

OPPORTUNITIES FOR SRI LANKAN COCONUT WATER IN SAUDI ARABIA



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1. SUMMARY

Coconut water as a Beverage is a popular product among the expatriate community from the Philippines, Malaysia, India and Sri Lanka which is approximately 6 Mn. There is an increasing concern among young Saudis for health products. Also there are reports that the Saudi Government intends imposing new taxes on artificial drinks from mid-2017, because of health concerns of its citizens. At present Sri Lanka exports King Coconut nuts in raw form other than coconut drink in canned, glass bottle or tetra pack to Saudi Arabia. Thailand is the market leader in canned products.

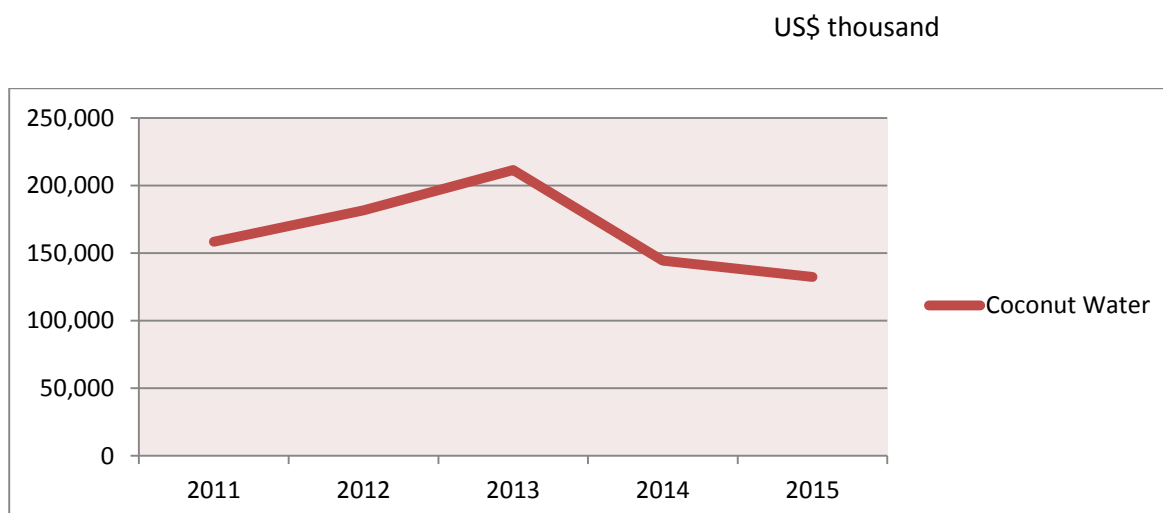
2. MARKET DESCRIPTION

As per the import statistics of KSA, Thailand dominated the market from 2013 to 2015 recording a 225% increase from 2014 to 2015 0.4 Mn to US\$ 1.3 Mn. Indonesia and Vietnam have also entered the market with increasing quantities.

During the summer from March to August every year there is an increasing demand for coconut water. In order to attract consumers, competitor countries market coconut drink with pulp giving more natural taste and flavor such as coconut water with lemon etc. In addition to canned package, tender coconuts are being imported to KSA. When compared with Sri Lankan supplies, Thailand and Vietnam have been able to present coconut drink in raw form as an easy drink using a natural package.

Applicable MFN rate for coconut drink is 5% however Gulf Region countries enjoy special zero percent tax preference.

Figure: Import Trend of Coconut Water (HS 220290) From the World by Saudi Arabia



Source: Trade map

3. POSITION OF SRI LANKAN GOODS

King coconut nuts are available in small quantities with a very limited shelf life. (E.g. Maximum one week). With regard to the price, Sri Lankan price is more expensive than competitive products which are canned or presented in raw form. King coconut water from Sri Lanka will be SAR 11 a nut, while tender coconut nut presented in a user friendly way in nut form is SAR 7 and canned coconut water drink with pulp costs SAR 6.

4. ACTIVITIES OF COMPETITION

Some competitors supply coconut water through Gulf Regional Countries mainly through suppliers from U.A.E. in order to be more competitive in the market.

Also they use certain buyer-attractive techniques such as natural nuts in easy to drink form, coconut water with the addition of sugar or pulp or lemon flavor to attract buyers.

When compared with their competitors, Sri Lankan suppliers in this market are in a very primary stage; shelf life is very limited and has no any value addition or modification for easy use. Without these modifications, importers are compelled to bear higher transportation cost especially freight charges, resulting in the product not being much competitive in the market.

Table: Top 10 Coconut Water Exporters to Saudi Arabia

US \$ thousand

Exporters	2011	2012	2013	2014	2015
France	68,743	110,120	128,641	76,788	57,648
Switzerland	57,082	42,731	61,427	37,064	42,172
Austria	21,285	22,659	23,353	15,291	20,415
United Arab Emirates	15,031	15,343	12,398	12,421	17,007
Kuwait	742	1,153	4,610	10,861	15,336
Japan	0	0	2,423	2,887	9,083
Lebanon	940	2,463	6,202	10,488	7,418
Thailand	241	233	352	1,979	5,979
United States of America	3,024	3,379	4,427	4,519	5,000
Jordan	1,083	141	38	84	4,390

Source: Trade map

5. CONCLUSION AND RECOMMENDATIONS

- Sri Lanka could enjoy better status in the market if they can promote King Coconut water elaborating more health benefits of King Coconut water compared to those of Coconut water.
- Sri Lanka needs clever and successful distributors, who can import and distribute the product targeting retail markets, small shops, coffee chains, restaurants and hotels.
- Sri Lankan suppliers should try to retain the natural form by modifying the packing to keep to as far as possible the packing in nut form.
- Sri Lankan suppliers should be more competitive with the market price by having low weight glass bottle/ tetra pack or canned reducing the freight charges by large amounts and improving shelf life.
- At present it is noted that a 200 ml. glass bottle of King Coconut water is preferred by buyers and customers.

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