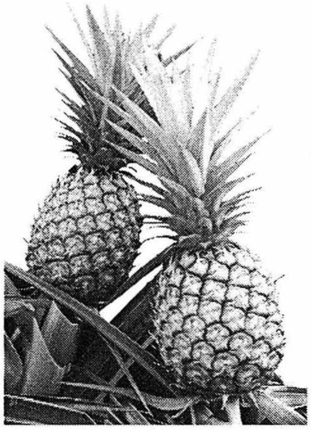


The world pineapple market

A story with no end...

One pineapple in two reaches the international market. Whether fresh (20%) or as juice or canned fruit (80%), more than 7 million tonnes are imported every year. These markets are led by Asia for processed products and Central and South America and Africa for fresh fruits. The fresh pineapple sector is booming as it has succeeded in making the most of the fruit by playing on varietal segmentation and boosting consumption.

World pineapple production increased further in 2004. According to FAO, it now exceeds 15 million tonnes. Two decades of almost uninterrupted growth were completed in 2004, with production at 15.3 million tonnes against 4.1 million in 1964!

Over a long period, the trend has only suffered one serious period of slowing—at the very beginning of the 1980s. Thailand, that had undertaken the rapid development of pineapple production in the 1970s (with 3.7 million tonnes in 1980 against 125 000 tonnes in 1972), went through a difficult patch from 1981 to 1983. Thai supplies dropped to nearly a third. The impact of Thailand on world production is still considerable today but was much stronger when it possessed a third of world production capacity. It accounts for only 11% today. Expansion resumed in Thailand from the mid-1980s and production briefly exceeded 2.5 million tonnes in 1993. Thai hegemony was nonetheless over. Competition had started, in particular in Asia, the Philippines and China and then later in Indonesia. Brazil was the first country in America to develop production and was then joined at the end of the 1980s by Mexico and Costa Rica. Nigeria has the biggest crop in Africa, seemingly stable at just short of one million tonnes. Supplies from Africa are completed by Kenya and Côte d'Ivoire.

Asia, the undisputed leader

Examination of the distribution of production by geographic zone confirms Asia's dominance. Half of world production is centred in the zone and there are no signs of any major change to a situation that has lasted for decades. The situation on the other continents is not as durable as that of Asia. Africa is stabilising at less than 18% of world supplies. The United States is losing ground every year as a result of the continuing decrease in Hawaiian production. The 7% of world production held in the 1990s has now dwindled to 2% in 2004.

The situation in Central America is precisely the opposite. Production has been rising strongly—even though 2004 was something of a mixed year—above all since the mid-1990s, especially in Costa Rica. The region produces approximately 12% of world supplies. The trend is more varied in South America. It now produces 17% of world supplies but after a decrease in its share to less than 15% at the end of the 1990s. Finally, the Caribbean and Oceania only cover less than 2% of world supplies.

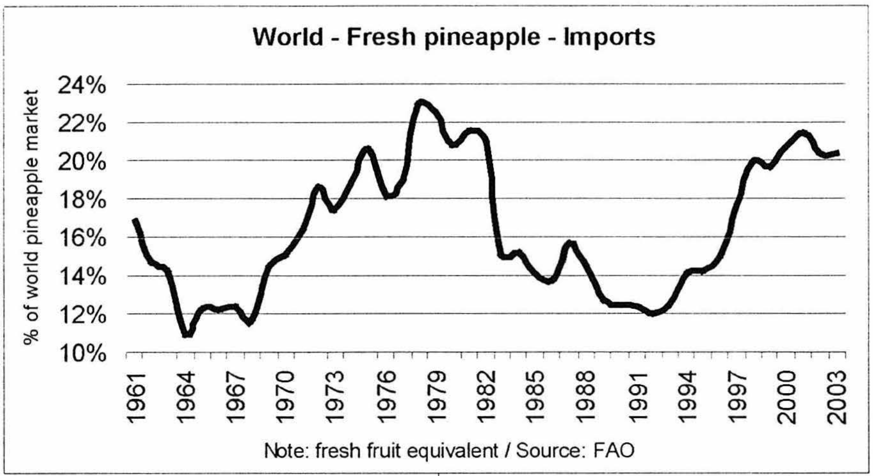
A high degree of internationalisation

Nearly half of the pineapples grown in the world are sold on the international market as fresh fruit, juice or canned fruit. This strong internationalisation of the pineapple sector is mainly the result of the very rapid growth in world trade in canned pineapple and pineapple juice from the early 1980s onwards. The fast increase in processed pineapple from Thailand accounts for this strong international presence to a considerable extent. Processed pineapple maintained these export dynamics until the beginning of the

Pineapple - World production and imports

Tonnes	World production	Imports - Fresh fruit equivalent				
		Concentrate	Single juice	Fresh pineapple	Canned pineapple	Total imports
Average 1969-1971	5 467 282	2	145 681	160 356	738 506	1 044 545
Average 1979-1981	9 780 756	3 042	342 479	365 659	982 024	1 693 204
Average 1989-1991	11 224 674	2 338 905	286 742	586 539	1 477 612	4 689 799
1998	12 174 673	1 657 535	419 266	860 619	1 382 769	4 320 190
1999	13 651 158	2 108 821	465 277	1 031 629	1 641 889	5 247 617
2000	13 706 726	1 850 634	485 930	1 051 819	1 695 251	5 083 634
2001	14 940 509	1 972 422	624 767	1 153 726	1 648 255	5 399 170
2002	14 959 672	3 043 188	421 616	1 315 217	1 663 874	6 443 895
2003	15 145 631	3 462 131	431 355	1 457 687	1 818 427	7 169 600

Source: FAO, CIRAD



Note: fresh fruit equivalent / Source: FAO

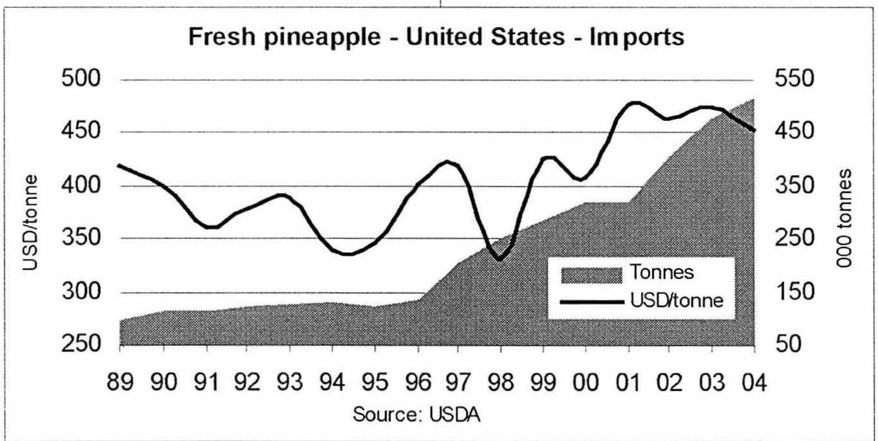
1990s. The political upheavals in Europe (German reunification and the collapse of the Soviet Union) led to forecasting marked economic change. Industrialists then considered that the opening of the Eastern European markets to competition could lead to a rapid increase in imports of agrifood products and especially canned goods and fruit juice. Thailand could finally supply the former USSR with canned pineapple and pineapple juice whereas the market had hitherto been reserved for Vietnamese agrifood operators. World juice imports increased by more than 50% from 1988 to 1993, rising from 2 to 3 million tonnes (in fresh fruit equivalent) and very large stocks accumulated. The general euphoria soon evaporated as it took only five years (from 1993 to 1998) to return to the starting-point. But recovery was rapid. Exports of canned pineapple and, even more marked, juice exports started to gain ground again from 1999 onwards.

Fresh pineapple: remarkable dynamism

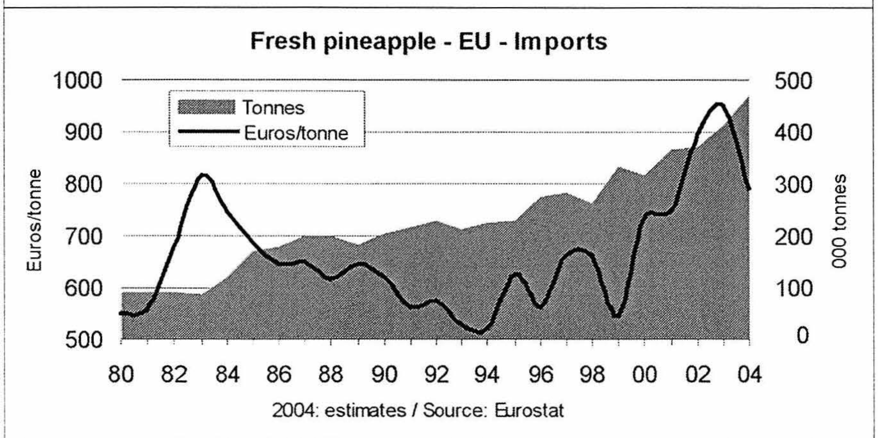
However, the real novelty came from the international fresh fruit market. From the mid-1990s, it was the turn of fresh pineapple to mark the international market. Exports totalled 700 000 tonnes in 1995 and reached nearly 1.5 million tonnes in 2004! Fresh pineapple now forms 20% of total pineapple exports, whatever the form, against 12% at the beginning of the 1990s. The performance has been impressive. In a decade (1994-2003), the world fresh pineapple trade doubled in volume and increased nearly fourfold in value. FAO estimates that the market is worth some EUR 900 million.

Beyond performance in terms of quantity, pineapple has gained in value on the international market. FAO figures show an increase in the unit value of fresh pineapple. US customs data confirm this improvement. Value in constant USD increased by USD123 per tonne from 1998 to 2004, reaching some USD460 per tonne. The trend is all the more interesting as it has taken shape in a context of a very strong increase in the volumes marketed. Imports have increased fivefold since 1989 and have doubled since 1998. But there should not be any rejoicing or belief that this favourable trend will be eternal. In fact, unit prices at the import stage fell in 2004 after three years of stagnation.

The same can be seen in Europe where the unit value of pineapple imports has developed favourably, increasing from EUR550 per tonne in 1999 to EUR950 in 2003. The reverse trend observed in the USA in 2004 was even more marked in Europe. Provisional data for 2004 show a 15% fall in unit import prices, matching in every respect the observations made by trade operators (see movement of import prices in France). Is this evidence of a new trend and the result of the unprecedented increase in the quantities of fresh pineapple marketed in Europe? Imports increased by nearly 100 000 tonnes (+ 30%) from 2000 to 2003. In 2003, Europe imported five times as much fresh pineapple as in 1980. The recent enlargement of the EU (from 15 to 25 members) might feed growth in the future as pineapple



Source: USDA

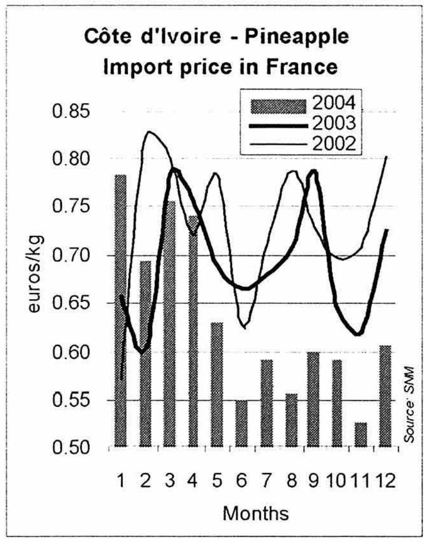


2004: estimates / Source: Eurostat

consumption is very low in the countries concerned.

Diversity, the driving force behind growth

The EU and the United States take two-thirds of world fresh pineapple exports between them. The two markets have two features in common: demand is growing strongly and Costa Rica is the main supplier. Indeed, the two traits are indissociable. Costa Rica and the transnational corporation Del Monte have succeeded in renewing and reawakening the interest of the international market in pineapple. With the 'MD-2' variety that gives a robust fruit with low acidity, Del Monte has placed its technical (agronomy, post-harvest techniques and logistic) and commercial skills at the service of pineapple. It organised the release of its pineapple on the market in Europe with sales zones for each operator authorised to sell it. This resulted in a very distinct



increase in product value and strong competition for the other origins. Côte d'Ivoire lost market shares in Europe and the Dominican Republic and Honduras lost business in the United States. It is now difficult in the US to find pineapples that are not from Costa Rica. The situation is more contrasted in Europe where Côte d'Ivoire is resisting and other African (Ghana) and Latin American (Ecuador) origins are getting off the ground.

Del Monte built its success on its ability to segment pineapple supplies that had previously been monolithic, based almost solely on the 'Smooth Cayenne' variety. After a trial with a green-skinned fruit of the 'Champaka' type at the beginning of the 1990s and described as a semi-failure or a semi-success depending on the analyst, Del Monte tried segmentation a few years later. Armed with 'MD-2' marketed as 'Del Monte Extra Sweet Pineapple', it was a big event and soon took market shares and attracted a larger number of pineapple eaters.

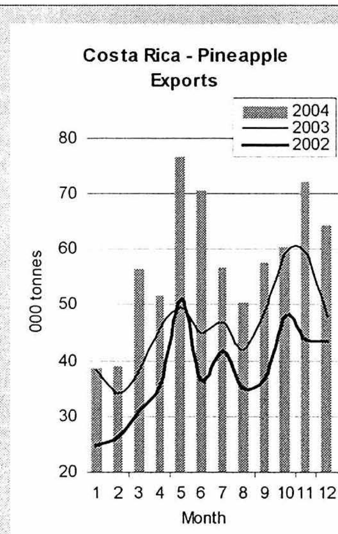
As regards Europe, factors unconnected to Del Monte and its 'MD-2' participated in this exemplary success, and especially a certain laxity on the part of Côte d'Ivoire, the leading African producer. From the mid-1990s onwards, it allowed competitors to become established

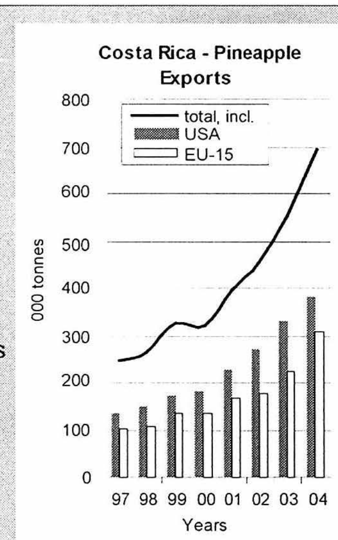
its

Costa Rican pineapple exports : another record in 2004

Costa Rican pineapple has broken an export record for the fourth year running. Nearly 700 000 tonnes of pineapple were shipped in 2004. This is 25% more than in 2003 and 30% more than the 2001-2003 average.

The traditional distribution of exports between the United States (60%) and Europe (40%) changed considerably in 2004. EU-15 increased market share by 5% to attain 45 %. It can be considered that the American market, which has displayed record growth for years, has become saturated, forming one of the reasons for the trend.





Fresh pineapple - Costa Rican exports

000 tonnes	2003				2004			
	Total incl.	USA	EU-15	Others	Total incl.	USA	EU-15	Others
January	38 467	21 911	16 374	183	38 630	21 426	17 096	108
February	34 094	21 503	12 504	88	38 982	20 433	18 168	381
March	38 117	23 999	14 001	117	56 299	32 317	23 595	387
April	45 836	28 058	17 634	144	51 644	30 333	20 855	456
May	49 445	29 863	19 433	149	76 544	44 354	31 414	777
June	45 114	29 103	15 851	160	70 573	37 314	33 175	84
July	46 682	28 397	18 142	143	56 641	27 397	29 105	140
August	42 053	25 887	15 878	288	50 495	32 422	17 984	88
September	48 879	30 944	17 675	259	57 561	33 669	23 559	333
October	59 272	34 554	24 507	211	60 355	33 511	26 502	342
November	59 513	29 273	29 983	257	72 155	37 441	34 451	263
December	47 934	28 109	19 565	260	64 259	32 903	31 237	120
Total	**555 407**	**331 601**	**221 548**	**2 259**	**694 140**	**383 519**	**307 142**	**3 479**

Pineapple — United States imports — Tonnes

Years	Total incl.	Costa Rica	Honduras	Ecuador	Mexico	Guatemala	Thailand	Panama	Dom. Rep.
1989	98 448	53 924	13 641	0	3 183	0	1 525	0	25 648
1990	113 884	54 438	14 937	0	3 859	0	1 250	0	38 581
1991	115 149	50 422	25 529	0	5 530	0	1 149	0	32 356
1992	123 680	58 368	31 370	0	6 686	35	1 785	0	25 205
1993	124 562	72 226	23 723	0	7 672	106	2 619	26	17 512
1994	131 115	82 344	28 791	131	5 778	71	3 043	135	10 612
1995	124 436	77 133	32 986	1 470	6 064	545	1 811	42	3 252
1996	135 347	84 715	27 099	3 943	7 987	398	2 827	2 601	4 037
1997	203 933	154 146	24 716	4 193	15 414	100	2 393	208	502
1998	252 812	200 899	26 913	2 289	17 597	266	2 951	136	146
1999	283 097	226 029	33 555	5 163	14 491	1 718	2 093	0	13
2000	318 837	257 783	32 841	6 505	17 200	633	2 837	125	698
2001	321 299	261 199	20 122	8 443	24 527	2 531	3 605	255	499
2002	405 714	344 731	20 629	17 780	18 041	733	3 095	422	147
2003	476 660	399 826	24 728	28 578	14 974	2 918	4 191	482	308
2004	513 760	394 981	34 471	33 608	27 033	17 563	3 996	1 762	47

Source: USDA

when it experienced a decrease in quality and when its sales organisation was far from rivalling the efficiency achieved by a single trade operator like Del Monte.

Côte d'Ivoire has lost its leading position but is still putting up a fight. It has stabilised its exports to EU-25 at about 140 000 tonnes but now provides only a third of European supplies. At the height of its domination of the European market in 1984 and 1985 its market share peaked at 93% with total exports of 160 000 tonnes.

Côte d'Ivoire uses several types of resistance. Some people consider that 'Smooth Cayenne' still has a good commercial future on condition that the varietal qualities of the fruit are fully expressed in order to build a faithful clientele. 'Smooth Cayenne' from Côte d'Ivoire was long obliged to fit in with shipping logistics. Efforts are now being made by various producer-exporters to return to agronomic and logistic practices that respect the fruit, enabling the expression of the aromatic and taste potential of this pineapple, of which an improved variety has been announced.

Other operators consider that saving the sector requires the rapid adoption of 'MD-2', as has been done by the larger part of the pineapple world. Ghana, Côte d'Ivoire's neighbour, is hurrying to convert its sector to 'sweet' pineapples.

Pineapple — European Union imports — Tonnes

Years	Extra EU incl.	Côte d'Ivoire	Costa Rica	Ghana	Honduras	Others
1976	70 884	52 272	10	63	8 283	10 256
1977	60 826	48 257	22	12	1 655	10 880
1978	98 487	81 163	12	135	4 561	12 616
1979	93 573	76 640	19	75	3 052	13 787
1980	90 300	78 275	26	105	1	11 893
1981	90 801	83 028	25	539	0	7 209
1982	90 605	81 727	30	440	338	8 070
1983	89 055	79 663	16	435	110	8 831
1984	121 555	107 875	1 717	1 173	13	10 777
1985	171 760	159 798	1 077	1 554	0	9 331
1986	178 251	165 158	1 877	1 956	0	9 260
1987	199 265	171 202	12 107	2 709	60	13 187
1988	201 835	145 425	23 115	3 264	3 286	26 745
1989	183 707	132 262	26 642	4 604	7 169	13 030
1990	206 176	140 797	28 413	6 060	19 447	11 459
1991	215 243	134 795	34 149	6 766	18 747	20 786
1992	228 633	132 033	38 271	7 126	13 920	37 283
1993	211 989	111 917	39 410	10 917	3 231	46 514
1994	226 172	120 311	45 832	13 746	325	45 958
1995	230 587	119 565	49 735	11 917	28	49 342
1996	274 955	153 947	64 314	22 199	10 288	24 207
1997	281 457	154 296	83 401	23 911	10 005	9 844
1998	263 214	141 580	79 024	18 917	9 601	14 092
1999	332 589	177 775	106 226	25 660	6 371	16 557
2000	318 298	158 164	112 741	29 322	5 175	12 896
2001	366 948	174 505	135 024	32 590	9 111	15 718
2002	369 951	160 537	139 172	36 214	13 385	20 643
2003	412 234	135 719	179 154	44 379	13 329	39 653

Source: Eurostat

The same causes do not have the same effects

'MD-2' is little by little escaping from Del Monte, which has not been able to control the dissemination of the variety (see article below). In the face of the volumes of 'MD-2' grown and marketed around the world, the company would like to regain the initiative and has announced that a new variety will be released soon, 'MA-2' or 'Honey Gold'. It is currently working on obtaining legal protection. Del Monte is not alone in running breeding programmes. Other trade operators and large research centres (in France, Malaysia, Australia, Brazil, etc.) are investing in breeding varieties that stand out from present standards and whose fruits could soon reach the market.

Will this increased segmentation to come result in as strong an increase in consumption in Europe and the United States as was experienced during the development of MD-2? There is a doubt here. Even if consumption dynamics remain favourable, these pineapples will replace existing supplies, at least in part. It must not be considered that the genetic potential of the pineapple variety is enough to ensure it commercial success. The latter is also based on faultless technical and commercial organisation ■

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