2023 CROP REPORT

NIELSEN·MASSEY®

FINE VANILLAS & FLAVORS

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MADAGASCAR

OVERSUPPLY AND ECONOMIC CHALLENGES AMIDST RECORD HARVEST

A field of mature vanilla vines in Madagascar.

As the world's leading producer of vanilla beans, Madagascar is a pivotal player in the global vanilla market. However, recent changes in government policies and global economic factors have brought about some notable disruptions.

Madagascar has seen significant changes in its vanilla industry in 2023. The government's decision to enforce a minimum export price for the previous 3 years has led to a turbulent market and intense competition among exporters. The 2023 vanilla crop is expected to be one of the best harvests in the last two decades, forecasted at 2500 tons with exceptionally high quality. Unfortunately, only 1400 tons were exported from the 2022 harvest, which has led to an oversupply situation. Political uncertainty due to the upcoming presidential elections adds further complexity to the situation.

The political landscape in Madagascar is currently marked by uncertainty. The current president was re-elected in the initial election held November 18th with approximately 59% of the vote and a very low voter turnout. These results were ratified approximately two weeks later by their Supreme Court. The vanilla industry now awaits any policy direction from the government. The vanilla export market was officially opened on December 7th by government decree.

Three key factors have contributed to Madagascar's current oversupply situation:

- Increased buying in 2021
- Low demand in 2022 due to the artificially high mandated minimum export pricing
- Strong crop years in 2022 and 2023

The oversupply has led to aggressive price reductions, posing economic challenges for vanilla farmers as they sell their 2022 crop at low prices to meet their daily living needs. Unlike 2022, no cap has been planned on exporter licenses in 2023. Large vanilla manufacturers are exploring other vanilla-producing regions due to concerns about weather instability, political uncertainties, increased production in other quality vanilla regions, and the emergence of new vanilla-producing areas. Madagascar also continues to grapple with global inflation, contributing to economic pressures on vanilla farmers and stakeholders.

Madagascan farmer checking vanilla orchid buds for pollination readiness.

COMOROS

QUALITY SURGE AND PRICING CHALLENGES DEFINE 2023 CROP

Comoros is an emerging player in the global vanilla market, known for its distinct flavor profile shaped by its volcanic soil and shorter curing times. Comorian vanilla is known for its distinct, aromatic, and slightly milder taste compared to Madagascar vanilla. This unique profile has garnered interest among consumers and producers, offering a niche market for Comorian vanilla.

Photo courtesy of *vanillaislands.org*

Comorian vanilla beans.

The 2023 vanilla crop is expected to be on par with the previous year, indicating stability in production, but quality improvements are notable. The improved quality of Comorian vanilla is a result of extended vine maturity, driven by reduced demand. The reduced demand gives the vanilla beans more time to develop on the vine, leading to a superior flavor and aroma.

Despite the higher quality, Comorian vanilla faces pricing challenges. The pricing trend for Comorian vanilla often mirrors that of Madagascar, the world's leading producer. To remain competitive, Comorian vanilla prices will need to align with Madagascar prices.

Comoros' unique flavor profile is distinct but not as rich and deep as that of Madagascar. Additionally, the drier environment in Comoros allows for quicker curing of vanilla beans. These factors influence the market dynamics and competitiveness of Comorian vanilla.

Photo courtesy of the *Smithsonian Institution Global Volcanism Program*

Karthala Volcano in Comoros. The volcanic soil in Comoros is one of the main contributing factors to the unique flavor profile of Comorian vanilla.

UGANDA

QUALITY SURGE AND DUAL HARVESTS PROPEL GLOBAL STANDING

Ugandan farmer sorting through cured vanilla beans.

Uganda is making significant strides in the global vanilla market. Not only are they able to harvest two crops annually, without the risk of cyclones, but they are also improving the quality and consistency of their vanilla beans. Support from initiatives like VINES, the Vanilla Initiative for Empowerment and Support, has been instrumental in providing vanilla farmers much-needed education on the economic value of efficient vanilla practices and secondary cash crops. Through the training and resources made available through VINES, farmers have enhanced their knowledge and practices related to growing, curing, and storing vanilla, as well as cultivating secondary cash crops. As a result, farmers are now producing higher quality vanilla beans, more consistently, and more often.

One notable difference between Uganda and Madagascar is that Ugandan farmers often cultivate multiple cash crops alongside vanilla. This diversification may lead to farmers reconsidering their commitment to vanilla cultivation if vanilla prices remain low. These challenges highlight the importance of price stability to ensure that Ugandan farmers remain incentivized to continue with vanilla production.

Uganda's vanilla industry is proportionally sitting on a considerable bean inventory; however, the overall tonnage is not as high as that of Madagascar. To control inventory levels year-on-year, it has been recommended that farmers pollinate fewer flowers selectively, ensuring a balanced supply of beans.

Vanilla orchid ready for pollination.

Final vanilla bean sorting.

Farmer planting new vanilla vines.

INDONESIA

YEAR-ROUND HARVESTS AND QUALITY INITIATIVES TRANSFORM GLOBAL STANDING

Vanilla vines growing under a shade canopy.

Indonesia holds the position of the second-largest global producer of vanilla, known for its unique, continuous vanilla production cycle that spans the entire year.

Indonesia employs a rolling or continuous cycle for vanilla growing, harvesting, curing, storing, and sale. This cycle sets it apart from other vanilla-producing regions, which typically operate with specific harvest periods.

The estimated size of Indonesia's vanilla crop for 2023 is projected to be in the range of 250-350 tons. While this is a notable quantity, it is significantly smaller than the leading producer, Madagascar.

Indonesian vanilla beans traditionally exhibit lower quality in comparison to Madagascar beans. This is largely attributed to two key factors:

1. Artificial Heat Curing: Indonesian vanilla has customarily been cured using artificial heat, which affects the overall flavor and aroma profile, resulting in a less desirable taste.
2. Harvesting Practices: Unlike other regions where vanilla beans are picked individually as they ripen, Indonesian farmers tend to pick entire farms at once. This practice leads to a higher proportion of beans that are not fully mature, subsequently diminishing the average quality of the harvested beans.

In recent years, there has been a conscious effort in Indonesia to enhance the quality of their vanilla beans. This has been achieved by increasing the output of beans that are cured using traditional, sun-drying methods. The traditional curing process is known to produce higher-quality vanilla beans with a richer flavor profile.

As Indonesia continues to address quality concerns and enhance its vanilla production methods, it is expected to maintain its status as a prominent vanilla-producing region and further contribute to the global market.

Indonesian farmer harvesting vanilla beans.

TAHITI

DISTINCT FLAVOR AND PRICE STABILITY SHINE DESPITE SMALL CROP

Tahiti's vanilla industry is known for its independent and individualistic approach, often operating outside of traditional norms. The 2023 vanilla crop in Tahiti is exceptionally small, with an estimated yield of under 6 tons. This limited production distinguishes Tahiti's vanilla from larger producers and allows it the ability to maintain price stability despite global market fluctuations.

Photo courtesy of *tahititourisme.com*

Tahitian greenhouse vanilla farm.

Tahitian vanilla is considered a unique and specialized niche offering in the global vanilla market. It is highly prized in the culinary world by food service pastry chefs and gourmet establishments due to its unique characteristics, including its distinct, cherry-like flavor profile.

Tahitian vanilla's niche positioning allows it to operate independently from broader market trends. If global market conditions improve, it may consider raising prices.

Photo courtesy of *veteavanilla.com*

Tahitian vanilla orchid. Tahitian vanilla is a different species (vanilla tahitensis) from the better-known vanilla plantifolia variety.

Photo courtesy of *tahititourisme.com*

Young, green Tahitian vanilla beans on the vine.

Photo courtesy of *boomerangescapes.com*

Final cured and sorted Tahitian vanilla beans.

MEXICO

CLIMATE RESILIENCE, DIVERSE AGRICULTURE, AND THE RETURN OF MELIPONA BEES

Mature vanilla vines on a Mexican vanilla farm.

Mexico's vanilla industry is known for its unique characteristics, from harvest times to cultivation practices and the impact of climate change. The vanilla harvest in Mexico takes place during December and January, a period that sets it apart from other vanilla-producing regions. The estimated yield for Mexico's 2023 vanilla crop is still uncertain. Data is not yet available to predict the size of the upcoming crop, reflecting the dynamic nature of vanilla cultivation in the region.

Mexico's vanilla production has been significantly impacted by climate change. As a result, vanilla cultivation has been shifting further south in the Yucatan region to adapt to changing environmental conditions. This southward movement reflects the adaptability of Mexican vanilla farmers.

Mexican vanilla farmers often practice diversified agriculture, cultivating multiple cash crops simultaneously alongside vanilla. This approach mitigates risk and provides economic stability by ensuring a steady income stream.

In contrast to regions that rely on canopy trees for shade, Mexican vanilla producers often employ tents and controlled environments. These measures ensure optimal conditions for vanilla cultivation, underscoring the adaptability and innovation of Mexican farmers.

Return of Melipona Bees:

A notable development in Mexican vanilla cultivation is the return of Melipona bees for pollination. These native bees play a vital role in ensuring successful vanilla bean production, and their reintroduction is being met with enthusiasm among farmers.

A Melipona bee. These bees were the original pollinators of the vanilla orchid. Since their near-extinction, farmers have pollinated orchids by hand with small, toothpick-like sticks.

OTHER GROWING REGIONS

EMERGING REGIONS WORLDWIDE, FROM SMUGGLING CHALLENGES TO UNIQUE FLAVOR PROFILES

Photo courtesy of the *Food and Agriculture Organization of the United Nations*

Vanilla beans curing on a farm in Papua New Guinea.

PAPUA NEW GUINEA

Vanilla production in Papua New Guinea has been impacted by issues of smuggling, with beans often being illicitly taken into Indonesia and sold as Indonesian vanilla. These activities pose challenges to the local industry.

TANZANIA

Tanzania produces an annual crop of 25-30 tons of cured vanilla beans. Its vanilla is known for its unique flavor profile, characterized by high vanillin content due to the specific soil composition in the region.

ECUADOR, HONDURAS, COSTA RICA, HAITI, NICARAGUA

These countries are emerging as potential vanilla producers, but they have not yet reached commercial viability. Challenges, such as developing infrastructure and establishing quality standards, need to be addressed for them to become significant contributors to the global market.

HAWAII AND FLORIDA (KEY WEST)

Hawaii and Florida, particularly the Key West region, are exploring the potential for domestic vanilla supply. However, they have not reached commercial viability. These regions are in the early stages of establishing their presence in the vanilla market.

Photo courtesy of *thecitizen.co.tz*

Tanzanian vanilla orchid.

Photo courtesy of the *Tampa Bay Times*

Vanilla farm in Florida.

Photo courtesy of the *PNG Business News*

Vanilla bean sorting in Papua New Guinea..

CONCLUSION

The global vanilla industry has witnessed significant shifts in 2023, with Madagascar, as the leading producer, facing notable disruptions due to government policy changes and an oversupply of high-quality beans. The political uncertainty stemming from the presidential election further complicates the situation.

Comoros, known for its unique vanilla flavor profile, maintains stability in production and aligns its pricing with Madagascar pricing trends.

Uganda, with its improving quality and consistency of vanilla beans, is making strides in the global market, however, price stability and inventory control are two key factors that will incentivize the continued development of the vanilla industry.

Indonesia, the second-largest global producer, is working on enhancing the quality of its vanilla beans, transitioning from artificial heat curing to traditional sun-drying methods. As quality improves, Indonesia is set to maintain its status as a significant vanilla-producing region.

Tahiti's independent and niche vanilla industry remains immune to global price declines, positioning itself as a specialized offering prized by gourmet establishments.

Mexico's unique harvesting times, climate change impact, and innovative cultivation practices continue to define its vanilla industry, adapting to shifting environmental conditions.

The emergence of vanilla crops in Papua New Guinea, Tanzania, and several other regions is diversifying the global market, but they face unique challenges on their paths to becoming significant contributors.

In this evolving landscape, the vanilla industry is no longer solely reliant on Madagascar, with various regions playing their roles and contributing to a more diverse and dynamic market. These emerging players have the potential to reshape the global vanilla industry, offering consumers and businesses new options and opportunities. The future of the vanilla industry will be marked by resilience, innovation, and adaptability in the face of changing market dynamics and challenges.