

JUICE SUMMIT

ANTWERP

2017

THE PINEAPPLE STORY



Daniel LÉVY

LEVY GROUP INTERNATIONAL

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THE PINEAPPLE STORY

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THE PINEAPPLE STORY

Monsieur le Président de l'AIJN,

Mesdames et Messieurs les Présidents,

Mes chers collègues,

Mes chers amis,

Don't worry I will go on in English of course!

I am happy and proud to have been asked by the prestigious AIJN to speak about the Pineapple situation today.

Let us start with some figures and charts about the overall production and consumption of Fruit juice in general and Pineapple Juice in particular.

THE MAIN FIGURES

AIJN has published an excellent market report concerning our profession, so I won't be long and you will find here the essentials.

In Europe, Fruit Juice consumption represents almost 10 billion litres and the average consumption per capita more than 19 litres led by the largest market, Germany with roughly 30 litres per capita.

The following chart is self-explanatory.

Total Fruit Juices and Nectars			Population: 509.9 million				
Year		2011	2012	2013	2014	2015	% change
Volume, million litres		10,817	10,474	10,031	9,702	9,631	-0.73%
Total	Private label	4,695	4,567	4,306	4,091	3,970	-2.97%
	Branded	6,122	5,907	5,725	5,610	5,661	0.90%

Fruit juice (100% juice content)

Total fruit juice		7,024	6,782	6,474	6,208	6,142	-1.06%
	Private label	3,251	3,110	2,908	2,712	2,618	-3.45%
	Branded	3,773	3,672	3,565	3,496	3,524	0.81%
Chilled		1,356	1,397	1,406	1,389	1,417	2.04%
Ambient		5,668	5,385	5,068	4,819	4,725	-1.95%
From concentrate		5,301	4,991	4,640	4,358	4,211	-3.37%
Not from concentrate		1,724	1,791	1,834	1,850	1,931	4.41%

As we can see, the main point is as far as 100% juice contents are concerned, juices from concentrate decrease by 3.37% whereas NFC increase by 4,41%.

In France, this trend is even more obvious. Juice from concentrate represents 25% of the volume versus 75% for NFC

All of us should think about this phenomenon, why? The trend for NFC is irreversible in France and gaining slowly but surely shares all over Europe.

Another point is that 70% of the volume of juice and nectar consumption in Europe come from 5 countries: Germany, U.K., France, Spain and Poland.

Where is Pineapple Juice situated? It represents only 3.5-3.6% as a flavour and the only exception is Spain with a superb 19% because they sweeten their drinks, their blends, their nectars with sweet pineapple juice instead of sugar.

Although Germany is the biggest drinker of juices and nectars, the statistics on Pineapple juice do not appear in any reports. In fact, they use pineapple

juice for blending but one day, I am sure they will realize that selling pineapple juice on its own will create more volumes and profit for sure.

Some more figures to end with:

- Here are the top twelve producing countries in 2010

Production en tonnes. Chiffres 2010 Données de FAOSTAT (FAO)		
 Philippines	2 169 000	11,2 %
 Brésil	2 120 000	10,9 %
 Costa Rica	1 977 000	10,2 %
 Thaïlande	1 925 000	9,9 %
 Chine	1 518 000	7,8 %
 Inde	1 420 000	7,3 %
 Indonésie	1 390 000	7,2 %
 Nigeria	1 052 000	5,4 %
 Mexique	702 000	3,6 %
 Viêt Nam	477 000	2,5 %
 Malaisie	416 000	2,1 %
 Colombie	398 000	2 %
Autres pays	3 853 000	18,8 %
Total	19 418 306	100 %

- Today the top four are in alphabetical order:

1. Brazil
2. Costa Rica
3. Thailand
4. The Philippines

And the winner is Costa Rica!!

- | | | |
|----|-----------------|----------------------------|
| 1. | Costa Rica | more than 3 million tons |
| 2. | Brazil | more than 2.7 million tons |
| 3. | The Philippines | more than 2.5 million tons |
| 4. | Thailand | more than 1.9 million tons |

THE ORIGIN, THE HISTORY, THE VARIETIES...

Pineapple (ananas comosus) comes from South America, more specifically, from Paraguay, North East Argentina and South Brazil.

(The word Ananas comes from the Tupi-guarani “naná naná” which means “the perfume of the perfumes”!)

Pineapple reached La Martinique in 1548 and then was brought to Europe by sailors. The Dutch grow them in 1672 and it is only in 1790 that

pineapple was introduced to Hawaii and really cultivated massively by the American companies such as Del Monte and Dole during the 20th century in Hawaii and in the Philippines. Today Pineapple is grown in Brazil, the Ivory Coast, Thailand, Costa Rica, Indonesia, Kenya, and so on so forth...

It was during the 80's that Del Monte developed the cultivation of a very sweet pineapple in Costa Rica, **The MD2 variety** that they marketed as "Del Monte Gold" followed by Dole and Chiquita...



This MD2 is a hybrid pineapple originated in the breeding program of the non-defunded research institute in Hawaii which carried out researches on behalf of Del Monte, Maui Land, Pineapple and Dole.

That variety is so successful for the fresh and for the Premium pineapple juice markets, that most of the pineapple heavy players plant similar sweet varieties such as this MD2 and that not only in Costa Rica but in the Philippines, in Kenya, in Central America and in South America, in order to have a sweeter taste than the common pineapple. On top of MD2, mostly grown for fresh fruit and juices, 4 groups of Pineapple are mostly popular.

- **Smooth Cayenne Group:** Grown in hot climates around the world, mostly for canning or sale as fresh fruit!



- **Red Spanish group:** grown usually in Florida, Mexico, Puerto Rico, Venezuela and the West Indies for canning and fresh fruit.



- **Queen group:** plants are cultivated in Australia, the Philippines and South Africa, for canning and sale as fresh fruit.



- **And the Abacaxi group:** grown in the Bahamas, Brazil and Florida

mostly for local juice and fresh fruit consumption....



CHEFS LOVE PINEAPPLE...



Pineapple is used in cuisine around the world because its taste is excellent...

Pineapples are prepared and sold on roadsides as snacks, wholes, cored slices with a cherry in the middle or in halves with a stick inserted, chunks are used in deserts such as fruit salads, crushed in yogurts, jams, ice

creams...and of course as a beverage or as the main ingredient such as the famous Piña colada. And last but not least, Pineapple is good for health!

THE HEALTH BENEFITS OF PINEAPPLE JUICE

As **Marjan Skotnicki-Hoogland**, former President of AIJN used to say:

“It is time for the industry to skilfully rebalance the conversation based on facts, making sure that everyone is aware of the goodness of fruit juice.”

The best example is Pineapple!

- Pineapple juice is tasty, good, sweet, tangy, fragrant. It evokes exotism, holidays, parties....
- And Pineapple Juice is good for your health! It contains several vitamins and enzymes that offer a wide range of health benefits. Just look at these 2 posters.

Nature's Multi-Vitamin

As Much Vitamin C as Oranges



Vit C: 116.1%
Vit B1: 7.3%
Fiber: 12.5%
Potassium: 6.7%

Half the Potassium of Bananas



Vit C: 17.1%
Manganese: 16%
Fiber: 12.2 %
Potassium: 12%

Plus....

Two Third the Fiber of Apples

Vit C: 11.4%
Fiber: 14.3%



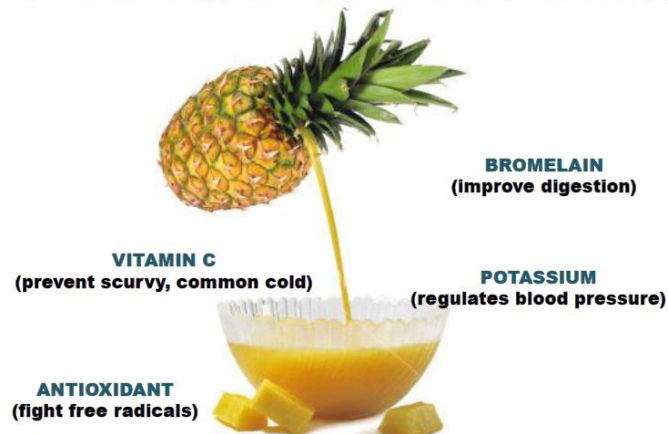
Vitamins B6, B1 and Manganese

Vit C: 131%
Manganese: 76.5%
Vit B6: 9%
Vit B1: 8.6%
Fiber: 9.2%
Potassium: 5.1%



****data from whfoods.org. Comparison is based on 1 cup of fruit and % RDA**

PINEAPPLE BENEFITS



According to some top World nutritionists, here are further healthy information:

- BROMELAIN is also a natural anti-inflammatory that helps treat certain inflammatory diseases like arthritis, gout, sore throat... It has

also several anticoagulant qualities that help maintain normal blood flow, prevent circulatory problems and reduce hypertension.

- Pineapple Juice is a good diuretic
- Pineapple Juice can also make your skin healthier since it promotes the synthesis of collagen, which is responsible for tissue and cell repair...

I must confess I never personally imagined how healthy Pineapple Juice is and I am a Pineapple Juice seller!!

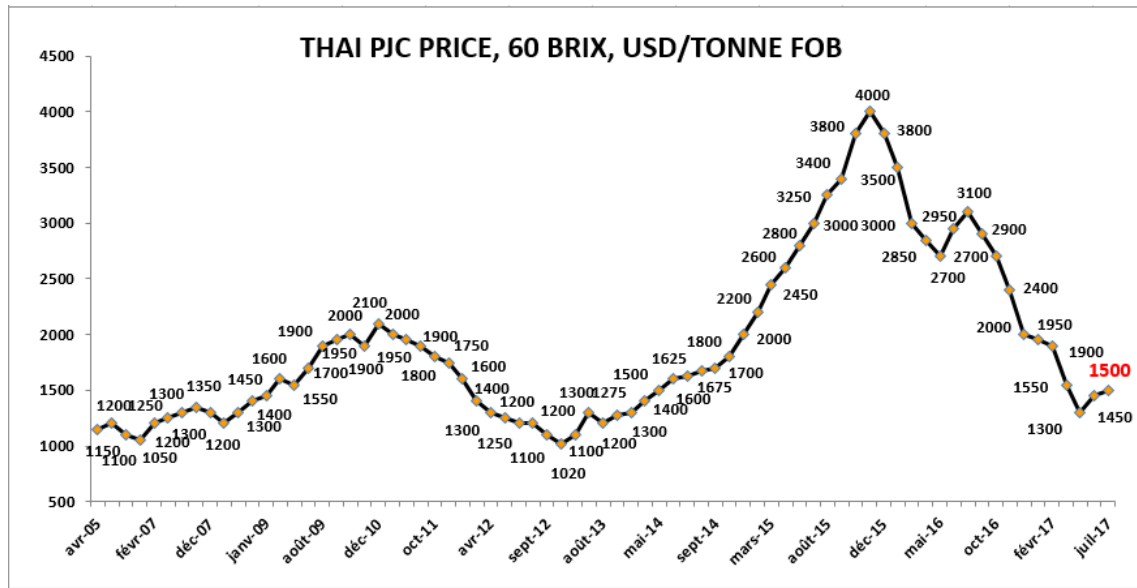
IF IT IS SO HEALTHY ...LET IT BE KNOWN!

THE EARTHQUAKE

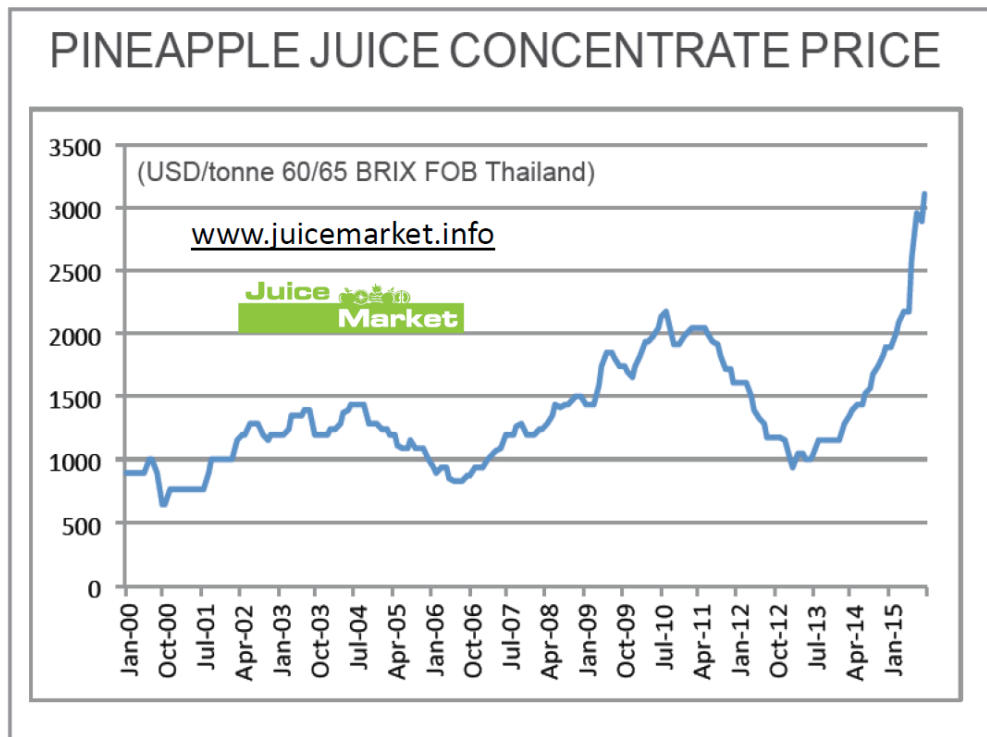
Nothing is worse than a strong earthquake... unpredictable, terrible, and destroying what is supposed to be solid and stable.

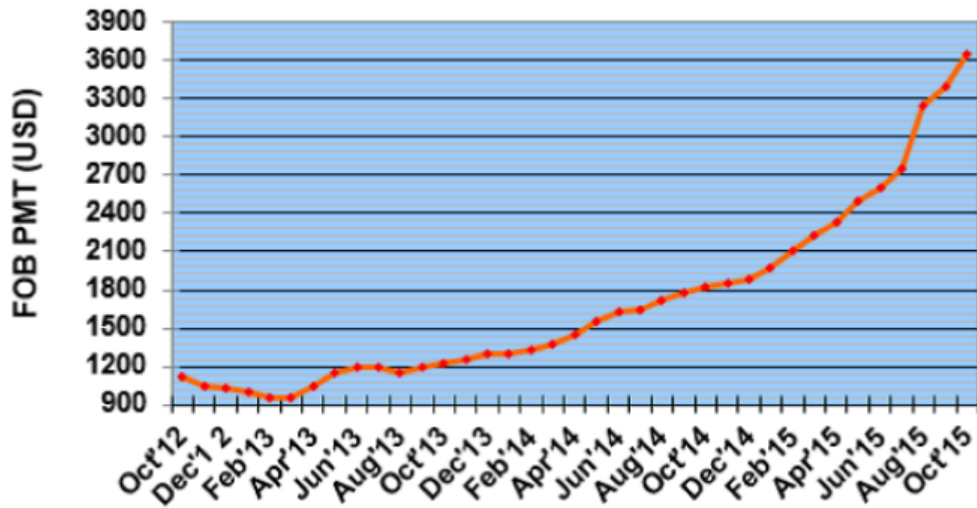
What happened to Pineapple juice can be called an Earthquake. From 2014 onwards prices increased enormously up to 2016 and then fell drastically.

With these three following graphs, you are facing the amplitude of the chaos.



Source FoodNews





CBI
Ministry of Foreign Affairs

THE PRICE CHAOS

When you see the graphs, you realize that price of PJC has increased by 300% and even 400%! Unbelievable but true! It is an earthquake!

- Floods followed by El Niño led to enormous drought which prevented pineapple to grow and after these climatic problems, we faced an enormous shortage.

Some processors were unable to deliver on time their contracted quantities.

- Moreover, the explosion of the fresh pineapple sales all over the world and especially in the USA, increased the shortage of raw material to the industry.
- The story of the high nitrates level stopped during some months the pineapple production before they authorized the famous 50 ppm instead of the permissible 25 ppm. What happened? Prices soared.

May I add that with high nitrates, it is almost impossible to pack pineapple in cans. Indeed, after several weeks the flesh of the pineapple becomes white and loses its taste. Therefore, all high nitrates pineapples were used for concentrates hence rising Thai stocks.

- When it reached 3000 USD\$/mt and above, the supermarket chains decided to stop selling their pineapple juice made from concentrate.

Germany was the first to take this initiative, quickly followed by France and by the other European countries. Then with too much stock and almost no demand, the market plunged!

Over-production, stagnant demand, you easily understand what happened to the market. Thai and even Costa Rican processors were compelled to lower their prices to try and get rid of their stocks and the price of the raw material for the farmers dived. The farmers started to think of abandoning pineapple cultivation in favour of other crops (sugar cane, sweet corn, etc.)

After a peak in Thailand of 3800/4000 USD\$, the price of the PJC today reaches 1100/1200 USD\$. Kenya dropped from 3400 USD\$ to 1150/1200 USD\$ and even the prestigious MD2 of Costa Rica did not resist the wave of depression and went down from 3600 US\$ to 1500/1600 USD\$! When you measure these dramatic and abyssal changes it is important that somebody finds a way to restore the situation.

The Thai government is trying to do its utmost in order not to let down their farmers who are stunned by this economical drama.

These ups and downs being huge, the governments of the pineapple processing countries and especially Thailand should take some measures to protect what was a profitable business and should find a solution to the nitrates problem, looking for virgin soils and using less aggressive fertilizers if necessary.

THE PRESENT AND NEAR FUTURE

It is obvious that the PJC will need some months to recover and in the meantime, we believe that it will be a good idea to focus on NFC pineapple juice which has been less hit by this crisis.



85% of the NFC pineapple Juice exported to Europe comes from Costa Rica because its quality has been considered as the best NFC Pineapple Juice in terms of colour, taste and aroma.

But it is risky to depend only on one country and today buyers are seriously thinking of blending different origins like mixing Thai and Costa Rican juices. They will create a better-balanced juice, fruity but less sugary. Why not!

THE WORDS OF Mr PORNCHAI PHULSUKSOMBATI

I now let Mr **Pornchai Phulsuksombati**, The Vice President of the Thai Processors Association (TFPA) and Chairman of Pineapple processors group, ending my presentation since his words are deeply respected in our profession, well understood, appreciated. After forecasting the raw material output to be 1.85/1.90 million metric tons in 2017 for Thailand, he said:

“The price recovery of pineapple juice should occur early next year due to Thai packers have moved out their stock of winter crop last year in the last

few months and now starting to move the summer crop production and will continue for the winter crop production with higher price. The price in the last 2 years was exceptional! this never happened in the pineapple industry and must not happen again! Frankly, a reasonable price of PJC 60 brix should be running around USD 1,300 – 1,600 / metric tons which will make all stakeholders; beverage companies, importers, packers and farmers happy with decent profit.”

Pineapple the most prestigious tropical fruit, “the King Pineapple” should find a way to avoid such turmoil and we hope for our Asian, Costa Rican and South American friends that the predictions of Mr **Pornchai Phulsuksombati** will be accurate.

DIVING INTO NFC

Ladies and gentlemen **LET'S WAIT AND SEE WHAT THE FUTURE BRINGS AND IN THE MEANTIME, LET'S DIVE INTO THE NFC, I THANK YOU ALL FOR YOUR KIND ATTENTION**

