Intra-European Mango Trade Business: Facts from figures

Article *in* Acta horticulturae · May 2013

DOI: 10.17660/ActaHortic.2013.992.3

Javier Calatrava-Requena
Institute of Agricultural Research and Training (IFAPA)

Samir Sayadi
Institute of Agricultural Research and Training (IFAPA)

INTRA-EUROPEAN MANGO TRADE BUSINESS: FACTS FROM FIGURES

Javier Calatrava; M. C. González Roa; Samir Sayadi

Agricultural Research and Training Institute - IFAPA. P.O. Box 2027 – 18080 Granada, Spain

Summary

While mango is one of the world most consumed fruits, at 35 millions tonnes, mango trade is very limited, accounting for only about 2,5% of the total mango production worldwide. The two main importers are the USA and the EU, the latter importing some 25% of all mango traded in the world, with a clear increasing trend.

The European mango market has evolved from the trade of small amounts of fruit exported from former European colonies (postcolonial trade) in the 1970s to the current imported-reexported market, trading more than 230 thousands tonnes, with a high component of business between countries of the EU.

This paper analyses the mango trade flows inside the European Union, emphasizing the case of Holland, which imports one half of the mango imported for the whole EU, re-exporting later more than 60% of the imports to neighboring countries, at a price higly increased with respect to the import-price paid. The main intraeuropean mango channels are identified.. Some conclusions have been drawn in this respect.

Key words

Reexport, intra-european mango business, mango trade

Introduction

The mango is the fourth most consumed fruit in the world after citrus, apple, and banana. The 35 million tonnes of mango produced worldwide represent a *per capita* consumption of 5.3 kg. Despite the importance of this production and consumption of the mango, its international trade is strikingly limited, with the quantity of mango in international transactions constituting only somewhat more than 2.5% of world production.

Despite its limited volume, international mango trade presents a strongly growth dynamic among the three main importers areas, the USA, the EU, and the Arabian Peninsula, which together buy some 82% of the mangos in international trade, the rest being imported mainly by Japan, Canada, Singapore, and Hong Kong.

The EU is, the second importer of mangos in the world, after the USA, and although its consumption is somewhat low, growth is strengthening, imports having doubled in the last decade to approach 250,000 tonnes at present (234,864 in 2008). One of the characteristics of the EU as an importing zone of the mango is the inside trade that has been generated in recent years. The re-exportation of mango to the inner countries of the EU account for more than 15% of the total international mango trade, this figure reflecting the importance of re-exportation.

The present work examines mango trade within Europe, its commercial volume and channels. The aim is to identify trends and project future perspectives. For this, the market characteristics of the European mango market will first be analysed within the context of international trade.

1. Mango consumption and demand in the European Union

As commented above, Europe, after the USA, is the second largest importer of mangos, taking in 234,864 tonnes in 2008. Together with the Spanish mango production, the overall consumption of the EU surpassed 240,000 tonnes in 2008. This represents a consumption of 472 gr per EU inhabitant (27). If EU consumption is considered (15), the *per capita* consumption reaches almost 0.6 kg (585 gr in 2008), as in most of the new EU member states the consumption is incipient, not reaching a mean of 100 gr per inhabitant (Calatrava, 2010)

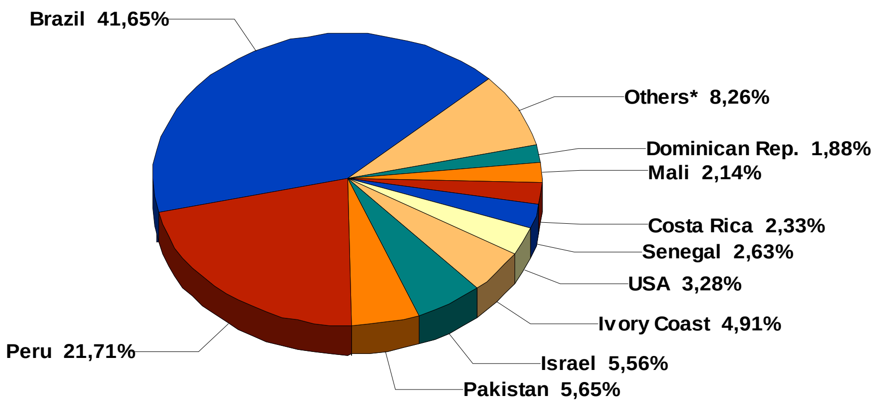
The countries that supply the EU are diverse, although this diversity is diminishing. Calatrava (1999) analysed the time course for the volume of mango importation by the EU, and exportation structure by supplier countries. Four stages can be identified:

- Early post colonial trade
- New importers and diversification of supply
- Beginning of re-export business within the EU
- Re-export within the EU consolidated and concentration of external supply in American imports.

This work shows that initially, until the beginning of the 1980s, the market was very reduced, exports being supplied by old colonies (India, Congo, Ivory Coast, etc.). It was a restricted market of post-colonial nature, but afterwards a new stage began, in which the market grew in volume and number of exporters, with a rising number of supplier countries, which were not all old colonies. More recently, in the EU, there has been a certain tendency to concentrate on importing. Thus, in 2008, Brazil and Peru supplied almost 65% of the mangos imported. Figure 1 shows the volume and structure of the quotas of the EU market supply in 2008.

Brazil, the leading exporter to the EU market, with a market quota of barely 2% at the beginning of the 1980s, exceeded 20% by 1993, and 50% a decade later. Afterwards, the growth of Peruvian exports to the EU slowed down the growth of the Brazilian exports, which in any case remain above 40% (Calatrava, 2010). Thus, the fundamental supply channel of the EU market comes from South America or Europe. Far behind is the Asia-Europe channel, for which the main exporters are Israel and Pakistan and others are Africa-Europe, with Ivory-Coast, Senegal and Mali area main exporters.

Figure 1: EU import of mango, by suppliers (2008)



Total Imports: 228.864 mt

(*) Countries exporting less than 1,50 % of the EU import market share

Source: Taken from Calatrava (2010)

By continents, South America supplies 75% of the mangos imported by the EU, while Asia supplies 15% and Africa 10%.

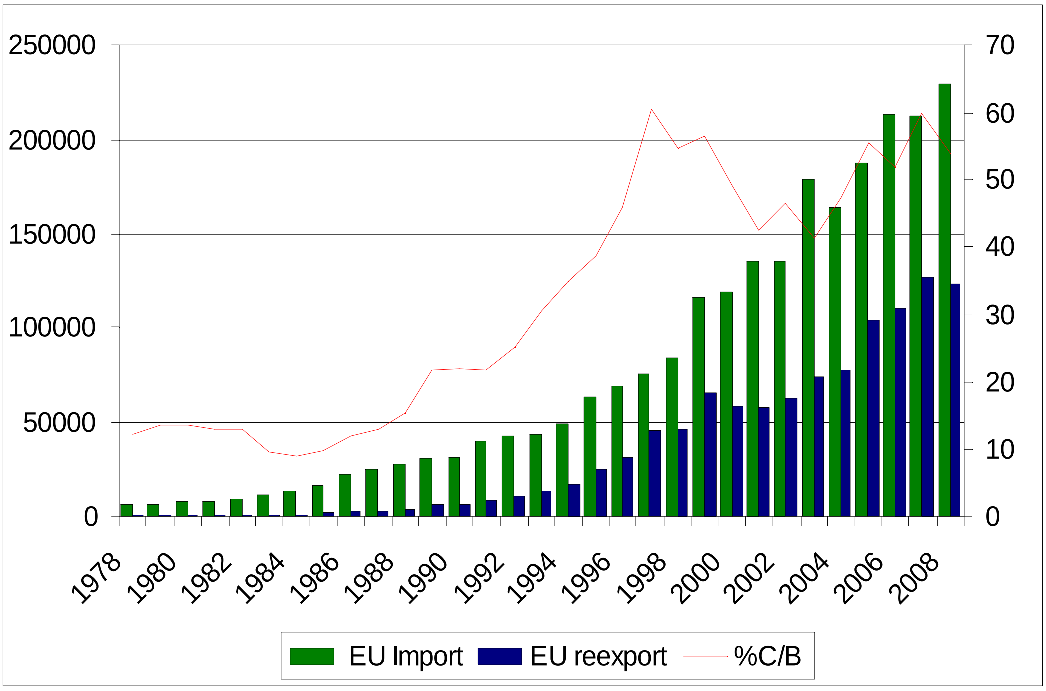
Calatrava (2010) estimated the import demand by the EU, placing its demand price elasticity at e=2.52, indicating that the market is relatively elastic and that the quantity ordered is increasing on the basis of slow but systematic price descents. Minaya and Caro (1999) presented a similar estimation (2.48) for the demand-price elasticity, and also estimated the values of the supply-demand, and of the crossed demand or replacement, at 1.73 and 1.78, respectively. Studies on the EU market appear in Calatrava (1999 and 2010) and Gervaux (2008 and 2009). We will examine in detail the subject of re-exportation within the EU.

2. Mango market within Europe

Some countries of the European Union have made a business out of the mango, reexporting a large part of the quantity imported, in such a way that in many cases the importing companies are the same ones that reexport. In the process of import-export, quality can vary and, of course, prices can fluctuate accordingly.

In 2008, of almost 230,000 tonnes imported by the EU, 54% were in turn re-exported from the importer country to other countries of the EU generating sales account for about 200 millions euros. Figure 2 shows the time course of mango trade in the EU, including the quantities imported and re-exported, as well as the percentage of re-exportation. The graph clearly shows the importance of trade within the EU, particularly from the mid-1990s.

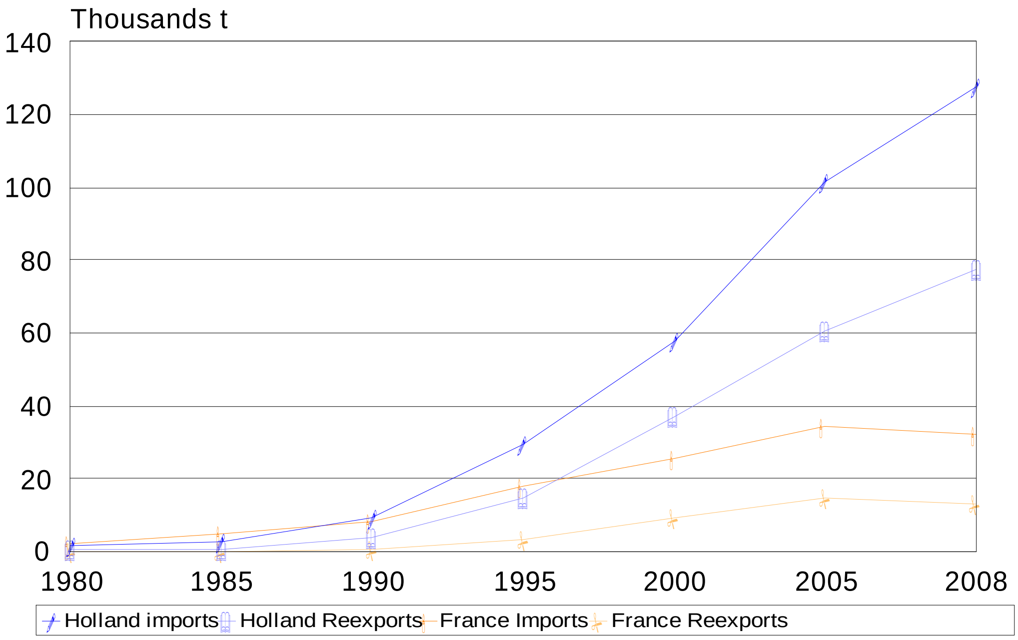
Figure 2. Time course of EU mango trade (1978-2008)



Source: our own from Eurostat Data.

Figure 3 reflects the time course of mango trade in the case of Holland and France, the two main mango re-exporters of the EU.

Figure 3. Time course of Holland and France mango trade



Source: Own elaboration from Eurostat and Fruitrop Statistic Yearbook

Table 1 shows the trade in 2008 for the six countries with the greatest mango trade of the EU.

TABLE 1

MANGO TRADE FOR MAIN MANGO TRADERS EU COUNTRIES (2008)						
	Import Extra EU	Import within EU	Total import	Export	Within-EU import/Total import (%)	Export/Import (%)
Netherlands	121937	5323	127260	77489	4.48	60.7
France	15003	17208	32211	13193	53.42	40.95
Spain	16354	1862	18216	12120	10.22	66.53
Germany	3883	47982	51865	9094	92.51	17.53
Belgium	19093	4994	24087	9348	20.73	38.8
UK	42428	14981	57409	1580	26.09	2.75

Source: based on Fruitrop Data (2009)

The Netherlands, France, Spain and to a lesser extent, Belgium re-export more than 35% of their import. Germany is basically an importer from re-export of Netherlands, and UK is an importer from outside the UE.

It should be taken into account that the Spanish exports are not primarily re-exports, as Spain is the only country of the EU that is a producer, importer, exporter, re-exporter, and consumer of mangos and therefore part of the exports are not previously imports but rather cultivated within the country.

The graph in Figure 4 shows the time course of the ratio $P_{reexportation}$ / $P_{importation}$ in the EU market generated by Netherlands and France for some European countries. The prices do not correspond strictly to quality or presentation of the fruit, and thus the ratio must be considered in light of this fact, as this would explain the possibility of the existence of some relative value.

Figure 4. Time course of the ratio mango export price: import price for Holland and France (1997-2007)

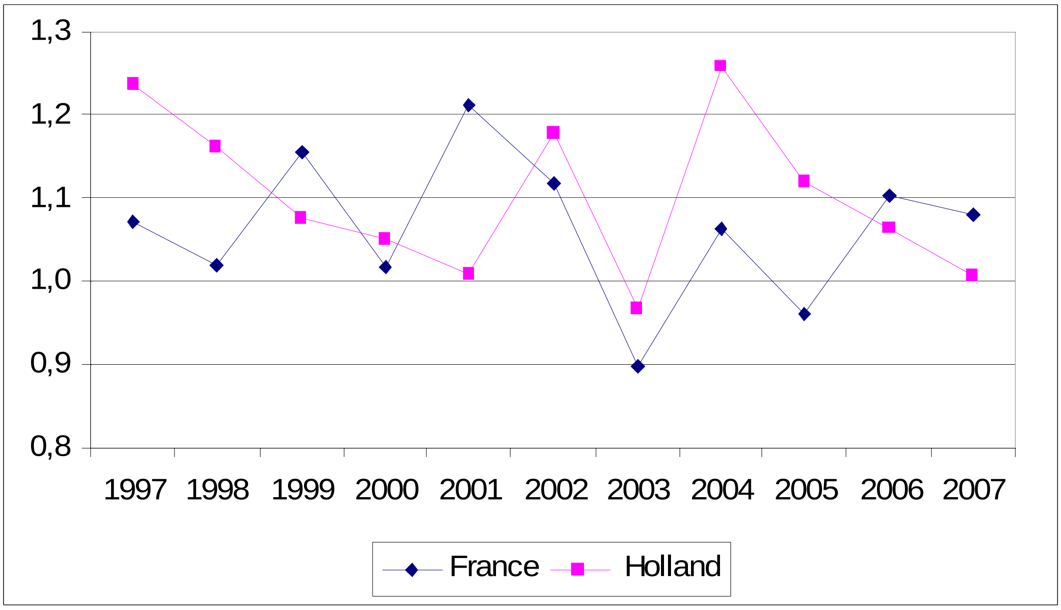
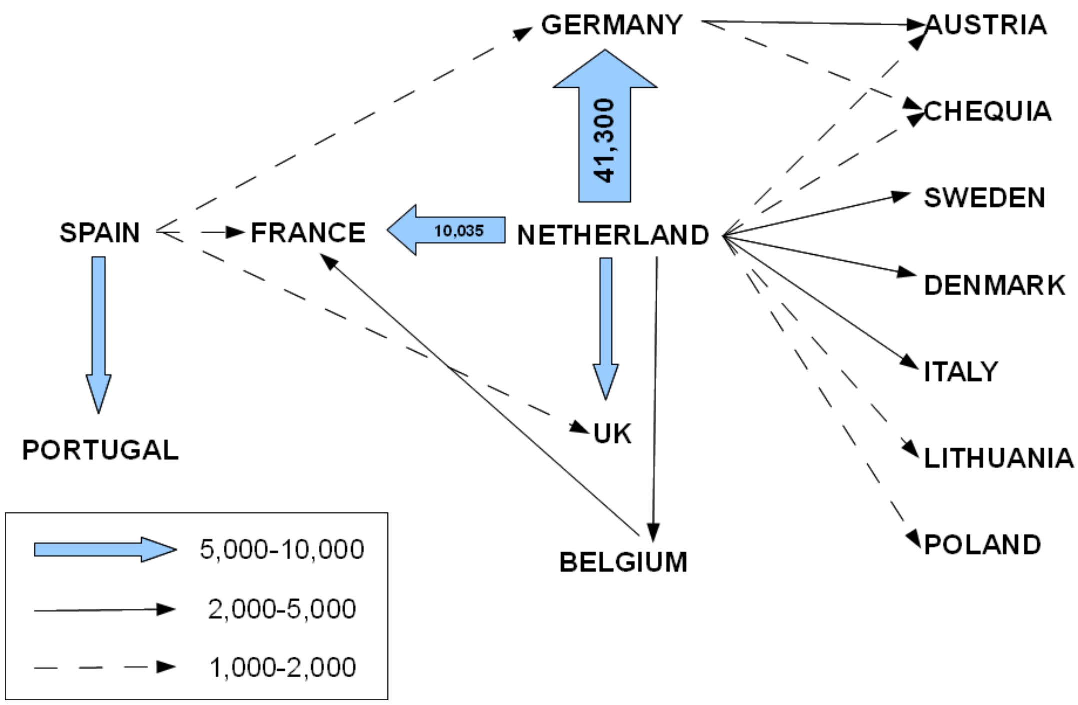


Figure 5 shows the main flow of mango trade within the EU.

Most striking is the flow volume of mangos out of the Netherlands and Germany, and to a lesser extent, out of France and the UK, as well as out of Spain to Portugal, which overall exceed 5,000 t.

Figure 5. Mango trade channels within the EU

(Only flows with more than 1,000 tonnes in 2008)



Source: Calatrava and González Roa (2009).

3.Conclusions

- The EU is the second mango-importing zone in the world after the USA. The EU imports approached 230,000 tonnes in 2008, with a clear increasing trend.
- Given the trend mentioned and the still low level of consumption, which hardly reaches 500 gr per person, it is foreseeable that in 5 years, imports will approach 300,000 tonnes.
- One of the engines of the importation dynamics of the European mango is trade within the EU, since the imports are already re-exported to other countries within the EU.
- The trade within Europe is more than 15% of the total world mango traded and accounts for a business of 200 million euros.
- The re-exporting firms are usually the same as those that import the mangos, which then add value to the re-exported product.

- The trade within the EU is not generalized, but rather specialized, with certain countries—particularly Holland and, to a far lesser extent France and Spain—which engage in re-exportation.
- Mango trade within the EU serves to consolidate and rebalance this market, as it makes a business out of mango with strong interests within Europe itself, and therefore rooted in its economic and marketing system.

4. References

Calatrava, J. (1999) “The European mango market: current situation and short to medium term forecast” VI International Mango Symposium. Pataya (Thailand) Abril. P 15

Calatrava, J. González Roa, MC (2009) “The Spanish role on the European mango business: current situation and future trends” DESA. Working papers.

Calatrava, J. (2010) “Mango. Economic importance and world trade” International Mango Enciclopedy (in press)

Gerbaud P.(2008) : “ Mango in danger of becoming ordinary at the european market”. Fruitrop 153. 12-14.

Gerbaud P.(2009) : “ The European mango market : A supply puzzle” Fruitrop 164. 35-37.

Fruitrop (2009) “Supplement Statistic Yearbook” 2009, jul p. 12. CIRAD

Minaya, A., Caro, J. (1999) “El mango en Perú y sus vínculos con el mercado mundial” IICA