and a number of others are gaining shares in a market that is thus changing in terms of variety.

The distribution chain is extremely classic, with seed producers for the varietal aspect, seed collectors like GERMICOPA and then collector-packers and growers of potatoes for consumption. Some growers call upon collectors who then redistribute in the commercial channel. Others contact the distribution sector directly. These are called producer-sellers. Some are organised in groups and others are not.

There is thus steady evolution in this channel, which is centred on three large interprofessional organisations that supervise a number of subsector rules.

The first of these is the GNIS (*Groupement interprofessionnel des semences et plants*) that handles potato planting material. The second is the GIPT (*Groupement des pommes de terre industrielles*); this handles all problems concerning industrial potatoes and potatoes for fresh consumption between growers, the industry and members of the industrial chain. The third is the CNIPT (*Centre national interprofessionnel de la pomme de terre*) that assembles the various players in the potato distribution channel and plays an important role in differentiation strategies and in communication between producers and consumers and between producers, distributors and retailers. These interprofessional organisations are therefore useful facilities for interesting dialogue between the different partners in the distribution channel.

Some economic comments concerning the period since the 1950s

Observation of a long period of evolution of added value in French agriculture and agricultural and food industries from 1959 to 1995, shows that the investment and product processing part took place essentially in the agrifood industry and not in the agricultural production sector. Another point is that three key periods in this movement of added value in the agrifood industry are observed in comparison with that of French industry in general.

The first period runs from 1949 to the early 1970s. The development of the agrifood industry was fully comparable with that of industry in general.