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Media release

## **Buyer pain as market determines banana prices**

Cyclone Larry's devastation of Far North Queensland's banana production has resulted in significant price increases as consumers seek the small quantities that are reaching the market, and while the demand for bananas continues, prices will stay high.

Craig Allen, CEO of the Australian Banana Promotions Company said, "Not that loyal banana consumers want to hear it, the current pricing is simply a matter of supply and demand.

"Banana prices have hit record levels of over \$100 per carton, and we are unlikely to see any relief until production from the Innisfail and Tully areas of Far North Queensland return to some form of normality, which will not be until November at this stage.

"The growing conditions during winter will dictate when greater volumes of bananas reach the markets. If we have a mild winter, bananas will be back in strength sooner," he said.

Around 90 percent of Australian banana production comes from the Innisfail and Tully areas, and banana production has fallen by this proportion as a result of Cyclone Larry.

"This same area was hit by Cyclone Winifred in 1986 after which banana prices hit \$50 per carton when the area only accounted for about 50 percent of Australian production. So, while prices are higher, they are still relatively realistic," Allen said.

Australians consume around 20 million cartons of bananas a year, which equates to one box per person per annum or 13kgs of bananas each. Production in the six months between now and November will be between 30,000 and 50,000 cartons per week, a shortfall of some 350,000 cartons per week compared with normal supply.

Under normal conditions, 10,000,000 cartons of bananas would be marketed in the six months between now and November, but this year around 1,000,000 cartons will be available for sale.

Allen said, "Despite the fact that banana growers will have been without a dollar of income for eight months by November, they are staggering production from November onwards to ensure a quick return to the normal, more consistent supply of bananas.

"While banana prices are abnormally high at the moment, some retailers are squeezing their profit margins to cap the cost to consumers. But until later this year, demand will outstrip supply keeping prices at levels well above the prices the market has become accustomed.

Mr Allen called on the Australian banana-purchasing public to be patient, and to bear with banana growers while they restore their livelihoods. "All we ask is that loyal consumers regard bananas as a luxury fruit item rather than Australia's favourite staple fruit and to count down the 27 or so weeks until bananas return in greater supply," he said.

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