

OPPORTUNITIES FOR SRI LANKAN COCONUT PRODUCTS IN AUSTRALIA



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OPPORTUNITIES FOR SRI LANKAN COCONUT PRODUCTS IN AUSTRALIA

- *Coconut oil prices have soared nearly 20 per cent in a month, largely because of the growing popularity of specialty products such as coconut water.*
- *In supermarkets, coconuts are being sold with pull tabs to be drunk like beer. Coconut sugar is being touted as healthier for diabetics. US actor Gwyneth Paltrow is among celebrity coconut fans, once revealing she uses virgin coconut oil for oral health and whitening her teeth.*
- *Global consumption of coconut water jumped 13 per cent from 2014 to 2015, following a 24 per cent increase the previous year, according to data from Beverage Research Firm Canadian.*
- *The trend towards specialty products is being felt throughout the coconut industry, suggesting that prices for conventional oil aren't likely to drop significantly in the near future, according to analysts.*
- *Farmers in The Philippines, the world's largest producer of coconut oil, for example, are increasingly being asked to harvest younger coconuts, as middlemen chase after the higher prices they net.*
- *In The Philippines, coconut-water exports more than doubled to 66.3 million litres and virgin coconut oil was up 61 per cent to 34,227 tonnes in the 11 months to November 2015, according to the latest available data from the United Coconut Associations of The Philippines.*
- *In the same period, copra and coconut-oil exports fell slightly, and the industry group predicts they will drop 6.9 per cent to 2.1 million tonnes in 2016 from last year.*
- *"Increase in cost of production narrowed down margins, and the industry players naturally moved towards high-margin (coconut) products," said Maduka Perera, owner of Ceylon Tropics, a coconut business in Sri Lanka.*
- *Indonesia, the world's top harvester of coconuts, hasn't undertaken a program to replace old coconut trees that produce less fruit, meaning plantations are producing less nuts. The government is instead focused on expanding rice, corn and soybean production.*

By Lucy Craymer, Wall Street Journal, April 9, 2016

1. BACKGROUND

Encouraging Background

Scholarly written Articles in “Coconut revival-new possibilities for the ‘tree of life’-Proceedings of the International Coconut Forum held in Cairns, Australia, 22–24 November 2005” by S.W. Adkins, M. Foale and Y.M.S. Samosir, published by the Australian Centre for International Agricultural Research (ACIAR) present valuable information in connection with coconut products. aciarc.gov.au/files/node/748/pr125_pdf_50866.pdf

Even though the publication is 12 years old, the contents are informative and valid. Some of the salient information extracted from this publication are as follows;

- Virgin Coconut oil market is for functional foods, pharmaceutical, nutraceutical and cosmeceutical applications. Functional foods is also identified as designer foods, medical foods, longevity foods, hyper nutritional foods, phytol foods, super foods, or pharma foods.
- Coconut milk, milk powder and desiccated coconut provide lauric acid which can help build up resistance/immunity against viral, fungal and bacterial diseases. Therefore, they are playing an increasing role in fast-developing functional foods markets, particularly baby foods, nutraceuticals and pharmaceuticals.
- Similarly, ‘soft drinks with added health benefits’- sports drinks, energy drink, wellbeing drinks and welcome drinks produced from the value added coconut products are also continuously growing. Young coconut water (tender-nut water) and mature coconut water, in both pure form and with various added minerals and vitamins could be directed to international markets with well-developed marketing strategies.
- Coconut is also used in cosmeceuticals by producing skin-whitening products. Coconut oil which is rich in C12 and C14 fatty acids (lauric and meristic) is good for skin care.
- Coconut products are also to be promoted as ‘Oleo chemicals’; it has been a trend to use coconut products as Oleo chemicals, applying in detergent, soap, and personal care products.
- There had been several articles written by many arguing that “coconut oil is a saturated fat and causes heart disease”. However, none of these articles ever backed it up with any facts, figures or references to medical literature.
- Even though there had been criticisms by the medical community that coconut oil contributed to the development of heart diseases, after years of study researchers have been unable to link coconut oil consumption and heart diseases. Instead coconut oil protect against heart diseases. Researchers have found that coconut oil has the potential

to protect against not only heart diseases but a wide variety of chronic health problems such as diabetes and cancer and to protect against infectious diseases.

- With development of renewed interest and research, health professionals are recognizing coconut as not only one of the “good” fats but perhaps the healthiest of all the dietary fats.
- Coconut oil in one form or another is used in hospital intravenous (IV) solutions and in baby formula and is recommended for those with cystic fibrosis and digestive problems.

2. MARKET ANALYSIS

Australian Coconut Market

It can be seen that the demand for coconut products is gradually increasing in Australia.

As for many other products, people are increasingly looking for organic coconut products due to health consciousness. Thus, many coconut products which have been produced from organic coconut can be seen in most of the supermarkets in Australia at a premium price.

Main coconut product suppliers to Australia are the Philippines, Fiji, Samoa, Thailand, Indonesia and Sri Lanka. Most of these products are being presented to the consumer after undergoing several value additions. It is not clear whether these value additions are being done offshore or within Australia. Attractive packaging, re-processing and preparation of new products (Example; coconut yoghurts, condensed milk, body shampoo) are highlights.

3. IMPORTS AND COMPETITION

Sri Lankan Coconut Products to Australia

According to the available statistics for 2015, Sri Lanka has exported around US \$ 5.0 million worth of virgin coconut oil to Australia. Based on the facts mentioned above the Australian market has more potential for many coconut products, as value added products. Sri Lankan coconut exporters need to be innovative in producing various products from coconut extracts to cater to the well-informed Australian market. They also need strong marketing strategies to compete with other exporters.

Coconut Products in Australian Market: Value Addition and Innovation

Australia is a continent. Therefore, carrying out a comprehensive market survey on a particular product is challenging. Based on the information available in website as well as coconut products available in super markets the “Annexure A” has been compiled.

Since Australia is a large country, it has many diverse climatic conditions. Therefore, climatic conditions of most of the countries can be found within Australia. Thus, it is believed that any crop of any country can be propagated in some parts of Australia with a similar climatic condition. As a result, the country is vulnerable to offshore bio security risks (from pests and diseases, weeds insects etc.). In this back ground Australian authorities individually and collectively take coordinated and strict measures to protect animals and plants in Australia.

Therefore, Australia follows a clear procedure when importing any product or animal from overseas. It is important for Sri Lankan exporters to learn these procedures for their education. The following procedures are very relevant to Sri Lankan exporters:

- a. **Understanding import conditions to Australia:** to avoid unwanted pests and diseases all imports into Australia must comply with the import conditions. This guide line is regulated by the Australian Department of Agriculture and Water Resources and the system is called as 'Biosecurity Import Conditions System (BICON)'. The following website contains all updated information which is easy to understand and follow;

<http://www.agriculture.gov.au/import/online-services/bicon>

- b. **Preparing for import to Australia):** this involves packaging and meeting Australian requirements. The following web link contains all information in this regard;

<http://www.agriculture.gov.au/import/before/prepare>

- c. **Sending goods to Australia:** it deals with getting approval for landing the cargo to the first arrival point by sea or by air. The following web link provides all information in this regard;

<http://www.agriculture.gov.au/import/before/sending>

- d. **Arrival of goods in Australia:** it deals with inspection of containers at arrival. The following web link provides all information.

<http://www.agriculture.gov.au/import/arrival>

- e. **Clearance and inspection of goods:** The Australian Department of Agriculture and Water Resources need to issue instructions about imported goods, which determine whether goods are permitted or not permitted or any further procedures to be fulfilled. The following web link provides all information.

<http://www.agriculture.gov.au/import/arrival/clearance-inspection>

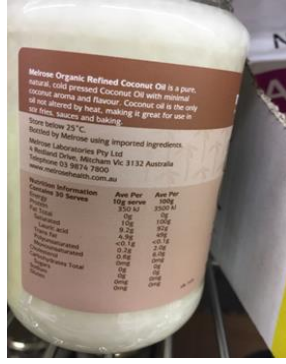
4. CONCLUSION AND RECOMMENDATIONS

- Imports of desiccated coconuts, dried apples and dried prunes will be eligible for reduced inspection intervention as of 10 November 2015 as part of the Compliance-Based Inspection Scheme (previously referred to as the Continuous Sampling Plan (CSP)). From this date, importers that demonstrate good compliance will be eligible for reduced inspection frequency;
- From 10 November 2015, importers will need to import five consecutive clean consignments, before they are eligible for a reduced rate of inspections. The import conditions for these commodities have not been changed;
- Importers of desiccated coconut products still have the option of choosing whether to have a full unpack inspection or tailgate inspection for FCL consignments from non-khapra countries only;<<http://www.agriculture.gov.au/import/industry-advice/15/94-2015>>
- All imported food must comply with Australia’s biosecurity import conditions. Please check the [Biosecurity Import Conditions \(BICON\)](#);
- All biosecurity requirements must be met before **Imported Food Inspection Scheme** requirements apply;
- According to Imported Food Inspection Scheme, dried or desiccated coconut whether whole, flaked, chipped, shredded or ground are classified as **risk food**;
- Coconut products excluded from this system (Food Inspection Scheme) are fresh coconut, whole or ‘meat’, chilled or frozen, coconut milk powder, coconut flour, food containing dried coconut as an ingredient;
- When goods are referred for inspection and testing, an authorised officer: (a) will take samples for each product type (b) will take 10 sample units per lot for analysis;
- Risk food tests are applied to imported dried coconut or desiccated coconut whether whole, flaked, chipped, shredded or ground. The applied tests are:
 - **Salmonella** (Not detected in any 25g sample unit); The **Failing Foods Report** for January 2017, included a **Sri Lankan company that has imported organic shredded coconut containing Salmonella**.<<http://www.agriculture.gov.au/import/goods/food/inspection-compliance/failing-food-reports/january-2017>>
 - **Label and composition assessment** ([Food Standards Code chapters 1 and 2](#))<<http://www.foodstandards.gov.au/code/Pages/default.aspx>>
 - **Visual assessment** ([Imported Food Control Act 1992 section 3\(2\)\(a\)\(vii\) and 3\(2\)\(b\)](#))<<https://www.legislation.gov.au/Series/C2004A04512>>

This article contains photos and information about various coconut products in Australian markets which have undergone several value additions and presented to consumers at premium prices. (Annexure A)



**Refined coconut oil
(Refined and packed
in Sri Lanka)**



**Refined organic coconut oil
(Product of Australia)**



**Coconut Cooking Oil
(Product of Sri Lanka)**



**Coco Earth Liquid Premium Coconut Oil
100% Non-GMO Coconut Oil
(Product of Philippines)**



**Pro Chef Premium
Extra virgin Coconut Oil**



**Macro Organic Virgin Coconut Oil
(Product of Sri Lanka)**



**Spiral Organic Coconut Oil
(Product of Australia)**



**Spiral Organic Coconut Oil
(Un-refined and cold
pressed extra virgin oil)**



Raw Organic Coconut Oil



Coconut Milk Powder



**VIRGIN COCONUT OIL
Country of Origin: Sri Lanka**



Organic Coconut



Coconut Butter Squeeze Packs



Organic Coconut Sugar



Organic Coconut Flour



Coconut Yogurt



Sweet Condensed Coconut Milk



Coconut Flakes



Coconut Vinegar

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