

## **Vanilla – different commodity, same challenges**

We sold our first vanilla last week to a Danish celebrity chef who specializes in roasting wild meats. Since I neither speak Danish nor eat meat anymore, I'm not sure who he was. But we marked the date in our calendar, as we have been planting shade trees and vanilla for about 2 years now.

Vanilla grows naturally here in Belize and there are many wild varieties all over Central and South America that are under threat from deforestation and illegal harvesting. Most, if not all of it, is not commercial grade. The only varieties permitted to be imported into the US under the Standard of Identity are *Vanilla planifolia* and *Vanilla tahitiensis*.

There's probably about 3 people in the world that can identify vanilla by variety by sight, and I'm definitely not one of them. In fact, in 2019 we participated in a multi-country effort to get a large group of vanilla identified using DNA technology, led by the University of Florida. One of the most important findings for us was that Belize is home of one of the parents of *V. tahitiensis* and some never before seen *V. planifolia* variants, so we are heading back into the bush with Wildlife Collection Permits (and bug spray) to do a bit more hunting about.

Why are we doing this? Mainly because we are very aware that if there is any disease problem with either *planifolia* or *tahitiensis* then the global industry is in jeopardy. Practically all vanilla is grown from cuttings, meaning it is genetically identical. And since Belize is the home of great genetic diversity in vanilla, the collection has to be done here. The Ministry of Agriculture does not have the resources or the background to do this work and relies on people like us to keep the work going.

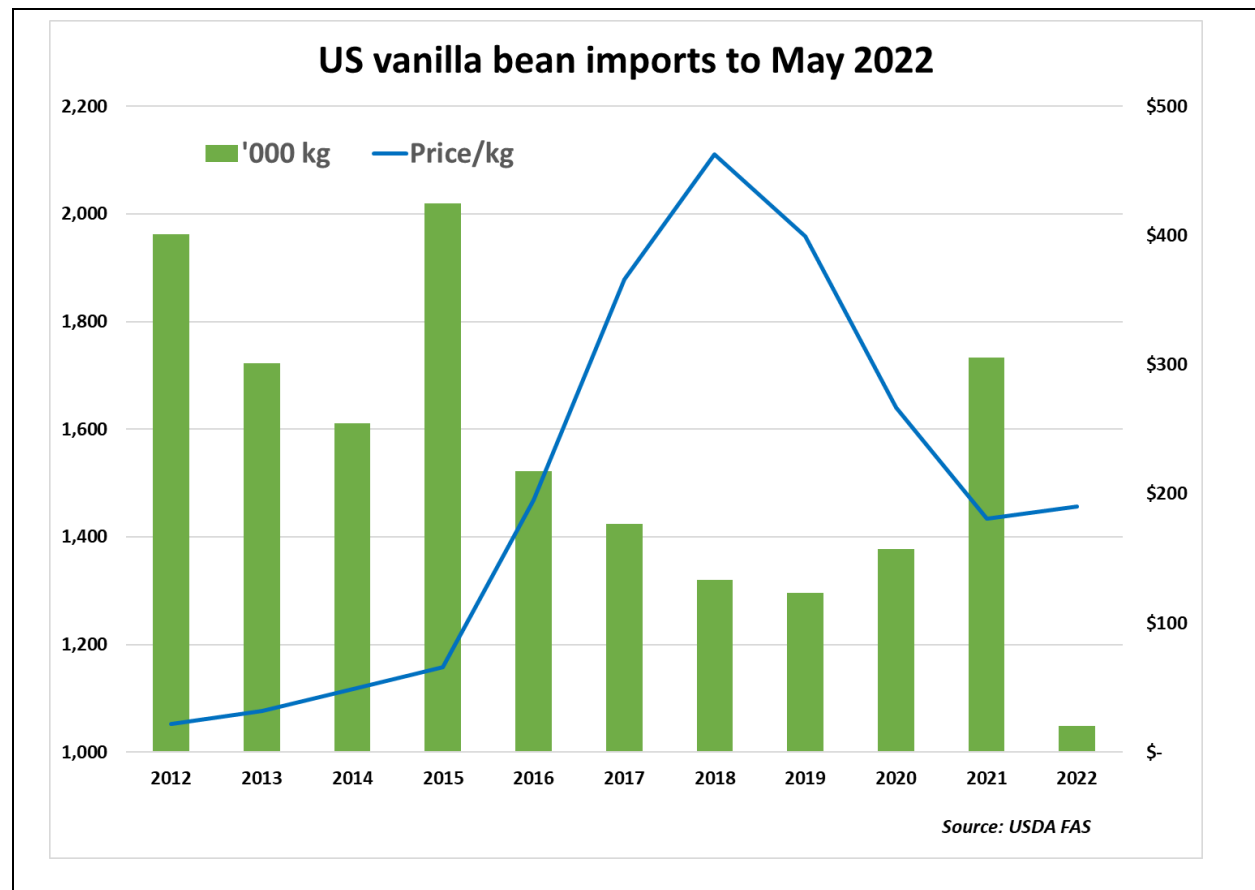
While being one of the most expensive commodities in the world, the vanilla industry is very poorly supported in the research and breeding area, since, like cocoa, its mostly grown by people living in poverty in developing countries. Collaboration between different growing countries and research institutes, once considered unthinkable, are now beginning to develop. Developments in new genomic tools now allows us to identify variants much more cheaply, and that will help us to preserve them in-situ in protected areas, and ex-situ in genebanks like the one we are developing on our farm.

In that vein we see a lot of parallels with the cocoa industry where there was not a lot of sharing of ideas and research until the last few years when the industry finally realized the locker and the bank account was empty. Like cocoa we do see a trend towards larger scale production of vanilla in countries like Indonesia, Uganda and Central and South America using an agroforestral model like ours.

With more scrutiny on practices on the ground around incursions into protected areas, Living Income, Good Agricultural Practices and Sustainable Development Goals, buyers want to partner with operators on the ground who can protect their interests and their reputation. Added to that, they want to work with sources that are not going to default on them if they can get a higher price elsewhere. There is no futures market or risk management mechanism in the vanilla market, so relationships and track record are paramount.

The benchmark the US industry uses is import data sourced from the US Department of Agriculture website (the US is around 30% of total global demand). Each month you can download shipments by

origin and CIF US prices and we watch that closely (<https://apps.fas.usda.gov/gats/default.aspx>). Regrettably, the data in the FAO database is generally thought to be fairly unreliable.



Buyers scrambled in 2020 for supply of vanilla as demand soared due to a spike in home baking (banana bread anyone?). However, prices did not move higher immediately due to a large crop in Madagascar, which overhung the market as well as a predictable drop off in demand as the world resumed its new normal (although demand higher than in pre-pandemic times). In fact, the 2021 crop in Madagascar is thought to be close to 3,000 mt from initial forecasts closer to 2,000 mt.

However, just to demonstrate the boom and bust nature of the vanilla market, prices in Madagascar are now below the Government mandated minimum export price of USD 250 per kg. However, the Government has little in the way of enforcing this price being passed onto farmers, and in fact the only way they can officially manage that is by controlling who receives export licenses, which will happen in September, 3 months after the official start of the season.

News coming out of Madagascar is that the 2022 crop has been affected by drought and uneven flowering so prices may accelerate quickly.

If price wasn't challenge enough, then quality is probably just as important. When prices are high, farmers harvest early, reducing vanillin content, and middlemen reduce curing time to get paid faster. Perversely, when prices are low, farmers also harvest early and middlemen reduce curing time so they can get paid faster. This comes about because while the export price is supposed to be an official

minimum price, the prices from farm to export warehouse are completely different and virtually unregulated.

Having traded a lot of sugar, cocoa and coffee in my time, I understand why international buyers look to other origins where price signals pass between all participants, relationships can be developed, and quality is part of the conversation. The Ivory Coast and Ghana face the same challenges with cocoa.

The other challenge the whole vanilla industry faces is substitutes. Vanillin can be made from wood pulp and as a byproduct of the petroleum industry. In fact, real vanilla grown on a vanilla plant is thought to be less than 1% of the global vanillin market. If the vanilla price goes too high, price sensitive customers just substitute vanillin.

So my last thought for you is next time you take off for your Caribbean vacation, don't buy any of the vanilla extract you find in the airport. Most of it is vanillin from petrochemicals, and you have been conned. Buy the real stuff – just a little - you will be amazed.



*Vanilla field at Corridgeree Belize grown in an agroforestral model*





*Vanilla pods in the field, Belize. The brown tip is the remains of the petal of the vanilla flower.*

**Ruth Moloney**  
**Corridgeree Belize Ltd**  
**[www.corridgeree.com](http://www.corridgeree.com)**  
**July 2022**