

OPPORTUNITIES FOR SRI LANKAN COCONUT WATER AND COCONUT MILK IN TURKEY



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1. SUMMARY

As Turkey is a Mediterranean country which is rich in various types of fruits, the fruit juice & beverage preference of Turkish people mostly developed according to the domestically grown fruits. Although Coconut flavor is generally liked in Turkey, there isn't much demand in Turkey for Coconut Milk or Coconut Water because of the existence of advanced domestic fruit juice and beverage production and availability of various fruit based beverages. Coconut Milk and Coconut Water are perceived as mixers for alcoholic or non-alcoholic or non –alcoholic drinks and cocktails.

2. MARKET DESCRIPTION

Demand for Coconut Milk and Coconut Water as beverage is limited because the Turkish society is not accustomed to singly consume these products. As mentioned earlier, Coconut Milk and Coconut Water are mostly perceived as mixers for alcoholic or non-alcoholic drinks and cocktails, or flavoring agent for cakes and desserts. These beverages are also hard to find in most grocery stores and super markets, except for “Boutique Supermarkets and grocery stores “where most of the shelves contain imported food products, which are mostly located in either touristic spots or in large cities in affluent neighborhoods.

According to the advised HS Code of Coconut Milk as a beverage (110630), Turkey's imports represent 0.3% of world imports “Coconut milk as a beverage “, it's ranking in world imports is 43. According to the advised HS Code of “Coconut Water as a beverage” HS Code 21069097 does not appear on the ITC Trade map website. The mentioned code could be specific to Sri Lanka

Moreover product group starting with 2106.90 appears to be “Food Preparations “which may refer to Coconut by products as flavoring agents. (Note: Another HS Code could be considered is 20098990.)

Turkish consumers like fruit juice and flavors and fruit juices (mostly bottled) are the most consumed beverages along with Aryan (Turkish yogurt drink), Cola and other carbonated beverages. While eastern parts of the country is more conservative in their consumption of food and drinks, Turkish people living in large cities and coastal cities in the western parts which are of middle class and above are eager to experience different foods and beverages.

With respect to buyer/country requirements, there isn't an obligation to possess an importers certificate however as for all food/beverage products imported to Turkey, the importer must obtain “Food import control certificate “from Ministry of Food Agriculture and Livestock of Turkey.

The Special imported products such as Coconut based beverages are imported in to Turkey by specific importers and wholesalers in major cities and presented to the domestic market by boutique

supermarkets, hotel suppliers and niche food product suppliers. Sales through e-commerce are also increasingly popular in Turkey. There are currently a few e-commerce websites selling coconut based products online.

In Turkey, the retail price of both Coconut Milk and Coconut Water is around 5.50 USD/Liter.(Some of the brands in Turkey : Alpro, T.A.S, Isola Bio, Teptip, Supreme, Foco, Renu, Exotic Coca, Chaokoh, Aroy-D)Prices among the brands are close to each other.

According to the advised HS Code of “Coconut Milk as a beverage” (HS110630), Average estimated tariff applied by Turkey to all countries including Sri Lanka is 23%. According to the advised HS Code of “Coconut Water as a beverage “(HS21069097) does not appear on the ITC Trade map website.

The applied tariff for HS Code 210690 is 33.4 to 39% for most countries and 37% for Sri Lanka. Also, the applied tariff for HS Code 20098990 (Juice of fruit or vegetables, unfermented, whether or not containing added sugar or other sweetening matter) is 58.5%.

There are no FTA/PTA concession/regulations and apparent NTB’s for these products.

3. POSITION OF SRI LANKAN COCONUT WATER AND COCONUT MILK IN TURKISH MARKET

With regards to Coconut Milk and Coconut Water as beverages, exports performance of Sri Lanka to the Turkish market close to zero ,(No proven imports of “Coconut milk as a beverage “ by Turkey and the expensive retail prices. These are also the reasons for other competitor countries as well. It’s also thought that Turkey indirectly imports these products from EU countries at times because of their imports in greater volumes and cheaper shipping costs.

Also, it seems that some large European food companies have established facilities to bottle bulk Coconut Milk and Coconut Water to market these products under their brand such as Alpro brand.

Table: Sri Lanka’s Coconut milk export to Turkey (2013-2016)

US \$ thousand

HS Code	Description	2013	2014	2015	2016
H.20081930	Coconut milk powder	14	17	46	34
H.20081920	Liquid Coconut Milk	3	3	4	9

Source: Sri Lanka Export Development Board

4. ACTIVITIES OF COMPETITION

As observed from the bottled Coconut Milk and Coconut Water being sold at supermarkets in Turkey, the major competitors of Sri Lanka for mentioned products appear to be Thailand, Indonesia and Philippines.

It's thought that these countries have no apparent advantages in quality, packaging, labeling, duty free access etc.

However as mentioned on the market survey for Virgin Coconut Oil, especially Indonesia is a major supplier of Palm Oil to Turkey, this position of the country may affect the shipping costs positively. As can be seen below, the trade volumes between Turkey-Thailand, Turkey –Indonesia are significantly higher than of Turkey –Sri Lanka.

Turkey's total imports value from Thailand is: 1,482 million USD (2016)

Turkey's total imports value from Indonesia is: 1424 million USD (2016)

Turkey's total imports value from Philippines is: 122 million USD (2016)

Turkey's total imports value from Sri Lanka is: 105 million USD (2016)

There are no known special market tools applied by the competitors.

5. CONCLUSIONS AND RECOMMENDATIONS

As Turkey is an emerging market with increasing per capita income, the amount of consumption of Coconut Milk and Coconut Water as beverages is thought to increase in the year to come. Also growing tourism sector in Turkey might be a chance for higher consumption of these products as Turkey hosts 35-40 million tourists annually mostly from Russia and European countries.

The high season of tourists is between May-October in Turkey. And the consumption of refreshing drinks tends to increase in this season. There could be a demand for Coconut and coconut flavored drinks as they become popular in hot weather especially at touristic areas.

Therefore, Turkish Western Mediterranean region (Antalya province) could offer opportunities because of their foreign population and tourism potential where hundreds of high level hotels serve different tastes to their foreign guests.

As Coconut beverages are not well known and common in Turkey, it's recommended for Sri Lankan companies to seek local partners/distributors to introduce their products and gain access to the market. Participation in sectoral fairs is also highly recommended, which would help Sri Lankan exporters understand the required quality, packaging, standards and specifications, observe the upcoming trends as well as promoting and marketing their products.

Organizing business to business events with the support of relevant Chambers & Associations from both countries would also generate positive results.

Suggested Exhibition in Turkey for Participation

- World Food Istanbul 2017 (7-10 September 2017)
- Exhibition Website: <http://worldfood-istanbul.com>

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