MINISTRY OF AGRICULTURE

EUROPEAN UNION

Banana Export Expansion Programme

Presenter

JANET CONIE

GENERAL MANAGER
BANANA BOARD

July 2, 2015
Background and Justification

The Banana Industry has played an important role in critical areas of **national development** such as:

- Food security;
- Sustainable rural development

**Challenges:**
- Environmental shocks and cessation of major exports in 2007.
- Loss of production, marketing and shipping resources

**Opportunities:**
- Strong demand (domestic and export) and low supply
- High prices in domestic and export niche markets
- Diversified market both locally and overseas
Background and Justification

STATUS OF INTERNATIONAL MARKET OF BANANA:
FAO-STATISTIC 2011-2012:

BANANA WORLD IMPORT AND EXPORT STATISTIC:

(thousand tonnes)

2009 2010 2011
14,664 14,898 15,761
13,869 15,262 16,664

EXPORTS    IMPORTS
Background and Justification

UK Fruit and Vegetable Market in ‘000 Tonnes (Defra 2013)

[Bar chart showing the UK Fruit and Vegetable Market in ‘000 Tonnes from 1998 to 2013. The chart indicates a significant increase in the market volume over the years, with a notable peak in 2013. The chart also highlights the separate data for fruits, vegetables, and the total market volume.]
Background and Justification

UK Imports of Fruit and Vegetables (‘000 Tonnes)

- **Fruits**
- **Vegetables**
- **Total Market Volume '000 Tonnes**

<table>
<thead>
<tr>
<th>Year</th>
<th>Fruits</th>
<th>Vegetables</th>
<th>Total Market Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
Background and Justification

UK Self sufficiency

- Since the 1980s: 60%
- 2013: 10% of fruits and 54% of vegetables

Jamaican Exports to EU = 3,736 (3,714 or 99% to UK)

- sweet oranges 60%,
- papaya 30%,
- other 10% (guava, mango, mandarin, other citrus, exotics, etc)

High Demand for New and Different

- Jamaican Brand
- Jamaican fresh produce/ banana market opportunities
Industry Strategic plan – *How to win*

**Food Safety**
- To expand production with global standards (Global GAP Certification)

**Technical Service**
- To develop the industry to preserve its competitiveness on both the domestic and export markets

**Innovation**
- Diversified market both locally and overseas for green and dessert or ripening fruits.
Background and Justification

- **Increase production & productivity in farms and agribusiness enterprises**

- **Banana Board:**
  - To facilitate on-farm/agronomic technical innovations: new varieties, technologies, disease management, surveys etc
  - Fair Trade/Global Gap Certification
  - Support Market Driven Production
  - Promotion and Public awareness campaign

- **AIBGA**
  - To strengthen and sustain material input and product outlet system.
  - Promote additional production areas (hectares) of bananas and plantains

- **Prepare Institutional & Financial framework for future delivery of extension, and research & technology transfer services**

- **Improved Cooperation and Coordination of farmers to supply market**
  - Build capacity and develop Production Clusters (grower groups)
  - Support to value-added/ agri-business production
  - Development of new market opportunities
## Total National Production

<table>
<thead>
<tr>
<th>Period</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Banana</td>
<td>Plantain</td>
<td>Banana</td>
<td>Plantain</td>
</tr>
<tr>
<td>1st quarter</td>
<td>10,440.0</td>
<td>6,374.0</td>
<td>11,015.1</td>
<td>6,374.0</td>
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<tr>
<td></td>
<td>10,815.0</td>
<td>8,116.0</td>
<td>13,561.0</td>
<td>9,610.0</td>
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<tr>
<td>2nd quarter</td>
<td>12,301.1</td>
<td>10,755.6</td>
<td>12,371.6</td>
<td>10,755.6</td>
</tr>
<tr>
<td></td>
<td>13,104.0</td>
<td>10,095.0</td>
<td>9,032.6</td>
<td>7,833.6</td>
</tr>
<tr>
<td>3rd quarter</td>
<td>46,660.1</td>
<td>35,340.6</td>
<td>45,980.3</td>
<td>34,573.2</td>
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<tr>
<td></td>
<td>82,000.7</td>
<td>80,553.5</td>
<td>64,232.4</td>
<td>93,228.4</td>
</tr>
<tr>
<td>Year total</td>
<td>82,000.7</td>
<td>80,553.5</td>
<td>64,232.4</td>
<td>93,228.4</td>
</tr>
<tr>
<td>% of 2011 baseline</td>
<td>1.8%</td>
<td>21.7%</td>
<td>13.7%</td>
<td></td>
</tr>
</tbody>
</table>
Background and Justification

Jamaican Banana Production 2011-2015
Background and Justification

Jamaican Export Banana Production

- 2013- Banana export = 4494 boxes (73.372 T)
- 2014- Banana export increased by 189% to 12,914 boxes (210.85T)
- Cayman (24%), Canada 73% and the UK 3%
**Background and Justification**

**Profitability in Export Market**

- **Cayman / Canada** = $1606 - 1054.40 = 551.60  
  \(\text{ROI} = 52.3\%\)

- **Wholesale price UK** = $ 800 – 1054.40 = -$254.5  
  \(\text{ROI} = -24.13\%\)

- **The UK Fair Trade** = J$1,369.45 – 1054 = $ 315.45  
  \(\text{ROI} = 30\%\)

  \(\text{NOT INCLUDING the US$1.00 premium/Box}\)

Cost/box of $1054 is based on 20 T/Ha for non-irrigated crop. COP is $958 /box and $777 /box for yr 1 and 2 respectively in irrigated fields producing 35.5 tonnes of export fruit (i.e. 44.0 - 8.5)
COMPONENTS OF THE PROGRAMME

BEEP

Banana
Export
Expansion
Programme
Objective:

To expand the sector through increased production and productivity with global standards and develop the industry to persevere its competitiveness in both the domestic and export markets.
The major components are to:

1. Establish tissue culture laboratory

2. Facilitate ongoing exports

3. Co-finance through a revolving loan

4. Global G.A.P. and FLO Certifications
Operators of the Programme

- The programme will be financed by:

  Government of Jamaica

  European Union

Jamaica Banana Accompanying Measures programme (JBAM).
The GOJ will provide financial support of approximately J$250 M in the areas of:

- Land divestment in priority Agro Parks
- Off farm irrigation infrastructure
- Farm road improvement
Operators of the Programme

JBAMs will provide a total of $76.5 million in the following proportions:

- Material Input supplies - $30,000,000
- Global GAP Infrastructure - $30,792,490
- Global GAP and FLO Certifications - $16,000,000
Support will be provided by the Banana Board as follows:

- Training and technology transfer in various aspects of production and post harvest management in banana
- Extension support for farmers
- Support for Global GAP certification
- Market alignment for the main production (export)
Operations of the Programme

- The AIBGA will supply material inputs, administer the revolving loan programme and provide market alignment for the secondary produce.
Operations of the Programme

- RADA will provide overall JBAMs coordination, mobilization and extension support to participants.
Expected Results

• Consistent quality of bananas with Global GAP certification
• Increased growth in the agricultural sector and the provision of at least 115 jobs
• Increased production by 2500 tonnes of banana = (Revenues J$165M)
• Increased profitability of export farms with access to new markets
• Increased foreign exchange earnings
Beneficiaries

- The target beneficiaries include New or Existing Banana Farmers in the parishes of Portland, St. Mary, St. Thomas, St. Catherine Clarendon and St. James.
Criteria for Farmers Participating

- Must sign a binding agreement to comply with the Global GAP and Fair Trade standards for exportation.

- Global GAP infrastructure allocated according to the group setting.
Criteria for Farmers Participating

• Ability to finance the production cost.

• Farmers must provide partial financing of the material cost and all costs for seedlings, labour & other costs associated with production.

• Access to working capital to cover mandated standards of production. Total estimated cost is $1,700,000/Hectare including on farm irrigation. (Apr. 2015)
Criteria for Farmers Participating

Field Requirements

- For new fields or replanted fields
- Farm size minimum: 2 Ha (5 ac.) and maximum: 20 Ha (49 ac.)
- Fields must be irrigated during production period or adequate rainfall available
- Slope limit of 30 degree maximum
- Distance from waterways not less than 10 Metres
Criteria for Farmers Participating

• Accessibility
• Soil tested and reported suitable for banana production
• Risk analysis that meets approval levels
Criteria for Farmers Participating

- **Legal Status (Sole proprietor, Company, Associations)**
  - Must be a registered member of the AIBGA and RADA
  - Registered with the Banana Board Catastrophe Fund or any other recognized agricultural insurance scheme
  - In case of grouping must have proof of registration
  - Must commit legally to the GlobalGAP and Fair Trade certification grouping
  - Must include a team member that is capable in keeping records and follow technical instructions. Experience in export banana production will be an asset.
Criteria for Farmers Participating

- Legal status/Contractual obligations
  - The product must be contracted to the export market under the Banana Export Expansion Programme

- Export Quality standards must be maintained above 90% PUWS and reject rate not above 20%
Special Benefits to Farmers

- Global GAP and Fair-trade Labelling Organization (FLO) certification
  - Infrastructure support
  - Technology transfer /training/ facilitation in implementation of the procedures or standards
  - Internal audit of the technical functions and farms by the Banana Board
  - External audit of the technical functions and farms by the External Certification Bodies (Global GAP and FLO)
Special Benefits to Farmers

- Material input supplies financing
- Sigatoka and Nematode control chemicals for agreed period up to first harvest
- Fertilizer chemicals for agreed period up to first harvest
Financial Projection for One Hectare of Banana Production

**CASE 2 - Moderate Approach**

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Irrigated Farm</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Year 1</td>
</tr>
<tr>
<td>Establishment Cost (J$)</td>
<td>321,115.00</td>
</tr>
<tr>
<td>Irrigation Cost (J$)</td>
<td>200,000.00</td>
</tr>
<tr>
<td>(amortized over 5 years)</td>
<td></td>
</tr>
<tr>
<td>Maintenance Cost (J$)</td>
<td>1,180,607.00</td>
</tr>
<tr>
<td><strong>Total Cost (J$)</strong></td>
<td>1,701,722.00</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenue (J$)</strong></td>
<td>2,367,000.00</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Gross Profit (J$)</td>
<td>665,278.00</td>
</tr>
<tr>
<td>Interest payment 9.5% (J$)</td>
<td>129,664.00</td>
</tr>
<tr>
<td><strong>Net Profit (J$)</strong></td>
<td>535,614.00</td>
</tr>
<tr>
<td><strong>Return on investment (ROI)</strong></td>
<td><strong>29%</strong></td>
</tr>
</tbody>
</table>

Production is estimated at 30 T/Ha for non-irrigated plots, and 44 T/Ha for irrigated plots, with 20% rejection to local market (i.e. 6 and 8.5 T/Ha respectively). Export price is estimated at $66 /Kg or $30 /Lb. Bananas not meeting export standards are sold at minimum $33 /Kg or $15 /Lb locally.
Thank You