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Potential for Sri Lankan TOMATO JUICE In Selected Major World Markets

An SRD *Export Potential Brief*™

Prepared for

Employment, Investment & Enterprise Development Division

Mahaweli Authority of Sri Lanka,

Colombo, Sri Lanka

Market Intelligence
Project Design/Evaluation
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SRD ***Research and Development Groups Inc.***

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An SRD *Export Potential Brief*™

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A. Executive Summary of Tomato Juice Market Trends & Opportunities.

Figure 1 contains a list of the major world markets for Tomato Juice. This report has selected four of those markets (underlined) as illustrative markets for in-depth analysis. Several recent developments have affected international trade in tomato juice. The opening of Eastern European markets to more free trade, the dramatic growth in U.S. production of tomato products, and strong demand in many European markets are all developments with direct relevance for Sri Lanka.

In many European countries changing life styles and eating habits have boosted consumption of fruit juices and drinks over the past decade. In the U.K., the growing health and fitness fad as well as innovative packaging has caused fruit juice and fruit drink consumption to rise 26% over the past five years.[1]

Total tomato juice imports into the four markets studied here has been between 19,000 and 24,000 tons in each of the past four years.

EUROPE	ASIA/AMERICA	MIDDLE EAST
Germany	Japan	Saudi Arabia
France	Hong Kong	Yemen
Netherlands	Singapore	Egypt
United Kingdom	Australia	UAE
Switzerland	Korea	Bahrain
Belgium	United States	Kuwait
Italy	Canada	Oman
Sweden		

Figure 1: Major Export Markets

Prices over the same period have been rising in all these markets except France. Figure 2 presents a summary analysis of CIF prices and annual supply in these targeted markets for the

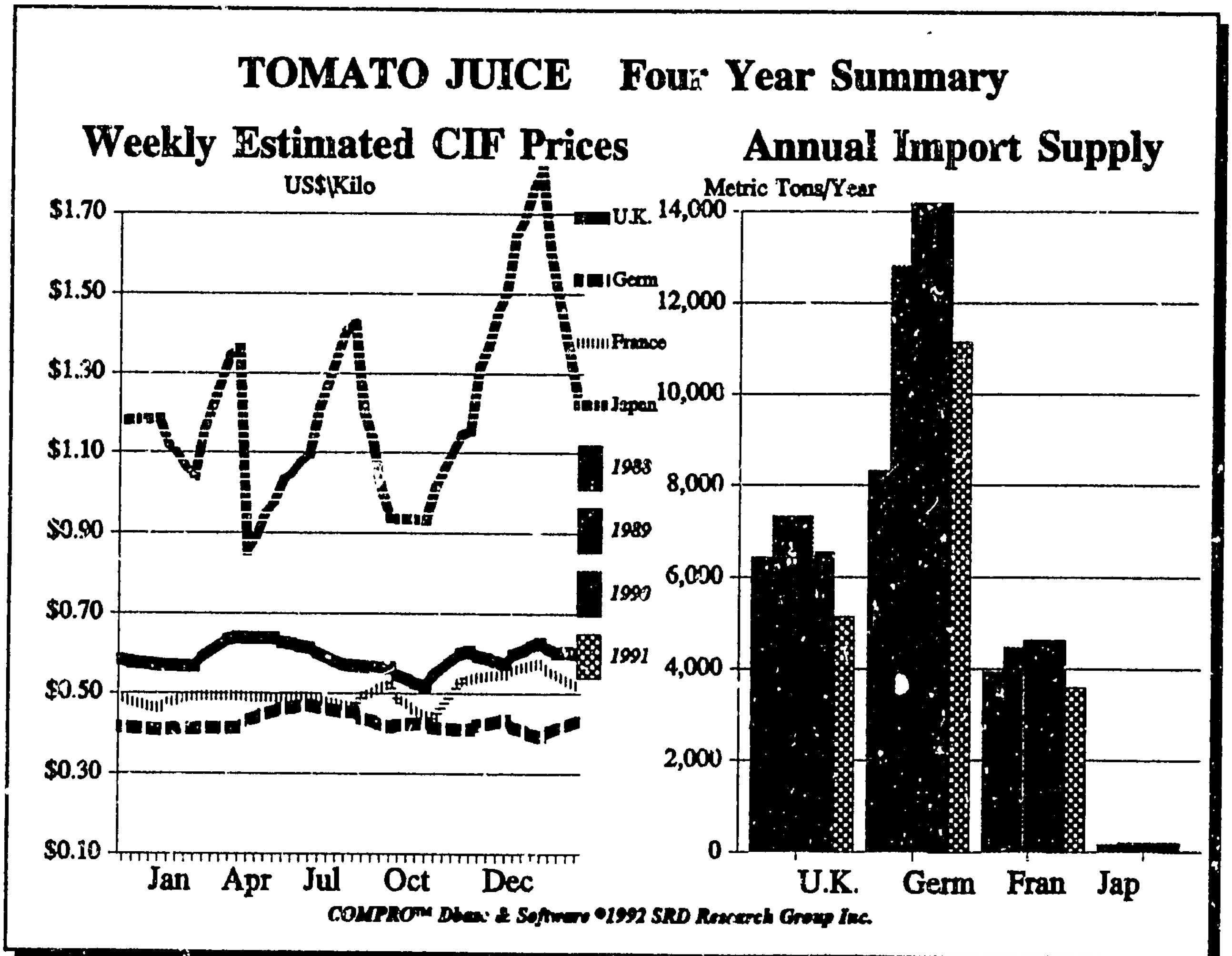

Figure 2: Estimated CIF Prices & Annual Supply in Four Markets

last four years. In some cases data for the latter part of 1991 is unavailable.

U.S.

Figures 3 and 4 outline tomato juice trends in the U.S. over the past decade. Figure 3 illustrates that sales of tomato juice in the U.S. have decreased recently from higher levels in the early 1980's. From a peak of 42 million gallons sold in 1980, total annual consumtion of tomato juice was only 27 million gallons in 1990. Besides domestic consumption, the U.S. also exports small amounts to Japan, the U.K. and a few other countries.

Rising domestic prices, however, have meant that in spite of falling consumption total revenues have increased. Figure 4 shows that in 1990 total sales reached 90 million dollars compared to 87 million dollars in 1980. Annual total tomato juice sales in the past few years have generally surpassed the annual average of previous years.[2]

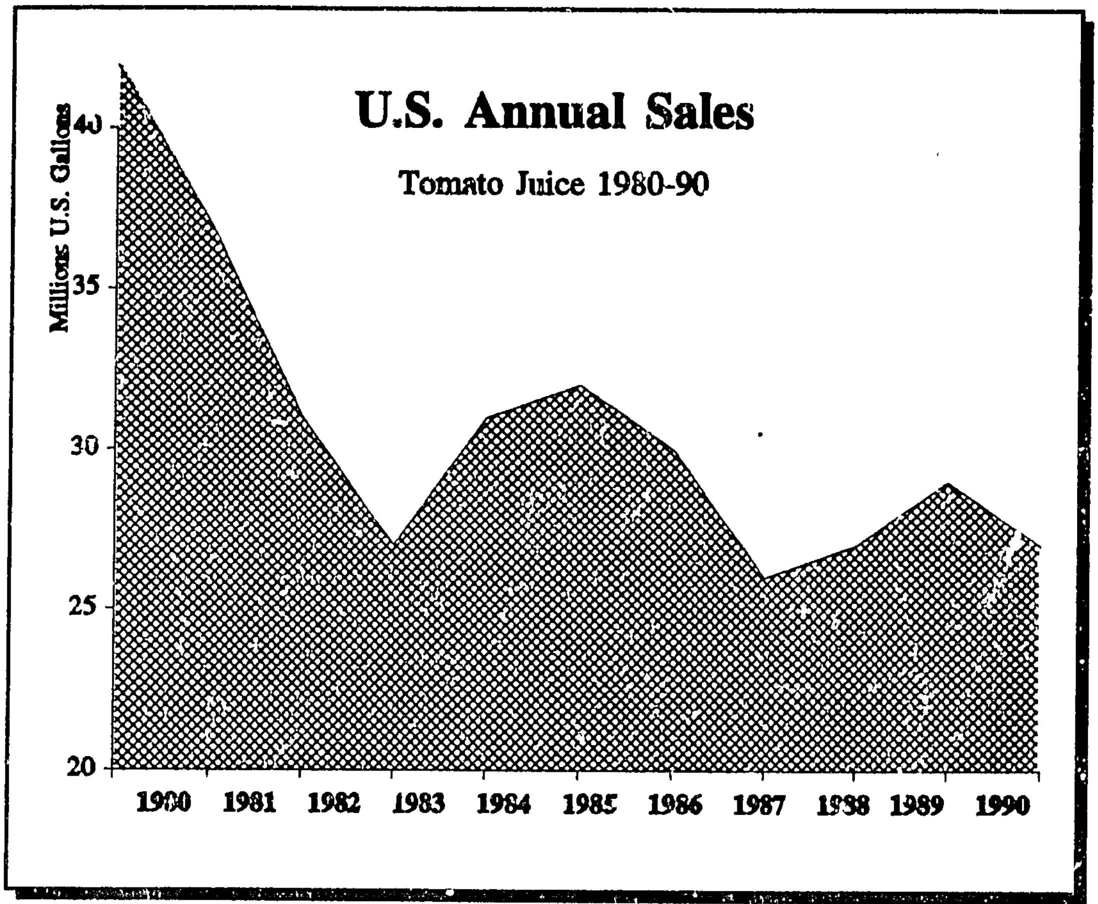

Figure 3: Tomato Juice Sales in the U.S. 1980-1990

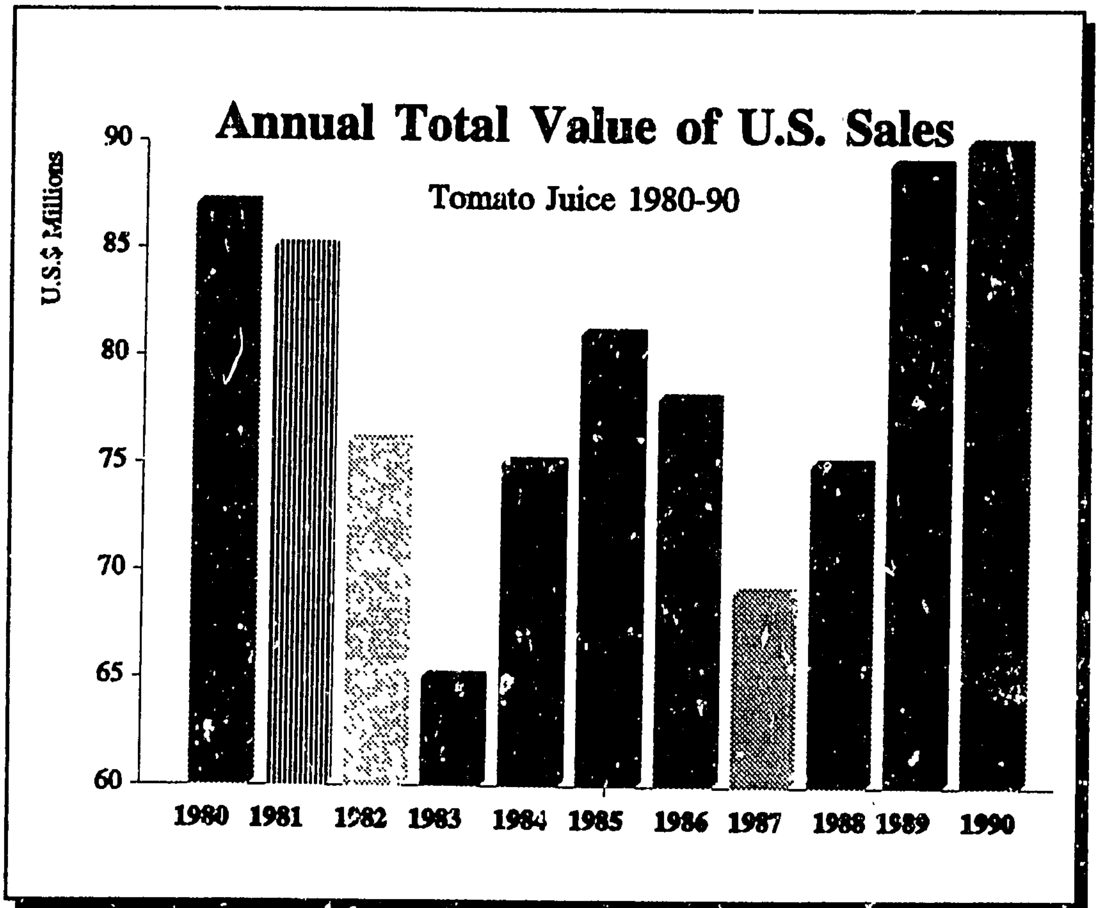

Figure 4: Value of Annual Total Sales of Tomato Juice in the U.S. 1980-1990

B. Analysis of Targeted Markets

I. Supply

United Kingdom

Figure 5 contains two import supply graphs, the left representing weekly estimated imports of tomato juice into the U.K. market and the right a graphic illustration of annual total import supply. Data available from 1988 through 1991 was utilized.

A review of weekly tomato juice imports indicates that supply usually fluctuates between 50 and 200 metric tons per week. An unusually large weekly quantity of over 400 tons was imported in January 1991 and there were occasional weekly levels over 200 tons during the previous three years, usually occurring in the last quarter of the year. In terms of total annual imports, 1989 was the peak year with about 7,500 tons imported. In 1990 supply fell back to near the 1988 level of 6,500 tons. It appears that in 1991 tomato juice imports continued to fall, reaching just over 5,000 tons.

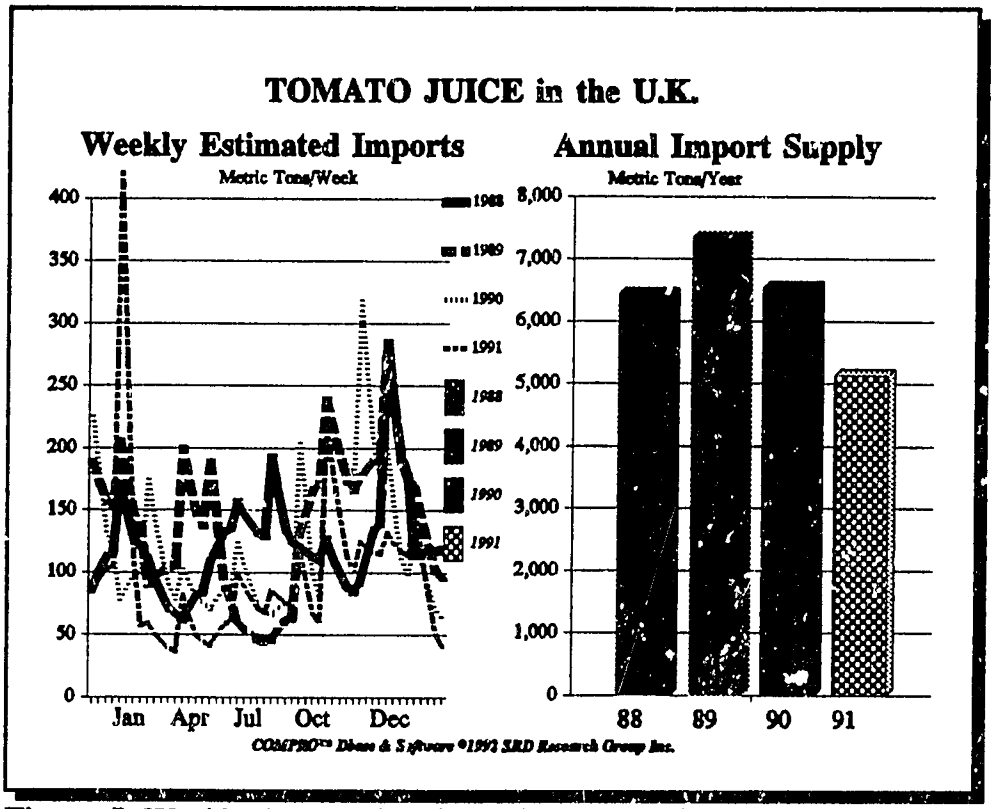

Figure 5: Weekly & Annual Estimated Tomato Juice Supply in the U.K. 1988-1991.

Germany

Figure 6 presents German tomato juice import supply over the same period. The German market is the largest of the four studied here, with an annual supply level of over 14,000 tons in 1990. This was an increase of almost 6,000 tons from the 1988 total.

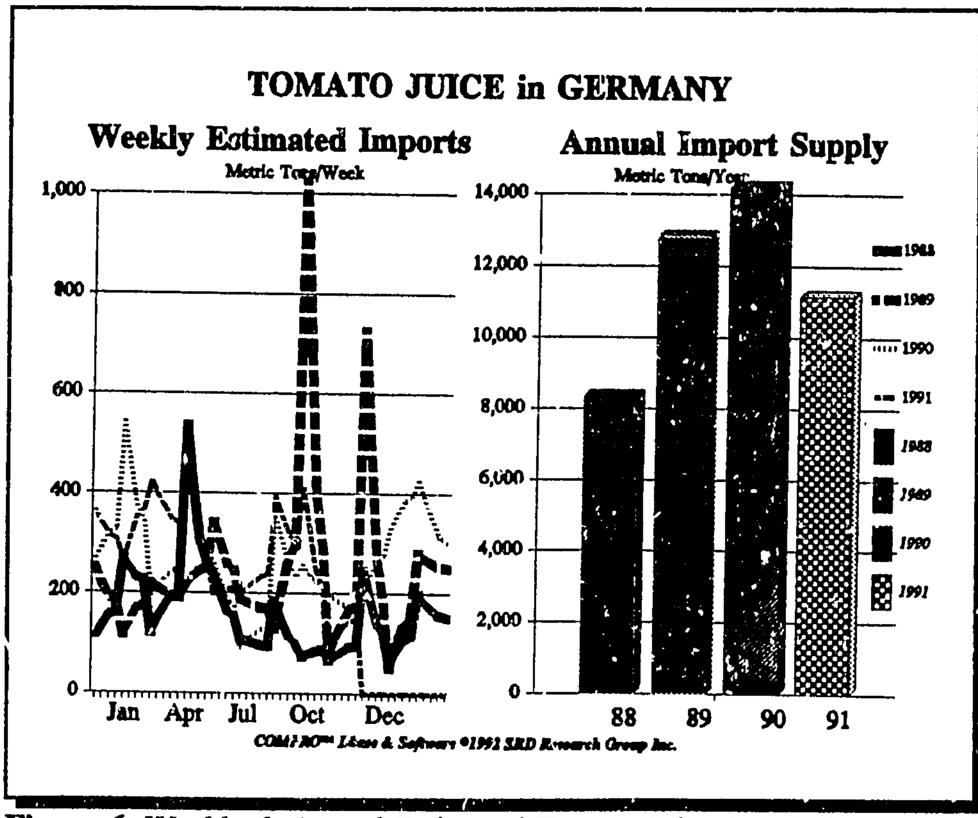

Figure 6: Weekly & Annual Estimated Tomato Juice Supply in Germany 1988-1991.

The steep rise in the period 1988-1990 has apparently stalled. Data for 1991 is incomplete but a review of the available weekly data shows 1991 imports to be equal or less than those in 1990.

Weekly supply in Germany fluctuates from about 100 tons\week to about 500 tons\week generally. In 1989 there were two unusually high weeks of imports, one reaching over 1,000 tons and the other over 700 tons.

France

As indicated in Table 7, the French market for tomato juice has averaged about 4,400 tons of imported supply per year over the past few years (Data for 1991 is incomplete). Imports reached their highest level in 1990, with a total of over 4,700 tons of imported tomato juice. This was the result of a gradual increase from the 1988 level of 4,000 tons. It is unclear if this rising trend has ended since data from the last few months of 1991 is unavailable. On a weekly basis, imports have generally stayed within the range of 50 to 150 tons\week. The months of July, August and September have generally been the strongest in terms of supply.

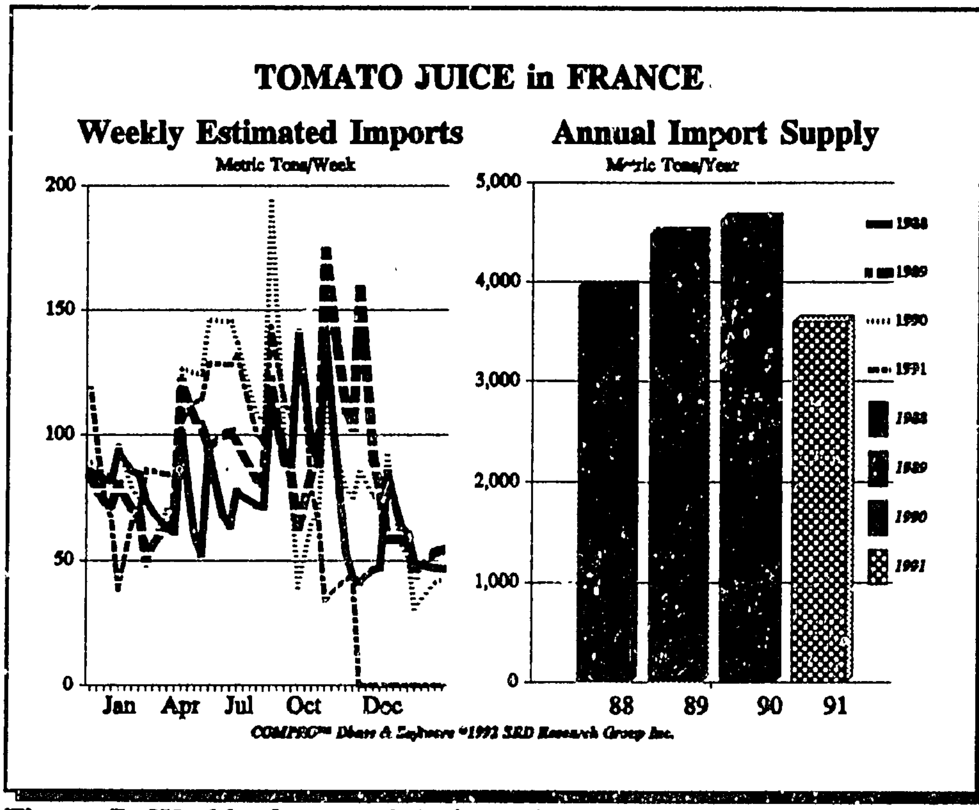

Figure 7: Weekly & Annual Estimated Tomato Juice Supply in France 1988-1991.

Japan

Supply data for the Japan market is presented in Figure 8. The bar graph in the right side of the figure shows that annual total imports exceeded 200 tons in both 1989 and 1990. This is less than one-tenth of the import level for tomato juice in the U.K. German and French markets. Weekly import levels

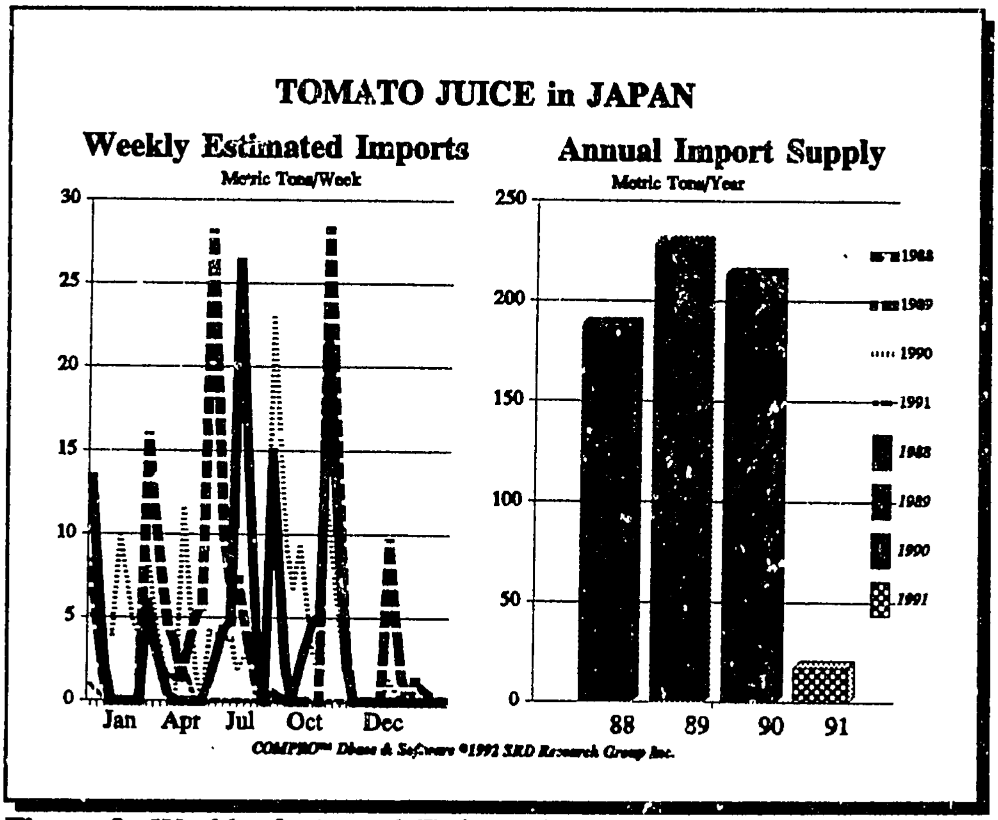

Figure 8: Weekly & Annual Estimated Tomato Juice Supply in Japan 1988-1991.

range from weeks of no imports to over 25 tons\week in the early and late summer.

II. CIF Prices

United Kingdom

Figure 9 is an analysis of CIF weekly and annual estimated average prices for tomato juice in the U.K. The bar graph on the right indicates that annual average prices over the past four years have fluctuated from \$.54\kilo in 1988 to \$.62\kilo in 1991. This has not been a gradual, consistent increase, however. Prices in 1990 fell from those of the previous year before rising again in 1991.

Seasonally, tomato juice prices in the U.K. market have fluctuated from lows near \$.45\kg to peaks of over \$.75\kg in 1991.

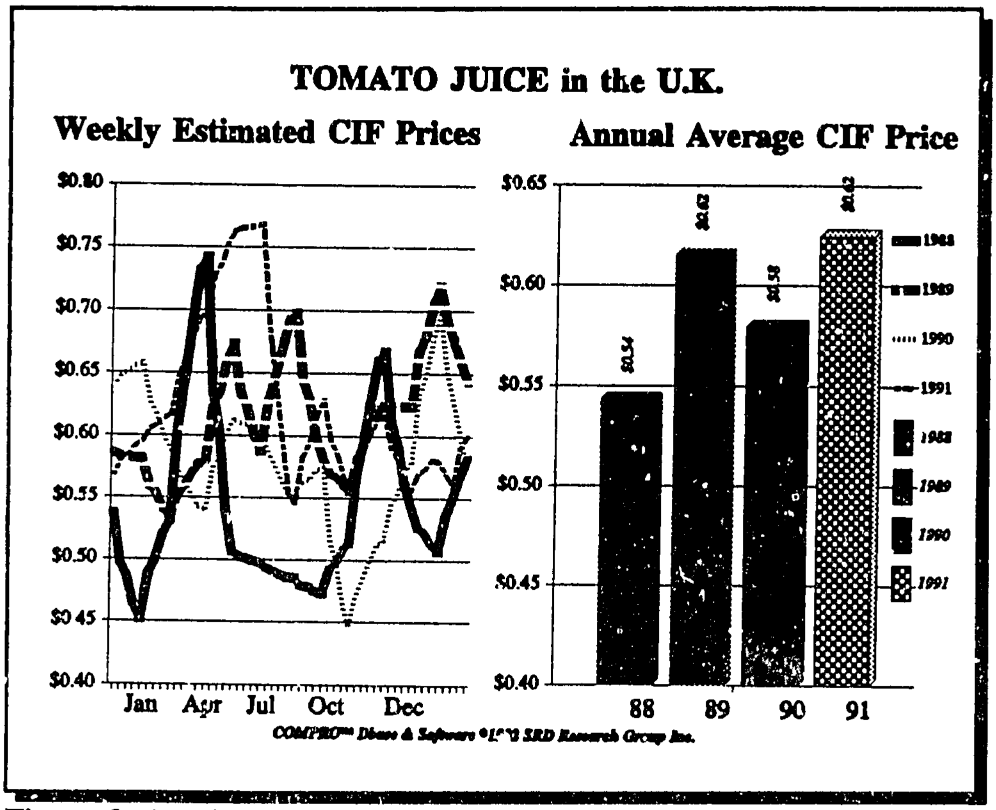

Figure 9: Weekly & Annual Estimated CIF Prices in the U.K. 1988-1991.

Germany

CIF prices in Germany show a steady pattern of increasing annual averages. An average price in 1988 of \$.36\kg was followed by increases in each succeeding year, reaching a high of \$.49\kilo in 1991 (though data for the last few months of 1991 is unavailable). A comparison of weekly average prices in Germany (left side of Figure 10) with those in the U.K., however, show that CIF prices were consistently lower in Germany. Weekly prices in 1989 and 1990 surpassed \$.60\kilo during only one short period. It appears that prices began to fall steeply in the

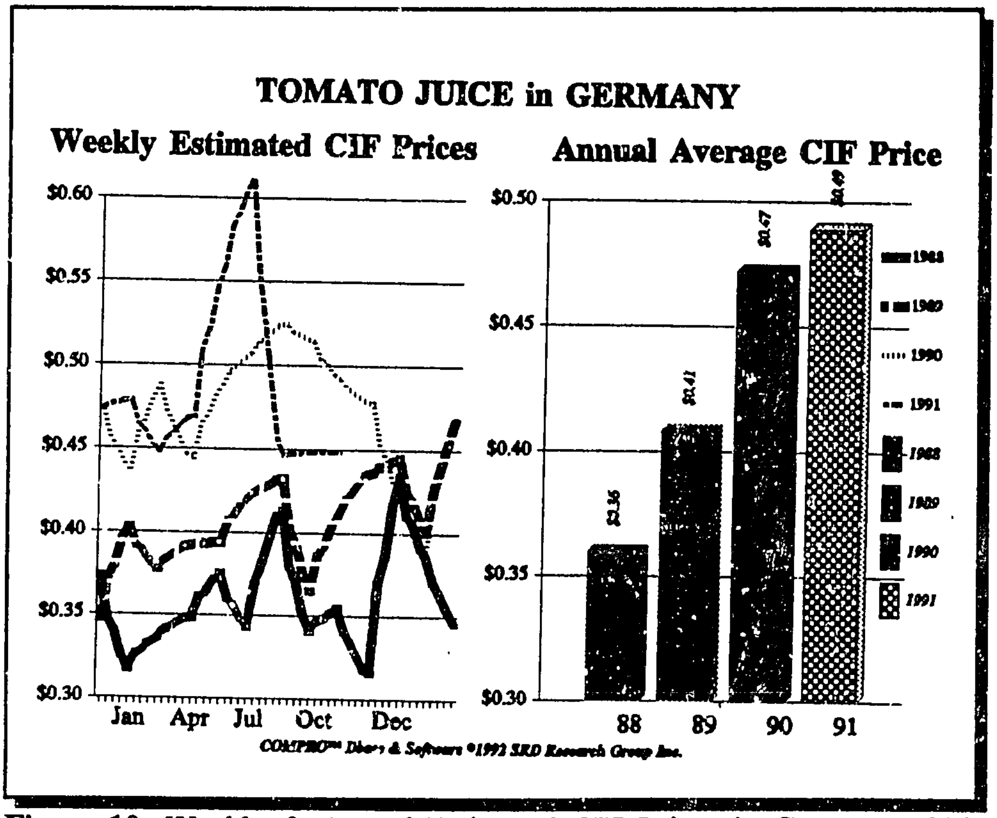

Figure 10: Weekly & Annual Estimated CIF Prices in Germany 1988-1991.

summer of 1991.

France

The left component of Figure 11 indicates that weekly CIF prices in France have been generally between $.40 and $.60\kilo. The lowest level reached was around October 1989 when the weekly CIF price dipped to almost $.30\kilo. In 1991 the last few weeks of the year saw a CIF price of over $.60\kilo. Though 1991 data is not complete, it appears that the lower prices in the first half of the year were followed by rising prices in the late summer.

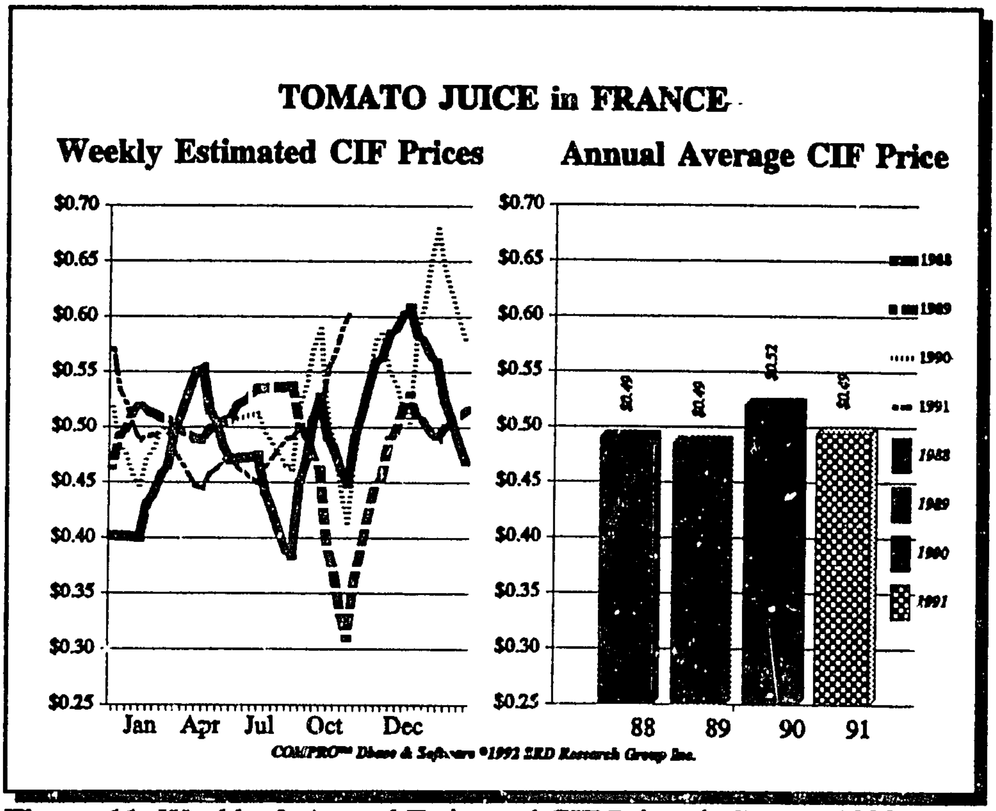

Figure 11: Weekly & Annual Estimated CIF Prices in France 1988-1991.

Annually, average CIF prices show no clear trend. Although prices in 1990 were higher than in 1988 and 1989, they were generally lower in the first half of 1991. Prices over the past four years in France have been generally lower than in the U.K. but higher than in Germany.

Japan

Prices for tomato juice in Japan have been the highest of the four markets studied here and increased in each of the last four years. An annual average price in 1988 of $1.03\kilo was followed by increases in 1989 and 1990. 1991 data is incomplete, but prices appear to have risen dramatically. The average for the first few months of 1991 was $2.01\kilo, about four times what it was for the same period in the European markets.

Seasonal lows in Japan are roughly equivalent to the seasonal highs in the European markets.

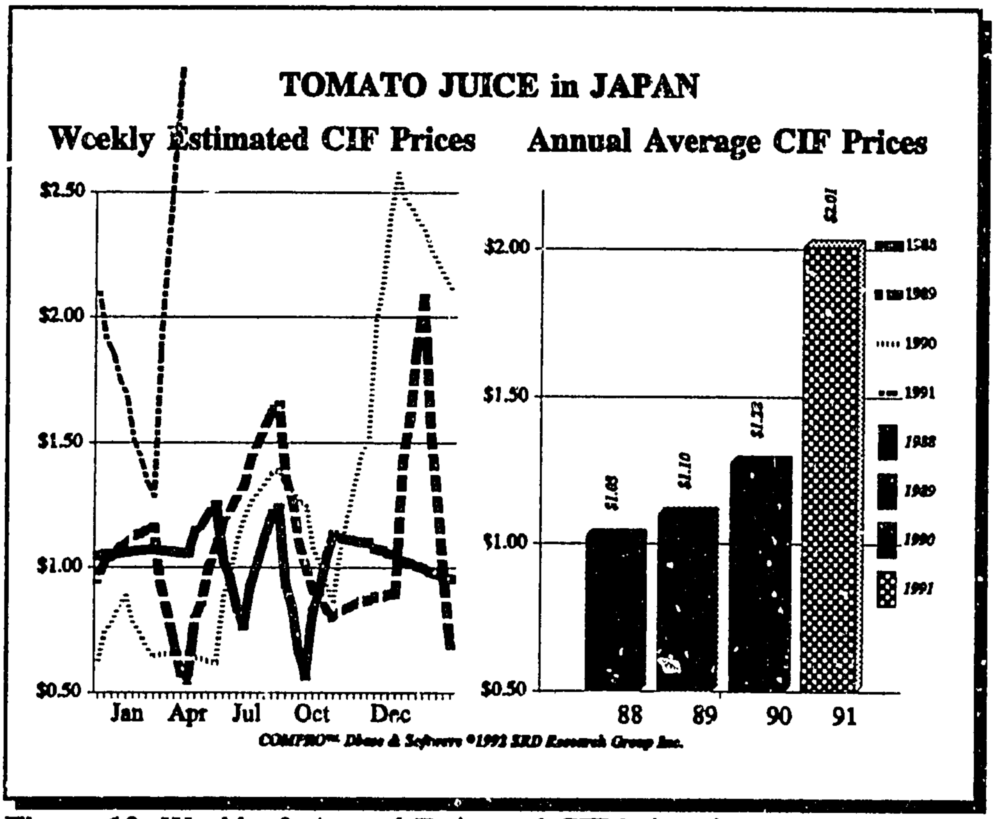

Figure 12: Weekly & Annual Estimated CIF Prices in Japan 1988-1991.

Prices reached over $2.50\kilo in late 1990 and exceeded $3.00\kilo in early 1991.

III. Supply by Origin

United Kingdom

Figure 13 is a graphic presentation of tomato juice imports from individual suppliers into the U.K. and total estimated weekly imports (black shaded area) in 1990. Israel was the major supplier in 1990 though several other countries supplied significant quantities. Israeli supplies were heaviest in the first two or three months of the year and during the period from roughly September through December. During this period imports from Israel reached levels of 100 to 150 metric tons in some weeks. Italy supplied quantities over 50 tons per week in May-June, August and October-November. Other more minor suppliers included Greece, Bel-Lux, Netherlands, Denmark, the U.S., Germany, Canada and France.

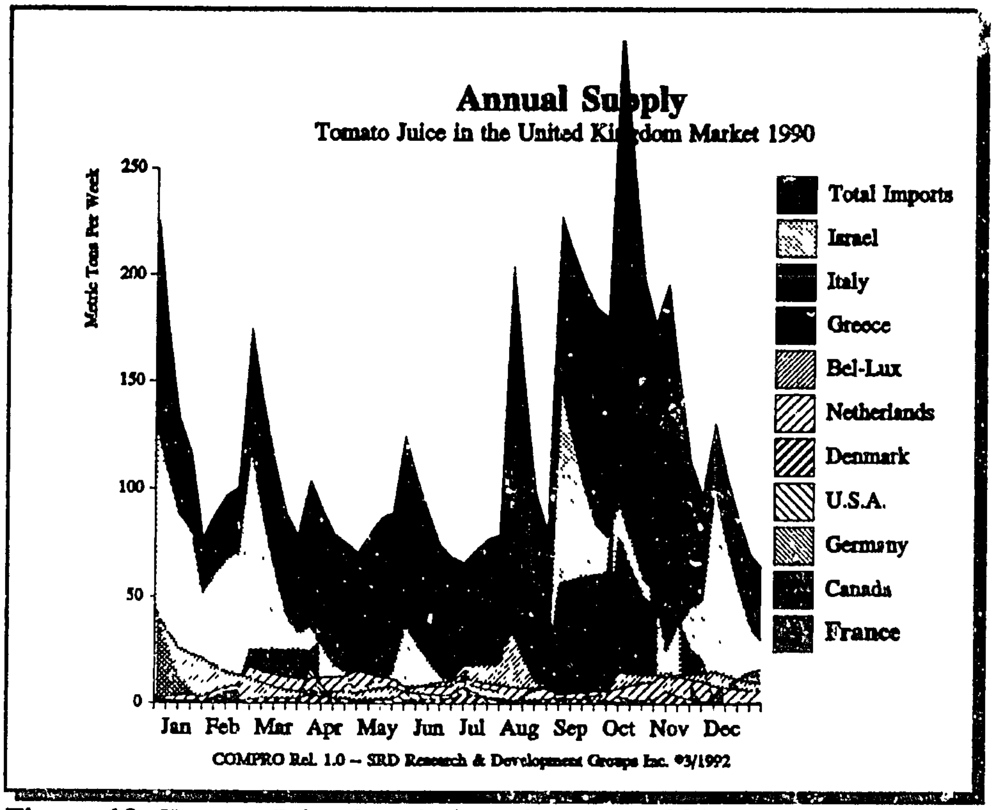

Figure 13: Tomato Juice Supply into the U.K. 1990

Figure 14 represents the imports of tomato juice into the U.K. in 1991. Most of the major suppliers of tomato juice to the U.K. in 1991 were the same countries as in 1990, though seasonal supply was not as consistent. Israel, Italy and Greece were the three largest suppliers. Israeli imports averaged about 25 tons per week during the first six months of the year and then peaked in September at about 175 tons\week. During January-February Italian and Greek imports both reached over 150 tons at one point. Spain was a newcomer in the top ten suppliers of tomato juice to the U.K. in 1991.

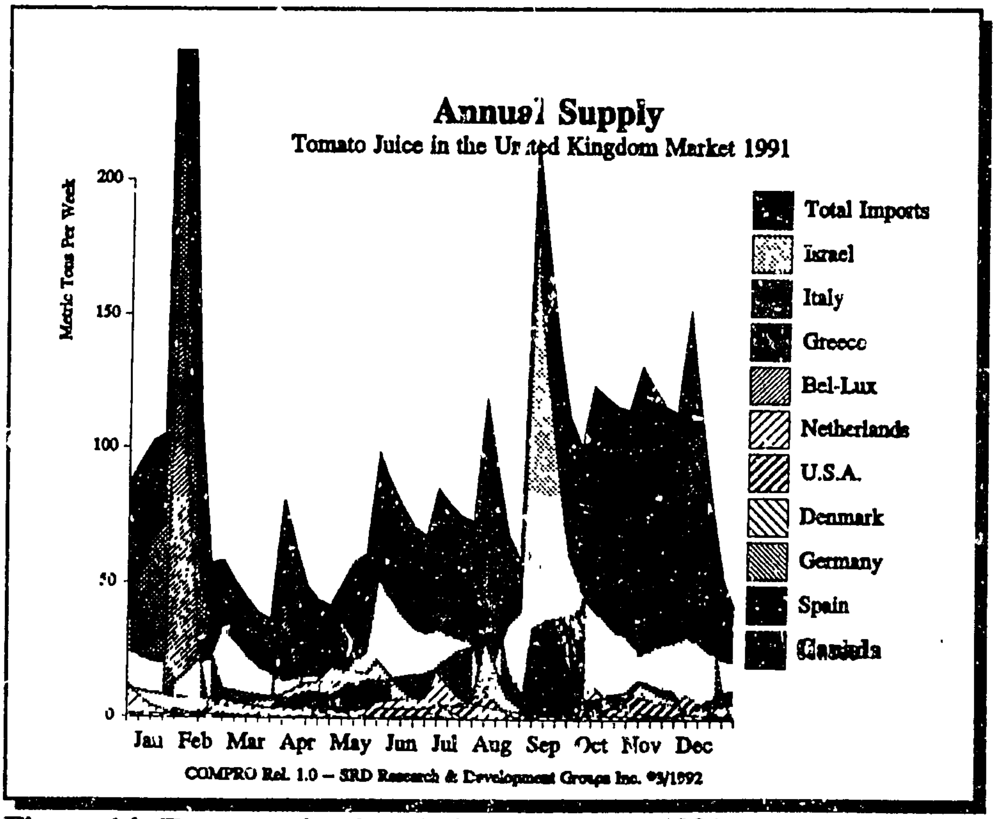

Figure 14: Tomato Juice Supply into the U.K. 1991

Germany

The figure box at right presents German tomato juice imports in 1989. Italy dominated this market in 1988 with weekly supplies of generally between 50 and 300 tons. Italy supplied a fairly consistent level of imports during the first five or six months of the year. In the summer, supply fluctuated from near 100 ton\week to over 900 tons\week. The year ended with supply at about 300 tons\week. the only other significant supplier was France with volumes under 50 tons\week from about March through December.

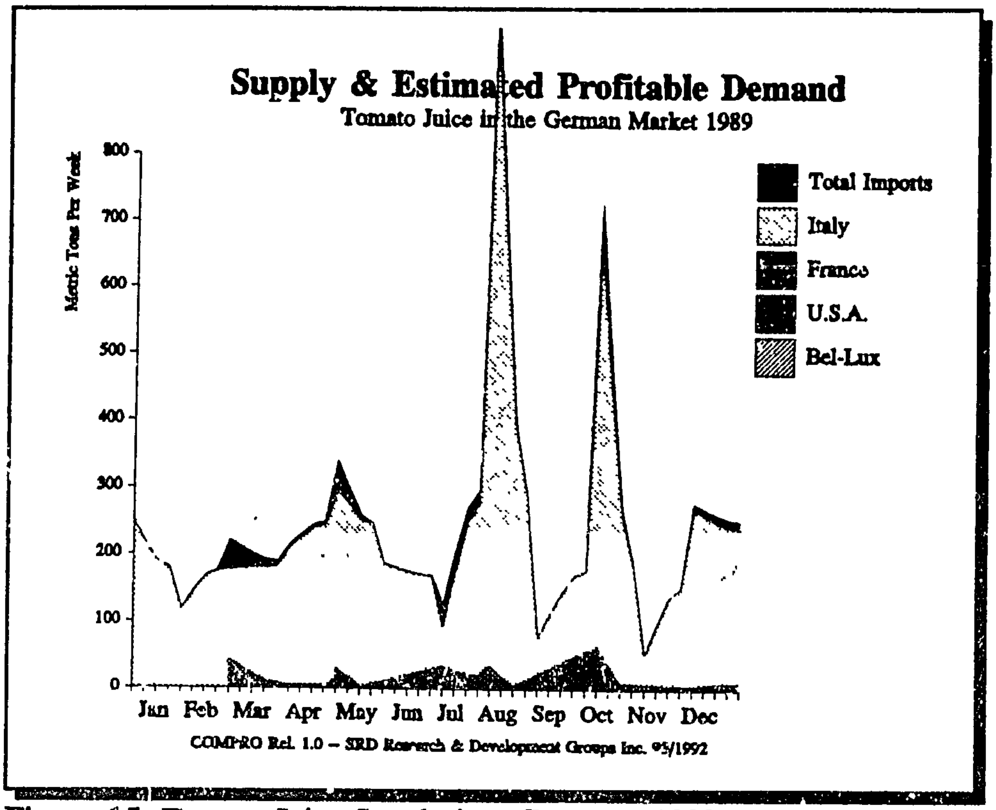

Figure 15: Tomato Juice Supply into Germany 1989

Tomato juice imports into the German market for 1990 is displayed in Figure 16. Italy continued to be the largest external supplier of tomato juice into Germany. Compared to 1989, Italian supplies experienced less fluctuation, generally ranging from 100 to 500 tons\week. From a peak of just over 500 tons\week in February, weekly Italian imports dipped to about 100 tons in late May before increasing for most of the rest of the year.

Denmark and France were the next largest suppliers, with much smaller volumes, usually under 100 tons per week. Other suppliers include Bel-Lux and Netherlands.

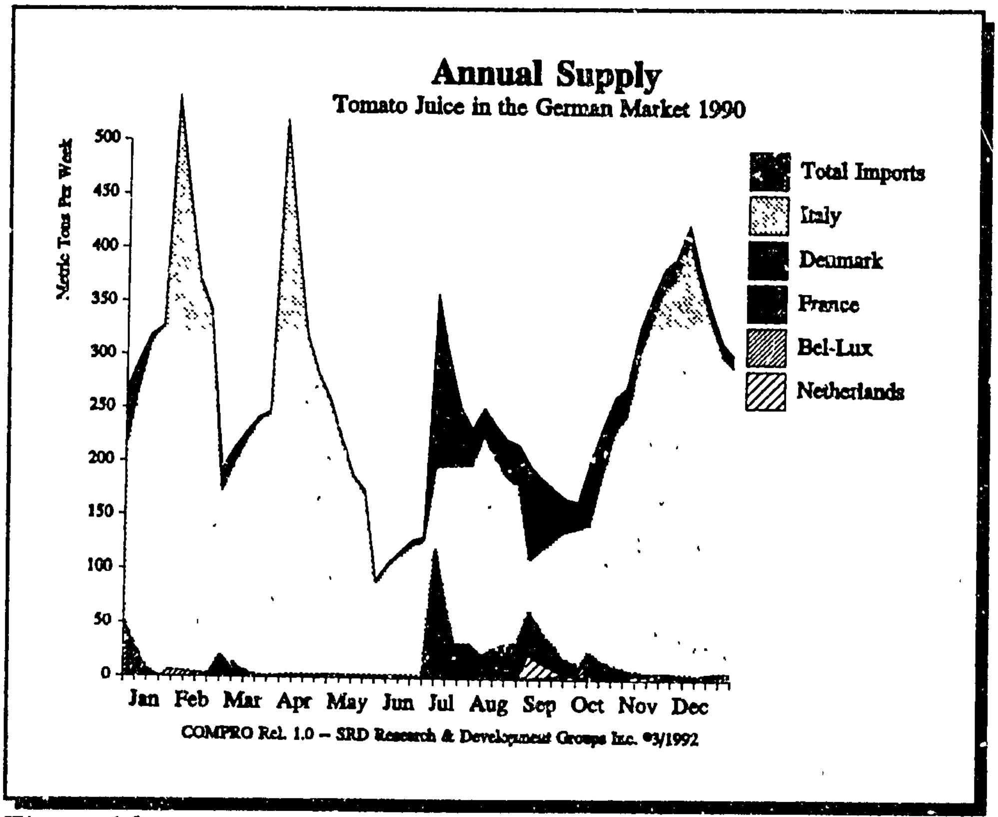

Figure 16: Tomato Juice Supply into Germany 1990

France

Tomato juice imports into France have generally been much less than the supply into Germany and the U.K., probably because the market is also supplied domestically. Figure 17 shows that Italy was the largest supplier in 1990 with a large majority of the market. Italian supplies ranged from under 15 tons\week in December to over 120 tons\week in July. Other suppliers included the UEB, RFA, Israel, Spain, Pays-B and the U.S.A. None of these countries, however, supplied more than 30 tons\week.

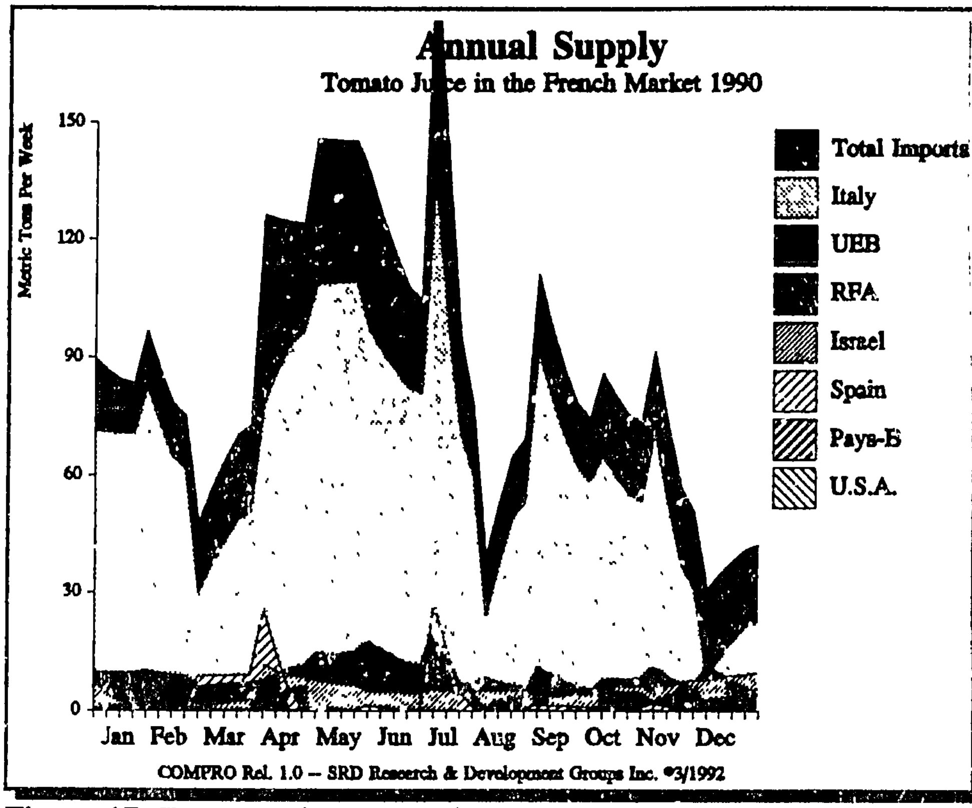

Figure 17: Tomato Juice Supply into France 1990

Figure 18 shows that Italy continued to dominate the French market in 1991, with imports of between 30 and 110 tons\week. As in 1990, the period from roughly April through July experienced the highest level of Italian and total imports. Imports from Israel had increased from a year earlier, rising to a peak of about 40 tons\week in August. The UEB also supplied a significant amount during the first four months of the year. Greece was a newcomer to the market in 1991 as well as Switzerland, though both supplied very small amounts.

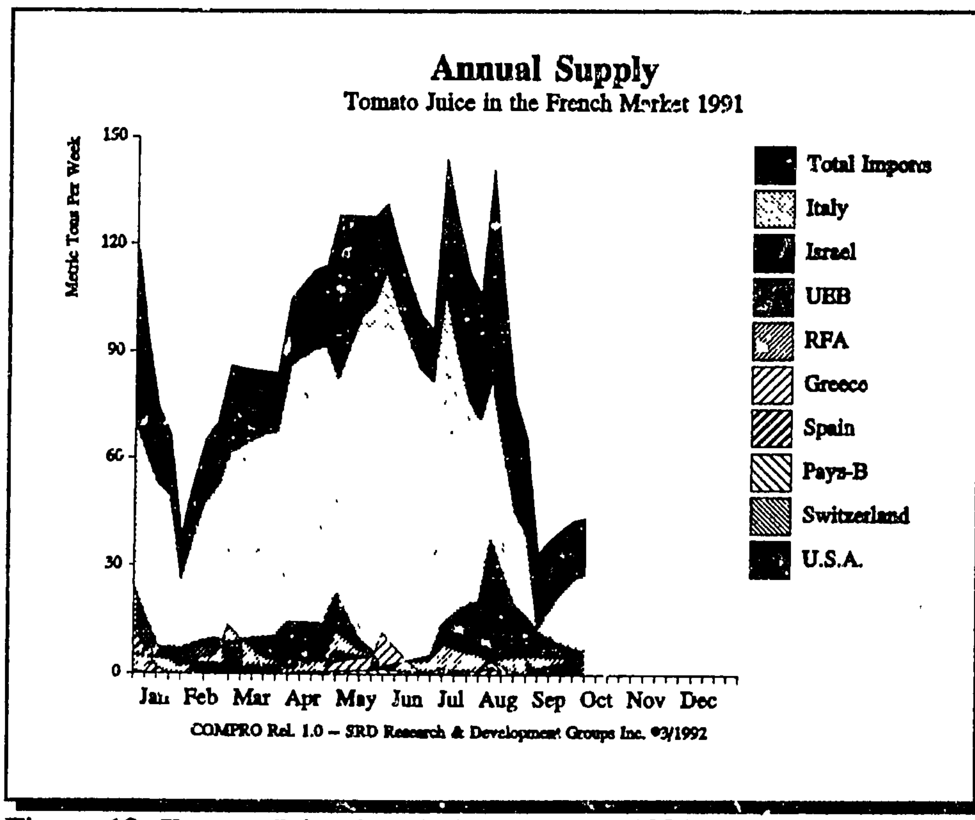

Figure 18: Tomato Juice Supply into France 1991

Japan

Trade statistics indicate that the import market for tomato juice in Japan is quite small compared to European markets. In 1989 the highest weekly amount imported was just over 25 tons (from the U.S.). This occurred in the months of May and September. Other than U.S. imports, the only other suppliers were Taiwan, France, Korea and the U.K. None of these countries supplied more than 15 tons in any one week.

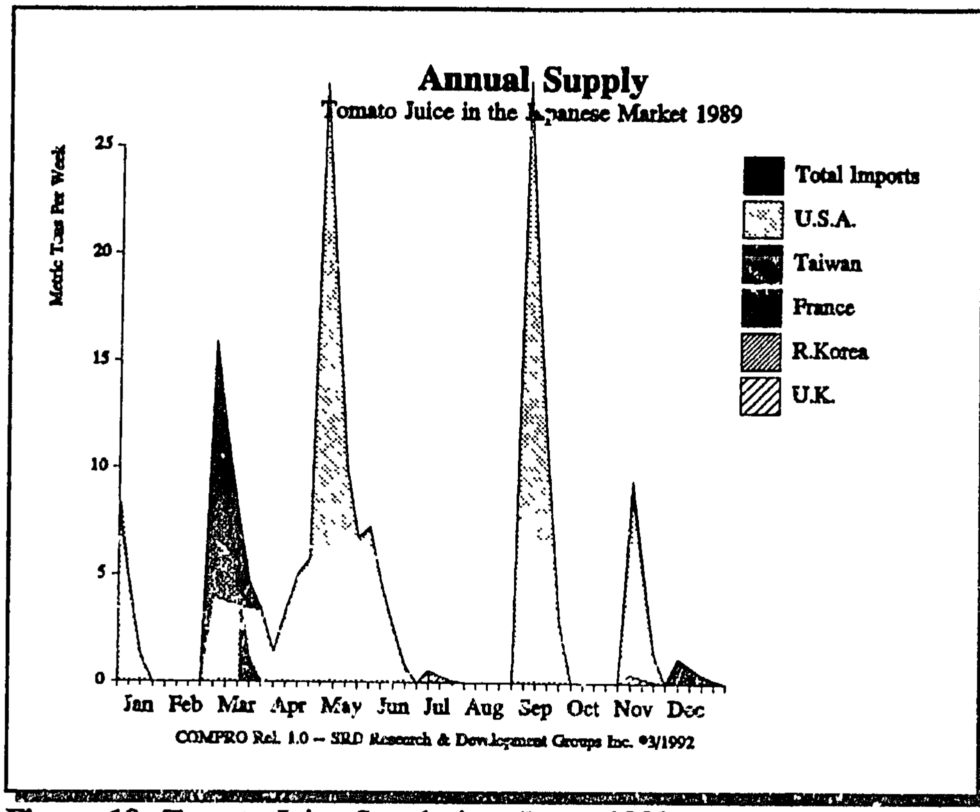

Figure 19: Tomato Juice Supply into Japan 1989

In 1990 several new countries entered the Japanese tomato juice market. As Figure 20 illustrates, the U.S. was still the major supplier, but countries like the Netherlands and the Philippines supplied relatively significant quantities. Imports from the Netherlands were concentrated in the months of April and September, while the Philippines supplied the market only during February. Imports also came from Spain, Australia and Germany.

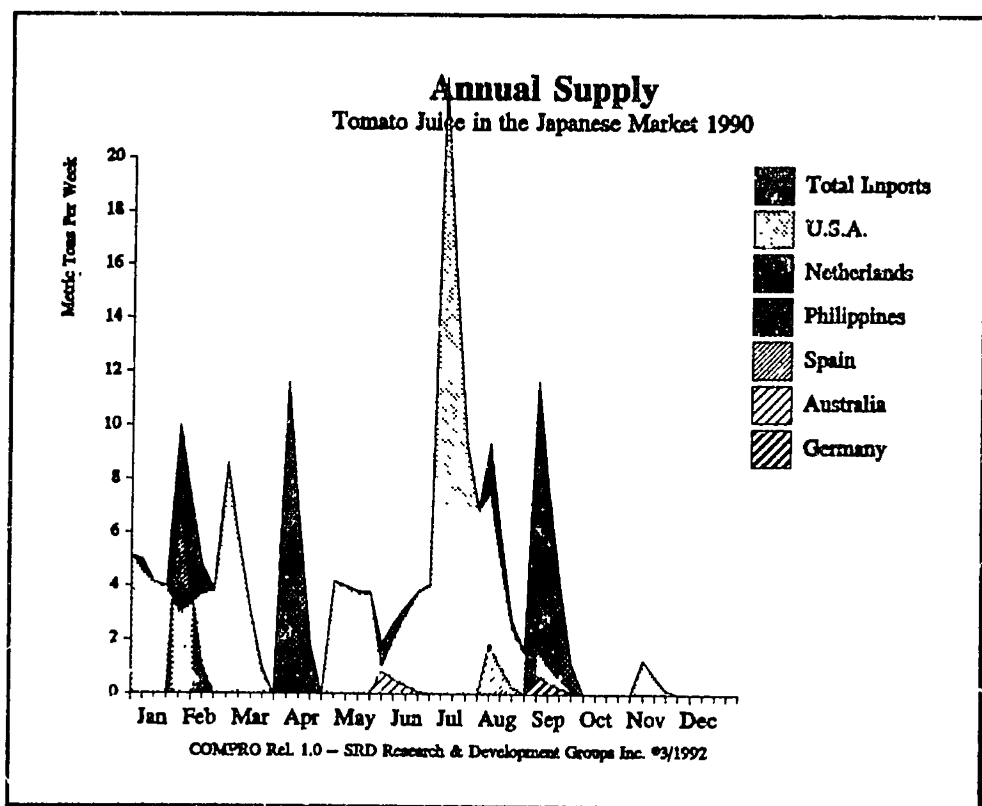

Figure 20: Tomato Juice Supply into Japan 1990

IV. Four Year Supply Summary

United Kingdom

Weekly estimated tomato juice imports into the U.K. from 1988 through early 1991 is presented in Figure 21. During the past four years tomato juice supplies in the U.K. have generally fluctuated from lows of around 50 metric tons\week to highs over 300 tons\week. Supplies appear to be strongest in the months of August through November and lowest in the months of March through July. The market experienced the most fluctuation in 1991, with a peak in January of over 400 tons\week and lows just a few weeks later at under 50 tons\weeks.

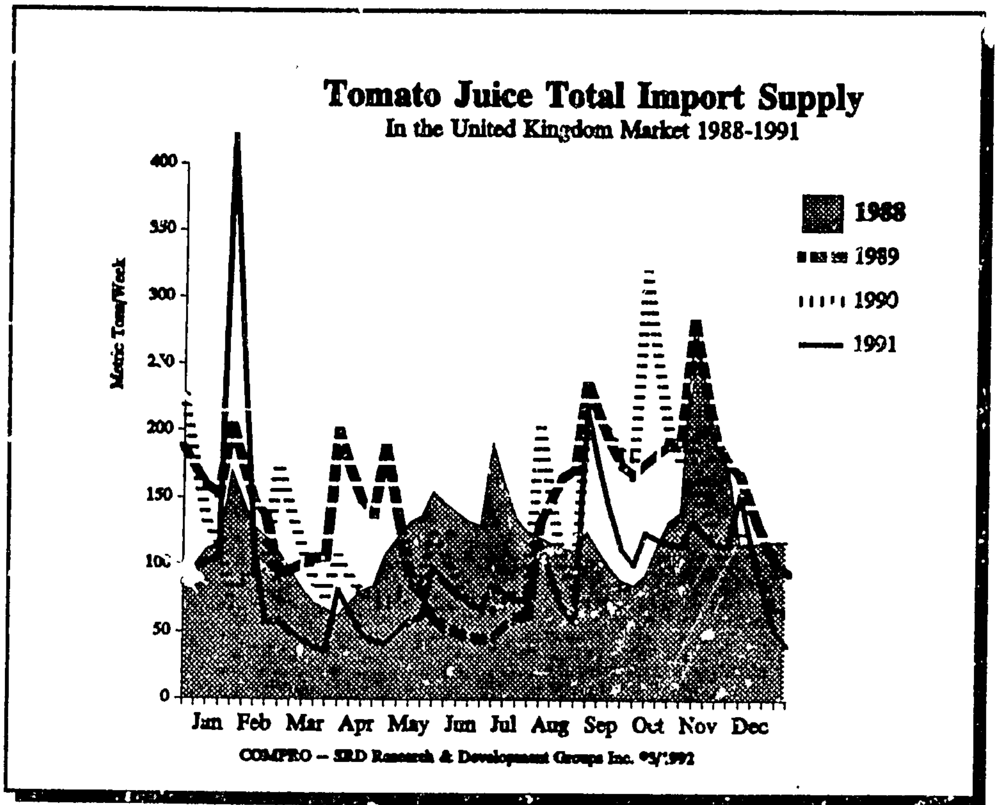

Figure 21: Summary of Four Year Tomato Juice Supply into the U.K. 1988-1991.

Germany

Tomato juice supply in Germany over the past four years has been somewhat more erratic in the U.K. Imports have fluctuated between 50 and 1000 tons per week. Both the highest and lowest levels were reached in 1989. 1990 and 1991 saw less seasonal variation, with supplies generally between 100 and 500 tons\week. Germany is the largest of the four markets presented in this preliminary study though annual total imports appear to have stabilized.

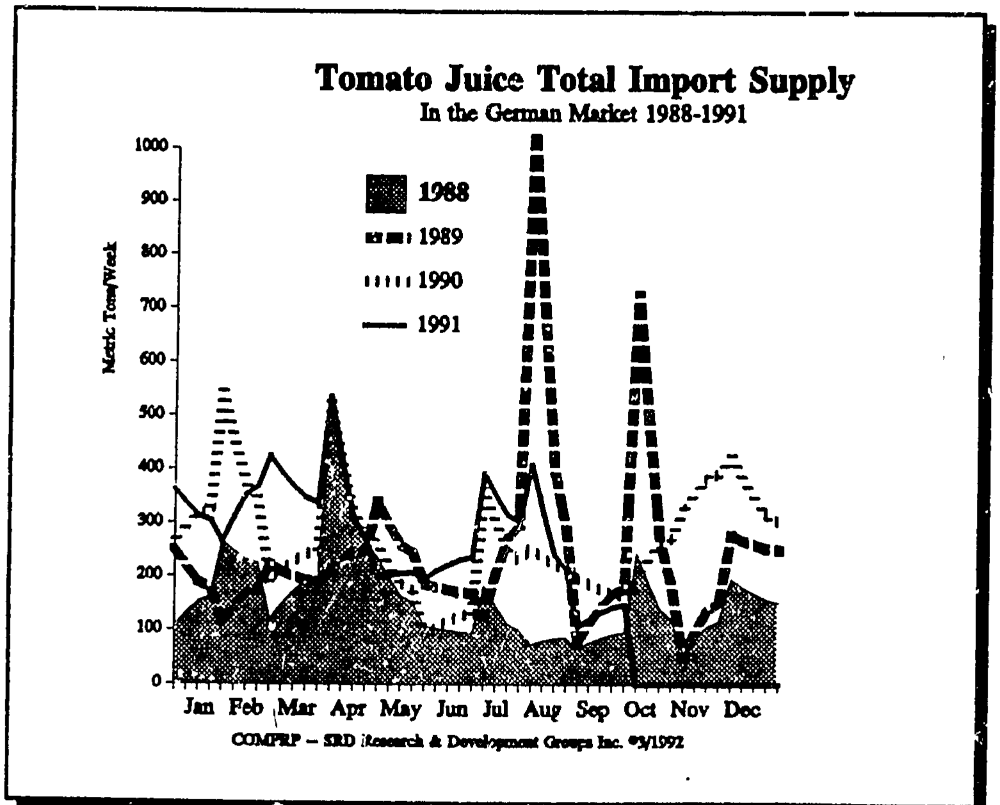

Figure 22: Four Year Summary of Annual Tomato Juice Supply into Germany 1988-1990.

France

Tomato juice supply into France from 1988 through most of 1991 is presented at right. Weekly volumes have been generally less than in the other analyzed European markets. Seasonally, imports have been fairly stable during the first few months of the year, fluctuating between 50 and 100 tons\week. In the last three years supply has risen in April and then again in July. The highest level of imports was reported in July 1990 at almost 200 tons\week. Rarely have imports been less than 40 tons\week.

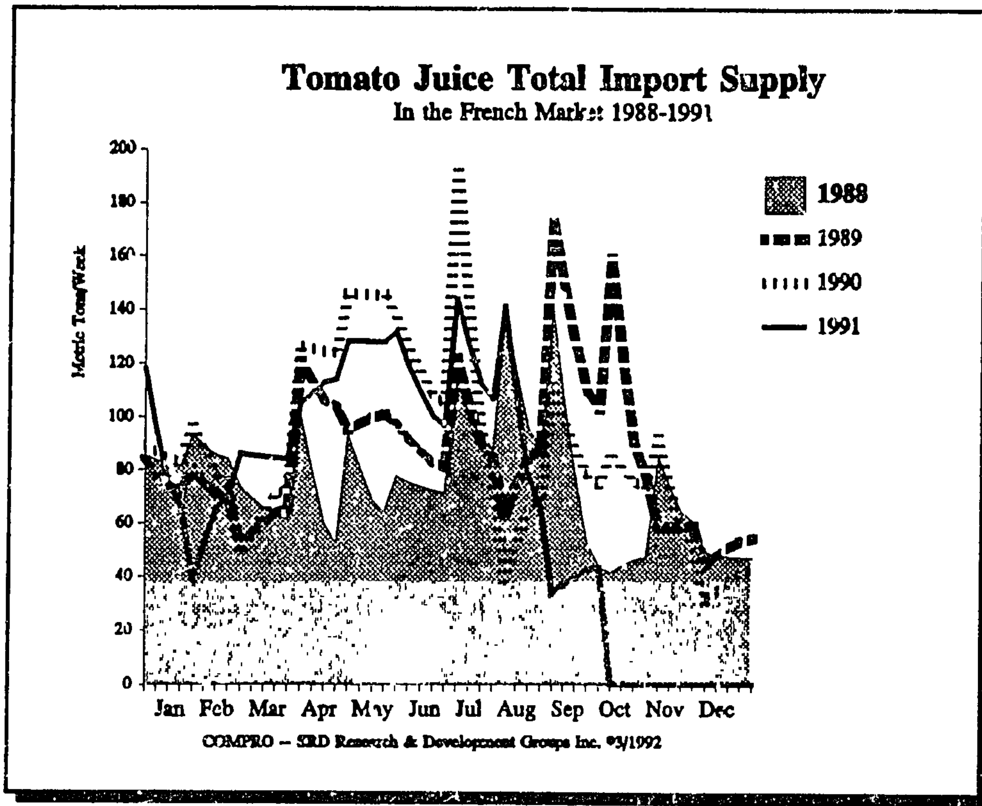

Figure 23: Four Year Summary of Annual Tomato Juice Supply into the France 1988-1991.

Japan

The import market for tomato juice over the past four years is presented in Figure 24. Imports usually do not exceed 25 tons\week. The highest levels were experienced in 1988 with apparently less fluctuation in each succeeding year. In most years there is very little supply during the October through December period. Otherwise there is little seasonal consistency.

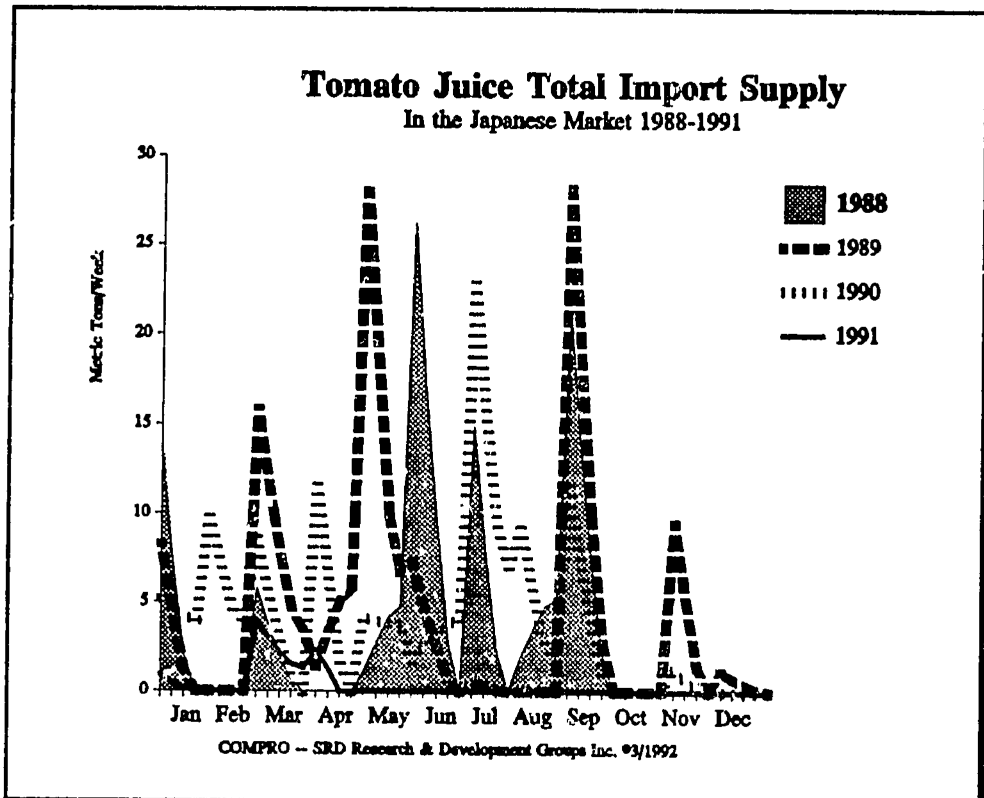

Figure 24: Four Year Summary of Annual Tomato Juice Supply into Japan 1988-1991.

V. Four Market Supply Comparison

1990

At right is a representation of 1990 estimated weekly tomato juice imports into each of the four countries analyzed for this report. The highest levels in 1990 were reached in the German market at over 500 tons per week during three separate periods. Japan had comparatively the lowest levels, usually below 30 tons\week. The U.K. and France both experienced imports at a lower level than those Germany. In the U.K. imports exceeded 300 tons\week in mid-October and were between 75 and 200 tons\week during most of the year. Supply in the French market was fairly consistent throughout the year at volumes between 50 and 150 tons\week. The highest levels were reached in the months of April through July.

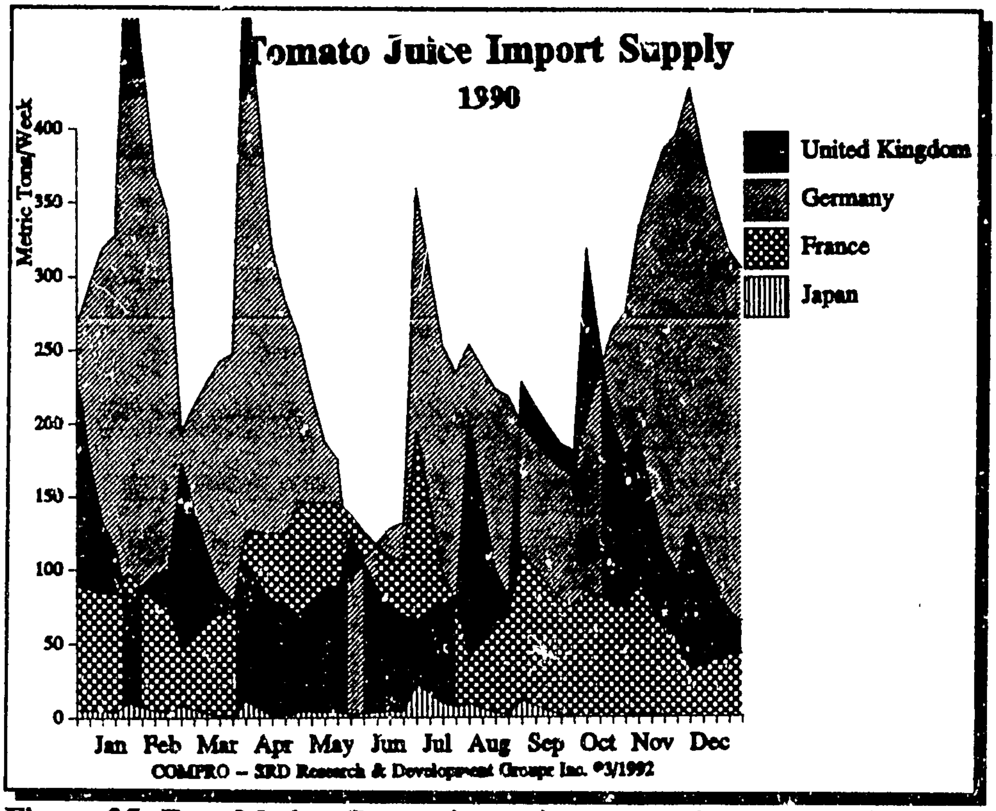

Figure 25: Four Market Comparison of Tomato Juice Supply 1990.

1991

Figure 26 is a graphic comparison of the available supply data for 1991. At one point in late January-early February the U.K. had the highest imports at over 400 tons\week. Most of the year, however, the German market was the largest, generally at over 200 tons\week. The French market continued to be fairly stable at about 100 tons\week. Although 1991 data is incomplete, it appears that supplies dropped in Germany and France in the late summer, while U.K. imports gradually rose.

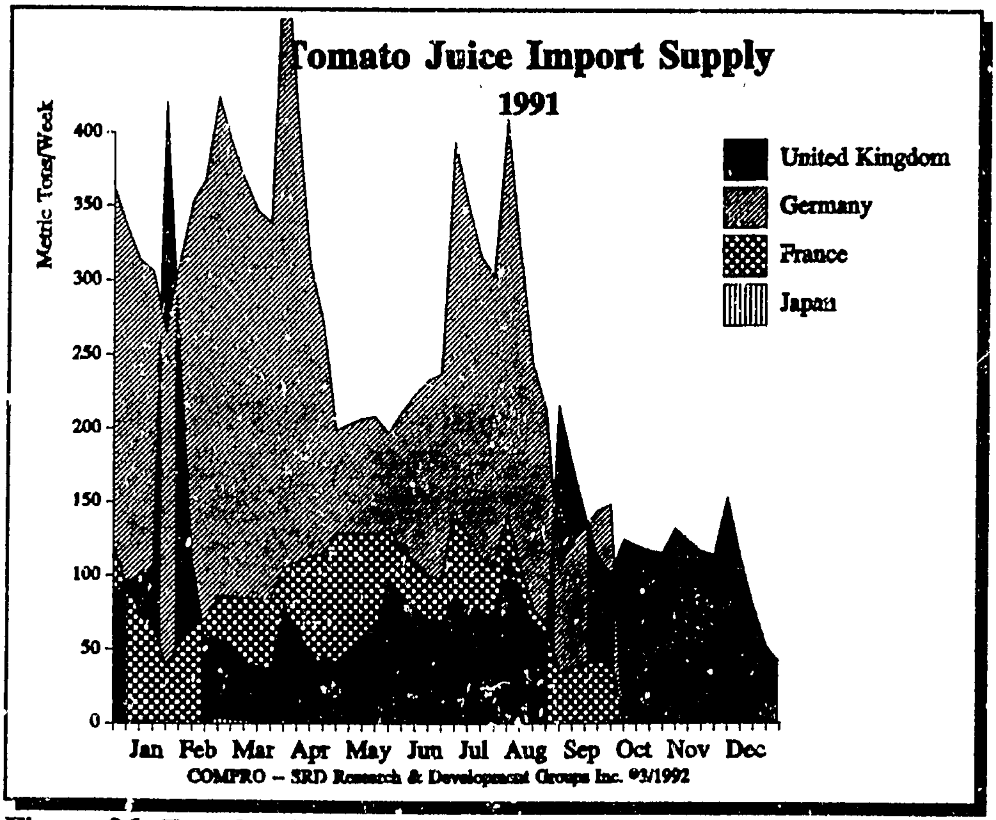

Figure 26: Four Market Summary of Tomato Juice Supply 1991.

1. FOODNEWS, Britian '91, April, 1991, page 12.

2. FOODNEWS, JUICES/FRUITS '91, PAGE 43.

The Mahaweli Enterprise Development Project

The Government of Sri Lanka as well as the international donor community has given high priority over the last several decades to the development of the resources of the Mahaweli river basin. The Accelerated Mahaweli Development Program was launched in 1978. The first phase of this program, the construction of major capital infrastructure, is complete. The second phase, developing the land for settlement and forming an agricultural production base, is well under way. The third phase, just beginning, seeks to build on the agricultural base to create a diverse and dynamic regional economy, improving employment and income prospects for settlers and their families. It is in this phase that the private sector has to play a leading role in enterprise development.

The Mahaweli Enterprise Development Project (MED) is a five year USAID-supported initiative of the Mahaweli Authority of Sri Lanka(MASL) to foster private enterprise development in the Mahaweli areas. MED assists small, medium and large-scale investors to develop new ventures in the Mahaweli and expand existing ones. This is to be accomplished by a three-pronged approach: 1) investment promotion, technical assistance and marketing support to medium and large scale investors; 2) advisory services, training and improved access to credit for small scale enterprises; 3) policy assistance to improve access to resources, such as land and water,and the legal and institutional framework for enterprise development in the Mahaweli settlement areas.

The Employment, Investment and Enterprise Development Division of MASL is the MED implementing agency. The main technical consultancy is provided by a consortium led by the International Science and Technology Institute (ISTI), but marketing consulting is provided by the SRD Research Group Inc. Other firms in the MED consortium are Development Alternatives, Sparks Commodities, High Value Horticulture and Two Sri Lankan firms, Agroskills and Ernst and Young. This significant array of organizations and expertise is ready to assist private sector firms in the Mahaweli areas.

For further information please contact the Director of EIED (Tel: 502327/8/9), or James Finucane (Tel: 508683/4) the Chief of Party of MED, or K.Kodituwakku (Tel: 502327/9) the Local Representative of SRD.