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English version

CLOSE-UP BANANA

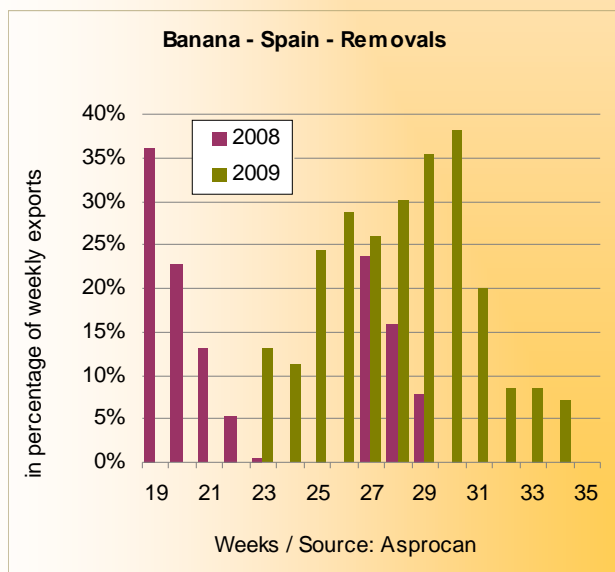
Counter-season melon:
fierce competition

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monthly review



The Spanish banana market

End of the Canary exception



Only diamonds are forever. James Bond could have told Spanish banana growers this as examination of net supply of the Spanish market shows that the Canaries have lost their dominance on the domestic market. Indeed, the share held by the Canary Islands decreased by more than 30% between the beginning of the 2000s and 2009. It is now 67% and has lost ground continuously since 2001. This is all the more critical as the Spanish market has grown throughout the period, even peaking in 2008 with apparent consumption of 490 000 tonnes.

Welcome to the club

Canary growers are experiencing what French growers were often criticised for a few years ago, that is to say failure to master the domestic market. However, the initial situation was very different. Before the single banana market was set up in 1993, Spanish consumers had never had the opportunity or the right to buy anything other than Canary Island bananas. French growers have never been in this position as the French market has always taken delivery of bananas from Africa and also from Latin America when bad weather hit traditional supply zones. However, Spanish production has been unable to live on its enormous capital of domestic esteem. It has had to maintain this national fibre and make it last. Marketing policies have always had the same focus, even going as far as making the peel defects of Canary Island bananas gauges of produce origin and quality: 'El sabor de lo nuestro', 'Las apariencias engañan. El sabor no', etc. Growers' efforts were successful and the market held up for more than 15 years.

However, the honeymoon between consumers and growers seems to be over. The economic downturn hit hard. Growers were unable to keep the retail prices of their bananas down. In 2009 the price of Canary bananas exceeded the psychological threshold of EUR 2.00 per kg for months. This was all the





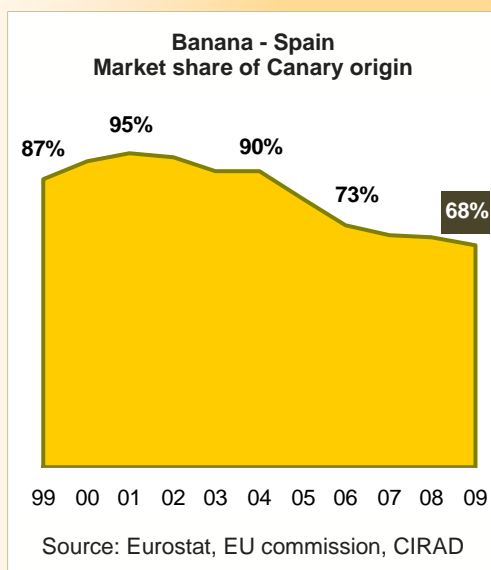
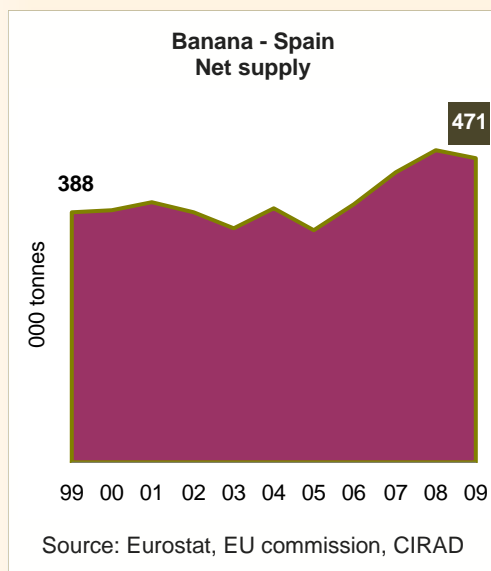
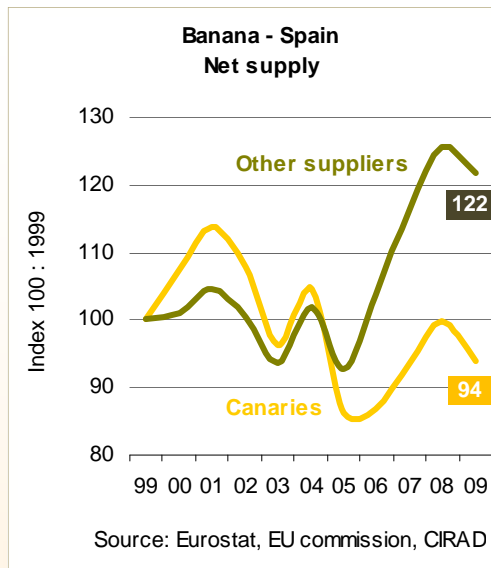
more disturbing as fruits from Central America or other EU member-states changed hands at between EUR 1.30 and 1.50 per kg. The difference in price is becoming increasingly difficult to explain to consumers as resulting from a difference in source alone. The same feature has been observed at the import stage, with two kg of dollar bananas costing the same as one kg of Canary bananas in autumn 2009.

Double sentence

Political difficulties have now been added to market problems. In its race to sign a trade agreement with various economic zones in South America (the Andean Pact, the Central American Common Market (CACM), Mercosur), the Spanish central government has abandoned its growers by very quickly abandoning defence of customs dues on imports of South American bananas. European growers (both Spanish and French) were expecting strong support from the current European presidency. And this support will not be found at the European Commission which does not seem to wish to compensate this practically complete opening of the European market by increasing POSEI aid.

It is difficult to be optimistic under these conditions. The future of the Canary Island banana plantations seems to be in a dead-end. The national market is escaping—fortunately only partially—and the only alternatives are to find markets outside Spain or to reduce releases by retaining fruits at the source. The latter solution was much used in summer 2009. From weeks 23 to 35, 12 400 tonnes of bananas was destroyed before loading, representing 7 to 38% of the weekly shipments to Spain. This withdrawal policy is costly and cannot become standard practice. Growers are currently examining the better matching of supply and demand and in 2010 are still using a quota policy. Market diversification is the second pathway. In February 2010, Asprocan, the Canary growers' defence body, attacked the German market, wishing to propose 'strongly differentiated produce'. Northern European consumers must be convinced of the intrinsic qualities of Canary Island bananas in spite of the stains and scratches that have nonetheless formed the image of these bananas. It will be a hard job to prevent the Garden of Hesperides, as the ancient Greeks referred to the archipelago, from becoming Paradise Lost ■

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