

Winfresh heralds new banana dawn

The Caribbean banana trade is undergoing change forced on it by tough market conditions.

In the Windward Islands, the sub-regional banana exporter has changed its name and is looking to develop other produce business.

It is a path already trod by Jamaica's largest grower of bananas, which has diversified away from fresh bananas into fruit-based food and drink products. Since the 1990s, the region's main, and previously protected, market in the European Union has been gradually eroding because of global free trade rules. The Caribbean banana industry still has quota- and duty-free access to the EU, with an ongoing advantage over Latin American bananas, which pay duty of 176 euros (\$260) per tonne. The fact that the tariff system is still being challenged by US and Latin American banana producers adds more uncertainty. Remains important With this in mind, the Windward Islands Banana Development and Exporting Company (Wibdeco), which has been responsible for packaging and shipping the fruit across the Atlantic, is about to embark on a series of reforms. It has re-branded itself as Winfresh to reflect the refocus on adding other agricultural products to its export business. The industry has declined rapidly over the past decade but still remains important to the Eastern Caribbean. According to the chief executive officer of Winfresh, Bernard Cornibert, the company cannot survive on bananas alone. It currently makes US\$100 million a year on that single crop and plans to double that sum in the next five years by diversifying. "This unhealthy focus, this kind of fixation on bananas, we need to get out of it," Mr Cornibert told BBC Caribbean. The company also has an example from the western Caribbean to follow.

In 2008, the Jamaica Producers Group, the largest banana growers in the country, decided to refocus its business strategy - though the EU market situation wasn't the dominant reason. As with Winfresh, the Jamaican firm changed its name in 1992 - from the Jamaica Banana Producers Association Ltd - to better reflect its focus on a wide range of fresh products, rather than primarily the banana market. Last year, the firm halted banana exports after banana crops were manhandled by a series of tropical storms and hurricanes over two years. Some 450 jobs were lost as a result.

Cassava chips At the same time, Jamaica Producers bought Hoogesteger Fresh Specialist BV, the leading fresh juice and smoothie manufacturer in the Netherlands, for 9.2 million euros (\$13.5m). In Europe the firm refocused on organic products, juice and smoothies. At home, it concentrated on fresh banana production for the local market and building up its snacks business, including banana and cassava chips. Other changes, including trimming operations, were made and the restructuring appears to be paying off. After what the Jamaica Observer described as "horrendous" losses, Jamaica Producers is celebrating the return to profitability in the first half of 2009. According to the business intelligence firm, Business Monitor International (BMI), the firm posted a profit before tax of J\$125million (\$1.4m) in the 24 weeks to June 20 2009, compared to a loss of J\$863m (\$9.8m) in the same period of 2008. BMI said the new focus on value-added fruit and drink products was borne out of necessity. It added: "However, the company that is emerging from the ashes is demonstrating the advantages that a business built around value-added products can offer, with Jamaica Producers Group no longer hostage to the weather and the global swings in the price of bananas." Protection "This year we have an export business that we didn't have last year," Rolf Simmonds, commercial director for Jamaica Producers Tropical Foods, a division of Jamaica Producers Group told the Miami Herald newspaper last month. "We were exporting bananas. This year we are exporting banana chips and doing well at it. We are building a business slowly but surely." Winfresh has not given details of its new strategy but analysts have long said that without some form of protection, that Eastern Caribbean banana production is unlikely to survive. Winfresh has no plans to abandon Europe, even as the main British market remains gripped in a potentially damaging banana price war. Without some form of protection, some experts say Eastern Caribbean banana production would be unlikely to survive. A 2008 World Bank report said that despite the advantages in the EU market, costs for banana production in the Caribbean are among the highest in the world, due to low land productivity as well as high labour and transportation costs. In other words, higher cost producers, particularly in the Windward Islands, will remain under pressure. Hence, the momentum for change. "When we look at the landscape and what is ahead, the company, unless it changes, will not continue to grow and our ability to assist in agricultural development in the Windward Islands will be stumped," Mr Cornibert said.