

# Banana apeeel

By Amy Booth

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Buyers of banana purée are becoming less dependent on Costa Rica and Ecuador as origins. Antigua Processors' second factory in Guatemala, which was inaugurated in April, marked the entrance of a strong new source. *FOODNEWS* spoke to Antigua Processors president, Martin Wegener, about the new factory.

## **FOODNEWS: *What is banana purée usually used for?***

Martin Wegener: It's very varied – a lot goes for smoothie manufacture. Some also goes to banana nectars, although these aren't so popular in Europe. They are also in multi-milk drinks and fruit preparations. You can find bananas in every imaginable usage.

## ***How have these changed over the last five to ten years?***

The demand for smoothies and fruit preparations is getting bigger and bigger. Overall demand has increased, at least from our perspective.

## ***What countries are the largest consumers of banana purée?***

We deliver round the world. We deliver Europe, of course, and the British market. We deliver to the US. We are entering the Middle Eastern market, too. Our volumes are not unlimited, but we are hoping to double our capacity over the next few months, from 15,000 tonnes to 30,000 tonnes.



***What's your attitude towards markets where some consumers cannot yet afford products like smoothies?***

Fundamentally, we have to think globally. Many of our markets are not homogenous, and you can have two completely different consumer behaviours in one market. A country like China has a large mass of consumers with limited buying power, but there is also a proportion of the population which is spending a lot of money on food, and given the population size, that one or two percent can have a huge impact on product demand.

In a market like that, you also have to think about how you create demand.

Sometimes it turns out that there is, in fact, a demand for higher-priced products. I would never have thought it possible that demand for NFC products would grow so much. But the NFC business has become a strong business in its own right. Concentrate is far cheaper because of the transport and overall production, but the NFC business has prevailed anyway. That is for a number of reasons. In Germany, you have the situation that you have NFC and then, additionally, products from concentrate. Before, that wasn't the case at all.

***Which other major origins are there in the banana purée market?***

Fundamentally, there are only the countries Costa Rica, Ecuador and Guatemala. We are dominant in Guatemala because of our good relationship with the farmers, and I will devote myself to making sure we stay in this position.

The disadvantage to Costa Rica is that there are several factories. There is simply too much competition for the raw material, and this is pushing prices up. Ecuador is similar, and it has to ship its products through the Panama Canal so there is a slight logistical disadvantage.

***How is the banana purée market today as far as supply, demand and price go?***

The market is stable, or indeed increasing. I foresee a relatively stable situation for the near future. Perhaps rising prices are more to be expected than falling prices.

Banana has always been a very cheap product. Prices at the moment are around USD600/tonne cfr EMP. That's where the market is.

You have to recall that with banana, we have over 20° brix. In terms of brix, it is a very cheap product. Apple is around 11.0-11.2°. Orange has a little over 10°. Mango is 14-16° in India. Concentrate is 28°. Here in Guatemala, mango is over 20° brix. Banana is also over 20° brix, and that, of course, is a great advantage for the customers, because they get more mass.

***Production is concentrated in Central and South America. Can that be a problem?***

El Nino mostly affects Ecuador, and when Ecuador is affected, only rarely does it affect Central America. But there is centralised production, and that brings risks. You can see that by the political developments in Ecuador. There are political risks, there are economic risks, and there is always the risk that your factory could burn down. And all of these risks are higher the more production is concentrated. We have hedged against these risks to a great extent, but I can imagine that for this reason, in the mid-term, we might build another factory in a different country. The Philippines would be a possibility, or Colombia. We will have to see.

Building a factory in Guatemala is a step in this direction already. Beforehand, the market was more dependent on Costa Rica and Ecuador.

***Would there be any advantage to producing banana purée in the southern hemisphere?***

Bananas are primarily grown for fresh consumption. When production of fresh fruit increases, so too does the volume of fruit that isn't suitable for the fresh market, so it stays in balance. Banana processing must always be guaranteed – that means, the processing industry is necessary when you have a large area planted to bananas. You cannot allow large volumes of bananas to be destroyed or disposed of without getting any money for them.

On the other hand, bananas are a staple. In Honduras, for instance, local demand is very high. The Hondurans are great banana farmers, but there is no processing, because the bananas which can't be exported are sold on the local market as a cheap staple food. The processing industry competes with domestic demand there.

India is a massive producer of bananas, too, but there is huge demand, whatever the quality, from the local population. We cannot compete with that.