

FOOD news®



GLOBAL
OUTLOOK
2014

Also available online at:
foodnews.agra-net.com/global-outlook-2014

Creativity, Innovation, Solutions



Dagesh

Fruitful solutions worldwide

Gan Shmuel creates original solutions for a range of beverages, dairy products and fruity innovations. Combining quality, cost efficiency and unique fruit ingredients with a creative approach, Gan Shmuel's bases and compounds are tailor-made to meet your needs, giving you a competitive edge in a dynamic and colorful market.



Gan Shmuel Group

Tel: 972-4-6320039/40/41, Fax: 972-4-6320032/70
E-mail Marketing: marketing@ganshmucl.com, www.ganshmucl.com



AGROZZI®

We Make it Better!

Juice Concentrates



Fruit & Vegetable Purees



Tomato Products



Carozzi®

Empresas Carozzi

Camino Longitudinal Sur 5201, Nos, Santiago • Chile • Tel.: (56-2) 2377 6500

Fax: (56-2) 2377 6505 • E-mail: info@agrozzi.cl • Website: www.carozzi.cl



CONTENTS

FRUIT JUICE	6
CANNED FOODS	17
TOMATO PRODUCTS	26
A YEAR IN FRONT PAGES	30
DRIED FRUIT & NUTS	32
FROZEN FOODS	36

Tempora mutantur

There are no certainties any more.
The variables are taking over.

Only a decade ago, if you were making or trading in the products which **FOODNEWS** covers, life was fairly simple. You knew your costs, you knew your markets, supply was generally fairly well mapped out, and demand was increasing at a rate which made forecasting relatively simple. Oh, and you were keeping a watchful eye on the nascent Chinese competition, because you were worried that if they moved into your sector, they could out-produce you by several orders of magnitude, and under-price you to such an extent you could be out of business in a couple of years.

Not any more. Times have changed. It is hard to rely on any forecasts or projections that look more than a couple of years into the future.

What is bringing about this Age of Uncertainty? The weather is, for one thing. The wake-up call for the orange industry was in 2004, when four hurricanes hit Florida in a single season. Florida's citrus has never fully recovered.

Whatever the arguments for and against global warming (Is the planet warming? Yes it is! No it isn't! Yes it is! *ad nauseam*), there seems little doubt that we are witnessing serious climate change. Frosts are more severe and prolonged than they used to be, heatwaves are hotter and more prolonged, and massive rainfall that brings huge floods with it is now a commonplace occurrence.

This year alone, we have seen an exceptionally long and cold winter in Europe, devastating frosts in Latin America, flash floods in Thailand and heatwaves in eastern Europe. All this makes forecasting crop production and yields very difficult.

Then there are the shifts in consumer demand, and consumer concerns that would have been unthinkable a decade ago. Fruit juices are being decried as unhealthy because of their completely natural sugar content, caution is urged in consuming canned tuna, and the coatings of the inside of tin cans is coming under scrutiny. On the other hand, two or three decades ago nuts were considered bad for you – now they are portrayed as healthful.

The era of mass communication via the web, and the establishment of social media, has changed everything. Consumers can organise themselves, communicate, lobby, and share information. As a result, they are now far better informed than ever before. Of course, they are also misinformed: the internet gives any malcontent with half a brain the ability to shout at the rest of the planet, and people will always be gullible. But the recent class actions against fruit juice labelling, arguing that their 'natural' claims are nothing of the sort, can (and will) be rolled out against other products. Depend on it.

And then there is China. It seems incredible that we were worrying about China as a manufacturer that would bankrupt the rest of the world. Instead, China has emerged, in an astonishingly short time, as a massive consumer. We all knew it would happen one day: nobody expected it to happen quite so quickly.

So, of all these factors, this last is probably the biggest in the immediate future. China is indeed going to change everything, but probably because its huge demand will change the supply situation for the rest of the world.



Neil Murray,
Editor

Specialist coverage:
fruit juices and concentrates.
Languages:
English, French



Julian Gale,
Deputy Editor

Specialist coverage:
dried fruits and nuts



Amy Booth,
Reporter

Specialist coverage:
canned foods
Languages: English,
German, French



Davide Ghilotti,
Reporter

Specialist coverage:
tomato products,
frozen foods
Languages: English,
Italian, Spanish

FOODNEWS® is published by
Informa Agra, IBI, Guardian House,
119 Farringdon Road,
London EC1R 3DA, UK.

Tel: +44 (0)20 7017 7500

Fax: +44 (0)20 7017 7592

Email: fneditorial@agra-net.com

www.agra-net.com

Managing Editor: Neil Murray

Deputy Editor: Julian Gale

Specialist Reporters:

Amy Booth, Davide Ghilotti

Production: Steve Aylett

Managing Director: Philip Smith

Advertising Manager: Sunny Patel

Tel: +44 (0)20 7017 4153

Fax: +44 (0)20 7017 7594

Email: sunit.patel@informa.com

Advertising artwork:

Email: fnadvertising@agra-net.com

General enquiries:

Email: Subscriptions@informa.com

Tel: +44 (0)20 7017 5540 or

(US) Toll Free: 1 800 997 3892

Online access:

Email: OnlineAccess@informa.com

Tel: +44 (0)20 7017 4161

© FOODNEWS 2013. All rights reserved.
No part of this publication may be reproduced
or transmitted in any form or by any means
without the written permission of the publisher.
ISSN 0951-130X. Registered Trade Mark:
FOODNEWS®. Informa Plc.

Advertising in FOODNEWS and its
supplements is accepted on condition that
the advertiser will indemnify the company
from any claims or actions arising from the
appearance of an advertisement.

High prices, stagnant markets

The parlous state of the orange juice sector is evident in the discontent shown by Brazilian farmers and the uprooting of citrus groves there. Pundits are banking on an improved market next year.



BY NEIL MURRAY

“Oddly, the rising cost of orange juice does not seem to be related to the decline in sales. In the US, a fall in the retail price of orange juice has not been accompanied by any rise in consumption and, in Europe, pressure from the supermarket chains has helped limit retail price hikes.”

The orange juice market this year has been characterised by falling sales in the developed markets, and the building up of expensive inventories in Florida and the US.

At the same time, the price of FCOJ has risen to record heights. Right now, the ‘official’ price from any of the major Brazilian suppliers is around USD2,450 per tonne cfr duty unpaid Rotterdam.

Oddly, the rising cost of orange juice does not seem to be related to the decline in sales. In the US, a fall in the retail price of orange juice has not been accompanied by any rise in consumption and, in Europe, pressure from the supermarket chains has helped limit retail price hikes. Instead, margins have just got tighter for everyone. Except, probably, the supermarkets.

Also, NFC orange juice sales have remained strong. Brazil is practically surviving on its NFC orange juice exports to the EU,

and sales have been growing steadily for the last decade, with only a relatively small dip in the middle of the recession. The growth in EU imports this year has been phenomenal: the latest trade data shows that for the first three quarters of 2013, the EU imported nearly 620,000 tonnes of NFC orange juice: up by 120,000 tonnes. In the whole of 2012, the EU ‘only’ imported about 670,000 tonnes. This year’s Q3 total is more than was recorded for the whole of 2009.

So consumers are willing to pay a premium for a premium product. The same seems to be true in the US, where NFC sales have been falling, along with all types of orange juice, but not as steeply as others.

According to the Florida Department of Citrus (FDOC) the aggregate Florida-Brazil orange juice availability (beginning inventories and production from fruit) is relatively stable and was only about 0.4% higher in the

recently completed 2012-13 season compared with the prior 2011-12 season. However, this ignores the fact that, historically, inventories in 2011-12 were extremely high. So there has not actually been a decline in inventory.

During the course of the 2012-13 season, stocks in Florida and Brazil continued to build up, leaving product on hand to begin the 2013-14 season about 11% higher than last year’s level.

His aggregate Florida-Brazil availability is, however, expected to drop by about 8.5%, in the 2013-14 season. This is because both Florida and Brazil are predicted to have relatively small harvests. The Florida orange crop was down in 2012-13 compared with 2011-12 by 13.1 million boxes: a decline of about 9%. Above average levels of fruit drop in the Florida crop contributed significantly to the production decline. The orange crop for Florida in 2013-14 is expected to decline further to 125 mln boxes, or 6.4% lower than last season, representing the lowest production level in Florida since the freeze-affected 1989-90 season when a mere 110.2 mln boxes were harvested. The Brazilian orange crop was down in 2012-13 to 504 mln boxes, compared to 554 mln boxes in 2011-12.

Brazil’s 2013-14 orange harvest is, however, expected to rank among the 15-year record lows at about 407 mln boxes, nearly 100 mln boxes smaller than last season (the 2010-11 season crop was 388 mln boxes and the 2005-06 season crop for Brazil was 406 mln boxes).

Although the decline in overall production is expected to overwhelm the build-up in beginning inventories, leading to



High prices, stagnant markets

US ORANGE JUICE SUPPLY AND PRESUMED CONSUMPTION (MILLION SSE GALLONS)

	Beginning inventory	Florida production	Other US production	Imports	Exports	Ending inventory	Presumed consumption	Per capita consumption (gallons/head)
2000-01	618	1357	42	258	123	670	1482	5.2
2001-02	670	1415	32	189	181	666	1460	5.1
2002-03	666	1208	53	291	105	681	1433	4.9
2003-04	681	1448	28	222	123	815	1440	4.9
2004-05	853	911	67	358	119	675	1394	4.7
2005-06	675	924	72	299	138	492	1340	4.5
2006-07	492	816	80	399	123	406	1259	4.2
2007-08	406	1106	64	406	139	680	1163	3.8
2008-09	680	1035	32	317	125	722	1217	4.0
2009-10	713	806	41	328	147	588	1153	3.7
2010-11	588	864	56	265	214	422	1138	3.7
2011-12	422	928	39	223	152	463	996	3.2
2012-13	464	839	30	421	169	539	1045	3.3
2013-14F	539	793	40	281	186	547	919	2.9

SOURCE: FDOC

an overall decline in orange juice availability in 2013/14, the FDOC says that it reckons movement, especially domestically in the US, will be “sluggish”.

“The orange juice supply situation, along with other factors, is projected to result in moderately higher retail prices leading to some declines in market demand. Florida citrus on-tree earnings are projected at USD1.2 billion in 2013-14, representing about an 8% increase from the 2012-13 preliminary number, and about 27% lower than 2011-12 on-tree earnings,” says the FDOC.

The FASS November estimate for the 2013-14 Florida round

orange crop is 125.0 mln boxes, a decrease of 8.6 mln boxes or 6.4% from last season’s crop of 133.6 mln boxes. The 2013-14 early and mid-season orange crop, including Navel oranges, is forecasted at 58.0 mln boxes, down 9.1 mln boxes from last season, a decline of more than 13% from last season. This would be the lowest production level of early mid-season oranges since the 1984-85 season, which was 55.0 mln boxes. The Navel orange crop is forecasted at 2.1 mln boxes, 5% lower than last season. The Valencia crop is forecasted at 67.0 mln boxes, up 0.5 mln boxes from last season.

Florida’s processed orange utilisation is estimated at 119.4 mln boxes, down 8.2 mln boxes from last season’s utilisation of 127.6 mln boxes. The amount of fruit directly destined for chilled orange juice (COJ) or NFC is estimated at 77.1 mln boxes in 2013-14, down 2.1 mln boxes from last season. As is normal, a small amount (about 1.3 mln boxes) of the NFC and COJ boxes are expected to end up in the FCOJ supply chain, about 1.3 mln boxes in 2012-13. The amount of oranges utilised in 2013-14 to produce FCOJ is estimated at 41.1 mln boxes, down 5.9 mln boxes from last season’s level of 47.0 mln boxes.

“The orange juice supply situation, along with other factors, is projected to result in moderately higher retail prices leading to some declines in market demand. Florida citrus on-tree earnings.”

The FCOJ yield per box is projected to increase from 1.59 gallons of 42° brix concentrate per box in 2012-13 to 1.60 gallons in 2013-14.

Brazil

Orange production in the state of São Paulo, where most of Brazil’s oranges used for processing are grown, is expected to decline in



Berrifine®

Your reliable supplier of natural organic and conventional fruit-based products: IQF, NFC Juices, Concentrates, Puree, Dried

Berrifine® A/S is a family-owned company based in Denmark with more than forty years of experience within sourcing and processing of fruits and fruit-based products. Berrifine® combines many years of experience in the global procurement of industrial fruits with the new generations’ approach to dynamic business and industry.

www.berrifine.com

Apple, Aronia, Blackberry, Blackcurrant, Bilberry, Birch sap, Blueberry, Cloudberry, Cranberry, Elderberry, Elderflower, Goji, Gooseberry, Grapes, Lemon, Lingonberry, Orange, Pomegranate, Raspberry, Redcurrant, Rhubarb, Rosehips, Rowanberry, Seabuckthorn, Stevia, Strawberry, Sour Cherry, Sweet Cherry, Sugar



High prices, stagnant markets

2013-14 from a high crop in 2012-13. The USDA estimates the 2013-14 São Paulo orange crop at 290 mln boxes, down 100 mln boxes from the 390 mln boxes produced in 2012-13 (Table 2). São Paulo's processed utilisation (FCOJ and NFC for export) in 2013-14 is estimated at 240 mln boxes, down 70 mln boxes from last season. Its fresh utilisation in 2012-13 is estimated at 50 mln boxes, down 30 mln boxes from last year. It is uncertain precisely how many boxes will actually be processed in Brazil. Some fresh utilisation includes actual fresh consumption plus losses from natural drop, harvesting, transport and packing, as well as fruit utilised to produce NFC juice for the domestic market (this is a small factor).

São Paulo's juice yield per box is forecast by the FDOC to be relatively stable from 1.32 gallons per box in 2012-13 to

1.33 gallons/box in 2013-14; juice yields for the remainder of Brazil are projected to decrease by 1.9%. Applying Brazil's estimated juice yields to the forecast processed boxes, Brazilian orange juice production, from São Paulo and other regions, is estimated at 1.393 bln single strength equivalent (SSE) gallons in 2013-14, down 348 mln SSE gallons or 20% from last season's level. This is equivalent to 5.50 mln tonnes (of SSE juice), which in turn works out at almost exactly 1.0 mln tonnes of FCOJ equivalent. Alternative estimates of Brazil orange juice production in 2013-14 range from 1.344-1.441 bln SSE gallons.

All told, then, the combined production for Florida and Brazil in 2013-13 is projected at 2.185 bln SSE gallons, down 395 mln gallons or 15.3% from last season's level of 2.580 bln SSE gallons.

Brazil's beginning inventory (as in July) for the 2013-14 season is estimated by the FDOC at 635.0 mln SSE gallons, up 22.3 mln SSE gallons from last season's level. This equates to 459,000 tonnes: according to CitrusBR, the organisation representing Brazil's orange juice exporters, the country's FCOJ inventory, as at June 30, had increased by nearly a quarter to 766,000 tonnes, or about nine months' consumption. However, Citrus BR forecasts that the stocks will fall to around 476,700 tonnes by the end of June 2014.

Florida's beginning inventory for the July-June season was 708.0 mln SSE gallons (June 29, 2013), up 49.3 mln SSE gallons from last season's level of 658.8 mln SSE gallons (June 30, 2012). Aggregate Florida-Brazil OJ beginning inventory in 2013-14 is estimated at 1,343.1 mln SSE gallons, up 71.6 mln SSE gallons.

Adding the July beginning inventories to production, the combined Florida-Brazil OJ availability in 2013/14 (July-June) is estimated at 3,528.4 bln SSE gallons, down 323.0 mln SSE gallons or 8.4% from last

SCENARIOS FOR BRAZILIAN & FLORIDIAN ORANGE JUICE MOVEMENT (MILLION SSE GALLONS)

	2012-13	2013/14 Low	2013/14 Middle	2013/14 High
Beg. Inventory	612.8	635	635	635
Production	1,740.80	1,392.60	1,392.60	1,392.60
Availability	2,353.60	2,027.60	2,027.60	2,027.60
Total Movement	1,718.50	1,782.60	1,739.30	1,696.10
Ending Inventory	635	245	288.3	331.5
At 65 brix	456	175.9	207	238
Carry-over weeks	19.2	7.1	8.6	10.2
FLORIDA (OCTOBER-SEPTEMBER SEASON)				
Beg. Inventory	433.5	523.3	523.3	523.3
Production	839.2	792.8	792.8	792.8
Imports	209.1	112.6	132.5	152.4
Availability	1481.8	1428.7	1448.7	1468.5
Total Movement	958.5	927.4	927.4	927.4
Ending Inventory	523.3	501.3	521.3	541.1
Carry-over weeks	28.4	28.1	29.2	30.3

Source: USDA, FAS, "Brazil Citrus Semi-annual 2013," GAIN report no. BR13003, 6/18/2013. FDOC estimate

season.

Florida ended the 2012-13 season with an inventory level of 523.3 mln SSE gallons or 28.4 weeks' worth of supply, compared with 22.7 weeks for the previous 2011/12 season. Adding the 2012/13 ending inventory to the 2013/14 estimate of Florida production of 792.8 mln SSE gallons plus an estimated import level of 132.5 mln SSE gallons, Florida's availability for 2013/14 is estimated at 1,448.7 bln SSE gallons, down 33.1 mln SSE gallons (2.2%) from last season.

Next year

Total movement in 2013-14 is estimated at 927.4 mln SSE gallons, down 3.2% from last season. At the end of the 2013-14 season (September 28, 2014), Florida's OJ inventory level would stand at 521.3 mln SSE gallons (29.2 weeks of supply). Based on alternative movement levels (5% greater and less than the above) ending inventories would range from 474.9-567.7 mln SSE gallons (25.4-33.5 weeks), according to the FDOC.

There is thus a considerable variation in the forecast availability: nobody knows

exactly what it will be. The same can be said of demand. At the time of writing, US retail demand is falling by over 5% year-on-year, and it has been erratic: some categories have shown a recovery in one four-week period, and then fallen again in the succeeding month.

"Retail orange sales in the upcoming season will depend largely on the price level," says the FDOC, which has provided three price scenarios. Scenario 1 (middle or base price) posits that the overall retail orange juice price increases slightly from to USD6.29 per gallon in 2012/13 from USD6.20/gallon in 2013/14, a 1.5% increase. Scenario 2 (low price) envisages a price decline of about 1.5% (or nine cents/gallon) from the 2012/13 price; and Scenario 3 (high price) looks at what will happen if prices increase by about 4.3% (or USD0.27/gallon) from the 2012/13 price.

This results in quite a wide variation: high juice prices will result in retail sales of 532.0 mln gallons, says the FDOC. A low price means 585.2 mln gallons. The FDOC is opting for the middle ground and mid-price, which forecasts retail sales of 557.5 mln gallons.

"According to CitrusBR, the organisation representing Brazil's orange juice exporters, the country's FCOJ inventory, as at June 30, had increased by nearly a quarter to 766,000 tonnes, or about nine months' consumption. However, Citrus BR forecasts that the stocks will fall to around 476,700 tonnes by the end of June 2014."



High prices, stagnant markets

It is always risky to make a prediction so early, but *FOODNEWS* thinks that the FDOC's mid-price estimate is optimistic. While price is obviously a key factor in consumption, there are many signs that the decline in juice consumption has much to do with the greater variety of beverages available to consumers. Healthy soft drinks, dairy drinks, nectars, schorles, juice/water blends (even the premium Tropicana blend is offering a 50/50 blend called Trop50), flavoured waters: all have come to the fore in the last few years.

Secondly, there have been some loudly-voiced health concerns about pure juice. The old enemy, sugar, is now being flagged up in relation to fruit juices. Of course, much of the bad publicity is laughable in its ignorance, but the internet gives a voice to any malcontent with half a brain, and the message that 'Fruit Juice Is Bad For You!' is widely circulated, and attracts some believers. Then there has been the carbendazim scare, although the fears stirred up by that were roundly quelled by the rapid fall in the futures market when it was realised that they were illusory.

As for international markets, realisation seems to have dawned that 1.2 billion Chinese are not going to start drinking orange juice overnight. It's not a popular juice flavour in the country, and consumption patterns and times are different (as they are across Asia really). Consumers do not drink juice for breakfast. True, orange juice is finding its way into juice drinks, if only in near-homeopathic percentages, but China is also (finally) ramping up its domestic production. Other markets? In 2012, China, Russia and South Korea combined imported less than half as much FCOJ as the Netherlands did. Juice consumption will increase in the BRIC countries, but the volumes will remain small for the foreseeable future.

"In addition to its own price, the demand for orange juice depends on the level of orange juice advertising and promotion, consumer income, and competition from other beverages through prices and advertising/promotion levels of these beverages, as well as other factors," says the FDOC, quite reasonably. But with tight margins, there is little money to spare for widespread promotion.



Next year will be interesting. *FOODNEWS* does not expect the price to tumble, because Brazil will unload its inventory in a controlled manner, and we do not expect the US retail market to grow. Last year's season ended with retail sales of 563 mln gallons, according to A C Nielsen/FDOC figures. Its estimate of 557.5 mln gallons

represents a volume fall of precisely 1%. *FOODNEWS* is betting on a volume fall of 2% and 550 mln gallons. China's FCOJ imports should be around 60,000 tonnes. EU imports of NFC orange juice should be over 700,000 tonnes. And US FCOJ imports will increase, as more inventory is transferred from Brazil.



A FRUITFUL TAILOR MADE SOLUTION Juice, Pulp & IQF fruit

Av. Andrés Rolón 100 of. 116
(B1642BIN) San Isidro. Buenos Aires. Argentina
Tel: 54 11 4723-4614 / 5714 Fax: 54 11 4723-5131
www.tradecos.com.ar





Goodpack: sustainable savings

Goodpack has been providing innovative global logistics solutions to the food and drink industry for over 20 years. Its patented bulk containers (IBCs) offer clients a highly sustainable way to reduce costs and increase efficiency.



- Less warehouse space needed
- Minimal disposal costs
- Time saving
- No capital outlay – IBCs are rented

Sustainability

The Goodpack model is a perfect example of the synergies which are possible between sustainability and efficiency. In an industrial environment which is becoming increasingly aware of the need to be green, Goodpack is an advantageous solution. It offers:

- Waste minimisation – no strapping, pallets, drums or bins to be disposed of
- Reusable packaging – Goodpack's closed loop system does not require recycling, for containers are collected and re-used
- Lower carbon emissions – no energy needed for recycling, disposal or landfill
- Forest conservation – using Goodpack saves 18,000 forest acres per year, that do not need to be harvested for pallets or bins

Using Goodpack helps companies comply with the environmental standards required by ISPM15 and ISO14000. "Re-using is a step ahead of recycling," said Goodpack's George McFarlin. He highlighted that, although both practices are aimed at reducing landfill waste, re-using containers also cuts down on energy and water needed to recycle. Each IBC can be used many times in its expected lifespan of over 10 years. "Goodpack IBCs reduce the amount of solid waste, reduce water consumption and conserve energy in all facets of the supply chain," McFarlin summarised.

For more information, please visit www.goodpack.com

GOODPACK IBCs offer a unique, straight-forward business model: you simply rent, fill and ship the IBC, and when you're done, Goodpack will collect and re-use it – anywhere in the world. With offices, depots and collection points in over 70 countries, the company is genuinely global in its reach.

Each IBC is made of galvanised steel, holds 1.65 tonnes, and features a convenient built-in pallet for forklift handling. They can be collapsed within seconds for efficient warehouse storage – and what's more, the design means that unlike wood and corrugated bins, they do not require structural strapping.

The steel format is a creative solution to the drawbacks of wood packaging and drums. Wood can harbour pests and become a breeding ground for moulds and bacteria, and presents the risk of splinters entering the supply chain.

Wood bins do not comply with HACCP requirements in a food plant, either. Using Goodpack eliminates the need to heat treat or fumigate the packaging, as is the case with wood bins or pallets.

Drums are inefficient compared with Goodpack IBCs: one IBC is equivalent to seven drums, creating inherent efficiencies throughout the supply chain. The stackable, interlocking design both when full and empty also offers greater efficiency in terms of storage space.

IBCs are fitted with a hygienic, food-grade liquid liner, perfect for juices, concentrates and other food products.

Goodpack IBCs generate savings that tap into all of the above considerations, for they guarantee:

- Lower labour costs for container handling
- Lower packaging and shipping costs

“One IBC is equivalent to seven drums, creating inherent efficiencies throughout the supply chain. The stackable, interlocking design both when full and empty also offers greater efficiency in terms of storage space”



INTERVIEW: WHY CHOOSE GOODPACK?

FOODNEWS: *Could you start with a couple of key facts about Hengtong – how long you’ve been in the business, where you rank in the world for your products, how many countries you cater to, for instance. It’s great for Goodpack that such a large global player is using them, of course!*

HENGTONG: Hengtong is one of the biggest Apple Juice Concentrate suppliers in China and have been in business for more than ten years. Its products were exported to the whole world, and it is main market is America, Canada, Australia, Europe.

Why did you change from drums and wood to Goodpack?

Compared to the drum and wood bin, the cost of a Goodpack bin is much less; and customers in the North America market like using Goodpack bins, there is a demand for it, so our company turned to use Goodpack.

What improvements have you noticed from your previous transport solution?

Compared to the package we used before, Goodpack bin’s type was improved from MB3G to MB5 and it is more suitable for food transport.

How easy are the IBCs to use?

It is easier and more efficient to use Goodpack during packaging, loading and unloading. Workers can handle it easily after just a simple training and learning.

Can you cater to all your markets worldwide with Goodpack?

At present, the customers in our main markets can accept Goodpack, such as America, Canada, Australia, Europe, etc.

Does using Goodpack help you to save money? If so, how?

Yes, using Goodpack bins helps us to save packaging, loading and

unloading costs.

Does the Goodpack solution give you an edge over your competitors? If so, how?

Yes, compared to our competitors whom do not use Goodpack, our packaging cost is far lower. And since more and more customers would like to use Goodpack, we would like to meet our customer’s demands.

Do your customers appreciate the benefits Goodpack has to offer?

Yes. Using Goodpack bins not only saved our costs but also our customer’s, and Goodpack provide very good technical support and after-sale service, they will pick up empty bins at customer’s location after calling, it is convenient for the user.

Does using Goodpack help your food safety and hygiene credentials?

Yes, using Goodpack bins will help protect our product from being contaminated and destroyed during transportation. It is good for our food safety and hygiene credentials.

Does Goodpack help you to achieve your sustainability goals?

Yes, Using Goodpack bins can



help us on cost saving, and as Goodpack provide very good service and its cost advantage, more and more customers come to use it. It also can help us meet our customer’s demands well and meet market development trends.

“The Goodpack model is a perfect example of the synergies which are possible between sustainability and efficiency. Using Goodpack saves 18,000 forest acres per year, that do not need to be harvested for pallets or bins”



SUSTAINABILITY AND COST EFFICIENCY

Goodpack® Intermediate Bulk Containers Offer Both

- Reusable, hygienic, galvanized steel containers
- Overall ease and convenience – rented locally, collected globally
- Drives cost efficiencies throughout your supply chain
- Used by most Fortune 500 food companies



Tel + (1) 630 270 1250
Email sales@goodpack.com
www.goodpack.com



Gala event

Sweet apples are back in strong supply again: high acid ones are not.

BY NEIL MURRAY

Something has to happen with the global apple juice market. Essentially, what we have is a market where there is one gigantic player (China), one major European supplier (Poland) several significant secondary suppliers (Argentina, Austria, Chile, Germany, Hungary, Iran, Italy, Moldova, Turkey, Ukraine, the US (for its domestic market, anyway), and some others.

This year began with Poland basking in its largest-ever apple harvest. Polish production exceeded all expectations, and a veritable flood of fruit poured into the processing plants. What was notable was the sheer quantity of high acid apples available for processing: processing started early anyway, to handle the colossal harvest, and the weather conditions were perfect for the growth of high acid fruit.

Polish production of high acid AJC was extraordinarily high and prices at the start of this year were actually weaker than they were for lower acid (under 3%) product: EUR1.35 (USD1.85) per kilo for high acid (4%+) juice, compared with around EUR1.50 for 3% acid product, and a couple of cents more for AJC below 2% acid. Incredibly, there actually seemed to be a slight shortage of low acid juice.

In theory, this should have opened the door to Chinese imports, as China still does not produce any high acid juice worthy of the name. However, China's raw material cost had hit as much as USD260/tonne, and even late in 2012, as China ended processing, was still around USD200/tonne. So whatever China wanted to do, it was hobbled by the fact that it had to charge very highly for its AJC simply to cover the raw material costs.

The Chinese banks had also become aware of the industry's problems, and had been much more circumspect when it came to lending money (Chinese apple farmers and brokers demand near-instant payment in cash) and

considerably more inflexible when it came to repayment deadlines.

So that left, as last year, smaller suppliers of sweet AJC which Europe badly needed for blending.

The US has been China's only major customer and has actually bought more AJC this year: according to GTIS/Customs figures, for the year to end October (the most recent data available), the US imported 231,000 tonnes of Chinese AJC (some of which might have been destined for onward sale to Canada). This is actually 5% more than the US took in January-October 2012, but overall, Chinese AJC exports for the period are down by 0.7%.

However, the EU has simply found that it can manage quite happily without expensive Chinese AJC, thank you very much: for the first three quarters of this year (again, the latest data available) the EU-28 imported just 30,000 tonnes of Chinese AJC. Even Moldova managed to sell over 25,500 tonnes to the trading bloc. Ukraine managed well over 51,000 tonnes.

As *FOODNEWS* has repeatedly said, there is simply no way that the Chinese AJC industry, collectively, can be profitable at its present levels of production. China's processors, at full capacity, can make 1.5 million tonnes of AJC, but this year it will make perhaps one-third of this volume.

Western Europe, alone, cannot fill all its AJC needs, hence the brisk trade with countries such as Moldova and Ukraine, as well as Turkey, Chile and even Iran. But what is happening now, and is likely to continue, is increased

investment in AJC processing capacity by countries such as Moldova and Ukraine. TB Fruit, for example, besides its existing facilities, now has two factories in Poland, in Annapol and Dwikozy.

So what of the immediate future? The USDA estimates that China's 2013/14 apple production will reach 38 million tonnes, slightly down from the revised 2012/13 production figure, primarily due to adverse weather in key provinces.

In western China's Shaanxi, Gansu, and Shanxi provinces, lower-than-normal temperatures in early April limited flower sets and reduced the overall size of the apples, compared to previous years. In eastern China's Shandong province, a major apple producing region, persistent heavy rains in July killed a large number of mature apple trees.

The USDA forecasts that China's 2013/14 apple acreage will actually increase by 1% to 2.3 million hectares, primarily for Fuji sweet varieties which account for more than 70% of China's production. New plantings in China will begin to reach bearing age in the near future, so this year's lower production numbers should recover quickly. In addition, apple farmer profits have been rising over the past few years due to improved management practices.

These factors support the USDA's forecast for continued expanding acreage and more production growth, but the acreage expansion has slowed considerably in western provinces, such as Shaanxi and Gansu, due to limited

"The EU has simply found that it can manage quite happily without expensive Chinese AJC, thank you very much: for the first three quarters of this year (again, the latest data available) the EU-28 imported just 30,000 tonnes of Chinese AJC. Even Moldova managed to sell over 25,500 tonnes to the trading bloc. Ukraine managed well over 51,000 tonnes."

CHINESE APPLE PRODUCTION, CONSUMPTION (TONNES)

	2011/12	2012/13	2013/14f
Area planted (ha)	2,177,000	2,231,300	2,250,000
Production	35,985,000	38,500,000	38,000,000
Imports	73,400	43,219	40,000
Total supply	36,058,400	38,543,219	38,040,000
Fresh dom. Consumption	30,646,700	32,316,902	32,940,000
Exports	1,011,700	1,026,317	900,000
For processing	4,400,000	5,200,000	4,200,000
Total distribution	36,058,400	38,543,219	38,040,000

SOURCE: USDA



Gala event

land availability. In Shandong province, apple acreage is stable. However, approximately 40% of the apple trees are mature and losing productivity. Since 2009, Shaanxi province has been China's largest apple producer and AJC processor.

In addition, it must be pointed out that Chinese sources have told *FOODNEWS* that they fear the official government figures for apple production may be optimistic, as they tend to over-estimate the fruit size. We have no confirmation of this.

China's apple juice industry currently consumes around 15% of total domestic production, which is 50% lower than a few years ago. The downward shift is attributed to higher domestic prices for fresh apples, in turn due to the incredible demand for fresh apples on the domestic market. The USDA cites weaker global demand for AJC as a factor, but this is really a consequence of the higher raw material price, itself the result of fresh fruit demand.

Labour costs continue to be the main driver in rising production costs, says the USDA, whose sources indicate that production costs for growing one kilo of apples is CNY3.00 (USD0.49). While most production management practices are performed by the growers themselves, temporary labourers are needed for harvest. Labour costs vary throughout China: in Shaanxi province, labour costs are JAG80-100 per day. In Shandong province, they are even higher: CNY180-200/day. Higher input costs are raising farm gate prices to new heights year after year.

In late October, China's Fruit Marketing Association noted that the average farm gate price for Fuji apples was CNY6.30/kg in Shaanxi, an increase of 14% from the previous year. The average price in Shandong was CNY6.1/kg (or, neatly, USD1,000/tonne), up an incredible 20% year-on-year. The fruit price may drop in 2014 and coldstore operators and

farmers drop their prices, but this will be too late for China's processing industry.

Improved storage capacity has extended the supply season for most deciduous fruits leading to increased opportunities for year-round consumption. The Chinese apple storage capacity has now reached the level of 11.0 million tonnes, including 8.0 mln tonnes of cold or air-controlled storage (the important sector) and 3.0 mln tonnes of simplified storage facilities.

It has been speculated that the Chinese demand for fresh fruit will slow down: perhaps even stall or decline. In terms of per capita consumption, this is possible, but what is happening now is that year-round fresh fruit availability, previously confined to the major cities, is being extended to vast swathes of the country, due not only to the storage infrastructure, but also the improved transport links. More Chinese consumers can now eat apples, and there are 1.2 billion

potential consumers.

Interestingly, the USDA notes that Chinese consumers are increasingly turning to e-commerce as a source for their fresh fruit demands. Online fruit sales are expected to grow by 300% year over year and to increase fruit consumption. So for next year? *FOODNEWS* sees no possibility of China breaking back into the European market. Its products are simply too expensive, once the duty is added. More and more minor suppliers are filling the gap left by the Chinese. If there are five predictions to be made, the first is that Chinese AJC production will finish around 500,000 tonnes. The second is that Chinese exports to the EU (for the 12 months ending September) will be between 35,000-40,000 tonnes. Three: Chinese exports to the US (on the same time basis) will be between 310,000-320,000 tonnes. Four: China's total exports will be around 600,000 tonnes. And five: Total EU imports from extra-EU countries will be around 225,000 tonnes.

GAT FOODS PROVEN ON THE SHELF

We offer the fruit-based beverage industry tailor-made solutions for creating tasteful and unique drinks worldwide

INTEGRATED SOLUTIONS

Compounds and Bases

- For still and carbonated drinks - wide variety of clear, cloudy & pulpy bases with various fruit content

Emulsions

- For noncarbonated and carbonated still drinks
- For flavored/near- water drinks

FOOD SERVICE

- Concentrates
- Nectars
- Drinks
- Teas
- RTD
- Smoothies

In various packaging solutions

COMMODITIES

- Juice concentrates
- NFC Juice
- Cells
- Comminutes
- Essential oils
- Various blends



www.gatfoods.com

Offices: Israel, Germany, Russia, China, Kazakhstan, Belarus

Gat Foods
Proven on the shelf

Experience doesn't grow on trees.

It grows since 1936. That's why we are among the market leaders for natural fruit juice concentrates and beverage compounds. Our commitment to flexibility, supply security and best service is as natural as our crops.

Fruit Juice Concentrates
Beverage Compounds
Not From Concentrate (NFC)
Fruit Wines
Natural Flavours
Fruit Sweetness

Your juice. Your choice!

AUSTRIA
JUICE



Austria Juice Group

www.austriajuce.com

Company profile:

In June 2012, Ybbstaler and Agrana Juice Holding – two well established companies and experts in the field of fruit processing and beverage compound technology – merged to form a truly fruitful connection.

Today Austria Juice Group is among the market leaders for natural fruit juice concentrates and beverage compounds and has 14 production plants in the most crucial strategic raw material areas in the northern hemisphere.

A proven core, with a new appeal

Decades of expertise in sourcing raw materials, fruit processing and market surveillance make Austria Juice a competent partner when it comes to the implementation of customised product innovations. The mission statement of Austria Juice is to continuously reinforce and consolidate its global market leadership with the core business of fruit juice concentrates whilst at the same time also fully optimising the other strategic business pillars being Beverage Compounds, Natural Flavours and Fruit Wines.

Grow with us

This comparatively new company has, in this short period of time, gained significant market shares. The large number of production sites in the major, strategic raw material areas, coupled with the long-standing expertise of two successful companies in the beverage industry, enables Austria Juice to serve its customers on a global level and to operate with additional flexibility.

A mature performance

To Austria Juice not only origin, cultivation and careful harvesting are important: the success of Austria Juice is rooted in years of experience and solid know-how as well as a wide variety of services such as the technological support on site with sample fillings, recipe adaptations and a very high level of supply security by supply chain management as well as extensive market and consumer analysis.

We also let your sales grow

Make Austria Juice your preferred supplier and let us work together with you on your projected growth with our services and technologies that you can fully trust in.

Contact Details

Austria Juice GmbH

Phone: 0043 7448 2304-0

Email: info@austriajuce.com

www.austriajuce.com

**AUSTRIA
JUICE**



Austria Juice Headquarters

Severin Wurnig Photography



Sharp shock

Lemon juice is going to be in short supply next year, and PJC may pick up. Mango? That depends on the EU.

In stark comparison to the turmoil in the apple and orange juice sectors, other fruit juices have seen a relatively quiet 2013.

Grape juice was extraordinarily expensive in 2012, after poor harvests in Europe, but the market has swung the other way this year. Europe, especially Spain, is awash in white grape juice, and prices are as low as EUR1.05 (USD1.42) per kilo ex-works. Whether grape juice falls through the magic EUR1.00/kg barrier remains to be seen, but at the time of writing, in mid-December, nobody seems particularly interested in the product, so it may happen, if only to shift inventory.

Lemon juice remains a problem. Earlier this year, drought hit the Argentine lemon crop, and prices started moving up fast, past USD2,000 per tonne fob. By midsummer things had got worse: in July, a sharp frost, claimed to be the worst for 30 years, hit the

Argentine lemon groves. About three-quarters of the crop had been gathered in and processed, so the damage was more to the late season fruit destined for fresh markets, but the problem was that the trees were badly damaged.

By this stage, Argentine lemon juice was already USD2,300/tonne fob, and there was nowhere for the price to go except up, because it was realised that while this season's juice supply was largely unaffected, next year's would be a different story, and some buyers decided to stock up while they could.

Unfortunately, in late September, there was yet another frost: this time, a massive one that affected many crops, and not just in Argentina. Chilean peaches, apricots, plums, grapes, apples and cherries were also badly hit. This time the frost that hit Tucumán, the heartland of Argentina's lemon industry, was dubbed the worst to

hit the province in 60 years.

Again, there was no disruption to this season's lemon juice supplies, but young, recently-planted, trees suffered frozen roots, because their root systems had not had time to develop fully, and this will probably have killed the trees.

So for next year, it seems certain that there will be a global shortage of lemon juice, because so much fruit will be diverted to the more lucrative fresh markets. When Argentina comes to process its 2014 juice, production will be badly down. *FOODNEWS* would not be surprised to see prices rising past USD2,500/tonne.

Other juices? Pineapple is still stagnating, with prices no higher than USD1,300/tonne fob Thailand. Some think that PJC is poised to increase in price, perhaps sharply, and *FOODNEWS* tends to this view as well. On a brix basis, PJC is extremely cheap. It should be attractive, but there is little

demand. This should change, simply because a pineapple blend may prove irresistible to supermarkets as an inexpensive product.

That leaves tropicals. Mango is still proving a problem. Alphonso is very expensive, and is being replaced in recipes and blends with cheaper varieties like Sindura or Totapuri. Infuriatingly for Indian processors, the promised EU duty cut (after a move to put mango concentrated puree in a different commodity section resulted in a controversial increase in duty rates) has simply failed to materialise. Processors have asked *FOODNEWS* what is happening: we have no answer. It looks like an EU bureaucratic bungle. Whatever the answer, the EU has handed a great opportunity to Latin American processors, whose product is still duty-free into the EU. Next year will see whether they can capitalise on it.



- Apple juice concentrate*
- Sour cherry juice concentrate*
- Strawberry juice concentrate*
- Black currant juice concentrate*
- Aronia juice concentrate*
- Raspberry juice concentrate*
- Fruit purees and NFC juices*
- Frozen fruits and vegetables*



**GROUP
OF COMPANIES**

T.B.Fruit

www.tbfruit.com

T.B. Fruit Ukraine, 274a Lvivska str., 81500 Gorodok, Lviv region, Ukraine, Tel. +38 03231 31783 fax. +38 03231 32784 info@dar.lviv.ua

T.B. Fruit Poland, 109 Sandomierska str., 27-620 Dwikozny Poland, tel. +48 15 831 14 30 fax +48 15 831 16 96 sekretariat@tbfruit.com

Canned Foods Review

SPONSORED BY



CURIOUS ABOUT CO-PACKING?	18
LIGHTWEIGHT FOOD CANS ARRIVE – AT LAST	20
TUNA PRICES: IT'S A SLIPPERY SLOPE	21
FEAST TO FAMINE AS HISTORY REPEATS ITSELF	23
HAIL AND FAREWELL	24

Curious about co-packing?

Food packaging expert Tetra Recart helps to facilitate close co-packing partnerships between brand owners and producers around the world. This is a growing part of Tetra Recart's business and helps producers to grow their business and brand owners to quickly put new products on the market.

“Facilitating co-packing opportunities is a little bit like matchmaking.”

Peter Arvidsson



JUKKA TILLI

Peter Arvidsson, Director of Sales and Technical Support, Tetra Recart

BY MARGARETA
MILDSOMMAR

Tetra Recart was launched in 2003 as a unique extension of the food packaging and processing giant Tetra Pak's business, introducing the alternative to cans and glass jars. Today, more than 140 brands in 50 different markets around the world use the retortable package for various tomato and vegetable products, beans, soups, sauces and pet food.

Embracing the package

The world of canned food has been rapidly changing. Food producers, retailers, brand owners and consumers look for a fresher and more convenient food packaging solution that protects the products and has a minimum impact on the environment.

The Tetra Recart package has

been developed to exceed the demanding requirements from the food industry. Its rectangular and compact shape offers key benefits along the value chain, such as cost efficiency, strong environmental performance and added convenience.

With less space needed for transport, there are great savings to be done. For example, before being filled, one can fit as many Tetra Recart blanks in one truck, as empty cans into nine trucks. In-store, the package requires less handling, saves shelf space and helps retailers to reduce their product waste.

Consumers carry home a light package for a tasty, natural and easy-to-prepare meal. The FSC-stamp on the recyclable cartons certifies that the carton is made by material from sustainable forestry, presenting consumers who are increasingly environmentally aware with an environmentally sound package.



MATS PERSSON

Culinary advisor tests new products in Tetra Recart's Food Lab.



Curious about co-packing?

CANNED FOODS SECTION
SPONSORED BY



Expertise beyond the package

“Being a pioneer with our retortable carton system, we are of course experts on our packages and the advantages of our Tetra Recart line equipment,” says Peter Arvidsson, Director of Sales and Technical Support at Tetra Recart.

“But, it is important to highlight that we also provide expertise to producers, retailers and other brand owners in even more areas of their business.

“One such important area has to do with co-packing. One example of co-packing is the scenario in which a local tomato manufacturer in Italy produces a ready-to-sell product for a brand owner in Tetra Recart packages, for example for a retail chain in Sweden.”



ADENTY

Almost like matchmaking

The canned food industry differs from many other parts of the food business in that it is global. Products are manufactured in the country where they are grown, and are then exported and consumed globally. This nature of the business has made co-packing an important and growing component of Tetra Recart’s business.

In the last five years, co-packing – also known as contract packing or contract manufacturing – has doubled its share of Tetra Recart’s

sales. “We have become a global and trustworthy partner when it comes to facilitating co-packing relationships,” says Arvidsson, and adds: “Over the years, Tetra Recart and Tetra Pak have established a huge knowledge base when it comes to food and food packaging. We have a widespread global presence, but also the necessary detailed local knowledge.”

This might include the deep understanding of the brand owners’ needs, down into the smallest detail, and being able to match these requirements with suitable producers that can live up to the expectations.

“Our unique position in the food industry is helping us to facilitate and catalyse the dialogues between brand owners and producers to drive co-packing opportunities,” says Arvidsson, adding: “Facilitating co-packing opportunities is a little bit like matchmaking.”

Co-packing adds value today and tomorrow

Today, there are more than 30 Tetra Recart lines installed globally, and producers in four

continents co-pack for various brands. The global spread of the production lines ensures that producers can co-pack many different kinds of products in Tetra Recart packages – from tomatoes to pet food.

A perfectly matched co-packing relationship brings benefits for producers and brand owners alike, says Arvidsson and continues: “It can help a producer with an installed Tetra Recart line to secure their return of investment by increasing the production volumes. For a brand owner, on the other hand, a co-packing partnership can make it possible to go to market quickly without having to invest in a line of one’s own. It is also a perfect way to go to market while preparing for a line investment in the future.”

Co-packing also enables brand owners to acquire new products from outside their markets, or to test out new product categories, for example, by working with a co-packer that can facilitate a small-scale production of some newly developed product formula. Tetra Recart’s Food Lab, the food team, and culinary advisor can also assist customers in trying out new recipes and producing small batches of new products to be tested and

evaluated before bringing them to the market.

According to figures from food and agricultural research agencies, such as Rabobank Food and Agribusiness Research, co-packing in Europe is predicted to grow and even double in size by 2020. Currently, the majority of co-packing takes place in Europe and the US, mainly due to the fact that retail brands are common on these markets. In addition, the large co-packing volumes in Europe are related to the geographical differences between producers and consumers there. In the food industry in the U.S., however, outsourcing the manufacturing it is more common.

“We are also predicting that Tetra Recart will continue to grow with our co-packing initiatives in the coming years,” says Arvidsson. “I am convinced that our package brings benefits throughout the value chain.”

For more information about Tetra Recart®, please visit: www.tetrapak.com or send an email to: tetra.recart@tetrapak.com



MATS PERSSON

Lightweight food cans arrive – at last

Amid massive corporate changes at the food producers, sustainable canning technology is being developed.

BY JOHN NUTTING

With the bicentenary of canned foods being marked this year, their enduring benefits as a means of ambient preservation could easily have been overlooked as the industry in the mature markets



These Bonduelle vegetable cans are pressurised to enable them to be thinner, saving weight by 15%

“Growth in the five years from 2012, when the global market for cans was worth USD109.2 bln, is expected to be 2.5% a year.”

experienced unprecedented changes.

Merger and acquisition fervour embraced the big brands, with H J Heinz being bought by equity funds Berkshire Hathaway and 3G Capital for USD28 billion; Campbell Soup bought US chilled drinks group Bolthouse Farms for USD1.55 bln and sold its European meals business; Del Monte Foods planned to sell off its canned foods business to Del Monte Pacific in the Philippines for USD1.67 bln so it could concentrate on the growing pet food market; and Dole Food sold its packaged food business to Itochu in Japan for USD1.69 bln.

As the mergers were completed, so the cost cutting programmes started. Even as canned soup sales improved, Campbell shut down its huge canning plant at Sacramento in

California and moved operations to its three other plants and Heinz announced the closure of a number of factories. Others felt the competitive pinch with vegetable packer Allens Foods, in Siloam Springs, Arkansas, a huge canning centre, going into administration.

But on a global scale metal packaging continues to grow. With 200 years of history since 1813 when Donkin Hall & Gamble set up their canned foods business in South London, the world's first, armed with Royal approval to supply the Admiralty amongst other customers, the canmaking and canning business remains strong.

Growth in the five years from 2012, when the global market for cans was worth USD109.2 bln, is expected to be 2.5% a year, reaching almost USD124 bln in 2017, according to a report from Smithers PIRA. Most growth is expected in Asia, with about 4.2% a year, but in some markets such as China, demand for canned foods has been expanding at double digits.

In most markets, canmakers have been making cost savings by shaving metal thicknesses, but these have been small and incremental. In food cans, significant changes in the technology of food processing are rare. But this year French canner Bonduelle launched a new vegetable range in Germany using steel cans developed by Ardagh Group that were 15% lighter than those usually found on supermarket shelves. That is a huge saving.

The cans were the result of a

collaborative effort between Bonduelle and Ardagh. As a rule, food canners have not been keen to change from traditional retorting techniques, which is why food can design had stalled with the familiar 73x110mm size can weighing about 50 grams.

For the past ten years, Ardagh and its predecessor Impress had been developing a new-style two-piece drawn-and-wall-ironed (D&I) can using thinner coil and side walls of just 80 microns. Like a drinks can, Ardagh's development, called Nemo, was so light it needed internal pressure to maintain its structural integrity. That was where Bonduelle's plant at Vaulx Vraucourt in France came in,



In the Philippines, Oriental Can is lightweighting its two-piece cans with traditional beading, but in a spiral

continued on page 24



Tuna prices: it's a slippery slope

If there's one thing the tuna industry has learned in recent months, it's that what goes up must come down.

BY AMY BOOTH

If 2012 was characterised by traders agonising over how high the price of skipjack could possibly go, then 2013 has seen a remarkable lack of interest.

The final quarter of this year has seen prices plunge to their lowest since April 2011 – the most recent quote *FOODNEWS* has heard was for USD1,550/tonne in Bangkok.

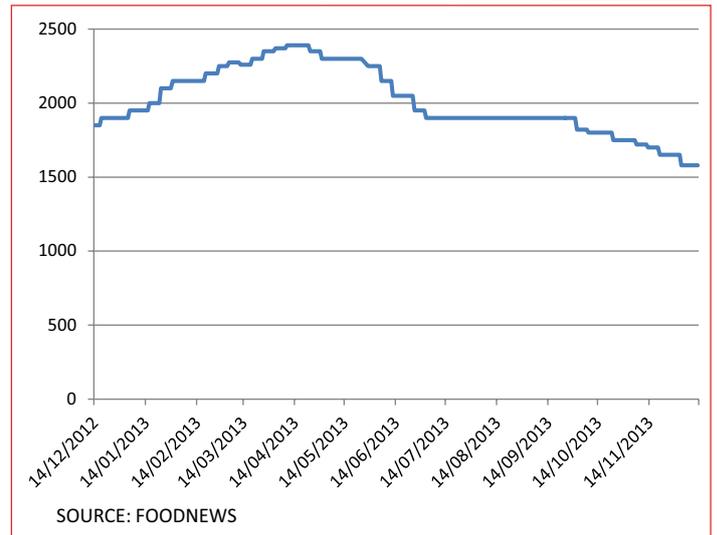
By April 2013, this market was stretched as far as it would go and, like elastic, it rebounded. It is a situation well worth examining.

With hindsight, it almost feels that this situation should have been predicted. Looking back to 2012, traders were worried when the price did not drop after the FAD ban. "We are very, very concerned about skipjack," said one buyer. "You can carry on putting prices up for only so long before it gets too expensive." This, it transpired, was a rather prescient remark.

Skipjack did fall in the end, but it was soon on the rise again. By April 2013, it had hit a new record of USD2,390/tonne. It almost seemed that the industry was going through a paradigm shift in which tuna would no longer be the cheap, healthy protein of choice. In fact, views to this effect were very convincingly argued at the Brussels European Tuna Conference.

Conservas Garavilla's managing director, Juan Corrales, told delegates that demand was growing but supply had hit a maximum and costs risen, so higher prices would become the norm, not the exception. He pointed out that the world population is growing and that, as countries develop, more people are starting to eat canned tuna. Meanwhile, all the major oceans have been

BANGKOK SKIPJACK PRICES (USD/TONNE)



exploited. Now, as the focus shifts towards sustainability, fishing companies face far higher costs: fishing licences are more expensive, fuel is more expensive, and the increasingly detailed paperwork required to prove that fish was caught responsibly all weigh on companies' balance sheets.

These things are all true, but recent months have proved that they would not prevent the price going into freefall (*see graph*). Essentially, sustained high prices damaged demand. Supermarkets could no longer run effective promotions, for instance, and so buying more or less dried up.

FOODNEWS notes that one or two new products with sardines were launched this year. Sardines can still be got for under GBP1.00 per can – perhaps canned fish brands have seen the writing on the wall and decided to branch out?

All this was not helped by the FAD ban. Each preceding year, the Western and Central Pacific FAD ban sparked a rise in prices. However, after getting burned last year, buyers wised up to this trend and bought in advance. This could explain why April

was the month of high prices.

The upshot of all this is that everyone from the supermarkets to the packers have expensive inventories. In a falling market, nobody wants to make an order because they could get a better price if they wait another week. These two factors seem to have created a vicious circle in which the price is dropping.

As for what we can expect in 2014, this market is notoriously unfathomable. It is a game of cat and mouse, as fish traders and canneries try to get ahead of the game. However, the lesson to be learned here is that forcing sky-high prices is in no-one's best interests, not even those of the seller. The logic seems to be that if people will pay a price, however begrudgingly, then you can keep charging that price until they simply won't buy anymore.

The problem is that, eventually, demand vanishes and prices plunge the way they are doing currently. Fundamentally, the market is determined by supply and demand, and if you throttle the demand with high prices, it will come back to bite you. It would be problematic

continued on page 25

"In a falling market, nobody wants to make an order because they could get a better price if they wait another week. These two factors seem to have created a vicious circle in which the price is dropping."

WORLD TOMATO REPORT 2013

FOOD
news
REPORTS
informa

ORDER ONLINE NOW

One of the biggest users of processed tomato products – and certainly one of the fastest growing – is the fast food sector, in relishes and sauces. Consumers in some more developed economies may now be turning away from fast food for lifestyle-related reasons, but consumers in more newly wealthy nations are now turning to fast food for exactly the same reasons.

This report from Foodnews identifies the main processing-tomato zones and their production magnitudes and looks at the challenges facing them.

TOPIC AREAS INCLUDE:

- How are Europe's growers and producers doing? How are frictions between growers and processors being managed?
- European yields have been rising rapidly, yet stark inefficiencies remain, can protected low-volume producers pose a major risk for the entire European sector?
- US processors have been phenomenally efficient, making a powerful argument in favour of a vertically integrated approach.
- Can China achieve the quality and reliability that afford European and US product a premium?

The report also reviews the production and demand of ketchup and the factors that affect where it is made.

Finally, the report concludes by taking a look at what the 'next big thing' to influence the sector will be and where it will come from.



FOUR REASONS WHY YOU SHOULD ORDER:

1. Learn about current and future trends in the tomato industry
2. Understand opportunities for growth and investment in this industry
3. Examine how emerging economies are affecting the industry
4. Save time and money with all the research in one place

HOW TO ORDER...

Visit: store.agra-net.com/reports/world-tomato-report-2013.html

Email: reports@agra-net.com

Call: Kelvin Williams on +44 (0) 20 7017 5815



Feast to famine as history repeats itself

Last year, Thailand had so much pineapple that farmers were pouring it onto the highways. Now, canners are fighting for fruit. For many products, this would be a surprise – but not for pineapple.

BY AMY BOOTH

Thai pineapple has followed a boom-and-bust cycle for a long time.

Earlier this year, when *FOODNEWS* was preparing its 40th Anniversary supplement, a clipping pointing to this cycle was unearthed that had been written in 1993, and could have been reprinted almost verbatim: market characterised by over-supply, government attempts to intervene, etc.

In 2012, a massive harvest coupled with a lack of demand in key European markets pushed both end product and fruit prices to unsustainably low levels. Come the start of 2013, contacts were reporting a normal winter crop. Throughout the first quarter, it seemed to be a buyers' market which was soft enough to make deals. Demand was described as "not strong". There were whisperings that the next crop was shaping up to be small, but buyers paid little heed, appearing to take this for the standard upward speculation that can be seen on

"FOODNEWS believes the die is cast for early 2014. A long period of good weather could take the worst of the hit off the supply, but it is probably too late for the current crop to turn around."

agricultural markets the world over.

However, the wind changed towards the end of April, when the new crop started to come on stream and fruit volumes were coming in well below expectations. Ted Rangchaikul, head of the Thai Pineapple Industry Association at the time, commented: "April just passed was the worst month in 10 years in terms of production supply. On average, we would have around 230,000 tonnes of pineapple to feed the factories in April. [This year] we ended up with only 110,000 tonnes (3,600 tonnes per day)."

In addition to these issues, the strength of the baht caused difficulties, sticking well below the THB30.0 to the dollar level for most of the first half of the year.

At the end of April, packers withdrew from the market. They were waiting to see what would happen before making contracts calculated around a fruit price that was 20% lower than the current market rate.

Come June, offers were trickling through, but packers were pushing for pricing of around USD15.00 for 6xA10 cases. "Above USD15.00/case is sustainable, but not exactly great," commented one at the time. *FOODNEWS* understands that at least some business has been done at this level, although there is not enough demand for that level to become standard. Large slices have been in particularly short supply this year due to fruit sizing issues.

There has been pressure on the market in both directions – packers have contentedly noted that China is taking growing volumes of canned pineapple, but buyers have also been willing to branch out. One trader was

optimistic that the Philippines is a stable option, and thought it would receive a lot of interest from those who could not buy in Thailand.

Certainly, the Philippine pineapple canning industry is dominated by Del Monte Pacific and Dole Philippines – two vertically integrated multinational giants whose brands are household names. They managed to keep running with minimal disruption despite both rebel attacks and Super Typhoon Haiyan this year. This compares with the Thai industry, which consists largely of SMEs with a varying level of contracted farming.

Some have turned to Kenya, whose prices are attractive when the Thai market passes a certain threshold. However, its smaller volumes meant buyers' threats that they would turn to Kenya did not worry Thailand.

It is hardly surprising that production declined after almost a year and a half of rock bottom pricing and stock pressure. There were a number of reasons for this. Rangchaikul said that some farmers were abandoning their plantations.

Planted area aside, a number of other problems have curbed pineapple supply in Thailand this year. Poor returns have meant farmers could not afford to invest in caring for their plantations. Very hot, dry weather during the summer crop meant that some fruit was sunburnt, and its blackened flesh was not suitable for canning.

More pressure came as the winter crop came in late and short. The question was whether the right volumes of fruit would arrive, but later than expected, or the crop was simply going to be a small one.

Specifically, this caused problems for buyers because their

suppliers were delivering late, meaning that some orders which were expected in time to run Christmas promotions came late. This was a particular problem for the EU, where buyers hoping to have their product safely in storage before Thailand leaves the GSP+ duty scheme on January 1 2014 are finding that their orders will not make the deadline. Just before Anuga, this prompted a spike in prices for anything that could be shipped immediately, according to packers.

At the time of writing, we are well past the normal November peak and fruit is scarce. A spate of storms and flooding in Thailand in October and November forced some factories to close temporarily, and although there does not appear to have been substantial damage to large plantations, local media report that some pineapple plantations have been hit. The processor SAICO has written that it believes the adverse weather will cap total production for the year at 1.8 million tonnes – the lower bound for forecasts of 1.8-2.0 million tonnes this year. Raw material is soaring above THB6.0 (USD0.18)/kg.

So, what will happen in 2014? Pineapple takes 18 months to produce fruit, and until April 2013, the outlook – and, consequently, raw material price – was weak. Farmers who cottoned on to the approaching shortage early, therefore, could have new plants in production for the winter crop of 2014/15. However, *FOODNEWS* believes the die is cast for early 2014. A long period of good weather could take the worst of the hit off the supply, but it is probably too late for the current crop to turn around.

Hail and farewell

A strong season for South Africa and China as almost all major canned peach exporters are hit by poor weather.



came to 7.8 million 24x1kg cases, compared with 13.5 mln cases in 2012. Exporters were able to plug some of the gap with stocks – but not half a year’s worth of supplies.

This was soon followed by the news that the Californian crop had failed to hit the pre-season forecast, making the 2013 crop the third smallest in 50 years. Given that much of what is produced in the US goes to the domestic market, this was a concern not so much from a perspective of exports, but of increased import volumes. Two thirds of the extra imports have come from China, but customs figures show that it has bought around 3,400 tonnes from Greece from August to October this year, so it is making its presence felt in terms of demand.

Initially, it appeared that bad luck was coming in threes. Chinese sources said that there had been extensive damage to the peach crop there, too. On closer inspection, the USDA stated that the Chinese peach and nectarine crop was down by just 4% – not by 30%, as some had suggested. Moreover, the USDA added, the volumes going for processing would be down by less than 2%, to around 1.65 million tonnes, and would be greater than the 1.60 mln tonnes processed in 2011.

Certainly, China seems to have come out on top, with its exports rising 17% for the year to October as the US turned it.

Spain came off better than its European counterpart, Greece.

BY AMY BOOTH

“The Californian crop had failed to hit the pre-season forecast, making the 2013 crop the third smallest in 50 years.”

At the start of this year, the peach situation was, if not oversupplied, then certainly not tight.

Greece’s packers had overcome the ongoing economic issues to produce a normal pack in 2012. California had had a small crop and China’s peaches were damaged by rain. However, South Africa came into the market with a very strong crop, while Argentina was experiencing a record crop, according to contacts there.

The first sign of trouble came when a hailstorm struck the heart of Greece’s peach growing region. Costas Apostolou of the Greek Canners’ Association said at the time: “Both the size of the hailstones and the duration of its fall are unprecedented in this area. So far, producers are speaking of big damages to production.” This was big news for a country that accounts for almost 40% of global exports.

To be precise, this meant that Greek canned peach production

continued from page 20 adapting its canning lines to incorporate liquid-nitrogen injection systems that raise the internal pressure to a maximum of 4.5 bar. Traditional food canning techniques, in which heat-processed cans finish up with a slight internal vacuum and ‘leakers’ are revealed when they ‘blow’, are turned on their head.

But internal pressure variations are exposed by so-far undisclosed technology.

Christophe Bonduelle, chief executive of the now international group, immediately understood the strong sustainability message that such a can could offer after calculating that if all of Bonduelle’s cans used the Nemo can he’d save as much steel as

was used in the Eiffel Tower, or about 10,000 tonnes, a year.

Ardagh is also offering added-value aluminium two-piece cans that are tapered to save storage space along with easy-to-use peelable membrane lids. It’s a technology that has reached China, where ORG is offering polymer coated drawn cans for tomato paste.

The issue of bisphenol-A exposure resulting from the use of epoxy-phenolic coatings continues to dog the industry, particularly because France proposes to ban BPA use from 2015, despite this being against prevailing scientific opinion. Along with their coatings suppliers, canmakers are, however, preparing for a BPA-free world.

EUROPECH' initially forecast a cling peach crop of 298,776 tonnes. This represented a 6% increase on the previous year, when bad weather damaged the crop, but it remained 18% below the five-year average.

"The 2012 harvest was very short because of frosts in February in the south and severe hailstorms in the north. The first figures for 2013 showed a considerable increase for 2013. But hail struck again, especially in Catalonia, albeit without seeing the losses of last year," EUROPECH' commented at the time. There have since been some reports of further hail damage, but it has not been hit as badly as Greece.

These shortages made for a very tight market. "Don't talk to me about peaches," commented one exporter bitterly. And that was *before* nature had played its next trump card: frosts hit Chile, and they were so severe that a state of national emergency was declared. At the time of writing, it is not certain how this will affect the pack size, but affect it it certainly will. Chilean newspaper, *El Mercurio*, initially estimated the damage for peaches at 60-80%. Processors are now looking at a 50% crop reduction. Canned peach production will probably be favoured over puree production, but volumes will still be considerably down.

A contact in Argentina has told *FOODNEWS* that the frost damaged the processing peach crop there, too. He does not expect the country to be exporting much in 2014. In particular, Argentina's key market, Brazil is said to have had a good crop, so it may not need Argentina. It is even looking to export more this year.



Fundamental shortage

As far as the global market is concerned, South Africa looks to be the winner. Even South Africa has not escaped Mother Nature's caprices – it was pounded by a hailstorm in mid-November – but processors still sound optimistic. The most recent estimation was that the total crop would be down by 8-10%, so by nowhere near as much as in Latin America.

At least until the next northern hemisphere crop comes on stream, the world simply will not be able to conjure up the volumes to make up for these losses. Cue hotels switching them out of breakfasts, bakeries baking with plums or apricots, and other

such substitutions.

This may prompt a boost in smaller origins such as Bulgaria. With over 8,000 tonnes of exports last year, it may be an option for some – although it also tends to buy raw material from neighbouring Greece, so there may be no joy there after all. Perhaps this will be an opportunity for origins which are as yet entirely unknown – *FOODNEWS* is aware of at least one peach processor in Peru, for instance.

It is an unfortunate irony that as traders scramble to secure volumes, peach growers in Australia are bulldozing their trees. However, customs figures show that the average price of canned peach exports from

Australia came to USD2,108 per tonne in the first three quarters of 2013, compared with USD1,249/tonne from China and USD1,309/tonne from Argentina. This is a price level which simply will not work for most buyers – however short the Greek market is, it has still managed to keep its prices below those of Spain, for for instance.

How far will buyers go to secure product? Canners have already said that they believe the peach market this year is a question of volume, not price – but that doesn't mean they will pay any price to get product.

Fundamentally, the shortage cannot be compensated for. At least processors will not have the burden of stocks to contend with.

continued from page 21
indeed if this kind of instability, with raw material fluctuating by 35%, were to become the norm.

There are other factors at play here – Thai Union recently noted that political upheaval in the

Middle East had delayed shipments, for instance – but the region still took more this year to October than the same period in 2011.

Many in the industry are not willing to venture an opinion on

the specifics of next year. This is a wise move.

To end on a brighter note, it is worth pointing out that this volatility is not unusual. The bottom of the market in 2009 was 44% down on the peak. In 2010,

that figure was 46%. The fact that skipjack has declined solidly for eight months is unusual, but it is not as if the market is veering out of control. What remains to be seen is when – and where – the market will bottom out.



The only way is up

The global tomato market has been walking its way on the long and winding road to stabilisation, experiencing Freudian stages of over-production, over-supply, price depression and falling profit margins. This year we have finally witnessed a longed-for price uptrend, triggered by lower production and stocks. With the probability of a product shortage on the market in 2014, the industry is hoping to recover by the next crop and enter a new tomato era.

BY DAVIDE GHILOTTI

Processing tomato production was way lower than expected this year. Pre-season forecasts were fairly conservative but, even so, final harvested volumes turned out to be even smaller.

Coincidentally, and for different reasons, this was the case in three of the world's biggest tomato producers. California, China and Italy were all down compared with their pre-season expectations.

Back in March, California was planning an output of 11.8 million tonnes of tomatoes. China said it was aiming for 4.5 mln tonnes and Italy expected to grow 4.3 mln tonnes.

Come late October, the WPTC gave further evidence to the belief that all the three producers had underperformed this year. Preliminary estimates for California stand at 11.0 mln tonnes, China is thought to have churned out only 3.9 mln tonnes and Italy 4.0 mln tonnes, if that.

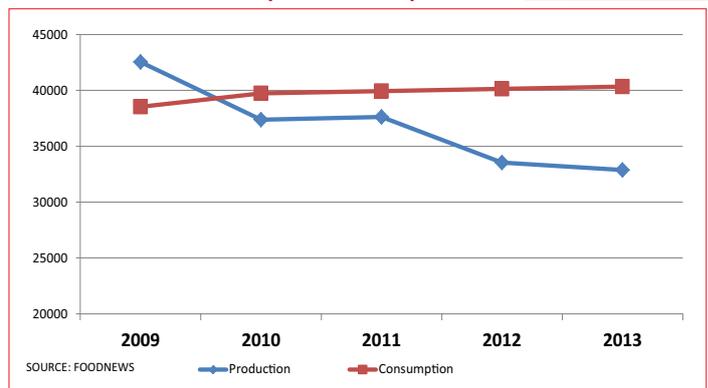
Northern Italy had what local associations called "the worst output of the last 10 years".

Industry sources in the area, both farmers and processors, hope that next year will mark a turning point in the sector. Tomato growing and processing in the country has been going through a few difficult years: the decoupling of European subsidies cut off what little support the EU was still giving out to the sector, against the perennial Rising Costs Machine.

Tomato farming, which is heavily dependent on investments and capital, took a hit across Europe. The effect of the decoupling was particularly felt in Portugal, Spain and Italy. The latter also has to negotiate higher

"Faced with the Rising Costs Machine and low profitability, several farmers in China decided it was simply not worth bothering with tomatoes, at least not for the foreseeable future. Many opted for alternative crops such as cotton, soya, or sugar beet."

GLOBAL TOMATO PRODUCTION AND ESTIMATED GLOBAL CONSUMPTION ('000 TONNES)



fuel costs than the other two (over half of the cost of a litre of fuel in Italy is composed of taxes of various kind, including a post-war subsidy that Italy has been paying to Abyssinia since 1935), as well as higher labour costs.

This all becomes evident when looking at base prices for tomatoes set in the various producing countries in 2013. Against USD77.50 per tonne paid to a Californian farmer, Italian farmers were paid a minimum of EUR86/tonne in the north and of EUR90/tonne in the south – equivalent to USD119/tonne, the highest rate globally.

Chinese farmers have been unimpressed by the performance of their tomato industry, too. In 2008-09, production costs in the country were around USD800/tonne fob. At the time, tomato paste prices were as high as USD1,300/tonne, granting very remunerative returns for the Chinese supply chain – something that the Chinese business model of low cost and low price does not always allow.

Today, those days of 'cheap' production are over in China as well.

At this year's *FOODNEWS* Tomato Forum in Rome, an industry source pointed out: "The gap in production costs between China and other producers is history."

PPaste production costs have gone up to some USD1,000/tonne fob today, affected also by the shifting USD-CMB exchange rate. This could be sustained if market prices had followed a similar uptrend but, as costs increased, product prices did not follow. On the contrary, they fell, and fell, and fell again for almost three years, until late 2012. Drums in the deep, Tolkien would say.

Faced with the Rising Costs Machine and low profitability, several farmers in China decided it was simply not worth bothering with tomatoes, at least not for the foreseeable future. Many opted for alternative crops such as cotton, soya, or sugar beet.

It must be noted here that the market did not enter a three-year price Ramadan on its own: it was pushed that way by over-production.

China was on the frontline of this when, in 2009, its output bordered 9.0 mln tonnes. Global

consumption was nowhere near enough to guarantee stability of demand, and market prices of tomato paste dropped.

Chinese companies had invested a lot in their production, and were stuck with a shedload of product to sell. In the understandable, but ill-thought, endeavour to get rid of at least part of their stocks, they started cutting their prices to record-low levels.

That turned out to be not enough, though. Production had been just too high compared with consumption, and other world producers were also high in stocks and eager to sell.

All this, we now know, generated a downward spiral of prices, which then stagnated until last year, when the market finally started to pick up – although most people in the trade admitted they expected the longed-for uptrend to be more rapid.

In April 2012, Italian and Spanish tomato paste, 28/30 brix, was selling at a low EUR730-750/tonne ex-works (USD1,000-1,030/tonne), while US 28/30 brix paste was at USD750/tonne ex-works, and Chinese 28/30 brix paste at USD700/tonne fob.

As global stocks were finally getting thinner, prices increased – only tentatively at first, gaining sway after several months.

In early 2013, Italian/Spanish lower-grade paste had risen to EUR790/tonne ex-works; US paste was at USD800/tonne ex-works and Chinese paste at USD780/tonne fob. A significant increase, but it took the most part of a year.

Between then and the time of writing, the price uptrend has been steeper. As of half way through December, US 28/30 paste trades at USD900/tonne ex-works, Chinese paste is also at USD900/tonne fob and Italian/Spanish paste sells at EUR850/tonne ex-works.

It must be noted that California has very little to sell at this stage, as most of its production is contracted before crop.



What do we have now, then? If the official data is to be trusted, 2013 global production (around 33.0 mln tonnes) is substantially lower than consumption (39.0 mln tonnes), and there are no carry-over stocks on which to rely.

It then seems more than plausible that at some point in the new year, before the crops start in northern hemisphere's producers, product supply on the market will suffer a shortage. Around May or June 2014, it may be very difficult to find product for sale.

This would not be the end of the world. For one, new crops would be approaching, so traders may as well wait for new product – and be sure that 2014 tomato production will be higher than it has been this year.

In situations such as these, when supply gets particularly tight, what also tends to happen is that companies that have fulfilled their needs and still have additional product left, could put it for sale at speculative prices.

Even in such a scenario, the market is unlikely to be thrown off balance, as those hyped prices would not move big volumes, affecting only a handful of buyers.

A product shortage could also be partially offset by producers in the southern hemisphere – Chile above all, whose tomato season goes between January and late April.

Although the country does not have the magnitude to fill a potential gap in supply single-handedly, this does not mean that it cannot make the most of what it does have.

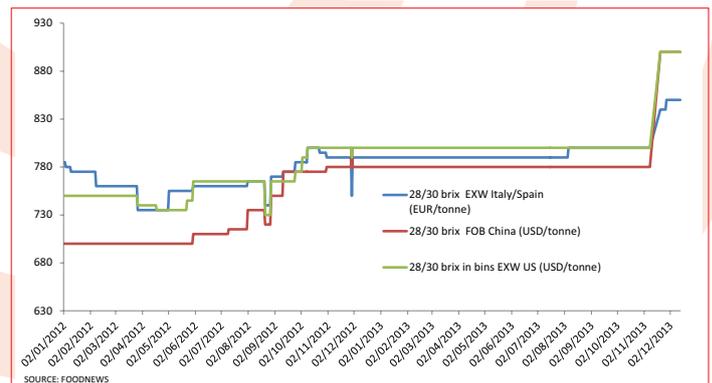
Chilean producers are forecasting a record production for the 2014 crop, with an expected processed output of 135,000 tonnes of tomato paste, 30/32 brix equivalent.

Generally, Chilean product tends to be more expensive than

Chinese. At the same time, Chilean tomato paste has duty-free access to Europe, thanks to bilateral trade deals. This gives the country an advantage against Chinese product, which is cheaper but also subject to import duties.

All in all, what we have witnessed this past year could be seen as the last phase of a recovering process the global market has had to go through, after over-production and severe price stagnation. The road towards stabilisation is long and winding but, for what we can tell, the tomato industry might have walked most of it. A new tomato era is on its way.

TREND OF 28/30 BRUX TOMATO PASTE PRICES IN 2012-13



A shift in global tomato paste markets

John Giles, divisional director with Promar International, assesses the evolution and viability of emerging markets in the global tomato paste trade.



BY JOHN GILES

“The protection that European growers have received has often done them no real favours in terms of preparing them to compete in global and more liberalised markets.”

Global fresh and processed tomato production reached 150 million tonnes in 2012, growing at a CAGR of 2% over the period. The top 10 producers accounted for 86% of production. China is the largest single producer, with 52 mln tonnes, accounting for 34% of 2012 production. Volumes grown in India are increasing, from 7.6 mln tonnes (2002) to 21 mln tonnes (2012).

Iran has also seen a 6% CAGR over the period, producing 7.6 mln tonnes in 2012. Volumes in both Italy and Spain, however, have seen a negative CAGR of -1% and -<1% respectively. Other leading producers at a global

level include the likes of the Ukraine, Turkey, Chile, Greece and Portugal. Global production is now in effect concentrated in three areas of the world – the Americas, the EU and China.

In the EU, despite receiving a historical annual subsidy of some EUR330 mln per annum (USD454 mln) via the CAP paid to growers, many still found it hard to make ends meet, and the way that the CAP has operated has often appeared to support the weakest and not reward the most efficient. The protection that European growers have received has often done them no real favours in terms of preparing

them to compete in global and more liberalised markets, especially the way that quotas have been operated in the past.

EU production since decoupling of subsidies has seen ongoing falls in volume. Growth in Europe is still difficult to achieve. The challenge for processors in Italy, Greece and Spain is to look for new opportunities in the emerging markets and, within the EU market, pursuing higher added value.

In 2012, 2.2 mln tonnes of tomato paste were exported globally. In the last 10 years, exports have increased at a

CAGR of just 1%. China was the largest exporter with 1.0 mln tonnes, accounting for 49% of global exports.

The US is the next largest exporter, accounting for 16% of the volume (2012: 350,000 tonnes). The country has become much more involved in international markets in the last five years, selling more to Africa and the Middle East in particular. Portugal and Spain have also both seen growth. Exports from Portugal have grown by 47% in 2002-12 to 204,000 tonnes. In Spain, exports increased from 138,490 tonnes to 200,600 tonnes.

International market destinations have traditionally been dominated by the EU, with Canada and Japan also accounting for significant volumes. This is beginning to change with new markets coming to the fore – namely Russia, Brazil, India and the Middle East. These are characterised by strong economic growth at the macro level and rising consumer incomes, yet the retail sector is still often ‘unorganised’ and, while growing rapidly, the presence of Western retailers is still relatively modest.

Demand is often concentrated geographically and by key income groups. Populations there carry on increasing, but it’s not just the sheer number of consumers there that counts – it’s how wealthy they will be. While there will be some very wealthy consumers, the inequality of consumer wealth for many is still a fact of life.

At the point of sale in emerging markets, both the food service sector and retail are poised for future growth but, at the retail level, discounters and hypermarkets are often the dominant form of selling to consumers. Convenience and private labels are on the up and promotions work well, but are often not that sophisticated compared to what we might see in western Europe. Doing business in these markets is often difficult, with challenges in terms of the physical distances involved



and variable infrastructure.

Import growth rates can at times be deceiving and, while Russia and Saudi Arabia consistently import the most volume, in the mid- to long-term, Brazil and India probably will want to export, not import tomato products.

Food habits in these markets are changing fast. This will present new opportunities for international processors and exporters. The ultimate challenge here will be to bite the bullet and go ‘on shore’ – not just trade with these markets, but build relationships across the full supply chain.

There is a huge amount of attention on opportunities in the likes of Russia, Asia and Latin America, but there are also opportunities in areas of the world such as north and west Africa. Here, there is a need for more integrated supply chains in terms of farming, processing, marketing and selling.

Portugal has emerged as the only growth country in the EU. It has seen significant rationalisation of its production and processing sectors and, with a limited domestic market, has based its success on exports. Food safety, good environmental practice and sustainability are no longer ‘nice to have’ but are now ‘must-have’

attributes of successful suppliers, regardless of the markets they operate in.

To succeed in emerging markets, suppliers need to adopt a well-defined portfolio approach based on the maxim of ‘how much we want this market’ and just as importantly, ‘how much they want us’.

Prospects, we believe, appear to be still fundamentally good for the growers, processors and exporters who are prepared to invest time, money and effort in developing new international markets beyond the EU, Japan and Canada.

This can only be achieved by examining and researching key opportunities and developing a high level of economic, political, social and market understanding. Only investment in this type of analysis can see growers and exporters pick the right markets at the right time.

This, maybe, is the greatest challenge of all for the processed tomato supply chain.

“Import growth rates can at times be deceiving and, while Russia and Saudi Arabia consistently import the most volume, in the mid- to long-term, Brazil and India probably will want to export, not import tomato products.”

EASE OF DOING BUSINESS IN EMERGING MARKETS

	Ease of doing business rank	Getting credit	Enforcing contracts	Resolving insolvency
UK	6	1	21	8
Saudi Arabia	22	53	124	107
Russia	112	104	11	53
Brazil	130	104	116	143
India	132	23	184	116

SOURCE: Promar International



A year in front pages

What were the top stories each week over the course of the year? If you are reading this online, clicking the links will take you to the stories.

FOOD news
"It is necessary to ensure the transparency of trade movements related to imported foods."
www.agra-net.com

USDA predicts another season of vigorous Polish AJC production

IN THIS ISSUE

- 1. Polish apple production
- 2. Polish apple production
- 3. Polish apple production
- 4. Polish apple production
- 5. Polish apple production
- 6. Polish apple production
- 7. Polish apple production
- 8. Polish apple production
- 9. Polish apple production
- 10. Polish apple production
- 11. Polish apple production
- 12. Polish apple production
- 13. Polish apple production
- 14. Polish apple production
- 15. Polish apple production
- 16. Polish apple production
- 17. Polish apple production
- 18. Polish apple production
- 19. Polish apple production
- 20. Polish apple production

February 8
[Thai processors examine work conditions after damning report](#)

February 15
[Brazil likely to major on NFC juice in forthcoming marketing season](#)

February 22
[Chinese purchases of Californian almonds drop as prices fluctuate](#)

March 1
[Del Monte and Dole pineapple plantations attacked by rebels](#)

March 15
[Domestic pistachio prices in Iran soar due to currency devaluation](#)

March 22
[Dongwon and Liberian BNF in spat over forged documentation](#)

March 29
[Growing middle classes represent huge opportunities for juice makers](#)

April 12
[Thai processor takes activist to court following Finnwatch report](#)

FOOD news
SPOTLIGHT ON: South-east Asia
see pages 9-12
www.agra-net.com

Italy's wine grape harvest late as sector relying on foreign demand

IN THIS ISSUE

- 1. Italy's wine grape harvest
- 2. Italy's wine grape harvest
- 3. Italy's wine grape harvest
- 4. Italy's wine grape harvest
- 5. Italy's wine grape harvest
- 6. Italy's wine grape harvest
- 7. Italy's wine grape harvest
- 8. Italy's wine grape harvest
- 9. Italy's wine grape harvest
- 10. Italy's wine grape harvest
- 11. Italy's wine grape harvest
- 12. Italy's wine grape harvest
- 13. Italy's wine grape harvest
- 14. Italy's wine grape harvest
- 15. Italy's wine grape harvest
- 16. Italy's wine grape harvest
- 17. Italy's wine grape harvest
- 18. Italy's wine grape harvest
- 19. Italy's wine grape harvest
- 20. Italy's wine grape harvest

March 15
[Domestic pistachio prices in Iran soar due to currency devaluation](#)

March 22
[Dongwon and Liberian BNF in spat over forged documentation](#)

March 29
[Growing middle classes represent huge opportunities for juice makers](#)

April 5
[China's AJC price slides further but remains higher than Polish](#)

April 12
[Thai processor takes activist to court following Finnwatch report](#)

April 19
[Drought conditions in Argentina likely to affect lemon processing](#)

April 26
[Tuna industry efficiency has hit a peak as global demand grows](#)

May 3
[Thai canned pineapple price is strengthening as crop falls short](#)

May 10
[Thai pineapple industry expects supplies to be down all season](#)

May 17
[Turkish dried apricot production unclear after conflicting reports](#)

May 24
[Massive reduction in pineapple output heralds higher PJC price](#)

May 31
[Uncertainty over Turkey hazelnut production due to 'crazy' weather](#)

June 7
[Chinese AJC industry fears that carry-over to 2014 will be huge](#)

June 14
[Southern Italy sets highest price in world for processing tomatoes](#)

January 4
[Anti-dumping duties on canned mandarins from China reinstated](#)

January 11
[South African peach purée is in good supply at competitive price](#)

January 18
[Competitive South African raisin price welcomed by many buyers](#)

January 25
[Saudi authorities reject enormous quantity of badly packed mango](#)

February 1
[Raw tomato price talks in Italy stalled while strike threat looms](#)

FOOD news
"UK drinkers are changing their behaviour. They are drinking less but spending more on better wine."
www.agra-net.com

Brazil likely to major on NFC juice in forthcoming marketing season

IN THIS ISSUE

- 1. Brazil likely to major on NFC juice
- 2. Brazil likely to major on NFC juice
- 3. Brazil likely to major on NFC juice
- 4. Brazil likely to major on NFC juice
- 5. Brazil likely to major on NFC juice
- 6. Brazil likely to major on NFC juice
- 7. Brazil likely to major on NFC juice
- 8. Brazil likely to major on NFC juice
- 9. Brazil likely to major on NFC juice
- 10. Brazil likely to major on NFC juice
- 11. Brazil likely to major on NFC juice
- 12. Brazil likely to major on NFC juice
- 13. Brazil likely to major on NFC juice
- 14. Brazil likely to major on NFC juice
- 15. Brazil likely to major on NFC juice
- 16. Brazil likely to major on NFC juice
- 17. Brazil likely to major on NFC juice
- 18. Brazil likely to major on NFC juice
- 19. Brazil likely to major on NFC juice
- 20. Brazil likely to major on NFC juice

March 8
[Brazil's orange growers seek to have orange subsidies extended](#)

FOOD news
"The US exports will be the key in terms of the market for the potential demand from China."
www.agra-net.com

US looks like repeating history by exporting its FCOJ inventory

IN THIS ISSUE

- 1. US looks like repeating history
- 2. US looks like repeating history
- 3. US looks like repeating history
- 4. US looks like repeating history
- 5. US looks like repeating history
- 6. US looks like repeating history
- 7. US looks like repeating history
- 8. US looks like repeating history
- 9. US looks like repeating history
- 10. US looks like repeating history
- 11. US looks like repeating history
- 12. US looks like repeating history
- 13. US looks like repeating history
- 14. US looks like repeating history
- 15. US looks like repeating history
- 16. US looks like repeating history
- 17. US looks like repeating history
- 18. US looks like repeating history
- 19. US looks like repeating history
- 20. US looks like repeating history

FOOD news
"German organic products are incredibly popular among consumers because of their high quality."
www.agra-net.com

Disparity between estimates of remaining Chinese AJC inventory

IN THIS ISSUE

- 1. Disparity between estimates of remaining Chinese AJC inventory
- 2. Disparity between estimates of remaining Chinese AJC inventory
- 3. Disparity between estimates of remaining Chinese AJC inventory
- 4. Disparity between estimates of remaining Chinese AJC inventory
- 5. Disparity between estimates of remaining Chinese AJC inventory
- 6. Disparity between estimates of remaining Chinese AJC inventory
- 7. Disparity between estimates of remaining Chinese AJC inventory
- 8. Disparity between estimates of remaining Chinese AJC inventory
- 9. Disparity between estimates of remaining Chinese AJC inventory
- 10. Disparity between estimates of remaining Chinese AJC inventory
- 11. Disparity between estimates of remaining Chinese AJC inventory
- 12. Disparity between estimates of remaining Chinese AJC inventory
- 13. Disparity between estimates of remaining Chinese AJC inventory
- 14. Disparity between estimates of remaining Chinese AJC inventory
- 15. Disparity between estimates of remaining Chinese AJC inventory
- 16. Disparity between estimates of remaining Chinese AJC inventory
- 17. Disparity between estimates of remaining Chinese AJC inventory
- 18. Disparity between estimates of remaining Chinese AJC inventory
- 19. Disparity between estimates of remaining Chinese AJC inventory
- 20. Disparity between estimates of remaining Chinese AJC inventory

FOOD news
"I hope a commercially viable venture offering affordable food will help people in need."
www.agra-net.com

Poland faces second huge apple harvest and more to go for juice

IN THIS ISSUE

- 1. Poland faces second huge apple harvest
- 2. Poland faces second huge apple harvest
- 3. Poland faces second huge apple harvest
- 4. Poland faces second huge apple harvest
- 5. Poland faces second huge apple harvest
- 6. Poland faces second huge apple harvest
- 7. Poland faces second huge apple harvest
- 8. Poland faces second huge apple harvest
- 9. Poland faces second huge apple harvest
- 10. Poland faces second huge apple harvest
- 11. Poland faces second huge apple harvest
- 12. Poland faces second huge apple harvest
- 13. Poland faces second huge apple harvest
- 14. Poland faces second huge apple harvest
- 15. Poland faces second huge apple harvest
- 16. Poland faces second huge apple harvest
- 17. Poland faces second huge apple harvest
- 18. Poland faces second huge apple harvest
- 19. Poland faces second huge apple harvest
- 20. Poland faces second huge apple harvest

FOOD news
SPOTLIGHT ON: China
see pages 10-13
www.agra-net.com

Pressure from both sides keeps Thai pineapple market in balance

IN THIS ISSUE

- 1. Pressure from both sides keeps Thai pineapple market in balance
- 2. Pressure from both sides keeps Thai pineapple market in balance
- 3. Pressure from both sides keeps Thai pineapple market in balance
- 4. Pressure from both sides keeps Thai pineapple market in balance
- 5. Pressure from both sides keeps Thai pineapple market in balance
- 6. Pressure from both sides keeps Thai pineapple market in balance
- 7. Pressure from both sides keeps Thai pineapple market in balance
- 8. Pressure from both sides keeps Thai pineapple market in balance
- 9. Pressure from both sides keeps Thai pineapple market in balance
- 10. Pressure from both sides keeps Thai pineapple market in balance
- 11. Pressure from both sides keeps Thai pineapple market in balance
- 12. Pressure from both sides keeps Thai pineapple market in balance
- 13. Pressure from both sides keeps Thai pineapple market in balance
- 14. Pressure from both sides keeps Thai pineapple market in balance
- 15. Pressure from both sides keeps Thai pineapple market in balance
- 16. Pressure from both sides keeps Thai pineapple market in balance
- 17. Pressure from both sides keeps Thai pineapple market in balance
- 18. Pressure from both sides keeps Thai pineapple market in balance
- 19. Pressure from both sides keeps Thai pineapple market in balance
- 20. Pressure from both sides keeps Thai pineapple market in balance



A year in front pages

FOOD news **Spotlight on South Africa** www.agro-net.com

Chinese purchases of Californian almonds drop as prices fluctuate

OS cranberry concentrate price falls to lowest level in two years

Poland faces second huge apple harvest and more to go for juice

Italy's wine grape harvest late as sector relying on foreign demand

US raisin growers target surge in global shipments this season

US looks like repeating history by exporting its FCOJ inventory

Hardest frosts for three decades strike Argentina's lemon groves

Brazilian authorities investigate juice processor for auction fraud

Polish strawberry prices slashed as country kicks off new harvest

Disparity between estimates of remaining Chinese AJC inventory

Commission's volte-face means duty revision on imported purée

New season blackcurrant juice prices fall to half 2012's levels

Philippines typhoon removes all hopes of better coconut supply

US raisin growers target surge in global shipments this season

US looks like repeating history by exporting its FCOJ inventory

Hardest frosts for three decades strike Argentina's lemon groves

Brazilian authorities investigate juice processor for auction fraud

Polish strawberry prices slashed as country kicks off new harvest

Disparity between estimates of remaining Chinese AJC inventory

Commission's volte-face means duty revision on imported purée

New season blackcurrant juice prices fall to half 2012's levels

Philippines typhoon removes all hopes of better coconut supply

July 26
[US looks like repeating history by exporting its FCOJ inventory](#)

August 2
[Hardest frosts for three decades strike Argentina's lemon groves](#)

August 9
[Brazilian authorities investigate juice processor for auction fraud](#)

August 16
[Poland faces second huge apple harvest and more to go for juice](#)

August 23
[Revised GSP scheme will mean tariff changes on juice and tuna](#)

August 30
[Italy's wine grape harvest late as sector relying on foreign demand](#)

September 6
[Fruit juice industry watching US lawsuits fears same issue for EU](#)

September 13
[Thailand faces five more years of sweet corn anti-dumping duties](#)

FOOD news **SEE YOU AT ANUGA** www.agro-net.com

OS cranberry concentrate price falls to lowest level in two years

Poland faces second huge apple harvest and more to go for juice

Italy's wine grape harvest late as sector relying on foreign demand

US raisin growers target surge in global shipments this season

US looks like repeating history by exporting its FCOJ inventory

Hardest frosts for three decades strike Argentina's lemon groves

Brazilian authorities investigate juice processor for auction fraud

Polish strawberry prices slashed as country kicks off new harvest

Disparity between estimates of remaining Chinese AJC inventory

Commission's volte-face means duty revision on imported purée

New season blackcurrant juice prices fall to half 2012's levels

Philippines typhoon removes all hopes of better coconut supply

US raisin growers target surge in global shipments this season

US looks like repeating history by exporting its FCOJ inventory

Hardest frosts for three decades strike Argentina's lemon groves

Brazilian authorities investigate juice processor for auction fraud

Polish strawberry prices slashed as country kicks off new harvest

Disparity between estimates of remaining Chinese AJC inventory

Commission's volte-face means duty revision on imported purée

New season blackcurrant juice prices fall to half 2012's levels

Philippines typhoon removes all hopes of better coconut supply

September 20
[Italy to become top wine producer as French crop hit by elements](#)

September 27
[Argentina confirms fall in peanut output due to heat and drought](#)

October 4
[OS cranberry concentrate price falls to lowest level in two years](#)

October 11
[Sudden heavy frosts devastate Chilean and Argentinean fruits](#)

October 18
[Chile's dried fruit and nut sector still reeling from impact of frost](#)

October 25
[Pressure from both sides keeps Thai pineapple market in balance](#)

November 1
[Brazilian orange growers lobby EU to press for labour changes](#)

November 8
[Global wine production bounces back despite fewer EU plantings](#)

November 15
[Philippines typhoon removes all hopes of better coconut supply](#)

November 22
[Pineapple production weathers the storm but market still tight](#)

November 29
[Philippine banana chip market in state of turmoil after typhoon](#)

December 6
[US raisin growers target surge in global shipments this season](#)

December 13
[USDA predicts another season of vigorous Polish AJC production](#)

And our most read story for the entire year was...

June 3
[China heading for big AJC carry-over into 2014](#)



PROCESSING NATURE



BAYERNWALD
Früchteverwertung GmbH
Schwanenkirchner Strasse 28
D-94491 Hengersberg, Germany
Telefon: +49(0) 99 01 18 - 0
Telefax: +49(0) 99 01 18 - 149
sales@bayerwald.com
www.bayerwald.com

NFC Juice, Juice Concentrate, Puree, Puree Concentrate and others including tailor-made products from more than 35 different fruits.



Will the tide turn for US peanut producers?

The US peanut industry has experienced a good 2013 but the prospects for next year remain unclear



BY JULIAN GALE

“Despite the fact that we will see a slowdown in export sales to Asia and Eastern Europe, we should continue having higher than normal exports due to the unusually high supply of US peanuts, that has resulted in US peanuts having some of the most competitive prices in the market.”

US peanut producers have had a very successful year, with sales running strongly both on the domestic side and to international markets.

However, the outlook for the next 12 months or so is uncertain in view of a forecast much smaller US crop in 2014 and many other market factors that have yet to be determined, such as planting intentions for the 2014 crop.

Jeffrey Johnson, president of Birdsong Peanuts, summed up 2013 as being an “excellent year for both”.

Alex Izmirlian, vice president of international sales at Golden Peanut Company, recalled that over the 2012/13 season (August to July) US domestic peanut consumption was up by 1.44% for edible grades and ahead by 8.1% for in-shells. Overall exports were 107% higher over the season.

Over August and September 2013 – the first two months of the

2013/14 season – domestic consumption on edible peanuts was up 2.7% while that of in-shell peanuts was 21.3% higher and total exports were up 90%.

Hence, 2013 was a successful year for US domestic and export sales, Izmirlian noted.

“These are the highest export numbers I can remember in my career,” he added. “Despite the fact that we will see a slowdown in export sales to Asia – especially to China and Vietnam – and Eastern Europe, we should continue having higher than normal exports due to the unusually high supply of US peanuts, that has resulted in US peanuts having some of the most competitive prices in the market.”

Johnson felt that snack off-take and consumption of peanuts in confectionery seemed to be strong.

He viewed internal buying interest as holding up well. “Manufacturers are promoting

peanuts again due to their wide availability and moderate prices. Manufacturers are also beginning to stress the health benefits of peanuts and that’s been helped by recent studies showing peanuts help prevent heart attacks, diabetes, weight gain and add to longevity,” Johnson remarked.

Izmirlian noted that over the August 2012 to July 2013 period domestic consumption of all three major categories was “fairly flat” with an overall gain of 1.4% in edibles off-take. “Candy (confectionery) was down 3.2%, snack peanuts were up 2.7% and peanut butter was up 2.5%. In-shells were up 8.1%,” he explained.

In August and September 2013, consumption of peanuts in confectionery was 15.4% higher and that of snack peanuts was ahead by 16.1%. In-shell peanut demand was strong with an increase of 21%. “Peanut butter was down 6.3% but I expect that number to come back on track in the next 10 months,” Izmirlian said.

He viewed it as difficult to assess global consumption of US peanuts at this stage. “Evaluating buying interest, I would call (global) consumption flat at this time,” Izmirlian added.

For 2013, the latest USDA estimate indicated a 42.3% fall in output to 3.90 billion lbs (1.95 million short tons). Izmirlian said he was expecting the final crop estimate to come in at between 1.95 mln and 2.0 mln tons.

He calculated that the US was likely to reach August 1 2014 with a carry-over of around 850,000-900,000 tons, which would be about 50% more than the normal volume. This assessment was based on the lower end crop figure of 1.95 mln tons and an anticipated 20-25% slide in US peanut exports on the view that there would be no sales

to China or Vietnam, a decline in shipments to eastern Europe due to India's competitive advantage and lower exports of in-shell peanuts due to availability issues. In addition, a slight increase in US domestic demand would lower the export potential, Izmirlian suggested.

Price falls look unlikely

Moreover, he cautioned that most of the US 2012 crop carry-over had already been sold into 2014 and a large part of the 2013 crop had also been sold into next year so any hopes of downward pricing pressure from these elements were in vain.

Izmirlian observed that US domestic manufacturers had more coverage than export customers at this stage. "Export customers are still expecting a good Argentine 2014 crop and will need to cover part of their third quarter and fourth quarter," he added.

Izmirlian suggested that if the US 2014 crop were to also be only around 1.95 mln (short) tons against similar levels of domestic and export demand as expected over 2013/14 then the carry-over into 2014/15 could be as low as 450,000 tons.

"With low corn prices, farmers will look at planting more cotton and/or peanuts, especially to replace the irrigated acres. The price for cotton though has been somewhat weak lately. Also, there is no real interest yet for anybody to offer any interesting contract for peanuts. It is therefore difficult to figure out what will happen. We will need though to get at least 10% more plantings to keep a balanced supply/demand with a normal carry-over. That is provided yields are similar to 2013 crop," he said.

Commenting on the prospects for the 2014 crop, Johnson said: "Last year's acreage was the lowest in many years and we expect acres to increase. How much depends on what kind of contract is offered to growers and the price of competing

commodities."

Meanwhile, Argentina is virtually sold out of its 2013 crop with the exception of big count jumbos, 80-100s and blanched splits. Plantings are under way for its 2014 crop but planted area is believed to be 5-10% lower than that seen for this year's crop. However, Izmirlian felt that if the country achieved normal yields from its next crop then it should still be able to export 450,000-500,000 tonnes in 2014/15. Nevertheless, he cautioned: "The Argentines will be hard pressed to get the levels that they want with the continuing lower US prices, at least for those buyers who are flexible in what origin they can use."

Argentina is viewed as the main competitor for the US on edibles while India is its main rival for sales of crushing stock to China. Hence, the US presence in the Chinese market for peanuts for oil crushing is largely dependent on the price and quantity of Indian peanuts available for export.

"India is back in the market with supposedly a good crop. Not only is the supply good, but with the rupee devaluation, Indian prices are very cheap," Izmirlian remarked.

China had a good crop both in volume terms and in quality and its prices have eased of late on lack of demand from oil crushers. Izmirlian noted this was good news for buyers of Virginia kernels and in-shells.

However, prices of Hsuj peanuts remained much higher than US and/or Argentine peanuts, he added. Izmirlian predicted that Chinese peanut prices might edge up before the end of the year as everybody prepared for the Chinese New Year before easing again from March onwards. "It all depends on the oil crushers' buying interest," he said.

Elsewhere, Brazil is said to have a 10% higher planted area for its next crop. The country's plantings, yields and exports have shown steady increases in recent years.



In South Africa, plantings started very slowly due to lack of rains. Based on the dry weather it is felt that planted area might not increase for the next crop, despite a willingness among farmers in the country to expand peanut area.

Decent level of supply

Izmirlian felt that the overall supply of the market was healthy. "The only issue that the market has at the moment is a lack of supply from Argentina for those manufacturers that only use Argentine peanuts and that are not covered. Otherwise there is no supply issue for those manufacturers that are either covered or flexible," he claimed.

Izmirlian felt that there could be a disparity between Argentine and US prices for the first half of 2014 with the lack of supply from Argentina. After this, the questions were whether Argentina would have a good crop, what the US plantings would be and whether the US would have a good growing season. "This will determine the direction of the market," he said.

Prices were currently at low levels because of the adequate global supply and should

continue to be "fairly flat" provided Argentina had a good crop, and the US planted at least 10% more and had a decent crop, Izmirlian said.

Johnson pointed out that the US used to be the most expensive origin for peanuts but this had changed in the last few years. "Production costs in China and India have risen and recently we've been the cheapest origin for edible peanuts," he said. In addition, he noted that there was no longer a global food surplus and supply and demand were closely balanced. "A rise in oilseed prices or a serious problem in any one of the major peanut producing origins can have a tremendous impact on pricing," he said.

Izmirlian observed that there was a widespread view that international peanut prices could move lower. While this was possible it would have dire consequences, he felt. "Lower prices could result in even lower plantings in the US which would automatically result in a potential lower supply and higher prices. Needless to say that any crop issues in either Argentina or the US would certainly result in a big jump in prices. Unless consumption collapses, there is not much room on the downside," he concluded.



Frost fails to freeze Chile's prospects

Despite their crops being hit by severe frost in September, Chilean dried fruit and nut producers remain hopeful for 2014.



BY JULIAN GALE

Chile's dried fruit and nut sector is still counting the exact extent of losses from the prolonged frost that impacted key growing areas this September.

The country's crops of almonds, walnuts, plums and raisin grapes all took a hit from the cold conditions. Chile has recorded strong growth in its sales of dried fruits and nuts in recent years, firmly establishing itself as a viable export force. With this in mind, the global market is keen to ascertain whether its overseas sales prospects are in any way under threat in 2014 as a result of the adverse weather suffered back in September (*FOODNEWS October 18*). A clearer picture might still be some months away.

In October, Juan Luis Vial Claro, president of Chilenuit and owner of Andes Nut, told *FOODNEWS* that some varieties of walnuts had suffered as a result of the extreme cold conditions, but new tree plantings would compensate for this, meaning that total production should end up close to the 43,000 tonnes of last season.

Other industry sources explained that the Serr variety of walnuts had suffered the worst damage from the frost.

Improvements on walnuts

On December 6, Claro revealed: "On walnuts, the situation is a little better than the October projection. Although the Serr variety will still be a lower crop, the Chandler variety will be above our projections. In brief, we project our crop to increase by about 3,000 -4,000 tonnes, to 46,000-47,000 tonnes, with an internal consumption of nearly 4,000 tonnes."

Andres Rodriguez, president of Chilenuit and executive vice president of Chilean Dried Plums, was slightly more conservative on his expectations for walnuts, but still positive nevertheless.

"In 2014, Chile will have a stable (walnut) production, so we will be able to keep our market share in the main destinations. Exports in 2014 should reach a volume of around 41,000 tonnes," he said.

Currently, the main markets for Chilean walnuts are Italy, Germany, Holland, Spain, Turkey and the UAE.

Asia is the key focus for future growth in Chilean walnut exports. Rodriguez noted that South Korea has become an important market with Chile

allocating nearly 3,000 in-shell tonnes each year.

Moreover, after two years of negotiation, Chile earlier this month secured an agreement to supply shelled walnuts to China. "This will become a great opportunity to continue increasing our shipments to Asia," Rodriguez added. From a global perspective China was likely to remain a significant importer of walnuts for many years, he suggested.

Frost damage to Chile's almonds crop was seen as very substantial, with initial estimates in October indicating that the country had lost some 40-50% of this crop.

Claro said: "Our projections on the almonds is that Chile will export almost 30% less than this year, and we think that the imports will increase in a proportional quantity." He confirmed that all of these imports would be from California.

On plums, Chile was undeterred by the frost as it had been anticipating a large crop ahead of the adverse weather anyway. Rodriguez said the country would have a normal sized crop and was on track to remain the leading global prune exporter.

Again, China was an important market to develop. "Nowadays Chile is increasing constantly in prune shipments and we are undertaking an important marketing campaign to educate the consumer about prunes from Chile, stimulating sales," he added.

Rodriguez noted that Chile's nut and dried fruits sector was set to increase rapidly over the coming years and looked set to achieve exports of USD1.0 billion in value by 2015 across its key categories of walnuts, prunes, almonds, hazelnuts and raisins.

"In 2014, Chile will have a stable (walnut) production, so we will be able to keep our market share in the main destinations. Exports in 2014 should reach a volume of around 41,000 tonnes."



US set for raisin boost

US raisin growers have already seen strong overseas sales so far this season and are expecting this pattern to continue over the coming months.

BY JULIAN GALE

The outlook for US raisin exports this season remains strong following another successful month of sales.

Early this month, leading sources in the US and Europe indicated that US overseas sales of the dried fruit this season were expected to run strongly (*FOODNEWS December 6*). It was noted that this was partly due to problems in competing producer Turkey and much lower prices from the US against those from Turkey.

Shipments to export destinations – excluding Canada – were up 22% for October 2013 against October 2012.

The strong pace of exports has continued. The latest figures from the Raisin Administrative Committee (RAC) show that US raisin exports (excluding Canada)

this November were up by 31% from those of the same month in 2012 at 11,505 packed (short) tons.

Overseas sales for the first four months of the 2013/14 season (August to November) were 5% ahead of those of the same period of 2012/13 to 46,255 tons from 44,112 tons earlier.

A breakdown of the figures by product types and destinations shows that sales of natural seedless raisins to European countries were 20% ahead for the 2013/14 season so far at 19,185 tons from 16,016 tons previously. The RAC includes Israel as a European country on the basis that it is a neighbouring and associated state of the EU.

One US grower told *FOODNEWS* that US raisin exports continued to run well because California had ample supplies and had reduced its prices. The same combination of factors was helping drive the boost in

US NATURAL SEEDLESS RAISIN EXPORTS TO EUROPE (PACKED SHORT TONS)

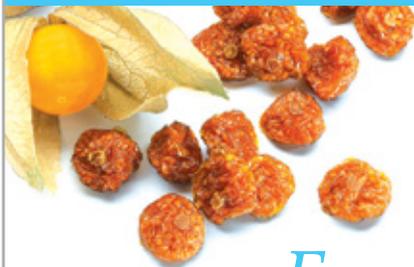
	1/11/2012-30/11/2012	1/11/2013-30/11/2013	1/8/2012-30/11/2012	1/8/2012-30/11/2013	% gain or loss
Austria	0	0	21	29	33%
Belgium	5	343	137	580	323%
Denmark	154	220	874	871	0%
South Ireland	47	88	148	232	56%
Finland	59	12	643	587	-9%
France	34	21	65	75	15%
Germany	471	1,307	3,566	4,796	35%
Israel	32	25	116	216	86%
Italy	44	0	66	23	-66%
Netherlands	245	408	1,184	1,511	28%
Norway	218	222	1,240	1,031	-17%
Spain	0	-4	137	147	8%
Sweden	319	348	3,476	2,910	-16%
Switzerland	0	0	0	0	0%
UK	840	1,611	4,341	6,176	42%
Total	2,649	4,599	16,016	19,185	20%

SOURCE: Raisin Administrative Committee

shipments to Europe, he noted.

Looking further ahead, the US grower commented: "The UK and Europe have been key consumers

of dried vine fruit and will continue to be key markets. Russia and eastern Europe are untapped areas to be explored."



bolasco
functional fruit solutions

Functional fruit solutions to enhance your product!



• bolasco Import GmbH • Heidenkampsweg 73 • 20097 Hamburg • Germany
• Tel.: +49 (0)40 333 016-0 • Fax: +49 (0)40 333 016-65
• www.bolasco.de • office@bolasco.de



Raspberries, a walk on the high side

Raspberries have been the real thing this year, there is little doubt about that. With crops in key producing countries on the down, prices started a walk on the high side, which many say will continue well into 2014.

BY DAVIDE GHILOTTI

Right now, we can expect the frozen raspberry market to experience a degree of turmoil in the near future, characterised by high prices and low supply.

This scenario is the result of lower production in key raspberry-growing countries, Poland and Serbia.

Poland was expecting its raspberry crop to be around 127,000 tonnes this year. According to pre-season forecasts, based on Polka and Pollana varieties, the harvest was expected to last until week 43 (equivalent to early- to mid-October) – a progression that would classify as a normal year.

The weather throughout the summer proved to be difficult for the Polish crop. Dry conditions first, followed by heavy rains afterwards, brought about production and quality issues for raspberries.

The unfavourable weather progression made fruit development and ripening difficult. Blossoming was very

GLOBAL RASPBERRY PRODUCTION (TONNES)

	2012	2013*
Serbia	75000	55000
US	71000	70000
Chile	44000	50000
Poland	120000	70000
Hungary	1000	1000
China	10000	10000
Canada	7800	7500
France	12000	11000
England/Scotland	12000	13000
Australia	3000	3000
Others	47000	36000
Total	402800	326500

SOURCE: International Raspberry Organization
*Forecast

late this year. Raspberries need three stages of blossoming, and growers had problems with the second and third stage.

Several sources commented to us that the crop – estimated by the International Raspberry Organization (IRO) to have been 70,000 tonnes although the USDA cites a higher figure closer to 120,000 tonnes, possibly because of differences in data gathering – was “a disaster”.

The 2010 raspberry crop in Poland came to 92,800 tonnes, in 2011 it was 118,000 tonnes and around 128,000 tonnes last year (IRO says 120,000 tonnes).

Serbia’s raspberry crop was also lower this year. After the prolonged heatwaves that hit plants in 2012, burning fruits and damaging the bushes, many plants could not recover for the 2013 crop. This impacted yields and harvested volumes this year.

According to IRO estimates, Serbia’s raspberry crop in 2013 came in at 55,000 tonnes – 20,000 tonnes less than in 2012.

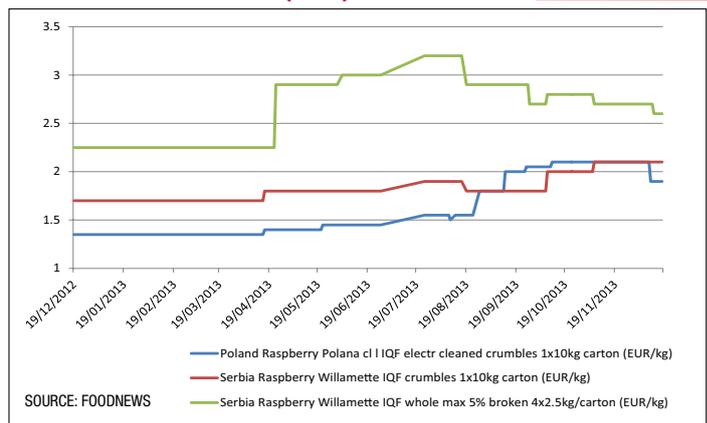
Other important producers, such as the US and Chile, had better conditions and yields, and recorded an overall better performance. Nonetheless, global raspberry production among the eight bigger producers after the 2013 season is estimated at 326,500 tonnes – this is some 19% less than the 2012 output, of 402,800 tonnes.

This factor alone has significantly affected product supply and, in turn, prices.

Besides lower production at field stage, other elements combined to reduce the frozen raspberry supply.

An important point to make is that a lot of the crop goes for the fresh market, and that affects heavily the amount that is sent for

PRICE OF POLISH AND SERBIAN IQF RASPBERRY CRUMBLES AND WHOLES (2013)



frozen processing. Generally, between 50-60% of the crop is frozen in Poland, but this amount can vary.

In years of lower crop, and when fresh prices are particularly attractive, a higher proportion of produce goes for fresh, leaving less for processing (this can be as low as 42-45%).

The 2013 season in Poland was also characterised by aggressive fresh raspberry price offers from producers of concentrates and purées, who wanted to secure enough raw material to meet their production schedules.

A number of sources in the trade talked of the possibility of sourcing product from smaller, more peripheral origins such as Bulgaria, Ukraine or Russia. At the same time, the industry in these countries has the capacity to provide only limited volumes; these origins do not have the magnitude to stand as alternative sources if a producer like Serbia or Poland is down.

Frozen raspberry prices have increased very rapidly, as it became clear that production would be lower than expected. Traders noticed a 10-11% price

increase throughout September alone.

Interestingly, the lower production in Europe hit the crumble supply in particular, whereas volumes of raspberry wholes were more consistent. This was due to the characteristics of the fruit in this particular season, which then affected the processing stage.

Polish fruit was reportedly of a “very good quality, with solid and full berries”. When going through the processing line, raspberry wholes are the first to be sorted. The fruits that do not have the size and texture to sustain whole freezing are then processed into crumbles.

The solidity and size of the fruit this year made most of it perfectly suited for whole processing, therefore leaving much less material for crumble processing.

This had an interesting effect on prices, pushing crumble prices to rise faster than wholes.

Normally, there would be a higher difference between the price of wholes and that of crumbles. If crumbles trade at, say, EUR1.30/kg (USD1.80/kg),

continued on page 38



Sorting out the berries

Having efficient sorting machinery has become a must for fruit and vegetable processors who are looking to improve quality and safety standards of their produce, cut down on waste and enhance the output of their production lines. Optical sorting firm Bühler is aware of this.

BY DAVIDE GHILOTTI

In conversation with FOODNEWS, Bühler's UK product manager Stephen Jacobs and area manager for eastern Europe Pawel Zmudzki discuss the evolution and progress of optical sorting technology to meet the needs of the industry.

Can you briefly present the company to our readers?

The Bühler Group has 150 years of experience as a technology partner for plant, equipment and related services, with industries ranging from food processing to the manufacture of other materials.

The SORTEX brand was established 60 years ago as an optical sorters provider to the food and packaging industry. We operate in 140 countries, with a sorter install base of over 25,000 machines. Our group employs over 10,000 workers.

What kind of services do you provide? Who are your customers?

We design and manufacture optical sorting equipment for customers who process grains, beans, pulses, spices, nuts, rice, vegetables and fruits, as well as non-food products such as plastics. Sorting by colour, shape and other criteria, we help to improve standards and ensure safe and clean products free of defect and foreign material.

Within the fruit and vegetable sector, our customers include canners and processors of dehydrated, fresh and frozen foods. Kampol Fruit in Poland is one such example. They process 20,000 tonnes a year of fresh and frozen fruits and vegetables for export to east and western Europe.



Bühler Sortex E sorter

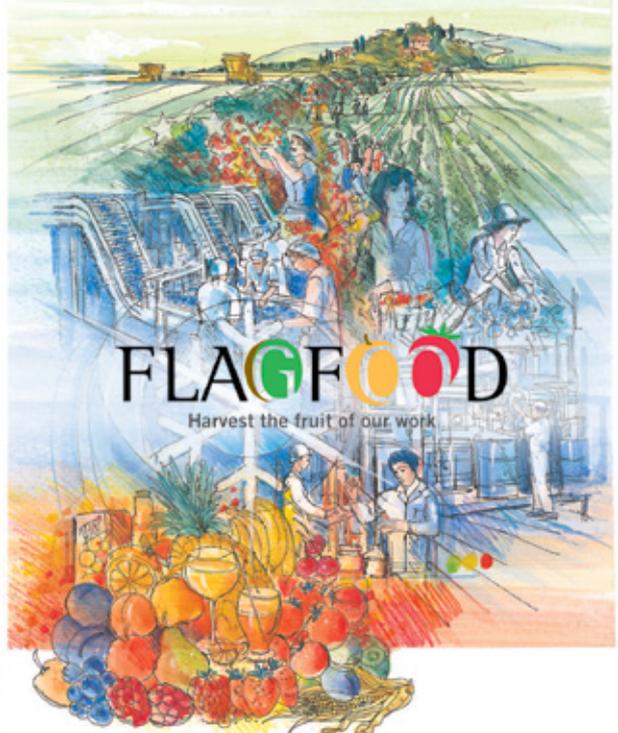
Their customers include supermarket chains, so their plant has to conform to quality and hygiene standards. Robert Dobies, managing director

at Kampol Fruit, said: "Improving the quality is the most important thing for our clients at the moment, so co-operation between producers and technical processors must be really close. We use Bühler SORTEX technology to help us ensure that produce is clean and safe and meets the standards and specifications of our customers."

How has sorting technology evolved over the last few years?

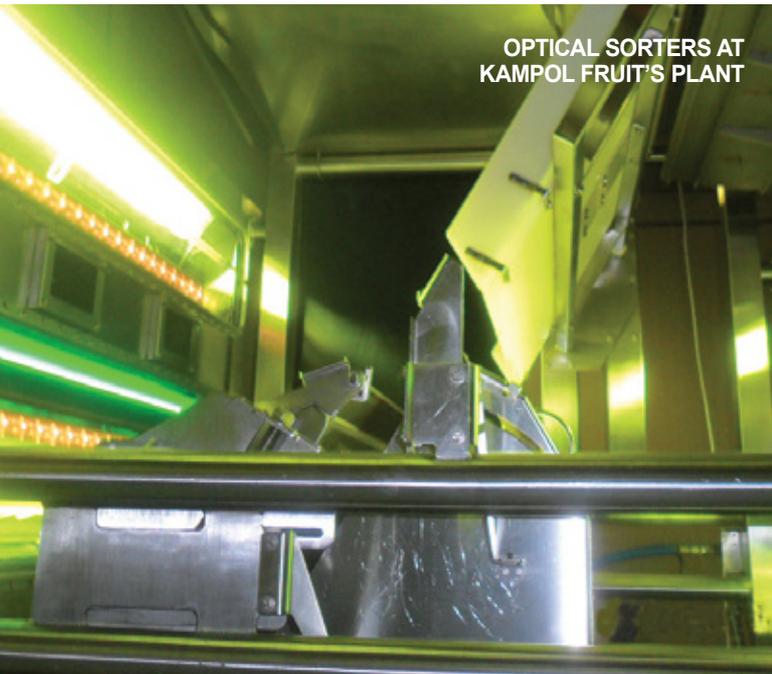
Faster processing has enabled sorting machines to process the data quicker. Therefore, higher

"Faster processing has enabled sorting machines to process the data quicker. Therefore, higher capacities are possible with the same, if not higher, efficiencies."



FLAGFOOD
Harvest the fruit of our work

Flagfood AG | Raw Material for the Food Industry | Gotthardstr. 20
CH-6304 Zug (Switzerland) | Telephone +41 (0)41 727 71 11
Fax +41 (0)41 727 71 21 | info@flagfood.ch | www.flagfood.ch



OPTICAL SORTERS AT
KAMPOL FRUIT'S PLANT

capacities are possible with the same, if not higher, efficiencies. Better camera technology makes it easier to detect more subtle colour differences.

The introduction of Bühler's InGaAs technology has enabled our sorters to target difficult-to-detect foreign materials (FMs), such as cigarette ends from mushrooms, cardboard from potatoes and produce where the FM is of the same colour as the produce.

Our SORTEX sorters are also equipped with advanced technologies, including high-resolution, custom-built cameras, PROfile technology, high-pressure ejectors and feed mechanisms and they are designed to meet all

current standards of food hygiene. They can operate in difficult food sorting applications, where strict levels of food quality and safety are demanded.

Have requests from your customers changed in recent years? How?

Customers are looking for top quality final products, i.e. detecting colour defects, correct shape, as well as rejecting FM or extraneous vegetable matter (EVM). The highest priority in today's market is safety. This means that the product must not compromise on FM in the pack. The market is squeezing the prices; producers want to deliver 'good' quality but 'perfect' safety (no FMs), to protect their

continued from page 36
wholes sell at EUR2.30/kg. What happened instead was that, although both prices have increased, the gap between the two progressively shrank as the price rise for crumbles has been steeper.

At the time of writing (a cold and rainy winter day in London, mid-December), Polish Pollana IQF raspberry crumbles are reportedly trading at between EUR1.9-2.1/kg, while Serbian

Willamette IQF raspberry crumbles are selling at between EUR2.0-2.1/kg.

Serbian Willamette IQF raspberry wholes (max 5% broken) are said to be priced EUR2.5-2.7/kg.

The latest price progression shows clearly how the typical price gap between crumbles and wholes is getting narrower.

Some are now looking at Chile – the first producer to come to market in the new year – for

businesses against any safety claims, which could affect their profits.

Do fruit processors and vegetable processors have different needs, when it comes to sorting technology?

Both types of processors need to take out defective product and foreign material – anything that is not the fruit or vegetable required. Different produce tends to contain different defects and associated FM.

Vegetable producers have lower margins, and they need to produce much bigger volumes to generate a profit. Fruit producers have higher margins but produce smaller volumes. So, on the one hand, vegetable producers are looking for higher capacity machines. On the other hand, berry customers cannot afford to damage high-value produce. They are looking for gentle handling of product to protect their margin, and our sorters are designed for gentle handling.

What are your latest developments for frozen sorting, both for small fruit (berries) and vegetables?

The SORTEX E & K machines have evolved over the last few years, with additional filter and lighting combinations. For example, for the berry sector, we have developed better detection of brown colours in red products and we have developed a new soft landing system for fragile products. We have also produced a simplified colour mapping process, to make the sorters easier

to set up and to use for operators.

What are the main differences between fruit and vegetable sorting? What has been improved compared with previous machinery?

Fruit is harder to handle than vegetables within the processing line, mainly due to the sugar content, which makes it more fragile. Defects, such as pits stuck in the fruit and other anomalies, are harder to detect. The defect colours in fruit tend to be very close to the accepted colours, so the sorter needs to be capable of differentiating between very subtle colour differences.

The technology in our cameras and ejectors enable us to target subtle defects and colour impurities. We are still using a chute or power-slide belt, but with sophisticated cameras that are more sensitive and have higher resolution. With our new software and hardware developments, we have achieved lower power consumption, which means lower costs for processors. Our E series machines, in particular, are designed to be space-efficient, as space in the production plant has a cost.

What is Bühler currently working on?

Bühler is continually looking at the technology to address the changing needs of the industry. All of our customers benefit from our continuous investment in research and development to provide solutions to meet their optical sorting requirements.

additional volumes to source. Chilean fruit varieties, however, are more suitable to whole freezing rather than crumble freezing. So, if you need crumbles, Chile may not be that much of a viable option after all.

Chilean fruit also tends to be expensive – new crop IQF raspberry wholes started off at over USD4.0/kg, cnf Rotterdam, and are now thought to be trading at slightly lower rates.

Some even suggested that

towards the end of the season, when traders would be sold out, remaining volumes of raspberry wholes could be made into crumbles, to supply whatever demand there would still be for crumbles on the market.

With carry-over stocks being reportedly low as well, what little we have available at this stage all seems to point to a situation where existing volumes will not cover demand until the 2014 crops in Europe start.

WORLD COCOA REPORT 2014

THE
**Public
Ledger**

REPORTS

informa

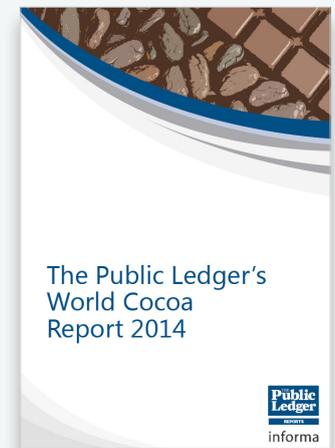
The Public Ledger's World Cocoa Report 2014 explores the fascinating cocoa market, which over the last year has been in a period of transition, with the government in top producer Ivory Coast introducing some of the most radical reforms to the sector in over a decade. These include the forward selling of cocoa to guarantee farmers in the country a minimum price for their beans.

This report from The Public Ledger explores a number of topics, from the history of cocoa and chocolate, to the future supply, demand and price outlook. A number of important factors are expected to shape the future of the sector, and these are addressed in depth. As well as looking forward, current challenges are also explored, including seasonality and weather, sustainability and development, prices, regulations, definitions, standards, labelling and legislation.

TOPIC AREAS INCLUDE:

- History of the cocoa and chocolate industry including prices from international futures to farmgate.
- Current value of the industry in developed and emerging markets.
- Analysis of sustainability and future developments.
- Technical aspects of the market, incorporating regulations, definitions, standards, labelling and legislation.
- Future supply, demand and price outlook, including data and visuals for the key producing and consuming countries.

The Public Ledger expects a deficit of 136,000 tonnes in the 2013/14 season, which started in October, while prices are expected to remain supported over the coming season. This report reveals the analysis behind this forecast.



FOUR REASONS WHY YOU SHOULD ORDER:

1. Learn about the key factors expected to shape the future of the cocoa industry
2. Understand opportunities for growth and investment in this industry
3. Examine how emerging economies are affecting the industry
4. Save time and money with all the research in one place

HOW TO ORDER...

Visit: store.agra-net.com/reports/world-cocoa-report-2014.html
Email: reports@agra-net.com
Call: James Keady on +44 (0) 20 7017 4308



Up to date



Top Quality

On time



Tailor made



Medibel n.v. • Tuinwijkstraat 65 bus 1
B - 1930 Zaventem • Belgium
T +32(0) 2 725 19 20 • F +32(0) 2 725 48 07
medibel@medibel.be • www.medibel.com

Fruit juices
Smoothies
Vegetable juices
Compounds