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Itochu to invest US\$57.7m in bananas

Japanese trader Itochu has announced aims to increase Asian banana production 60 per cent by 2020



Leading Japanese trader Itochu will invest ¥6bn (US\$57.7m) in banana production through its Dole business, reports Nikkei.

Itochu has set a goal of improving Asian banana production capacity 60 per cent by 2020 in a bid to secure supply for Japan, which will include upgrading farming methods, investing in irrigation and potentially moving farms to sites with better soil.

Itochu's wholly owned subsidiary Dole International Holdings reported a 30 per cent drop in banana production levels from 2012 to 2015, when it fell to 540,00 tonnes.

Dole's upgrades to its 20,000ha of banana operations in the Philippines are expected to increase output to 850,000 tonnes by 2020.

The Philippines is the largest supplier of bananas to Japan, though import volumes fell 20 per cent from 2011 to 2015 as a result of droughts, typhoons and disease issues in the Philippines' major banana production region, Mindanao.

With around 40 per cent of Dole's Philippines-bananas shipped to Japan, the improvement in production and tonnage is expected to stabilise banana prices in Japan.

According to Nikkei, Dole is also investing ¥2.1bn in pineapple production, expanding plantations in the Philippines 55 per cent by 2018 with the aim of increasing production capacity by 30 per cent to 1m tonnes by 2020 to improve sales in Japan and the US.

Itochu acquired the Asian produce and packaging food business from US-based Dole Food Co in 2013 for ¥125bn, and has since streamlined its business including withdrawing its banana production in Australia.