

ARGENTINA

San Miguel funds expansion plans

The company arranges US\$100m in medium-term financing from IDB Invest, IFC and Rabobank

Argentine citrus multinational San Miguel has secured US\$100m of financing for nine years to fund the future expansion of its citrus and non-citrus production in Argentina, Uruguay, Peru, and South Africa.

Under the terms of the deal, IFC and BID Invest will each contribute US\$27.5m and Rabobank will provide US\$100m. IFC and BID Invest will also advise San Miguel on the implementation of good environmental practices in key areas, such as wastewater treatment.

"We welcome IFC, IDB Invest and Rabobank as partners in our effort to strengthen our position as a multinational Argentine company as we expand into new markets and continue to drive our sustainable agribusiness model," said Romain Corneille, CEO of San Miguel.

The financing package has been secured for a nine-year term, which is longer than what is currently available in the market.

This is essential for this industry since citrus trees take at least five years to produce quality fruit for export. The financing will contribute to San Miguel's US\$132.5m investment plan to expand its operations in Argentina, Uruguay, Peru, and South Africa and grow its production volumes of citrus, table grapes, and avocados.

"We are proud to continue our work with San Miguel to expand its operations. The company is an example of how Argentine companies can compete successfully in the world and create jobs where they are most needed," said David Tinel, IFC regional manager for the Southern Cone.

"IFC is committed to supporting sustainable agribusiness in Argentina and Uruguay, and strengthening export sectors to contribute to the growth and strengthening of the economy of these countries."



Aitor Ezcurra, head BID Invest's corporate division, added: "The financing offered by BID Invest to San Miguel seeks to support one of the most important fruit exporters in Latin America and the Caribbean, improving the export capabilities of three destinations, such as Argentina, Uruguay and Peru, and generating employment in the rural areas through operations implemented in a sustainable manner".

Rafael Bonasso of Rabobank said the bank had provided ongoing support to agribusiness companies in Argentina for 25 years. "We hope to continue providing support to our customers in the coming years," he said.

The lemon industry in Tucumán employs 40,000 people and produces 1.3m tonnes of lemons per year. The industry exports lemons and related products to Europe, the US, Canada, Russia, Hong Kong, and the Middle East.

San Miguel is the biggest grower and marketer of fresh citrus in the Southern Hemisphere. With nearly 10,000ha of production in Argentina, Uruguay, South Africa, and Peru, it supplies more than 200 clients in 80 countries.

The company processes 400,000 tonnes of citrus a year and in the last campaign exported 124,000 tonnes of fresh fruit.

In August 2017, San Miguel added grapes and avocados to its offer through the purchase of Peru's Agrícola Hoja Redonda.

AUSTRALIA

Australian Avocado production grows

In the past decade production of avocados has nearly doubled, projected to 115,000 tonnes by 2025.

At 77,000 tonnes in 2017/18, the Australian avocado industry is on a long-term upward trajectory.

"One-third of Australia's avocado trees have yet to reach their prime production years but enough of the new plantings have come online this year to boost the industry above last year's 66,000 tonnes," said Avocados Australia CEO, John Tyas.

Tyas says by 2025 the industry is on track to produce around 115,000 tonnes annually.

"Our production in 2017/18 was 17 percent more than the previous year, with a gross value of production estimated at A\$557 million."

Domestic consumption has held steady for a second year in a row at 3.5kg per person, per year, but Tyas is confident there is more room for growth.

Most of the Australian supply is grown in Queensland, who host 62 percent of plantings, second to Western Australia at 25 percent, followed by New South Wales, Victoria, and Australia.

"In 2017/18 Hass represented 78 percent of production. Shepard, a green-skin variety grown in Queensland through late Summer and Autumn, made up 19 per-

cent of production, and at that time of year, is the dominant Australian variety on the market."

To help balance supply and demand in future, Avocados Australia is working with Hort Innovation to expand both domestic and international markets. "At the moment we export less than five percent of our production annually, but that will increase as our production increases," Tyas said.

Currently, Malaysia and Singapore are the main export markets for Australian Avocados.

CHINA

Cherries on top for Chinese New Year

Australian and New Zealand cherries have reaped high prices in Shanghai ahead of the Lunar New Year

New Zealand cherries are selling well at Shanghai's Huizhan wholesale fruit and vegetable market

Cherries have once again been ticketed as the hottest selling fruit in the lead up to Chinese New Year on 19 February, with importers in Shanghai reporting strong sales for Australian and New Zealand cherries in particular.

Jenny Fang, vice manager of Huizhan wholesale fruit and vegetable market in Shanghai, told Fruitnet that cherries are still the most important fruit on the wholesale market for Chinese New Year.

A later Chinese New Year, as well as lower quality and smaller cherry size due to heavy rains during Chile's harvest period, were important factors in the price, said Fang, adding that a surge in volume of imported cherries also saw prices drop.

"This year, we saw a larger volume of cherries arrive in Shanghai compared to last year, but the price for Chilean cherries has not been performing so well," Fang explained. "Last year, before Chinese New Year, cherries were selling for Rmb500 to Rmb600 per box. This year, they're selling for around Rmb300 per box."

Selling at more than double the price of Chilean cherries have been New Zealand and Australian cherries.

"As for the New Zealand and Australian cherries, at first both of them were affected by the poor price of Chilean cherries. In the end, however, the price went up because there were very few high-quality cherries on the market, and consumers have a strong demand for good quality cherries before the Chinese New Year," explained Alan Wu, sales manager of importer Shanghai Botao.

"Bigger volumes of cherries from New Zealand and Australia are on the market this year, and the quality is a lot higher than those from Chile, but they are very expensive," said Fang. "Next year, I expect to see a lot more of these cherries."

At the retail end, Heidi Zhang of retailer Shanghai Supafresh said cherries have been the "hottest item" this Chinese New Year. "For other fruit, the price is not much different from last year, but the volume we're selling is not big because everyone is focusing on cherries."

Peruvian grapes, Chilean blueberries, and Sunkist oranges were also selling well according to Wu, with Peruvian Red Globe grapes selling at higher prices than in 2014.

Newer on the market is berries, with market access recently granted for Mexican blackberries and raspberries.

"There has only been a small number of berries on the market as they have a very short shelf-life and more promotions are needed to create more awareness for consumers," said Fang. "The price for Mexican berries is very high, around the same amount for sea-freighted Chilean cherries."

The market is expected to quieten for the next few weeks before picking again towards the end of March.

MEXICO

Mexico set for bumper Avo exports

High global demand and depreciation of peso against the dollar sets Mexico up for another prosperous export campaign in 2018/19.

Mexican avocado exports to the US and beyond are expected to remain strong through the 2018/19 campaign, according to a new US Department of Agriculture (USDA) GAIN report.

Production of the fruit in Mexico is forecast at between 1.9m-2m tonnes, with weather conditions said to be optimal, while the implementation of phytosanitary pest control programmes has also helped boost volumes.

Traders are forecasting that 2018/19 exports will come in at 1m tonnes, driven by high international demand, while the depreciation of the peso versus the dollar is also set to boost global sales.

Exports will be at a similar level to 2017/18 when they hit 1m tonnes, and upon the 2016/17 campaign when they came in at 873,963 tonnes.

"In general, exports have been increasing due to good international demand and year-round market access to all 50 US states," the report noted. "In addition, exports to Canada, Japan, and Europe have increased. Avocado exports for 2017/18 generated US\$2.8bn, whereas in 2016/17 exports generated US\$2.5bn."



The US is the top export market for Mexico, consuming between 74 and 79 percent of total shipments. Japan and Canada are key markets, with 6-7 percent of the Japanese market and 7-8 percent of the Canadian market.

THE NETHERLANDS

Royal approval for 'true cost' pineapple

The 'true cost' of Nature & More pineapple was revealed by Queen Máxima of the Netherlands.

Queen Máxima of the Netherlands revealed a 'True Cost' pineapple at the offices of Eosta, near Rotterdam, as part of a working visit to celebrate the company being named at the most sustainable in the country for 2018.

The 'true cost' reveal of Nature & More pineapple was really €2.85, Eosta managing director Volkert Engelsman explained. For this price, the pineapple can be grown sustainably, benefiting people and planet, instead of conventionally, passing on the hidden costs of production to future generations.

The transition to an economy based on 'True Cost Accounting in Food Farming & Finance' was further explored in a debate that followed, in which the queen actively participated.

In the debate, the UN Sustainable Development Goals and the pathway to a new inclusive profit definition were discussed at length.



"We are inevitably headed towards a new economy in which the hidden costs for people, the environment, and society – the so-called externalities – will be included in profit and loss accounts, as they should be," said Engelsman. "The challenge for science is to identify the actual costs, while it is up to the government to create a level playing field in the market that ensures polluters pay. The challenge for the business community is to free sustainability from the isolation of the staff departments and allow it to sink into the DNA of their profit and loss accounts."

The international financial world is currently fully engaged in calculating hidden costs as a part of risk analysis, according to Klaas Knot of the DNB.

Invested capital of €159bn will 'evaporate' when climate change measures such as a carbon tax are implemented, climate stress tests carried out at Dutch

institutional investors revealed in October 2018. Thanks to this type of risk analysis, sustainability is becoming firmly rooted in the financial world.

Engelsman added: 'We should not only look at the numbers but also beyond them. Ultimately, there is a question of purpose and meaning behind the way we structure our economy. What do we define as profit? What do we aim for as humanity? Once you start asking these questions, it becomes obvious that a vital ecosystem, a healthy population, and a humane society should also be considered as "profit". An inclusive profit. That is the essence of the new economy we are moving to.'

In the debate, the 17 UN Sustainable Development Goals were used as a guideline for the design of the new economy.

We need a common objective in order to join forces," he added. "The 17 SDGs are embraced by the entire global community, a unique fact and a great opportunity."

SPAIN

Eurobanan expands Spanish lime program

Thanks to its proximity to the European market Spain is emerging as a viable supplier when overseas production dips.

Grupo Eurobanan has more than doubled its sales of Spanish-grown limes this season, selling 1,000 tons under its Isla Bonita tropical fruit brand compared with 400 tons in 2017.





The company said the recently concluded 2018 campaign had been characterized by excellent quality and sizes thanks to abundant rainfall during the autumn.

Such positive results have helped Spain to consolidate its position as a complementary origin of fresh limes for the August to November period when supplies from other countries are lower due to the rainy season.

"It's not easy to grow Tahiti limes in the Mediterranean region because the wide temperature range greatly affects coloration. Nevertheless, the quality has been excellent this season with Brix levels of 70-90 through the campaign and a juice levels in excess of 47 percent," said Eurobanan director Ramón Rey.

In spite of the high quality, Rey noted that the slow market, coupled with low productivity and higher harvesting and packing costs, had impacted the season's

profitability. Yields in Spain range from 20-25 tonnes per hectare, compared with 50-60 tons in tropical areas.

Nevertheless, he is optimistic about the future of Spanish lime production because "the fruit can be harvested, packed and on the way to the market within 72 hours without the need for any postharvest treatments, "which makes it ideal for juicing and chimes perfectly with European consumption habits".

PERU

Banana exports bounce back

Shipments of organic bananas forecast to rise by 10 percent in 2018.

Peruvian exports of organic bananas are expected to exceed US\$160m in 2018, an increase of 10 percent over the previous year, according to the Foreign Trade Research and Development

Institute (Idexcam) of the Chamber of Commerce of Lima (CCL).

Shipments to August stood at US\$114.4m, representing a 12 percent rise in the year-earlier period.

"In terms of volume, in that period exports totaled 158,670 tons and for December, it is estimated that they will exceed 230,093 tons, which represents an increase of 14 percent in relation to 2017," said Carlos Posada, executive direct of Idexcam-CCL.

"We expect shipments to become more dynamic towards the end of the year and are convinced that exports will surpass the figures seen in previous years."

Peru produces around 280,000 tonnes of organic bananas a year, of which 82 percent is exported. They are shipped to more than 30 countries, with the Netherlands, the US and Germany together absorbing around four-fifths of the export volume. Other notable markets include Belgium, Finland, and South Korea. In 2017 exports reached US\$148.5m, a decrease of 2 percent on the previous year.

USA

Shortage of tomatoes in the US market

There is great pressure on tomato supplies in the US market at the moment due to a number of factors. One of these is the transition of seasons, with several growing regions finishing up for the season, while others are either suffering from cold weather or they simply haven't started yet. Florida is about the only major region that is producing steady volumes right now.

"The California season wrapped up last week and while there is still a small amount coming out of the San Diego area, it's negligible," noted Manny Gerardo of Bernardi & Associates. "Texas is seeing light supplies due to cold weather and Nogales won't start until early January. Florida is currently the only region producing steady volume." ♦

