

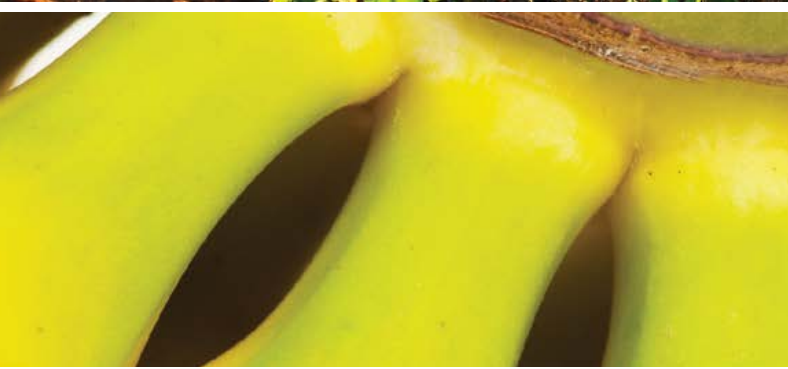


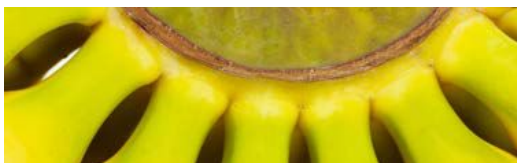
# SECTOR ANALYSIS

## BANANO 2016



**PRO ECUADOR**  
INSTITUTO DE PROMOCIÓN DE  
EXPORTACIONES E INVERSIONES





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## I N T R O D U C T I O N

It is well known that bananas are grown in all tropical regions and they are fundamental to the economies of many developing countries. In terms of gross value production, bananas are the fourth most important food crop in the world after rice, wheat and corn.

Banana production for export is considered a different economic and technological activity than banana production as a staple. Production for export relies on only a few varieties, which were selected for their high yields, durability in long distance transport, consistent quality and unblemished appearance.<sup>1</sup>

The most common banana consumption is a sweet fruit and is eaten raw; however there are other consumption forms such as fried, roasted, dried, juiced or flakes. The fruit is also used to produce alcoholic beverages or flour.

The main objective of this document is to inform potential buyers about production, export supply, marketing, certifications, installed capacity and competitive advantages of Ecuadorian bananas.

1. <http://www.fao.org/docrep/007/y5102s/y5102s03.htm>



E C U A D O R I A N   B A N A N A S

## Ecuadorian Bananas Features

Banana is a rich and nutritious tropical fruit, oblong shaped, elongated and slightly curved, its skin is yellow, pulp is white and its flavor is sweet, intense and perfumed.<sup>2</sup>

Internationally speaking the fruit has a strong position because it is known as a super food for its quality, taste and texture, its nutritional properties provide a good amount of energy, protein, calcium, iron, and vitamin C.

Among the health benefits, we can mention that eating bananas helps to restore electrolytes, is rich in potassium, and may even help prevent certain cancers by their natural antioxidants.

### Banana manufactured products

Within the banana sector, the Cavendish subgroup is the main exported type, which has conventional and organic certification. Also, it is important to mention that according to market demand, the fruit is consumed preferably fresh, but also you can eat banana as processed food on different presentations:

- Bananas in syrup and dried slices (not fried)
- Frozen Banana
- Banana dehydrated flakes
- Banana passes (fig)
- Banana lyophilized
- Alcoholic drinks and ethanol from banana

- Banana flour and powder
- Jellies, jams, compotes and banana sandwiches
- Juices, nectars and drinks banana
- Mashed bananas
- Fried banana slices
- Taste and aroma of banana
- Banana vinegar
- Beverages banana
- Banana pulp

We can mention other uses of the fruit, for example bananas are used to feed animals, its fiber is used in the textile industry, and also banana's fibrous waste is used as raw material for producing paper and paperboard pasta. Also, fiber banana plant serves as input to produce more resistant to degradation industrial fibers, competing with glass and coal.<sup>4</sup>

### Geographic Location in Ecuador

Ecuador has a favorable weather condition that allows small, medium, and large producers to supply the banana world demand 365 days a year.

The main provinces of Ecuador, where bananas are grown are: Guayas, El Oro and Los Rios, as shown in the following table:

Chart No. 1: Geographical distribution of banana production

PROPERTY																
RANGES HAS	AZUAY	BOLIVAR	CAÑAR	COTOPAXI	EL ORO	ESMERALDAS	GUAYAS	LOS RÍOS	MANABÍ	SANTA ELENA	SANTO DOMINGO DE LOS TSACHILAS	NO DELIMITADA	TOTAL	HAS	PRODUCERS	
0-10	15	0	38	61	1,425	7	1,157	223	0	0	0	50	2,976	11,950	2,570	
10-20	4	0	16	57	416	6	209	153	0	2	0	23	886	12,592	703	
20-30	1	0	17	25	161	10	105	99	0	1	2	12	433	10,588	345	
30-40	0	0	16	16	106	8	80	97	0	1	0	6	330	11,470	255	
40-50	0	2	10	6	73	1	73	67	0	3	1	1	237	10,564	170	
50-100	0	0	14	9	127	2	168	198	1	1	0	5	525	37,167	392	
100-150	0	0	8	2	44	1	50	61	0	2	0	1	169	20,188	158	
150-mas	0	0	2	3	23	1	61	89	1	1	0	0	181	48,520	194	
<b>Total</b>	<b>20</b>	<b>2</b>	<b>121</b>	<b>179</b>	<b>2,375</b>	<b>36</b>	<b>1,903</b>	<b>987</b>	<b>2</b>	<b>11</b>	<b>3</b>	<b>98</b>	<b>5,737</b>	<b>163,039</b>	<b>4,787</b>	

Source: Subsecretary of Marketing, MAGAP

2. <http://www.dole.com.ec/productos.php?item=bananos>

3. Banano Ecuatoriano, Perspectivas, Ing. José Riofrío S., 1 Edición 1997

4. Fresh plaza artículo <http://goo.gl/8E870Z>

## National Production

Bananas are produced in the provinces of Manabi, Los Rios, Guayas, El Oro, and Esmeraldas. In 2015 banana production per hectare increased in 5% compared to the previous year. The main reason for this increase is the improvement of the average spot price while the official price remained low.

This increase allowed producers to finance infrastructure, fertilization, and better management control of Sigatoka, disease that affects productivity and availability of exportable fruit.

The banana sector according to MAGAP's database (Ministry of Agriculture, Livestock and Fisheries) generates about 2 to 2.5 million direct and indirect jobs, with an average direct employment of 0.8 men per hectare of bananas; this number includes field and packaging. The average productivity (boxes/ha/year) is shown by the following table:

Chart No. 2: Average yield per hectare of bananas in Ecuador

### NATIONAL BANANA PRODUCTION STRUCTURE - 2015

RANGES	Nº. PROPERTIES	%	AREA (HAS.)	%	AVERAGE PRODUCTIVITY (BOXES/HA/YEAR)
0 - 5	1,907	29%	4,826	2%	1,441
5-10	987	16%	7,116	4%	1,955
10-20	886	14%	12,634	6%	1,999
20-30	435	8%	10,609	5%	2,144
>30	1,403	33%	126,854	83%	1,932
<b>TOTAL</b>	<b>5,618</b>	<b>100%</b>	<b>162,039</b>	<b>100%</b>	<b>1,938</b>

Source: Banana Land Census  
Preparation: Statistically area - Unibanano

Ministry of Agriculture, Livestock and Fisheries has identified that from the existing 162.039 hectares of bananas, 12% belongs to organic and 88% to conventional.

## Banana Exports

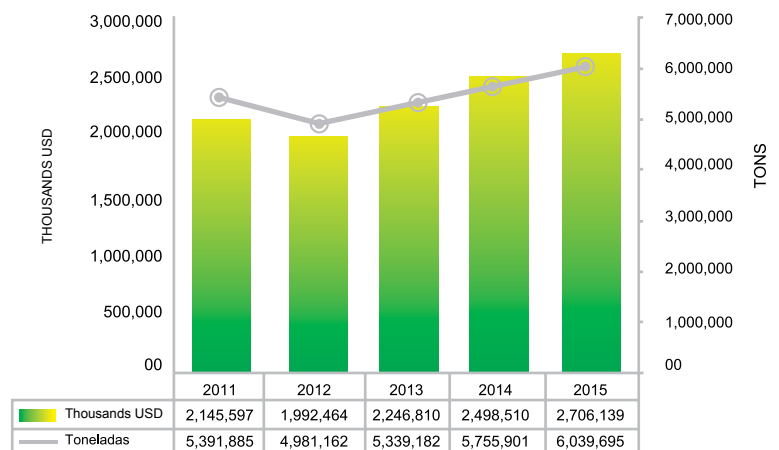
Ecuador remains as the largest banana exporter in the world, 30% of the world banana supply comes from Ecuador. For Ecuador, banana exports represent 15% of total exports value and it's the second largest export category.

Due the high consumer demand for the most demanding markets, and being part of the daily diet of millions of people, Ecuadorian banana exports has grown steadily in the last 3 years, also producers have increased their productivity per hectare, it means more boxes per hectare produced.

In 2015, the FOB export value reached US \$ 2,706 million, representing 9.56% more than the previous year; however, in 2016 there are different positions on how "El Niño" would affect banana production.

It is noteworthy that not only Ecuador suffers this climatic phenomenon, but also the entire region which reduces banana production in Latin American and increases the price globally and exports value of the country. Ecuador expects to export 300 - 310 million of boxes.

Graphic No 1: Ecuadorian Exports of Banano



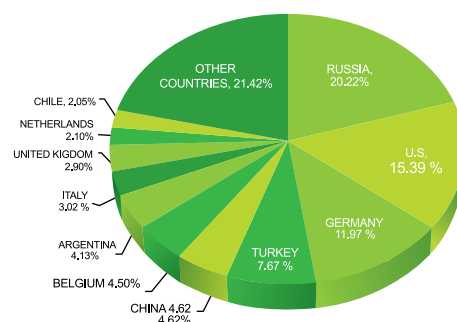
Source: Central Bank of Ecuador  
Elaborated by: Business Intelligence, PRO ECUADOR

## Destination of Ecuadorian exports

In 2015, almost 50% of Ecuadorian banana exports went to Russia, the United States, and Germany, with shares of 20.22%, 15.39% and 11.97%, respectively.

There are some other countries that share a lower participation such as Turkey with 7.67%, China with 4.62%, Belgium with 4.50% and Argentina with 4.13%.

Graphic No 2: Main destination of Ecuadorian Bananas



Source: Central Bank of Ecuador  
Elaborated by: Business Intelligence, PRO ECUADOR

## Number and Size of Companies in the Industry

In 2015, the banana exporter's top 10 were:

COMPANY	NO. EMPLOYEES	SIZE
UNION DE BANANEROS ECUATORIANOS S.A. UBESA	OVER 150	LARGE
TRUISFRUIT S.A.	50 - 149	MEDIUM
REYPANBAC REY BANANO DEL PACIFICO C.A.	OVER 150	LARGE
ASOCIACIÓN DE AGRICULTORES BANANEROS DEL LITORAL ASOAGRIBAL	50 - 149	MEDIUM
SABROSTAR FRUIT COMPANY S.A.	50 - 149	MEDIUM
OBSA ORO BANANA S.A.	10 - 49	SMALL
COMERCIALIZADORA DE BANANO DEL SUR COMESUR CIA LTDA.	50 - 149	MEDIUM
COAGROFRUT S.A.	50 - 149	MEDIUM
FRUTA RICA FRUTARIC S.A.	1 - 9	MICRO
EXPORTADORA DE BANANO DEL ORO EXBAORO CIA LTDA	10 - 49	SMALL

Source: CRM - PROECUADOR  
Elaborated by: Business Intelligence, PRO ECUADOR

## Union Associations



The main associations of exporters in the sector are:

**AEBE** (Asociación de Exportadores de Banano del Ecuador)  
**ASISBANE** (Asociación de la Industria Bananera del Ecuador)  
**AGROBAN** (Asociación de Productores Bananeros del Ecuador).

## Certifications

It is important to mention that certifications depend on the buyer, their needs and convenience. Most of the certifications for producing and exporting Ecuadorian banana are:

REGION	CERTIFICATIONS
Europe	Global Gap
	Fairtrade International
	Naturland Standards
	Ethical Trading Initiative - ETI
North America	Global Gap
	Fairtrade International
	Ethical Trading Initiative - ETI
	USDA National Organic Program
Central and South America, Caribbean, Africa and Asia	Global Gap
	Fairtrade International
	Ethical Trading Initiative - ETI
Australia and Oceania	Global Gap
	Fairtrade International

Source: <http://www.standardsmap.org/identify>

Source: <http://www.proecuador.gob.ec/wp-content/uploads/2013/04/GuiaCertificaciones.pdf>

Elaborated by: Business Intelligence, PRO ECUADOR

## 5. COMPETITIVENESS

### Unique characteristic of Ecuadorian Banana

Ecuador is the leading exporter of bananas in the world. Due to its special characteristics of soil and climate, Ecuadorian bananas are well known for its quality and taste in international markets in Europe, Asia and North America.<sup>5</sup>

Besides the excellent climate and land ownership, Ecuador has some other comparative advantages such as lower incidence of pests and disease that grants producers use almost half fungicides compared to those used by the other banana producing countries.<sup>6</sup>

Banana is a fruit with great nutritional properties that provide a good amount of carbohydrates and fiber. It also contains high concentrations of potassium, magnesium and folic acid.

### Ecuador competitive advantage as a supplier

The competitive advantage of Ecuador as a provider lies in the fact that during the period of world largest demand (January, February, March), Ecuador has a bigger banana production, compared to the other countries that have failed to match the production of this fruit is those times of the year. Also, the Ecuadorian Government has regulations and permanent controls for compliance with the labor laws of producers, industry and environmental legislation.

The Ecuador is constantly working on campaigns promoting their fruits abroad to position them in the consumers' minds in those countries where even they are not so in demand.



## CONTACTS AND BUSINESS INFORMATION

Banana Account Manager



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Edificio World Trade Center, torre A piso 13, Guayaquil

### Trade fairs and events

The Institute for Export Promotion and Foreign Investment PRO ECUADOR, participates, as part of its activities, in several fairs worldwide, where exporting companies exhibit their products and make contact with customers.

Fairs and events of special interest to the banana sector are:

#### **NORTH AMERICA**

•PMA Fresh Summit 2016 (Orlando, United States)  
October 14th – 16th, 2016  
<http://www.pma.com/events/freshsummit>

#### **EUROPE**

•Biofach 2016 (Nuremberg, Germany)  
February 10th – 13th, 2016  
[www.biofach.de/en/](http://www.biofach.de/en/)

#### **•London Produce Show (London, United Kingdom)**

June 8th – 10th, 2016  
<http://londonproduceshow.co.uk/>

#### **ASIA-MIDDLE EAST**

•Gulfood (Dubai, EAU)  
February 21st – 25th, 2016  
[www.gulfood.com](http://www.gulfood.com)

#### **•Foodex 2016 (Tokyo, Japan)**

March 8th – 11th, 2016  
[www.jma.or.jp/foodex/en/](http://www.jma.or.jp/foodex/en/)

#### **•Asia Fruit Logistics 2016 (Hong Kong, China)**

September 7th – 9th, 2016  
[www.jma.or.jp/foodex/en/](http://www.jma.or.jp/foodex/en/)



In Ecuador it is necessary to have good contacts to do business, if you don't count with help of a local company, it will be more difficult to introduce on this market. Import – Export agencies and the lawyer's offices could be a great help.

It is recommended to schedule the business meetings with two weeks of anticipation, and in addition, you should confirm your attendance two or three days before the meeting.

Before talking about business, it is necessary to make an approach with informal conversation (trips, culture, sports, current news, etc). It is common to talk about personal stories or experiences that aren't related to the principal topic. The conversations are given in a friendly tone. It is best to avoid any type of comment that could be misunderstood and it's important to keep a soft voice tone so you don't sound rudely.

Decisions in Ecuador are based on: experiences of the past, application of general regulations or logical principles, in addition, Ecuadorian traders don't change of mind so easily.

More information can be found in the Ecuador Commercial Guide, prepared by the Institute for the Promotion of Exports and Investments PROECUADOR.<sup>7</sup>

## Tariff Structure

Banana has the following tariff nomenclature:

0803.90.11.00 - Banano (Musa sapientum)

## Links and contacts

Pro Ecuador  
[www.proecuador.gob.ec](http://www.proecuador.gob.ec)

Ministry of International Trade  
[www.comercioexterior.gob.ec](http://www.comercioexterior.gob.ec)

National Customs Service of Ecuador  
[www.aduana.gob.ec](http://www.aduana.gob.ec)

Ministry of Industry and Productivity (MIPRO)  
[www.industrias.gob.ec](http://www.industrias.gob.ec)

National Financial Corporation  
[www.cfn.fin.ec](http://www.cfn.fin.ec)

Internal Revenue Service (SRI)  
[www.sri.gob.ec](http://www.sri.gob.ec)

Ecuadorian Agency for Agricultural Quality Assurance (AGROCALIDAD)  
[www.agrocalidad.gob.ec](http://www.agrocalidad.gob.ec)

National Agency for Regulation and Control Health Surveillance  
[www.controlsanitario.gob.ec](http://www.controlsanitario.gob.ec)

National Financial Corporation  
[www.cfn.fin.ec](http://www.cfn.fin.ec)

National Institute for Agricultural Research (INIAP)  
[www.iniap.gob.ec](http://www.iniap.gob.ec)

Ministry of Agriculture, Livestock and Fisheries  
[www.agricultura.gob.ec](http://www.agricultura.gob.ec)

7. <http://www.proecuador.gob.ec/exportadores/publicaciones/conozca-ecuador/>



**Guayaquil:** Av. Francisco de Orellana, World Trade Center Building, Tower A. 13th floor. PBX: 593 4 2597980.  
**Quito:** Av. De los Shyris y Holanda, Shyris Center Building, low floor. PBX: 593 2 3937226.

