

# *SRD Market Intelligence Brief™*

## **MAHAWELI PICKLED SWEET CORN**

Seasonal Supply & CIF Prices 1988-1990  
in Germany, U.K., France and Japan

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Presented in this report is an analysis of the import markets for Pickled Sweet Corn in four significant countries, including Germany, the U.K., Japan and France. Monthly and annual statistics covering the three year period from 1988 through 1990 are graphically presented, detailing patterns and trends relevant to potential Mahaweli exports. Both CIF prices and import volumes in metric tons are analyzed in order to estimate potential opportunities and profitability.

Pickled Sweet Corn is listed in trade data as "sweet corn (*zea mays* var. *saccharatal*) prepared or preserved by acetic acid." Packaging for export is generally in 55 gallon plastic drums. In the broader market of processed sweet corn, reports show that the

EEC has experienced an increase in imports, exports and consumption since a slump in 1987. France has increased its production of processed corn by 31% in 1990, yet its imports have also increased. Some sources say that the increase in supply has surpassed the growth in consumption, though the U.S. has significantly decreased exports to the EEC due to drought and increased domestic demand.<sup>1</sup>

### Four Country Summary Graph

In order to present a comparison of the relative size of all four markets studied and their average price patterns, a summary graph appears on page two, with average monthly CIF price levels in the left graph and annual import totals in the right graph.

*Average CIF Prices.* The heavy dark line in the price analysis of Figure 2 is a weighted average trend line based on the relative size and average prices of the markets analyzed. The average CIF price for the four markets ranges from lows of about \$1.40/Kg to highs of almost \$2.00/Kg. Individual country price



# PICKLED SWEET CORN Four Market Summary

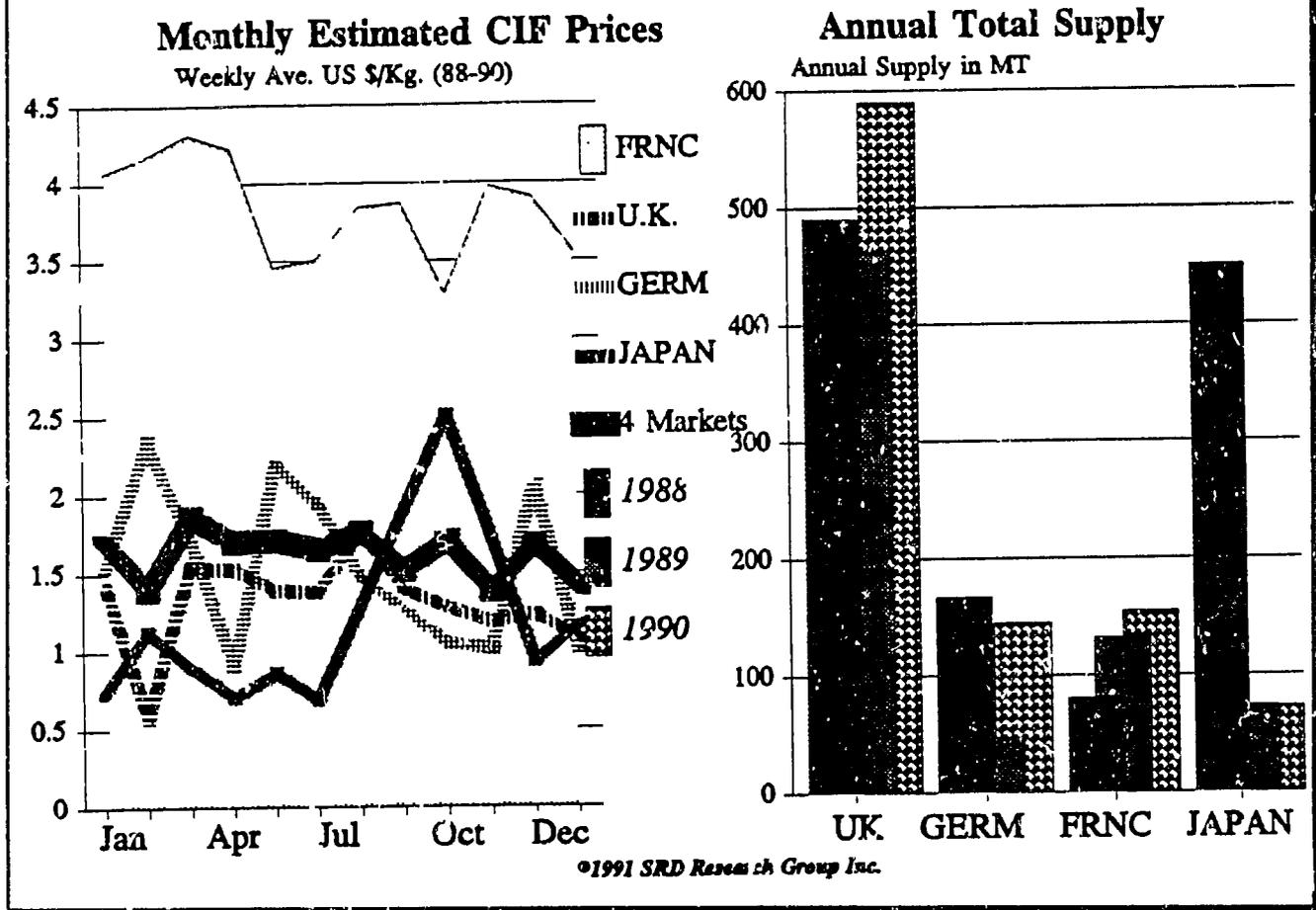


Figure 1: Summary of Average Monthly CIF Prices and Annual Supply for Four Markets

variations are quite substantial. French CIF prices are by far the highest, usually between three and four dollars per kilo, while U.K., Germany and Japan prices have ranged between \$.75 and \$2.50/Kg. The average CIF price trend of the U.K. follows rather closely the four country average trend line, with the average lines of Japan and Germany fluctuating more widely both above and below.<sup>2</sup>

Although Figure 1 summarizes prices for all three years, it fails to illustrate the year to year trends presented in the detailed graphs which follow. Those graphs show that annual average CIF prices have risen in the U.K., France and Germany and have been fairly stable in Japan. The monthly CIF price graphs will allow more detailed understanding of seasonal patterns and trends.

This report utilizes CIF prices, which are useful indicators in preliminary analysis but must be used with caution due to potential reporting difficulties.<sup>3</sup>

**Annual Supply Levels.** The graph in the right

component of the summary graph allows a comparison of annual import totals for all four markets. This graph clearly demonstrates that the U.K. has been the largest importer among the countries analyzed for the last three years, with total imports averaging near 500 metric tons per year. Imports into the other markets have been considerably less, averaging about 120 tons annually in France, about 100 tons in Germany and 125 annual tons in Japan. The total supply level into all four markets has averaged about 850 metric tons annually from 1988 to 1990. Individually, the U.K. and France have experienced an increase in imports from 1988 to 1990, while Germany and Japan decreased their imports over the same period.

The individual country graphs that follow contain a more detailed presentation of monthly and average annual price and import data in order to highlight potential opportunities and/or difficulties for Sri Lankan pickled sweet corn exports.

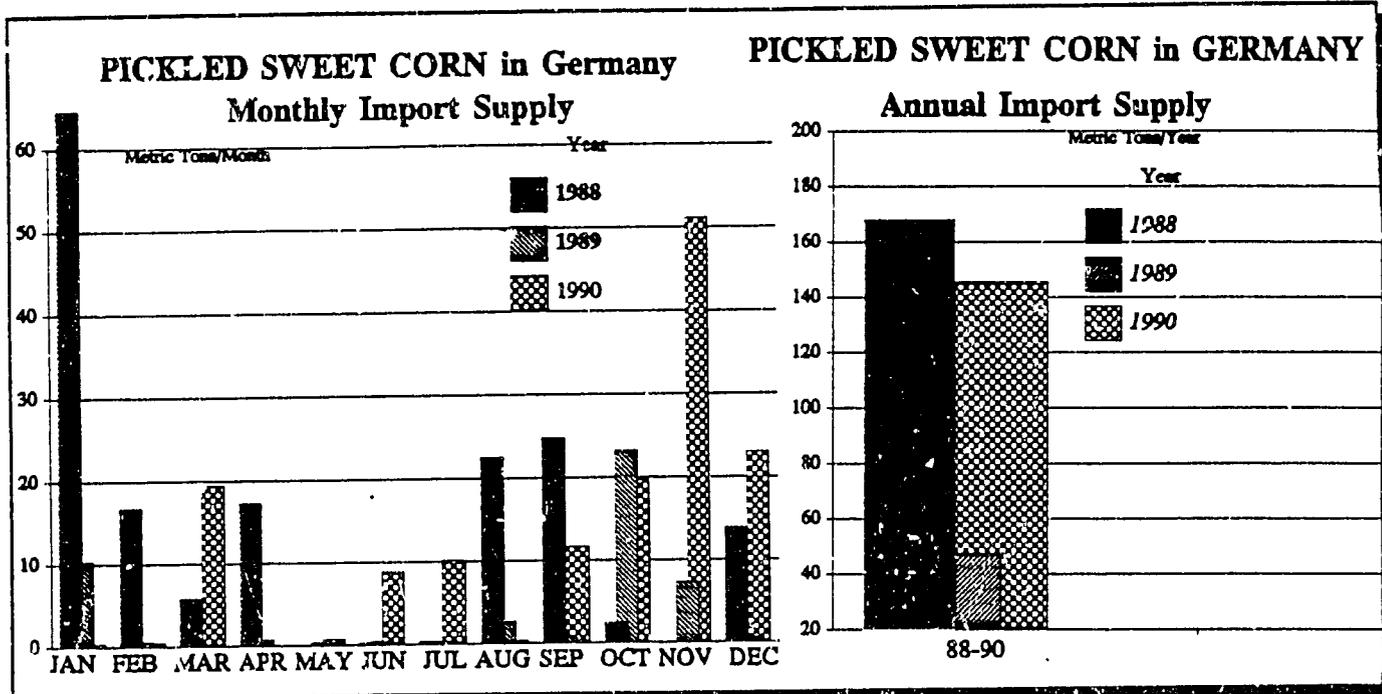


Figure 2: Annual and Monthly Imports of Pickled Sweet Corn into Germany 1988-90

**Specific Country Price and Import Supply Graphs**

*Germany* Both seasonal and annual import levels of pickled sweet corn into Germany are detailed in Figure 2. Imports into Germany fell dramatically in 1989 to about 50 metric tons from a level of about 170 tons in 1988. It is likely that this was due to a generally tight market in 1989 rather than a decrease in

demand. Supply picked up in 1990 to a level of about 150 metric tons; roughly the same as the 1988 level.

Seasonal supply statistics in the right side of Figure 2 show that imports fluctuate widely throughout the year, and are generally strongest in the off season months. While imports have fluctuated from levels of over 60 tons a month to periods of no reported import

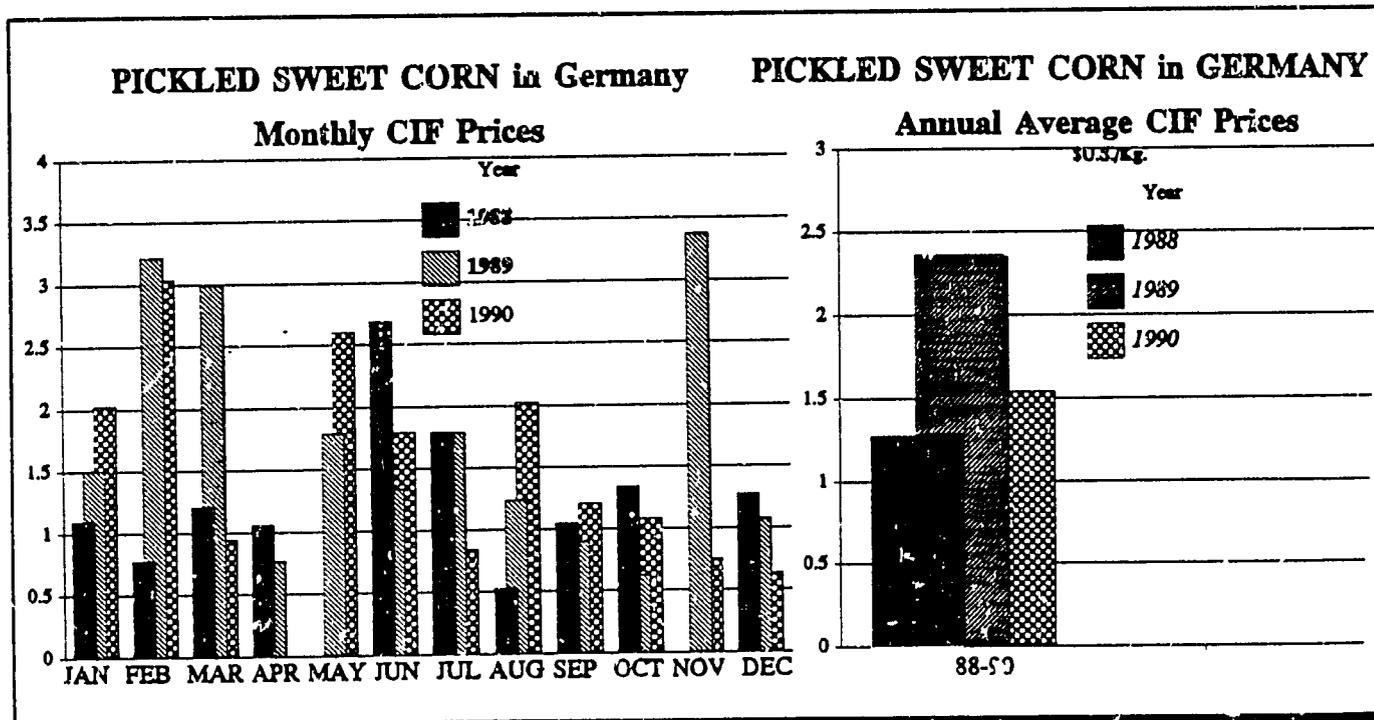


Figure 3: Monthly and Annual Estimated CIF Prices of Pickled Sweet Corn in Germany 1988-90

60 tons a month to months of no reported import volumes, 1990 seasonal data reveals that imports were more consistent and increased throughout most of the year. The strong showing in the latter half of the year may indicate the market is picking up and imports in 1991 have also been strong.

Seasonal and annual CIF price statistics are presented in Figure 3. The annual average price in Germany has fluctuated in a predictable response to supply. The low import levels of 1989 resulted in an increase in price of about one dollar per kilo: from \$1.40/Kg in 1988 to \$2.40/Kg in 1989. A stronger import year in 1990 pushed prices back to a level of roughly \$1.50/Kg.

Monthly data reveals more variation, and it appears that there is some elasticity at the seasonal level as well. Volumes over 20 tons a month seem to be able to cause price drops to under \$1.00/Kg, though low prices have occurred during months of smaller import levels as well. It was only during extremely low import months that prices reached levels over \$2.00/Kg. Thus, while Germany may be increasing imports of pickled sweet corn, market prices appear to be falling in response. Germany appears to be a rather mature market, though growth is still a good possibility with the increased population.

Compared to France, Germany's annual average prices are lower, but they are roughly equal to those in the U.K. and slightly higher than those in Japan.

**France** Though France is a large producer and supplier to other EEC countries, the French import market for pickled sweet corn has risen steadily from 1988 to 1990. Still, supply statistics for the year 1988 (see Figure 4) show that imports were over 80 metric tons, and rose to a level of about 165 tons in 1990. This is roughly the same level that Germany imported in 1990.

Seasonal supply, illustrated in the left component of Figure 4, fluctuates widely. Monthly imports have ranged from none to almost 35 tons, averaging about 13 tons per month. In 1990, monthly imports appear to have fluctuated less than in the previous two years.

Unlike the market in Germany, French prices appear to be fairly unresponsive to fluctuations in supply levels. CIF seasonal prices in France have been both more consistent and higher than those of the U.K. and Germany. The annual average price in 1988 was about \$3.80/Kg, falling in 1989 to close to \$3.50/Kg. 1990, however, saw prices rising to over \$4.00/Kg. This is more than twice the annual average price for the U.K. and Germany in the same year.

The combination of rising import volumes and high prices make France an apparently good opportunity for Sri Lankan exports. Imports of processed canned sweet corn from "third countries" has steadily increased over the past three years. Though total volumes of pickled sweet corn imported into France are still relatively small, limited Sri Lankan exports could be profitable.

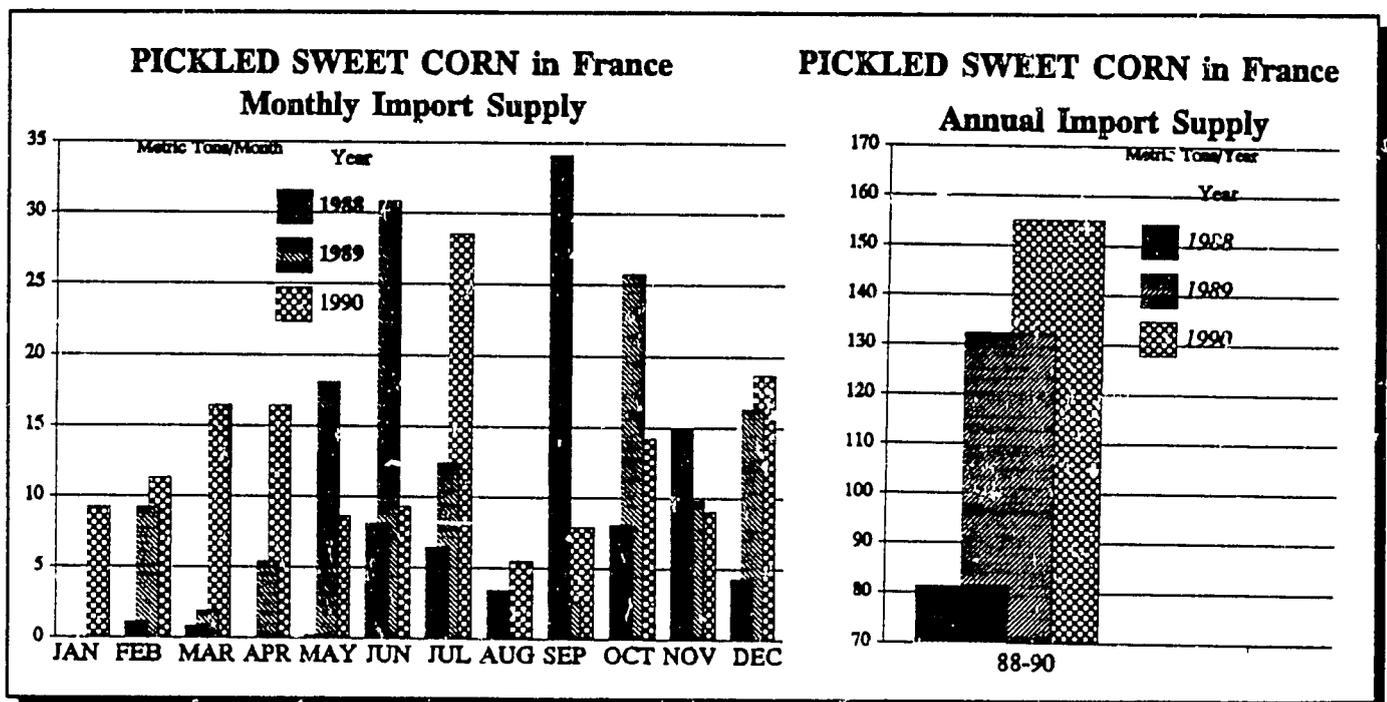


Figure 4: Monthly and Annual Imports of Pickled Sweet Corn into France 1988-90

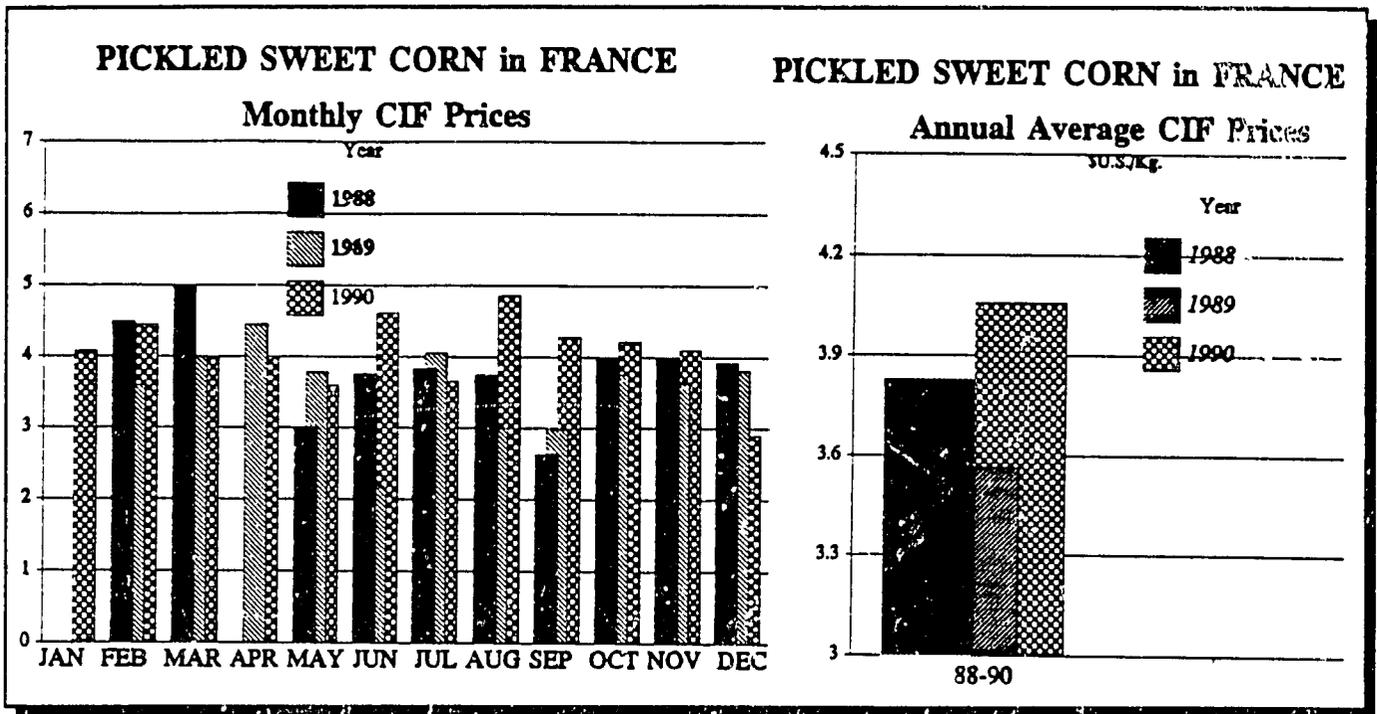


Figure 5: Monthly and Annual Estimated CIF Prices of Pickled Sweet Corn in France 1988-1990

**United Kingdom.** As displayed in the summary graph, the U.K. market is the largest among the countries presented, with imports of almost 600 metric tons in 1990. This follows a small drop in 1989 to 475 tons from a level of about 490 tons the previous year. The seasonal import graph to the right of the annual graph shows that imports fluctuate widely from month to month. Volumes have ranged from over 200 metric

tons in November 1990 to no imports in some months. Generally, imports have been lowest in the spring and the early summer, with most of the annual total coming from August through January. The average monthly import level for 1990 was about 50 tons, compared with about 40 per month for 1989.

Annual and seasonal prices in the U.K., illustrated in Figure 7, show that prices have steadily

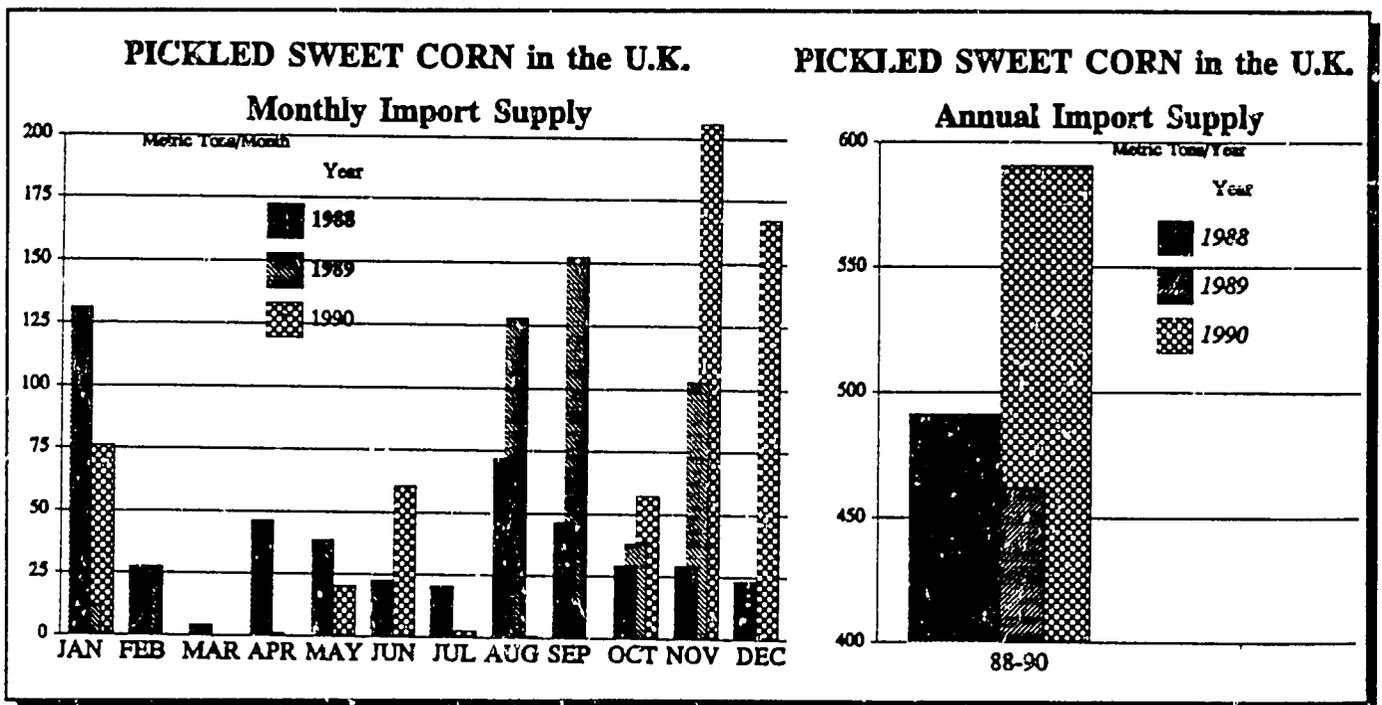


Figure 6: Monthly and Annual Imports of Pickled Sweet Corn into the U.K. 1988-90.

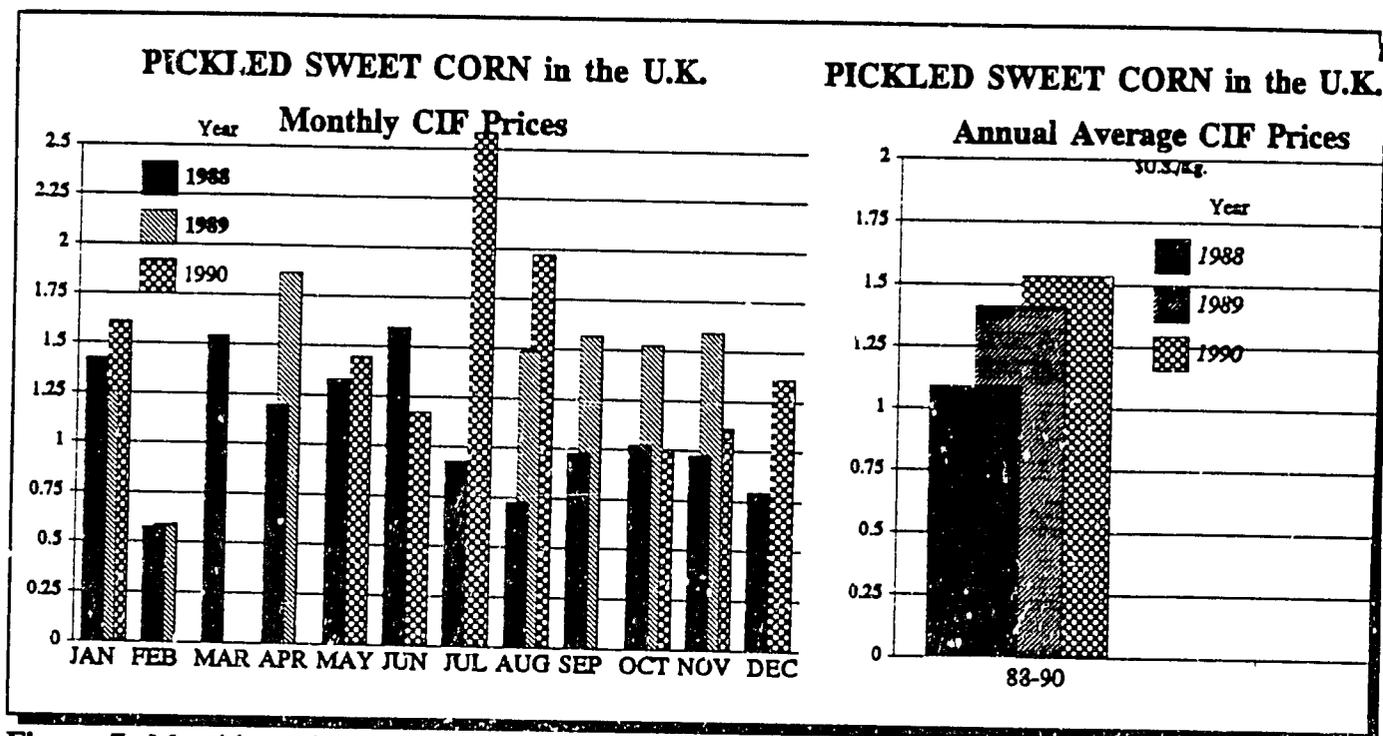


Figure 7: Monthly and Annual Estimated CIF Prices for Pickled Sweet Corn into the U.K. 1988-90

increased over the last three years. The annual average price in 1988 of about \$1.10/Kg rose to over \$1.50/Kg by the end of 1990. This price increase appears to be steady, in spite a fluctuating annual import volumes.

A review of seasonal data suggests that there is some elasticity in the market. Months of very low

import volumes can cause high prices, but very large import months in 1990 never pushed prices below \$1.00. A very small import month in July 1990 corresponded with a CIF price of over \$2.50/Kg. This may be because of a rather strong demand, indicating that Sri Lankan exports could take advantage of this

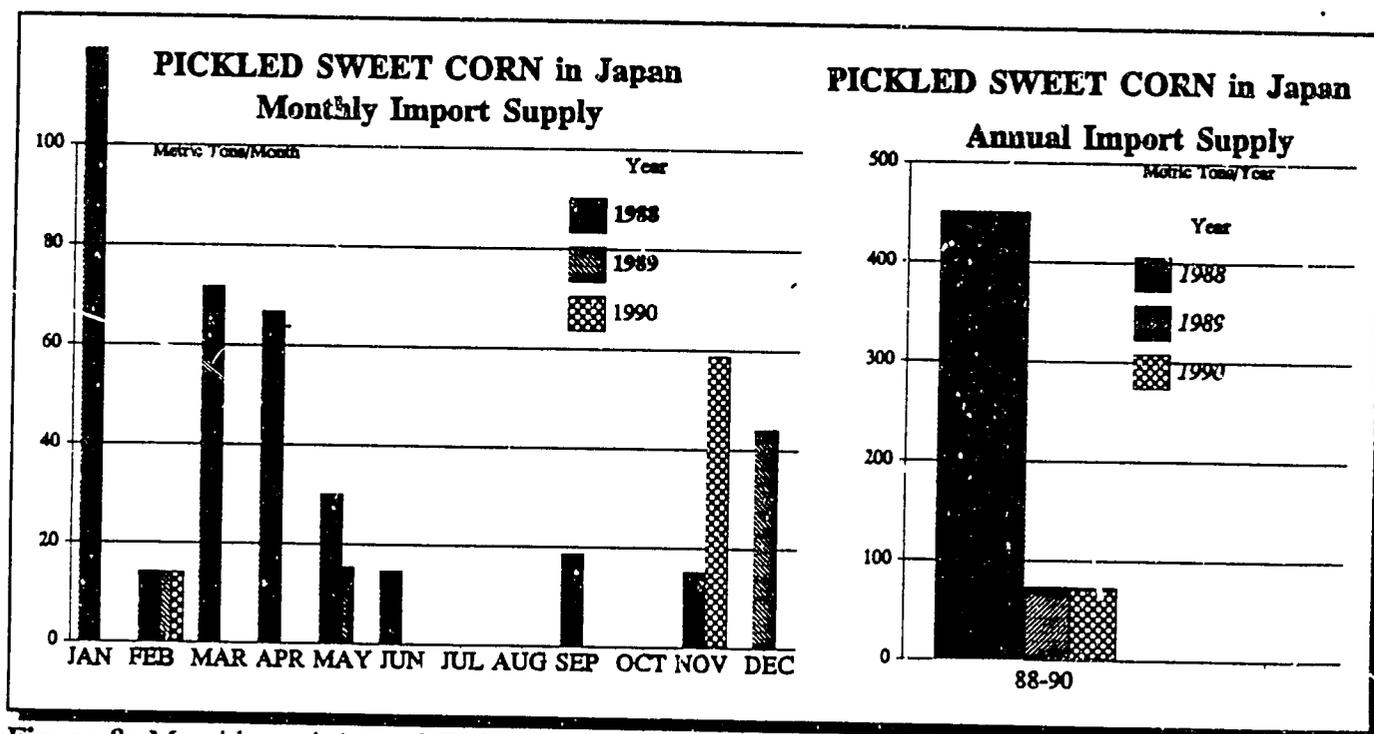


Figure 8: Monthly and Annual Estimated CIF Prices of Pickled Sweet Corn in Japan 1988-1990

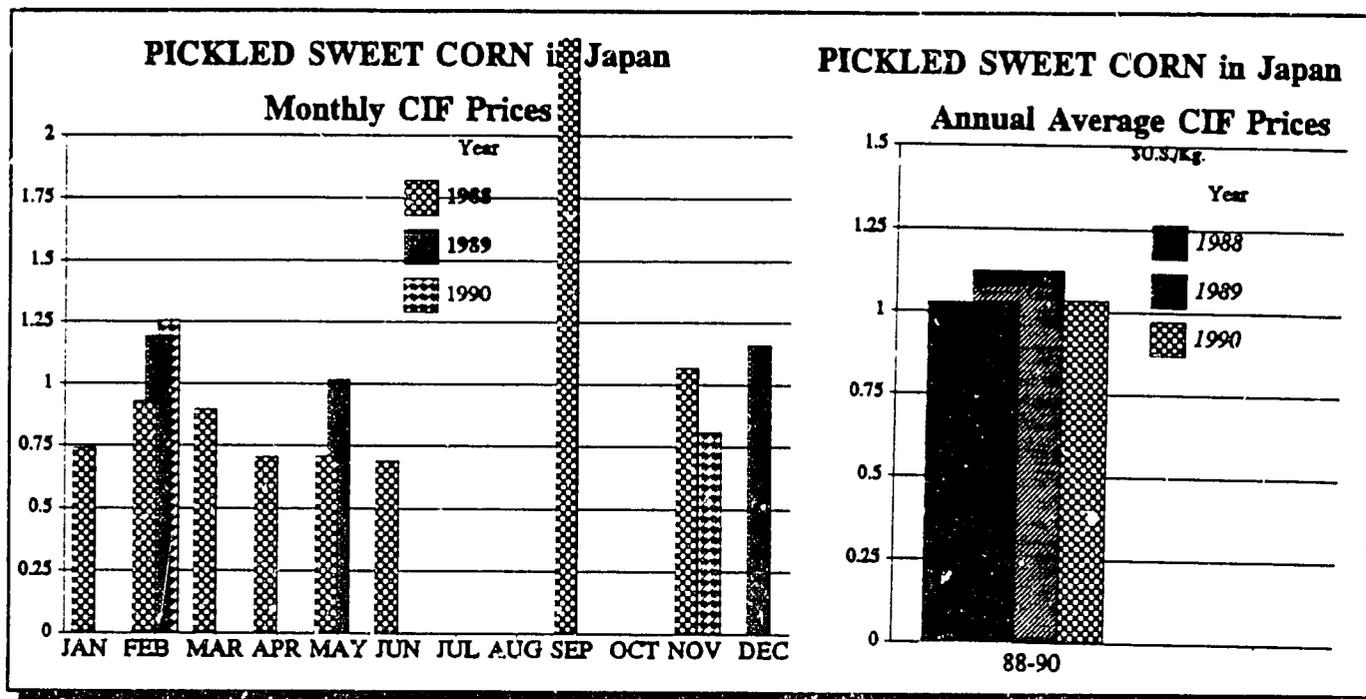


Figure 9: Monthly and Annual Imports of Pickled Sweet Corn into Japan 1988-90.

situation.

**Japan** Though Japan was the second highest importer in 1988 among the countries studied here, trade data show that the Japanese market has decreased sharply since 1988. From a high of 450 tons in 1988, imports fell to under 75 tons in both 1989 and 1990. Seasonal statistics show that Japan only imported during two months in 1990. Another significant factor is that trade data list the U.S. as the supplier of virtually all pickled sweet corn into Japan.

CIF prices in Japan are surprisingly low, averaging just over \$1.00/Kg in 1990. Prices in 1989 averaged about \$1.15/Kg and about \$1.05/Kg in 1988. In only one recorded month did the CIF price exceed \$2.00/Kg.

Japan is currently the smallest of the markets presented and has the lowest per kilo CIF price of the four. These factors make Japan an unattractive market for Sri Lanka.

#### Sri Lankan Costs of Production and Transport and Potential Profitability.

Much of the detailed cost data necessary for a complete analysis of potential profitability is not presently available, consequently the data presented here can only be viewed as a general framework for analysis of costs of production and profitability.

SRD estimates that sweet corn can be produced in Sri Lanka for roughly US\$.30/Kg. A review of Sri

Lankan data indicated that no commercial processing data is available. Such data would have to be generated as a part of a feasibility study by processing experts. To illustrate how to utilize the CIF price data presented in this report, in combination with such processing cost data, we estimate that the costs of processing are \$0.30/Kg.. Transport costs to the analyzed markets might be in the range of \$0.19/Kg. giving a total cost of about \$.80/Kg. Using this figure as a cost basis, it would appear that profit margins could range during most periods of the year in France from \$2.00/kg to \$3.00/Kg, in the U.K. around \$.20/Kg to \$1.00/Kg, in the German market, usually from no profit to \$1.00/Kg, and in Japan from no profit to \$.25/Kg.

#### Bumpers/Lautenberg Amendment Analysis and Recommendation.

According to import statistics the United States does not export pickled sweet corn to the U.K. or France. The U.S. has exported small amounts to Germany. In 1988, U.S. exports accounted for 43 tons of the German total of 168 tons, roughly 25% of the annual total. No U.S. imports were reported, however, in 1989 and 1990.

In Japan, however, the U.S. is the primary supplier of pickled sweet corn. U.S. exports accounted for over 90% of Japanese imports in 1988 and 100% in both 1989 and 1990.

Thus, while Sri Lanka would be clearly com-

peting with the U.S. in Japan, the three European markets do not cause Bumpers/Lautenberg problems, especially since Sri Lankan exports would likely be relatively small. Therefore no Bumpers/Lautenberg issues are raised for the MED project except in Japan, and SRD recommends that detailed feasibility analysis and support of pickled sweet corn exports from Sri Lanka to Europe proceed.

## Summary and Conclusions.

Since a slump in 1987, EEC trade of processed sweet corn has risen each year. While France and Spain have increased production and exports, imports into France have concurrently increased. Additionally, overall EEC consumption appears to be still rising. These trends appear to be reflected in the more specific trade in pickled sweet corn. The U.K. and France have increased imports over the three year period of 1988 to 1990. Trade in Germany has been erratic but appears to be picking up. Only in Japan has there been a clear decrease in import volumes.

CIF prices over this same period have generally risen. While German prices have fallen off a little in 1990, they are still in the profitable range. French prices are consistently very high, and U.K. prices appear to be profitable and rising despite rising import levels.

For Sri Lanka, France and the U.K. appear to offer the best opportunities. While France's domestic production is not illustrated here, monthly and annual CIF prices for imports remain strong and imports from "third countries" have increased steadily. The U.K. is a good possibility because it is the largest of the markets and is capable of absorbing large import volumes. Prices are in the profitable range most of the year. Additionally, these two markets have had the most stable and consistent price history over the last three years.

In terms of overall volume, pickled sweet corn imports into all four of the countries represented constitute about 850 metric tons, with roughly 60% of this total is traded into the U.K. Increases in the U.K. and France have been offset by decreases in Japan and Germany. A preliminary analysis of CIF prices over the period suggests that the increasing import trend in the U.K. and France is likely to be an increasing consumer demand effect since both import volumes and prices have risen over the period. Thus it appears that there is a good opportunity for increased supplies at current prices in these markets. It is SRD's estimate that while the U.K. could absorb significant additional

supply without affecting the price significantly, in the other markets a large increase in imports would probably cause more downward pressure on prices. In France this would not be disastrous since CIF prices are currently quite high, but it would be unadvisable in Germany or Japan. There may be other European countries (Netherlands, Belgium, Switzerland, Scandinavia, and Austria) with potential, but further research is needed for these markets.

Sri Lankan data on estimated costs of production and transport of pickled sweet corn were presented and combined with illustrative costs of processing. It appears profitability margins could be in the range from no profit to over \$2.00/Kg. Thus, while opportunities exist, exports should be targeted with careful attention to the market and the season.

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4. I. Schroeder KG (GmbH & Co.) Iska  
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Tel: (40) 361301-0 Tlx: 211970  
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5. The Foodimpex Group - IZ Frozen Food  
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6. Arrow Trading GmbH  
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7. Threestar Trading OHG  
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4. H & t Walker Ltd.  
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5. Condor Fruit Ltd.  
29/33 Wholesale Fruit & Vegetable Market  
Edge Lane, Liverpool  
Tel: 051-259 1301/2 051-220 9643  
Fax: 62179
6. -J.W. Gaskell Ltd. Liverpool  
Wholesale potatoe and vegetable merchants  
Phone: 051-220 8984/6  
  
-Gorgon Gaskell (Imports) Ltd.  
Wholesale fruit and exotic merchants  
Phone: 051-220 1831/1751 Telex: 627495  
  
-J.W. Gaskell (Manchester) Ltd.  
New Smithfield Market, Manchester  
Wholesale potatoe and vegetable merchants  
Phone: 061 223 9245  
  
-Delta Fruits Ltd. Liverpool  
Phone: 051-228 2664/5

-J.W. Gaskell (Wigan) Ltd.  
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-Ramhill Fruit & Produce Co. Ltd. Southport  
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6. Lebbe International Agencies

1. FOODNEWS, June 7, 1991, page 5.
2. The Four Country Average Trend Line is determined by using a weighted average of the three year import levels for all four countries. Thus, in the case of Pickled Sweet Corn, U.K. prices have the greatest influence on the Four Country Average Trend line since its imports have far exceeded those of the other three countries.
3. CIF prices are obtained from official sources and may frequently reflect agreed upon declarations of value between buyer and seller rather than competitively established prices. Since minor processed food products are not often traded in formal wholesale markets, reliable and competitively determined wholesale prices are difficult to obtain. Therefore, CIF prices even with their inherent reporting weakness constitute the best available pricing analysis data.