

Global Demand and Supply for Tropical Fruits



Kaison Chang, Secretary, FAO
Intergovernmental Group on Bananas and
Tropical Fruits



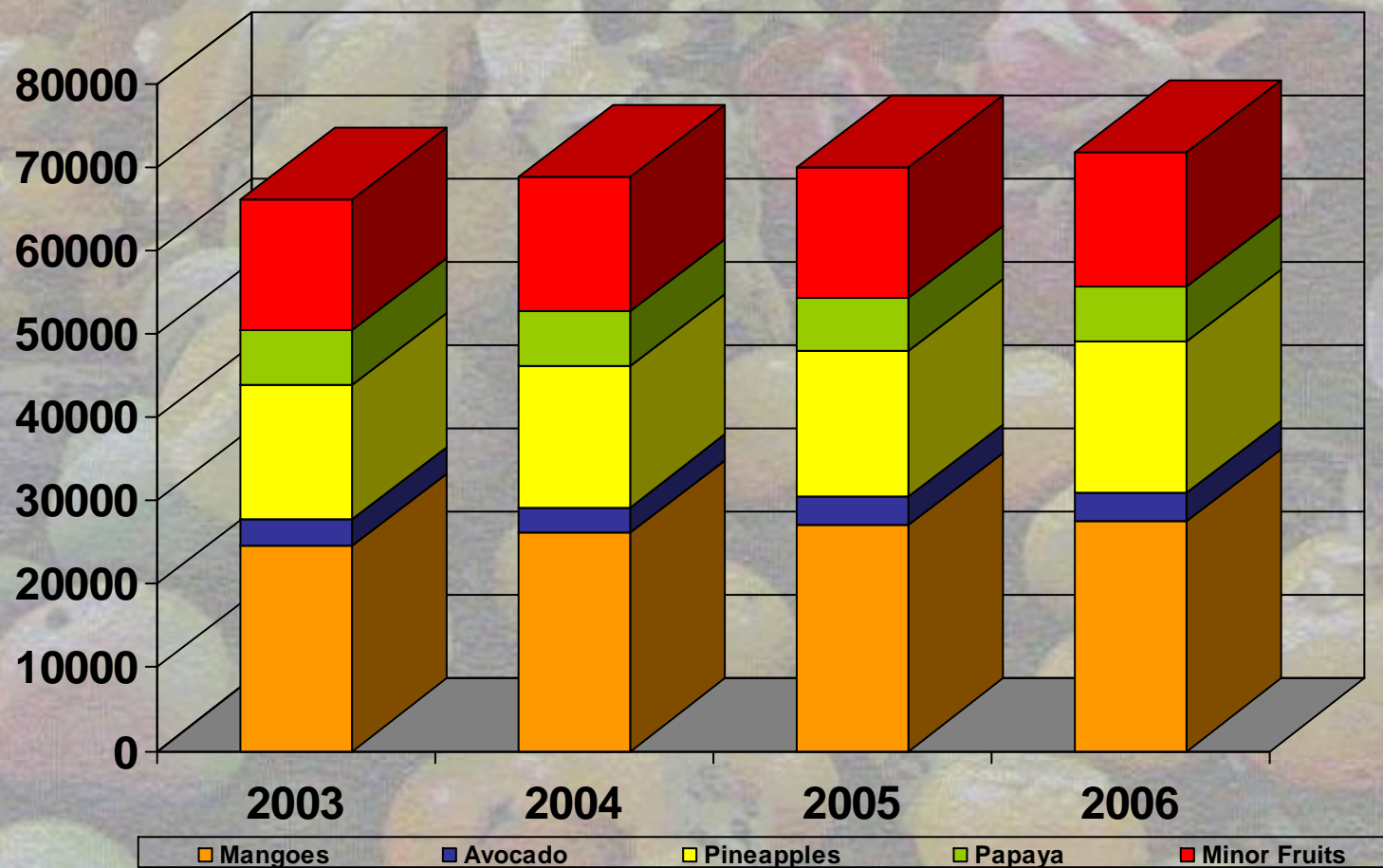
Introduction

- ❑ TF Important from nutritional and commercial perspective.
- ❑ Cheap and ready source for vitamins and minerals – important nutritionally
- ❑ Viable options for diversification from traditional export crops.
- ❑ Exports must comply with certifiable international production, food safety and quality standards

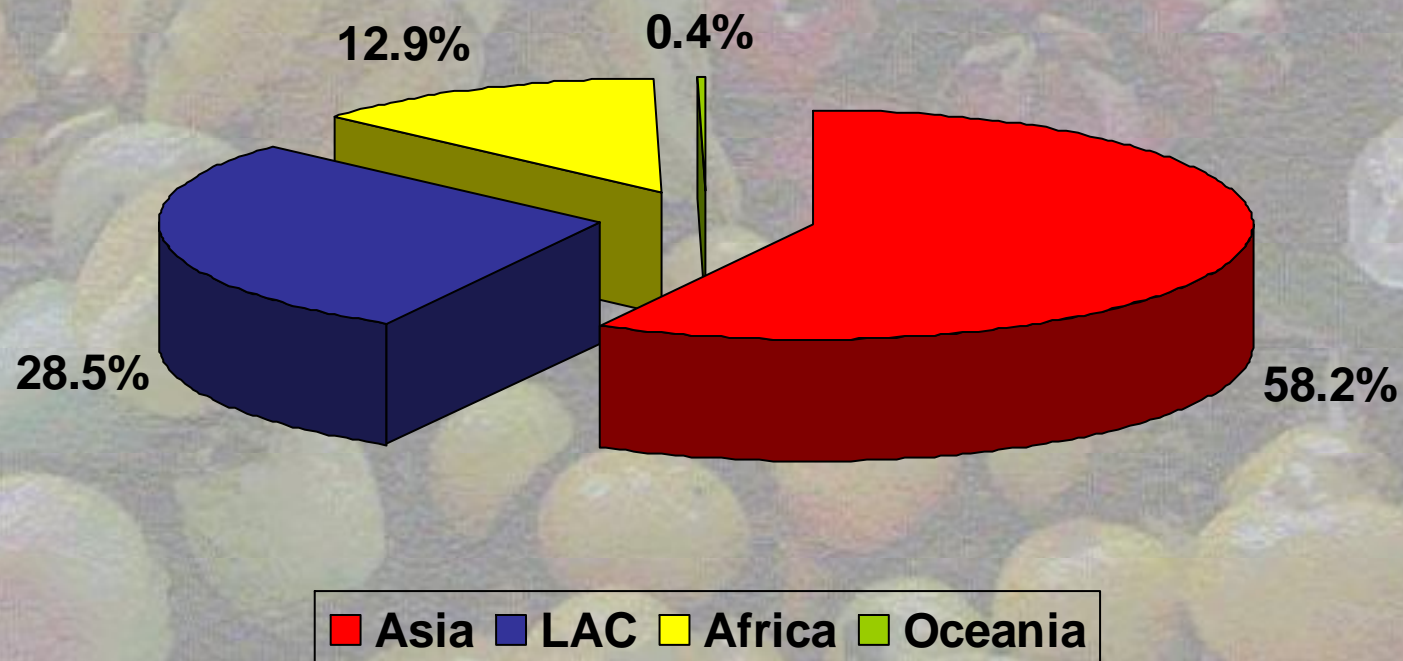


Tropical Fruits-Production by type, 2003-2006

(Thousand tonnes)

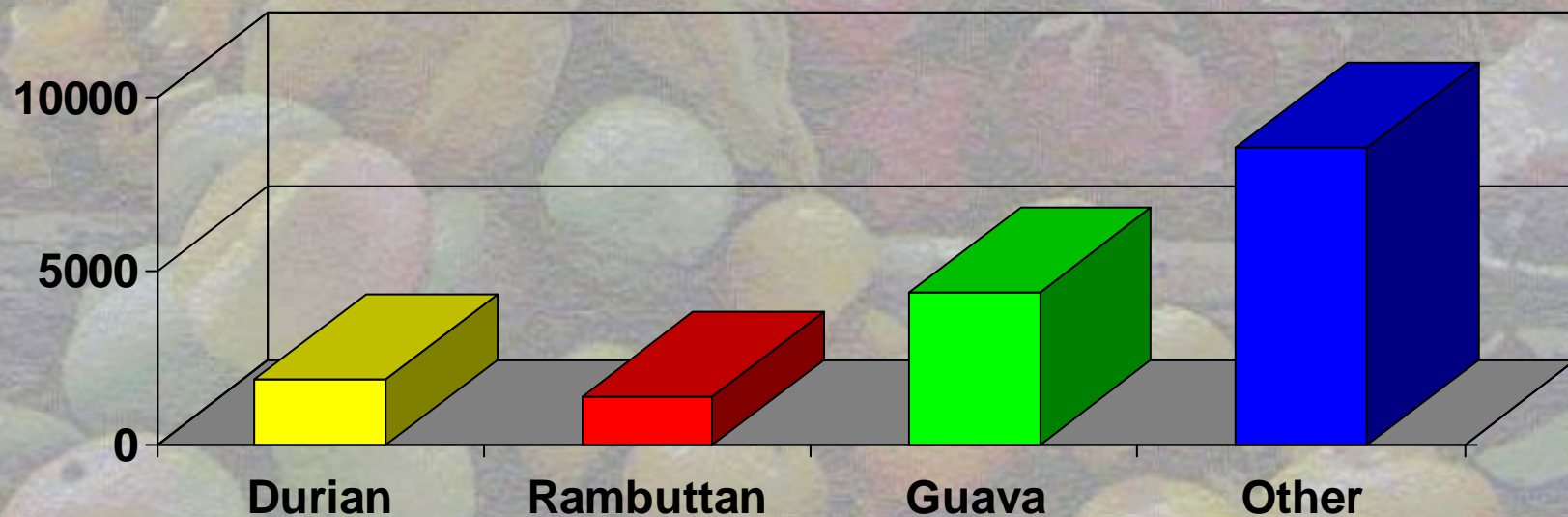


Share of Major Tropical Fruit Production by Region - 2006



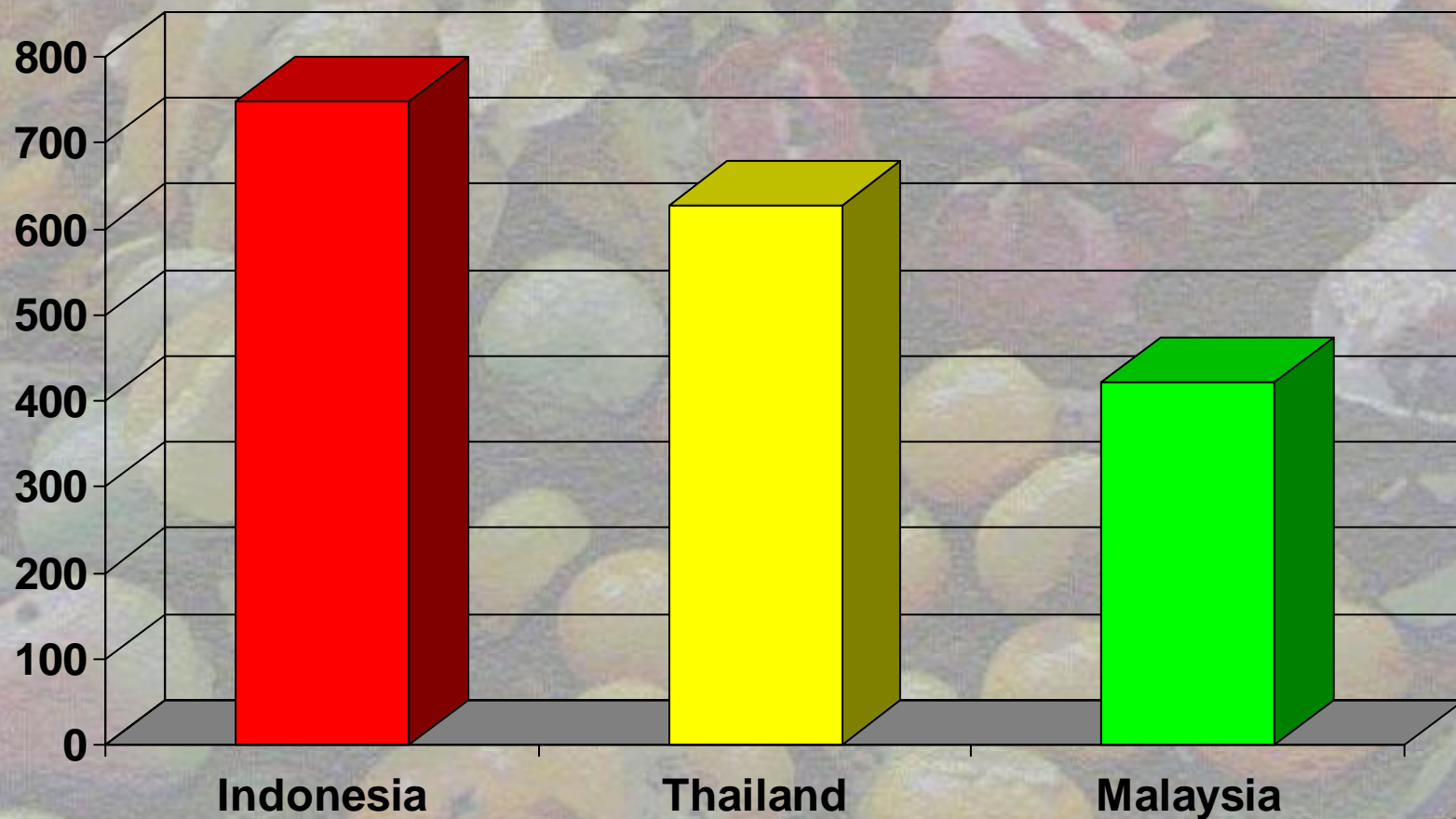
Minor Fruit Production - 2006

(Thousand Tonnes)



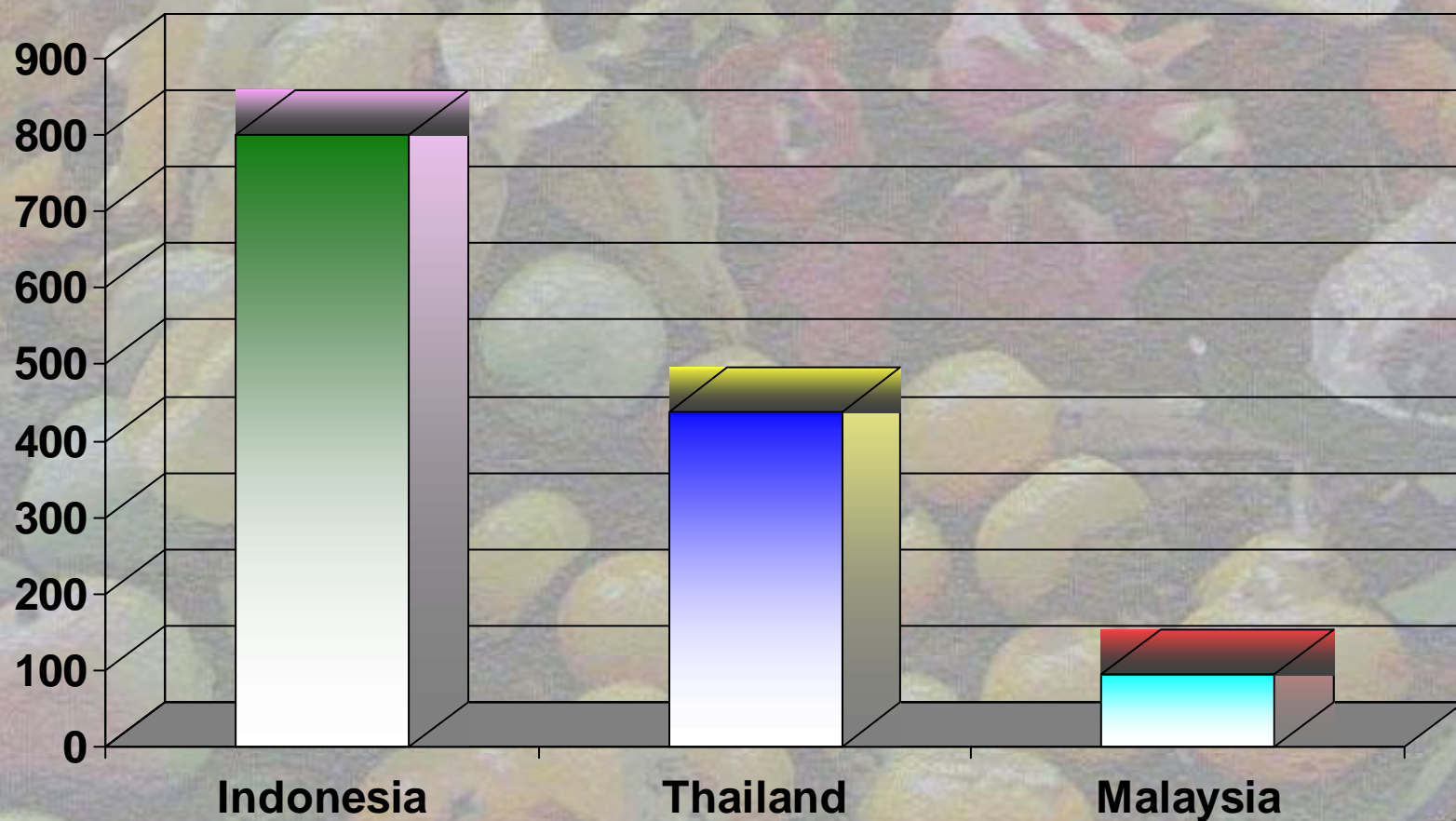
Durian Production – 2006

(Thousand tonnes)



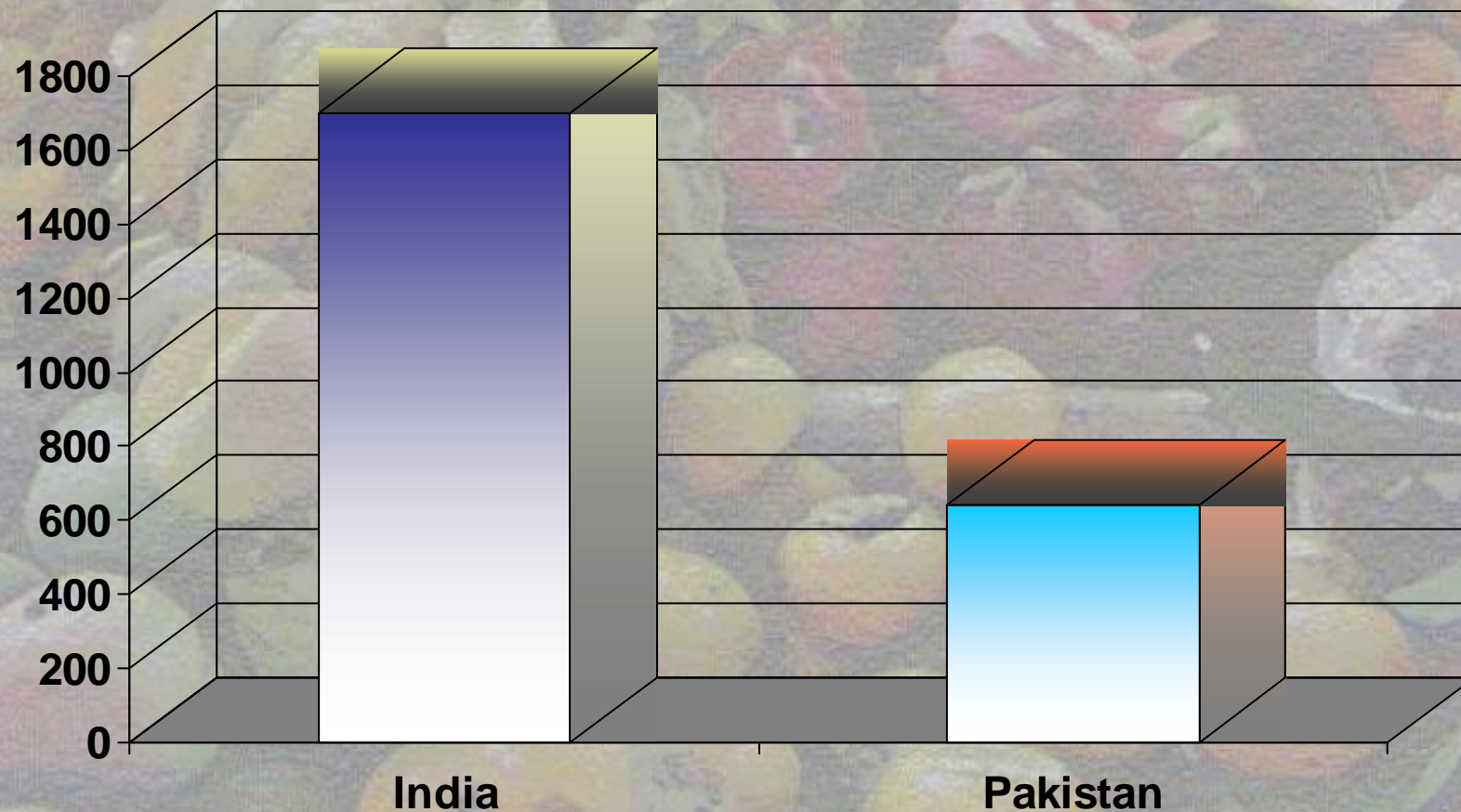
Rambuttan Production – 2006

(Thousand tonnes)



Guava Production - 2006

(Thousand tonnes)



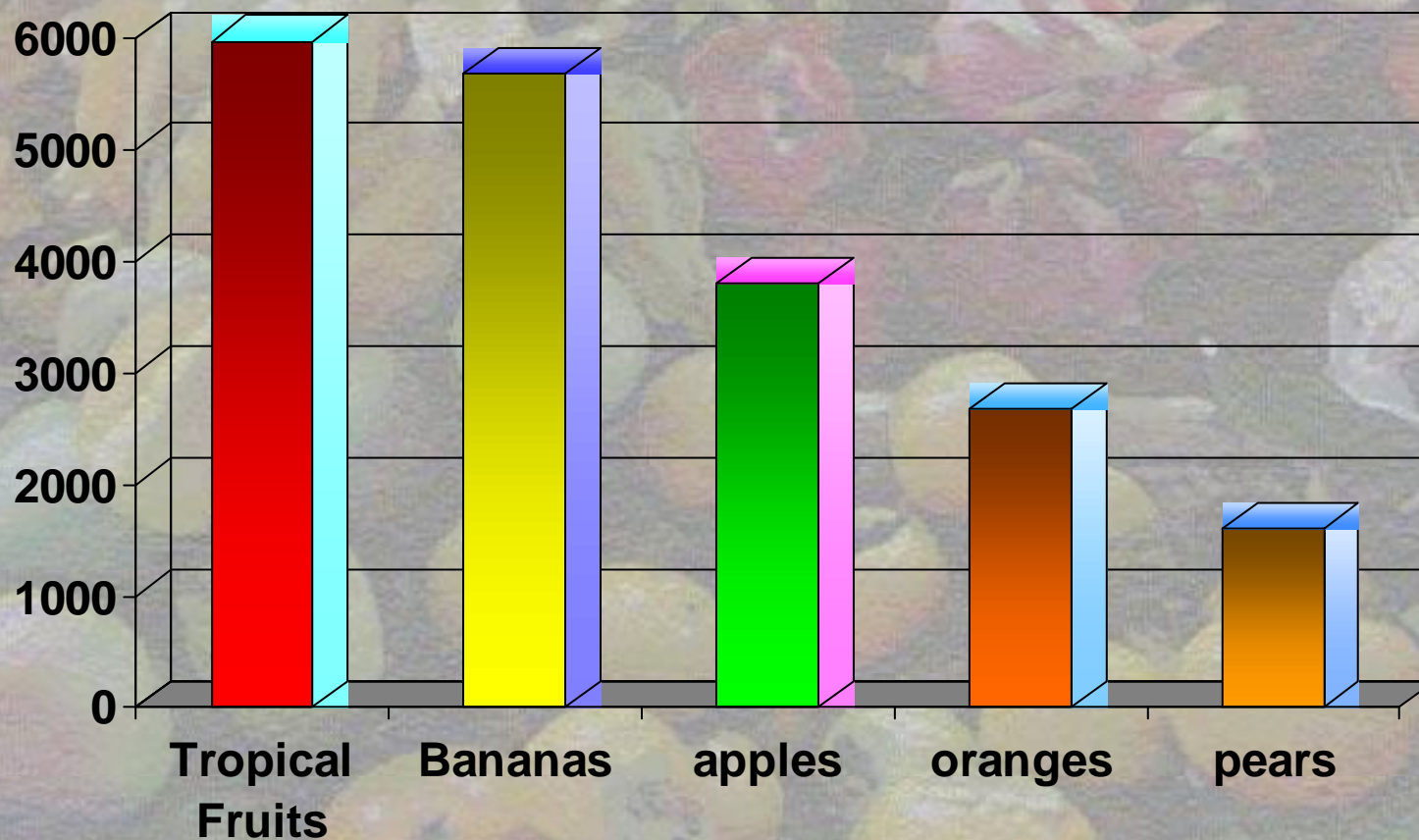
TRADE

- ❑ Important for the food security of developing countries
- ❑ From a nutritional standpoint, and through their contribution to farmer income and export earnings.
- ❑ About 90 percent of TF produced globally are consumed in producing countries themselves, passing through informal and formal markets
- ❑ 10 percent is traded internationally; 5 percent as fresh fruits, and a similar proportion traded as processed products.
- ❑ Contribution to farm/rural household is significant



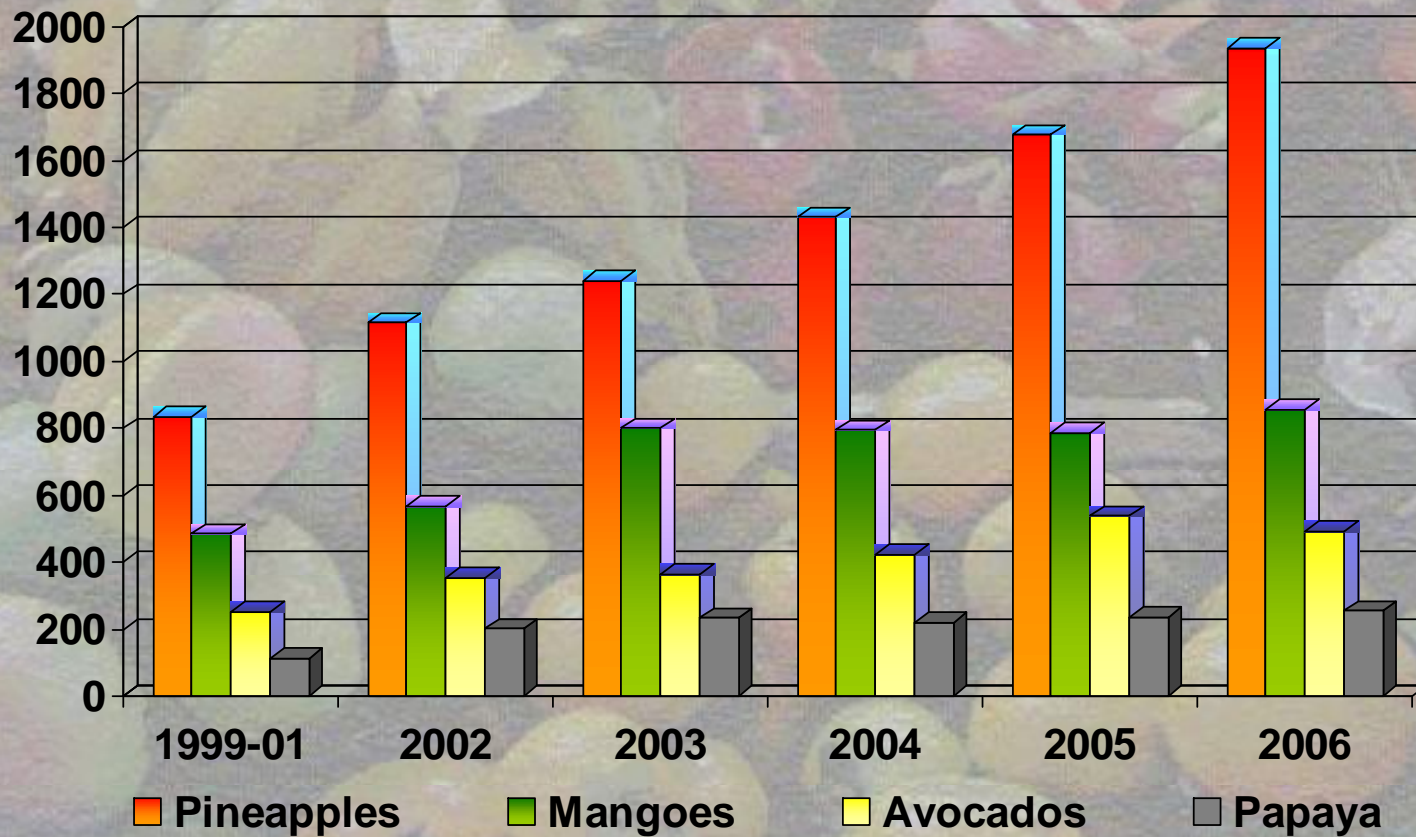
Trade Value – 2006

(US \$ million)



Fresh Tropical Fruits Exports

(Thousand tonnes)



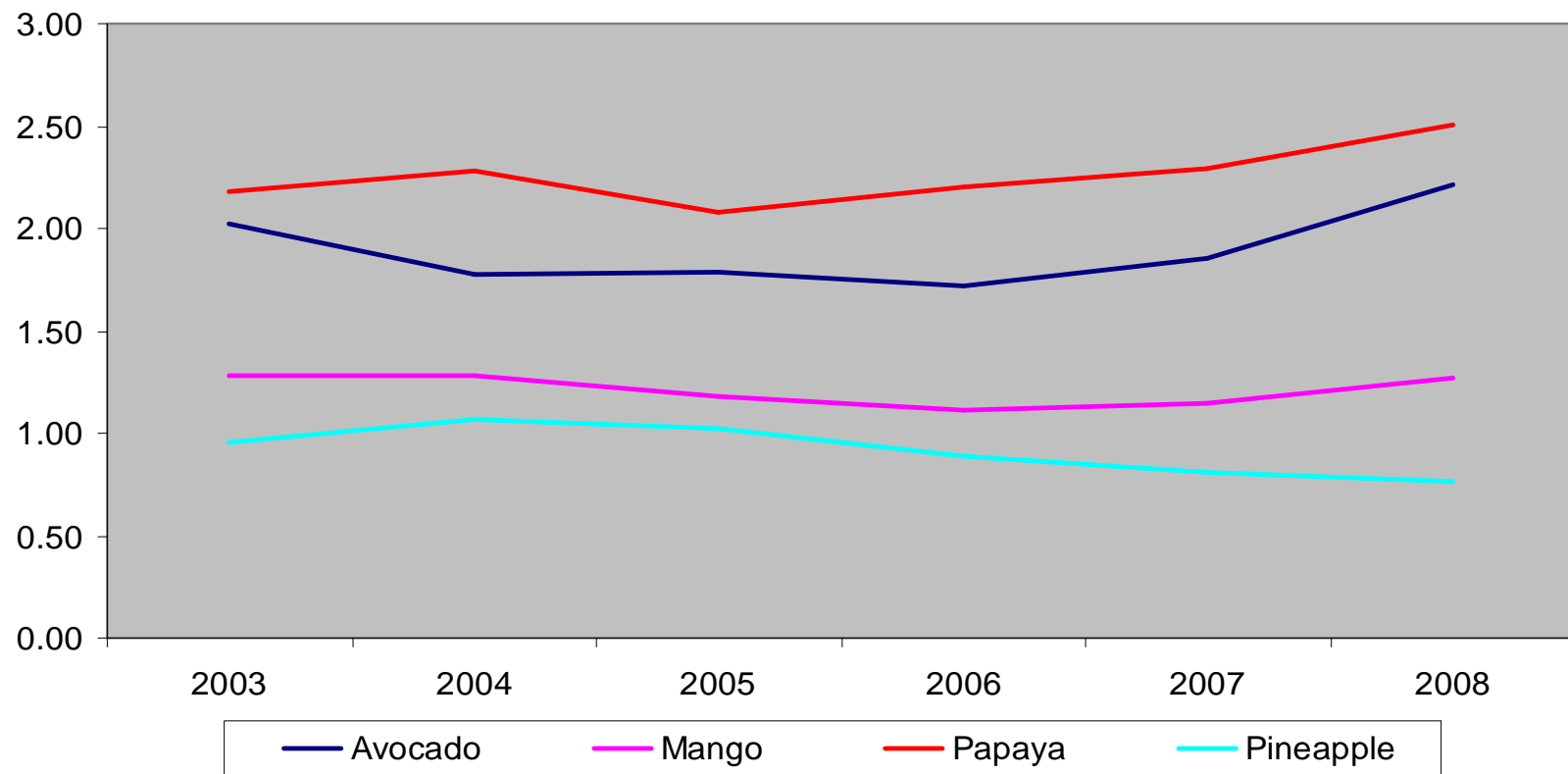
IMPORTS

- ❑ The United States, the European Union, Japan, Canada and China remain the largest import markets for fresh TF
- ❑ The EU and the US accounted for 75 percent of pineapple, mango and avocado import demands in 2006 : about 40 percent for the US and - 35 percent for the EU.
- ❑ The US was also the major importer of papaya, accounting for 53 percent of the global total, followed by EU at 15 percent, while Singapore imported 10 percent and Japan 5 percent.



Tropical fruits prices

UK Wholesale price - yearly averages (Euros/kg)



MEDIUM-TERM OUTLOOK

- ❑ **Assumptions included :**
 - normal weather conditions would prevail
 - past trends in planted areas, yields, GDP growth and population would continue.

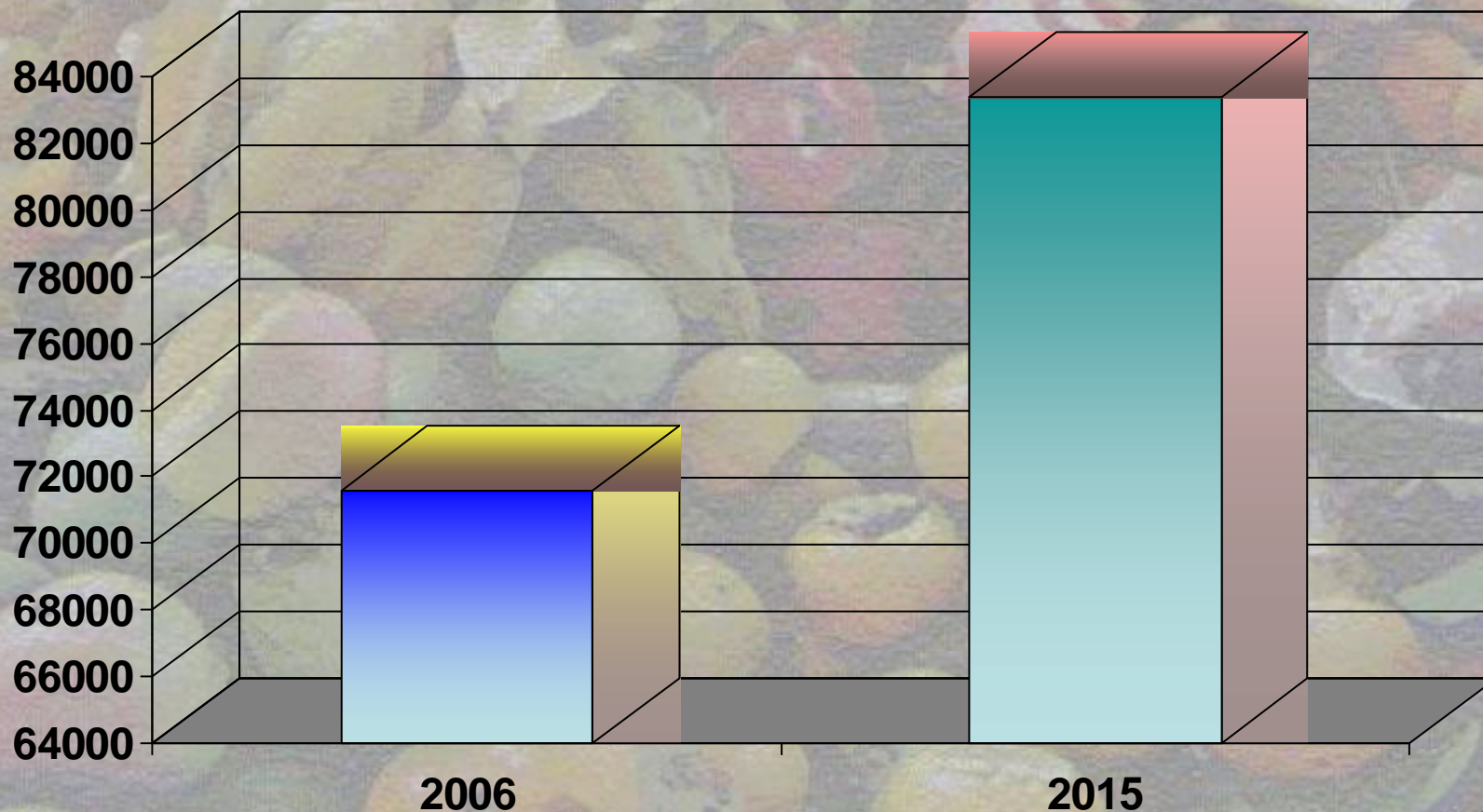
- ❑ **Adjustments made to the forecast results to reflect current trends, policies and future market prospects**

- ❑ **Projections do not account for processed fruit, due to lack of trade information and conversion factors between fresh and processed forms**



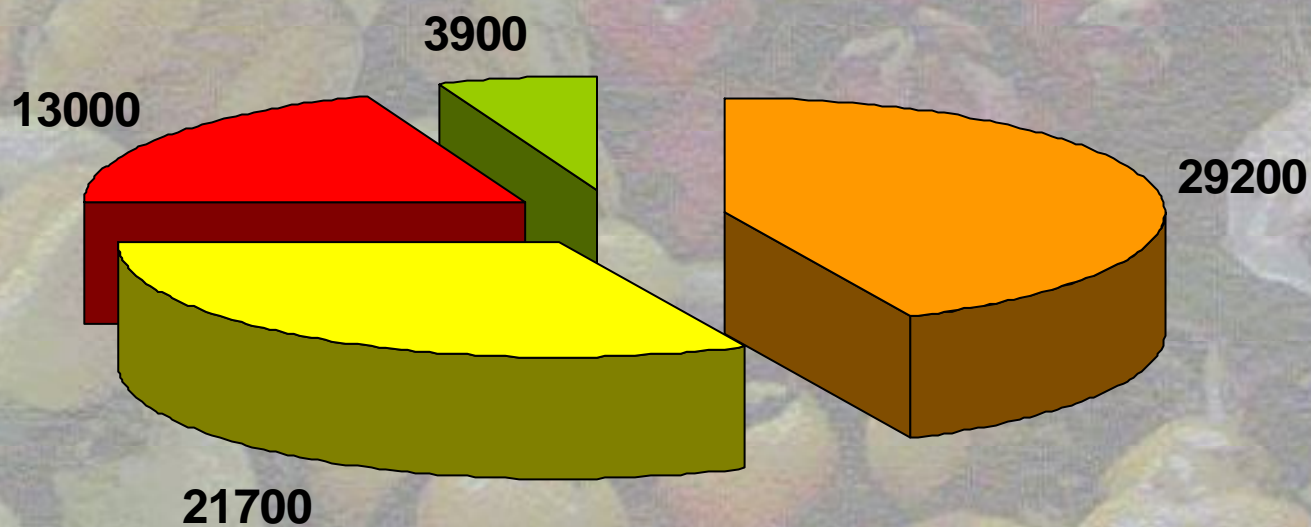
Projected Production to 2015

(Thousand tonnes)



Projected Production by Variety - 2015

(Thousand tonnes)

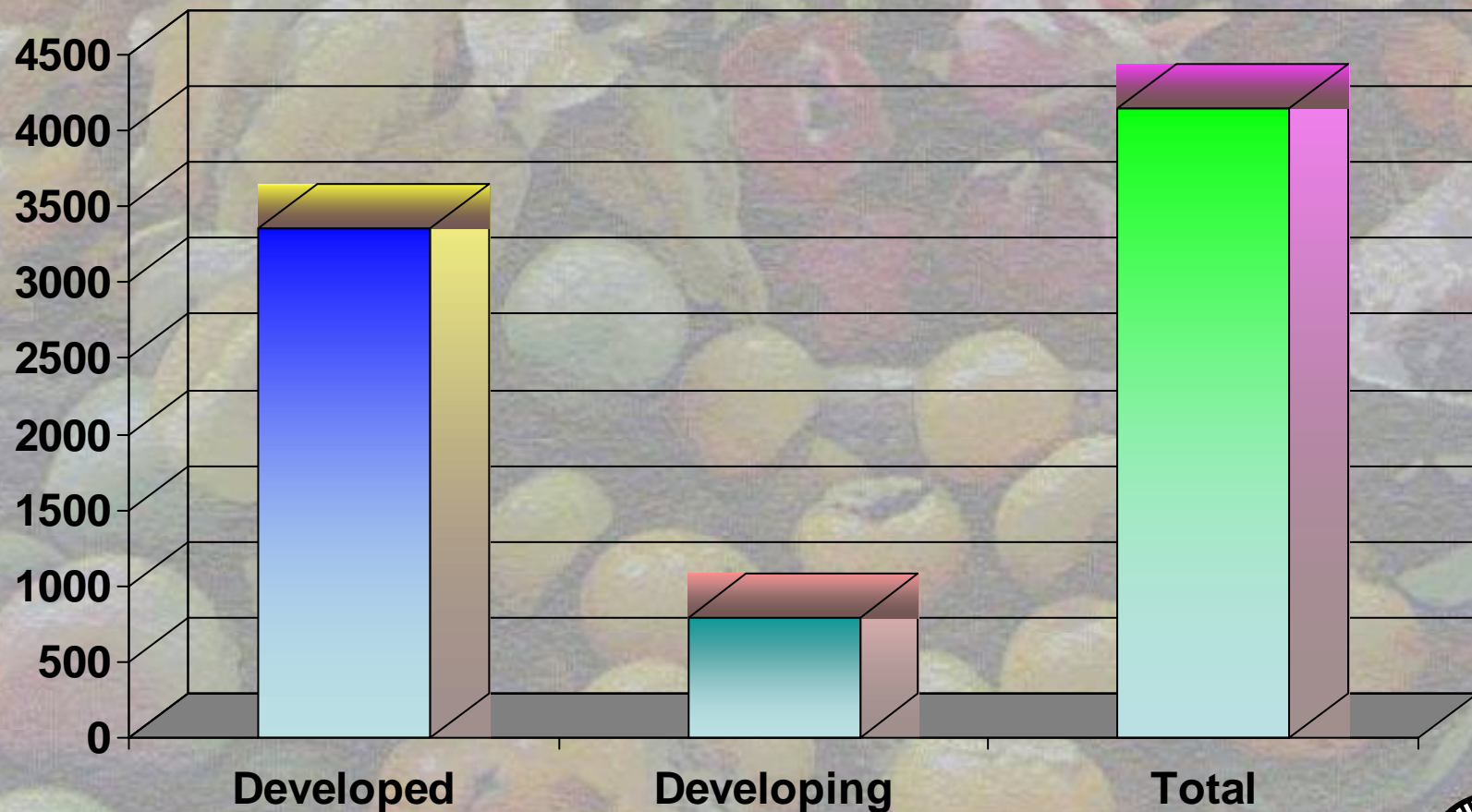


■ Mango ■ Pineapple ■ Papaya ■ Avocado



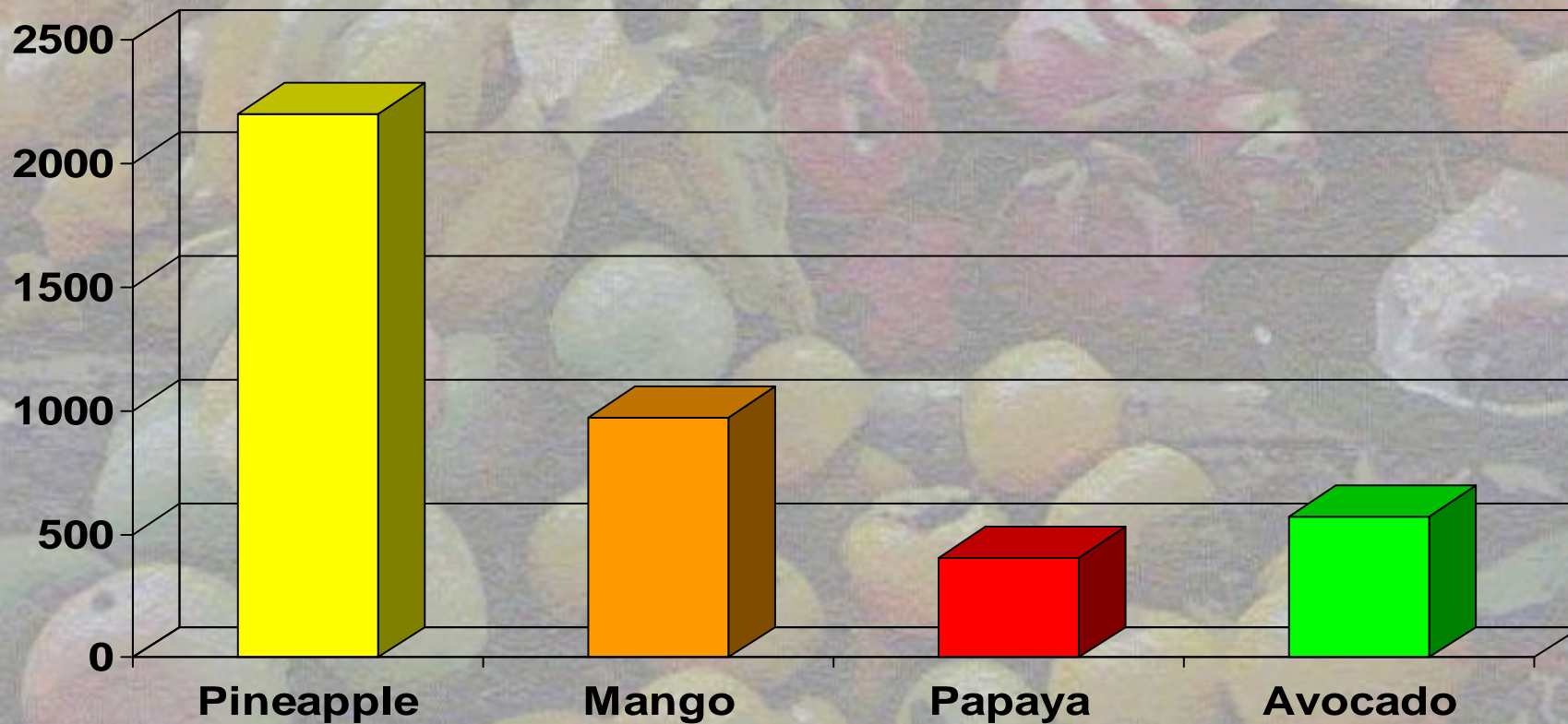
Projected Import Demand by 2015

(Thousand tonnes)



Projected Import Demand by 2015, by Variety

(Thousand tonnes)



CONCLUDING REMARKS

1. Evolution of the TF Market

- ❑ The TF market has evolved significantly since the 1980s. With increasing maturity, price premiums based on novelty have been replaced by quality based premiums.
- ❑ The importance of quality in an increasingly crowded international fruit market has led some companies to greater vertical integration



CONCLUDING REMARKS

1. Evolution of the TF Market – contd.

- ❑ Some companies have established orchards with the necessary post harvest infrastructure to produce and pack fruit for specific export markets.
- ❑ These developments have enabled tropical fruits to compete at the upper end of the market, maximising earnings through the sales of fresh fruit in a segment where unit prices are at a premium and contributing to the rapid rise in trade values.



CONCLUDING REMARKS

2. High Oil Prices

- The hikes in oil prices and their subsequent effects on inputs and freight rates have eroded profit margins along the value chain.
- Some of the costs have been transmitted through the value chain to consumers.
- However, because of intense competition and the relatively higher price elasticity of TF, increases in price could result in TF being substituted by other fruits.



CONCLUDING REMARKS

2. High Oil Prices – Contd

- To remain competitive, significant investment in new technology is needed to lower costs throughout the TF value chain.
- Including investment in cost effective production methods, packaging technology and energy efficient storage
- As well as improvement in value chain logistics and enhancement of distribution networks.



CONCLUDING REMARKS

3. Improved Cost Efficiency

- Large sized production units and trading firms are better positioned to withstand rising cost of production because they can easily transfer additional cost down the chain given their strong market position.
- Many smaller firms, however, are unable to do so and can be forced out of the industry, leading to employment and income loss, particularly in the rural areas.



CONCLUDING REMARKS

4. Medium Term Prospects

- ❑ In the medium term, projections to 2015 suggest that ample opportunities exist for the commercial development of TF, as demand should continue to grow strongly, albeit at a slower rate than the last decade.
- ❑ Major challenges for future market growth appear to be associated with a co-ordinated approach to managing the field-to-market supply chain, for both fresh and processed products.



CONCLUDING REMARKS

5. Policy Consideration

- To ensure continued participation of small holders, effective policies should be implemented to address their concerns
- In particular, those in support of better access to credit and appropriate improved technology
- And policies promoting the empowerment of smallholder, through cooperatives or other legal entities. Rising production costs have raised concerns over the potential increase of market power in the hand of a small number of players.



CONCLUDING REMARKS

6. Intergovernmental Considerations

- ❑ Prioritization of the activities of the Intergovernmental Group on Bananas and Tropical Fruits was agreed to in the fruit conference held in Guangzhou in December 2007, and await ratification by the Group at its next Session, scheduled for 2009.
- ❑ Some of the 25 project ideas proposed at the conference has been developed, and a couple of proposals should be ready for submission to the CFC for funding consideration at its Consultative Committee meeting in January 2009.

