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MINISTRY OF MAHAWELI DEVELOPMENT
MAHAWELI AUTHORITY OF SRI LANKA

Mahaweli Economic Agency
Mahaweli Engineering and Construction Agency

MARD PROJECT

Pimburattewa
via Polonnaruwa

Development Alternatives, Inc.
Colorado State University
Oregon State University
FINTRAC, Inc.
Post - harvest Institute
for Perishables

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ANUGA '93
REVISITED
&
MARKET UPDATE
MALDIVES

by

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(Report No. 235)

MARD PROJECT
PIMBURATTEWA

MARCH 1995

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EXECUTIVE SUMMARY

The ANUGA Food Fair is the largest food trade fair in the world as is held semi-annually in Koln, Germany. More than two hundred thousand importers, brokers, wholesalers, and shippers attend this fair.

MARD sent a team to ANUGA '93 consisting of the Marketing Advisor, industry representatives and MASL/MEA officials. The team was met by Mr. Hilton Settle, who was formerly the Director of the United States Department of Agriculture in Germany and served as the exhibits organizer for the United States Hall for three ANUGA Food Fairs. Mr. Settle organized an introductory address by the Director General of a leading international agricultural marketing company headquartered in Brussels who discussed marketing strategies applicable to developing countries and European market trends.

The major objective of MARD participation at ANUGA was obtaining importer contacts for the private sector and acquainting MEA officials with the broad array of products, packaging, and marketing supplied by the myriad of exporters, associations, and government agencies.

After five days of "pounding the pavement", the private sector companies had made ten or so contacts which expressed enough interest to warrant further contact. Although some disappointment was evident, the task was more difficult and time consuming than originally thought.

It seemed prudent to take another look a year later to observe what, if anything, was accomplished. The accompanying tables report a total of fifty-seven shipments made to seven customers over the period of one year by one exporter. These shipments had a CIF value in excess of $87,000. Although a second exporter has only made some sample shipments of baby corn, the interest is there if production and quality problems can be overcome.

In conclusion, it is evident that the attendance at the fair was a financially viable alternative to leasing expensive booth space, transporting sample goods and exhibit materials, and staffing the booth. Hard work and well prepared brochures are sufficient to break into the export markets if the quality and packaging meet export specifications. Packaging is extremely important in that when the product reaches the market, it will attract other buyers as evidenced by the okra shipments made to Germany and the United Kingdom.

ANUGA "93 (Revisited)

THE ANUGA FOOD FAIR

The ANUGA Trade Show is held in Koln, Germany every other year (alternating with SIAL, Paris), and is the largest food trade fair in the world. It covers fresh, prepacked, canned and frozen fruits, vegetables, meats and fish from over one hundred countries from six continents. Five thousand three hundred companies were represented with display stalls scattered throughout fourteen exhibition halls plying their wares to more than two hundred thousand importers, brokers, wholesalers, shippers and other industry representatives.

THE DELEGATION

The MARD Project, which focuses on farmer income generation through diversification, financially assisted two private sector representatives to attend ANUGA '93. Also in attendance were the Project Coordinator, Mahaweli Authority of Sri Lanka/System B and the MARD Marketing Advisor. Other Mahaweli officials who were in nearby Bonn for other meetings were also able to spend some time viewing the various exhibits. In all, the following participated:

Hon. Gamini Atukorale,
Minister of Forestry, Irrigation, and Mahaweli Development

Mr. D. G. Premachandra,
Secretary of Ministry of Forestry, Irrigation, and Mahaweli Development

Mr. Ananda Dharmapriya
Senior Assistant Secretary for Information, Ministry of Forestry, Irrigation, and Mahaweli Development

Mr. Sarath Fernando
Assistant Conservator of Forests

Mr. P. T. Senaratne
Secretary General of the Mahaweli Authority of Sri Lanka

Mr. H. L. D. U. Nirodhawardena
Project Coordinator for System B of the Mahaweli Authority of Sri Lanka

Mr. Oliver Fernando
Owner and Managing Director, TESS (PVT) Ltd.

Mr. Ranjith Bopearatchi
Director, Chemical Industries of Colombo (CIC)

Mr. Ed Reinauer
MARD Marketing Advisor

The delegation was assisted by Claire Starkey, President of Fintrac, Inc. (MARD sub-contractor) and Mr. Hilton Settle, formerly the Director of USDA in Germany and the exhibits organizer for the U. S. Hall at three Anuga Food Fairs. With the exception of the Minister (who went directly to the Sri Lankan ambassador's residence in Bonn), the delegates attended a luncheon at the Hyatt Hotel organized by Hilton Settle.

The specially invited speaker, Mr. Frederick van De Monde, Director General of the International Agricultural Market Development Company (Brussels), addressed European import trends and market entry strategies for a range of products including melons, babycorn, and mangoes.

BACKGROUND

The MARD Project has concentrated on increasing farmer incomes through crop diversification with a major focus being high value horticulture and export oriented crops such as baby corn, cantaloupe melon, and okra. The difficulties encountered during the start-up phases of the project were primarily in the area of production and post-harvest handling. By 1992, when the cold-chain pack house was completed the production and packaging of an exportable product began to come together.

Numerous studies conducted during the period when various crops and varieties were being trialed identified several markets as being both suitable and profitable for baby corn, melons and okra. However a minor modification to an old saying tells us, "an armful of studies and 10 rupees will get you a cup of tea"! It was now time to find qualified and reputable buyers who were willing to take a trial shipment and market it. Why not pitch our products at the largest food fair in the world?

The reasons "why not" were many:

- there isn't time to reserve booth space;
- there isn't time to organize a delegation;
- the cost of booth space is prohibitive;
- the cost of shipping samples is prohibitive;
- the export crops are not currently in season;
- hotels are booked up;
- air travel is expensive;
- prospective buyers can't see the products without a booth;

- other USAID projects are already sending delegations;
- there isn't time to get approvals;
- the brochures on hand are not up to ANUGA standards;
- the show is so large that it will be impossible to set up meetings with buyers; etc.

Less than a week prior to the opening of the fair approval was granted to travel and an all out effort was launched to get brochures printed, hotel rooms booked and travel documents issued.

THE AGENDA

The private sector representatives, TESS and CIC, and myself had two objectives for ANUGA. First and foremost was to find buyers for baby corn, okra and to a lesser extent, melons. Second, was to closely observe what firms in other South East Asian countries were offering in terms of products, packaging, and processing.

The major objective for the public sector participants was to get a broad overview of what was happening in agricultural marketing throughout the world; what was happening in other economies; what competition did Sri Lankan exporters have; do the private sector firms involved in agricultural production and marketing in the Mahaweli region have the financial and human resources to compete effectively in these markets; in what areas, if any, could the public sector facilitate the efforts of these exporters.

After having travelled all night, endured the hassles of customs/immigration and locating Mr. Settle who had arranged for local transportation, everyone was ready to get settled into the hotel. However, that was not to be, as our last minute arrangements did not include hotel accommodations in Koln, the site of the exhibition. We were domiciled in Dusseldorf, approximately thirty minutes distant by train from the Koln Messe (Fairgrounds). In order to arrive in time for the luncheon, we proceeded directly to the Hyatt for a brief discussion of what we would see at ANUGA and how best to utilize our time by Mr. Hilton Settle. This was followed by an address by Mr. Frederick Van de Monde in which he discussed recent European market trends, constraints and opportunities associated with the continued development of the European Common Market, and market entry strategies for a range of products including baby corn, okra, and melons.

Following the luncheon, the participants departed for their first tour of the five thousand three hundred exhibit booths of ANUGA. This was intended to be a "brief" walk-through to acquaint everyone with "what" was "where". It required the balance of the afternoon to hit the highlights; the machinery and equipment buildings were by-passed altogether. One objective was to locate the Sri Lanka booth sponsored by the Export Development Board which was destined to become the "meeting place" throughout our visit to ANUGA.

The task of "ANUGA" began in earnest on Sunday morning, October 10, 1993, with the delegates and the guides meeting at the Sri Lanka booth. The day was spent viewing exhibits, particularly of competitor countries, of fresh or processed products capable of being produced in the Mahaweli regions. The key elements we were looking for were quality and presentation (packaging). Noteworthy exhibits on that tour included Taiwan, Thailand, the Philippines, Indonesia, Malaysia, and Colombia. A range of relevant products were on display, including canned and frozen babycorn, frozen melon balls, fresh mangoes, cantaloupes, and chilies. Quality and packaging ran the gamut from mediocre to excellent.

The afternoon was primarily devoted to the minister's walk-through, which again began at the Sri Lanka booth and initially followed the same route as the morning. Eager to view more Asian countries' products the private sector delegates moved off to visit other producers and exporters exhibits while the public sector contingent was guided briskly through several buildings by Ms. Starkey. Their primary interests were in the large "country" exhibits, namely, the United States and the United Kingdom.

Mr. Hilton Settle, had arranged some appointments for the private sector companies with various importers. One of the more disappointing of these meetings was with Atlanta, a subsidiary of Scipio (the largest produce distributor in Europe). They expressed only a very limited interest in small weekly shipments of fresh okra, babycorn, and rambutan. They seemed more interested in what funds would be available for promotional campaigns including "in-store" promotions.

The next day left CIC and TESS to search out customers for themselves, make their own appointments and in general promote their products. The final day was spent viewing the machinery and equipment halls where the key interest was in packaging and freezing machinery.

After the close of ANUGA, one day was spent on a field trip to various agriculture production areas along the Rhine. At the end of a very exhausting week, everyone was ready to board the plane to return to Sri Lanka.

ASSESSMENT

It is always important during market observation tours to honestly assess their strengths and weaknesses so that future efforts can yield even better results. It should be noted at the outset of any marketing effort that while making solid industry contacts is a primary goal of a trade show participation, signing actual orders is often a more time consuming exercise.

Frequently, expectations are that business will automatically increase if one participates in a market observation activity. This can be misleading. Education and networking should be the primary goals, which will result over time in increased business;

instant results are rare regardless of whether one "walks" the show or physically has an exhibit booth. In the case of "fresh" fruits and vegetables, no matter how effective the display, test shipments will be the basis of additional orders.

With these observations in mind let us look at the immediate results i.e., the contacts made:

TESS (PVT) LTD.:

Atlanta, Bremen, Germany
Special Fruit NV, Belgium
Fruchthansa Grelinger, Koln, Germany
FTK, Holland
Fring & Co., Germany

CIC:

N V Intergarten, S A, Belgium
Regis Noe, Germany
Norbert Feurstein, Austria
TH P Mul, Holland
Xabier De Jauregui Alonso, Spain

In addition to these, which were considered "promising" by the participants, an additional 20 requested pricing and specifications.

Had MARD exhibited in a booth, undoubtedly the number of contacts would have been much greater. But as one looks at the results one year later, one must question whether significant additional orders would have been obtained.

The following tables enumerate the shipments made, their costs and the number of repeat shipments made with details of the transactions. In most cases the shipments consisted of okra and other mixed vegetables. These "mixed vegetables" typically consist of: brinjal, ash plantain, ladies fingers, snake gourd, bitter gourd, red onion, green chili, long beans, limes, and gotukola. These items were purchased in System B when available.

Table 1. Shipments to Germany (2 Customers)

Date	Items	Cost	Net Wt	Freight	CIF Value
13/1/94	Okra & Mixed	$550.60	706	$1,256.68	$1,829.24
27/1/94	Okra & Mixed	$481.60	609	$1,084.02	$1,600.00
3/2/94	Okra & Mixed	$526.75	633	$1,126.74	$1,750.00
18/2/94	Okra & Mixed	$331.10	445	$890.00	$1,100.00
21/2/94	Okra & Mixed	$415.38	470	$890.00	$1,380.00
4/3/94	Okra & Mixed	$505.68	567	$1,009.26	$1,680.00
10/3/94	Okra & Mixed	$418.39	496	$890.00	$1,390.00
17/3/94	Okra & Mixed	$611.03	703	$1,251.34	$2,030.00
21/3/943	Okra & Mixed	$532.77	608	$1,082.24	$1,770.00
28/3/94	Okra & Mixed	$642.64	715	$1,272.70	$2,135.00
11/4/94.	Okra & Mixed	$420.20	489	$890.00	$1,396.00
19/4/94	Okra & Mixed	$472.57	522	$929.16	$1,570.00
22/4/94	Okra & Mixed	$662.20	710	$1,263.80	$2,200.00
2/5/94	Okra & Mixed	$466.55	554	$986.12	$1,550.00
9/5/94	Okra & Mixed	$576.42	683	$1,215.74	$1,915.00
15/5/94	Okra & Mixed	$568.89	692	$1,231.76	$1,890.00
17/5/94	Okra & Mixed	$406.35	475	$890.00	$1,350.00
1/6/94	Okra & Mixed	$546.01	676	$1,203.28	$1,814.00
7/6/94	Okra & Mixed	$478.59	590	$1,050.20	$1,590.00
14/6/94	Okra & Mixed	$553.84	632	$1,124.96	$1,840.00
21/6/94	Okra & Mixed	$445.48	531	$945.18	$1,480.00
28/6/94	Okra & Mixed	$508.69	578	$1,028.84	$1,690.00
5/7/94	Okra & Mixed	$537.29	611	$1,087.58	$1,785.00
12/7/94	Okra & Mixed	$526.75	618	$1,100.04	$1,750.00
18/7/94	Okra & Mixed	$415.38	498	$890.00	$1,380.00
26/7/94	Okra & Mixed	$520.73	598	$1,064.44	$1,730.00
2/8/94	Okra & Mixed	$502.67	550	$979.00	$1,670.00

9/8/94	Okra & Mixed	$447.29	502	$893.56	$1,486.00
24/8/94	Okra & Mixed	$443.98	532	$946.96	$1,475.00
24/8/94	Okra & Mixed	$433.44	522	$929.16	$1,440.00
30/8/94	Okra & Mixed	$460.53	546	$971.88	$1,530.00
6/9/94	Okra & Mixed	$504.48	567	$1,009.26	$1,676.00
14/9/94	Okra & Mixed	$511.70	587	$1,044.86	$1,700.00
20/9/94	Okra & Mixed	$448.19	492	$890.00	$1,489.00
27/9/94	Okra & Mixed	$354.58	414	$890.00	$1,178.00
21/9/94	Okra & Mixed	$515.91	628	$1,117.84	$1,714.00
28/9/94	Okra & Mixed	$511.70	586	$1,043.08	$1,700.00
5/10/94	Okra & Mixed	$511.70	603	$1,073.34	$1,700.00
12/10/94	Okra & Mixed	$511.70	581	$1,034.18	$1,700.00
18/10/94	Okra & Mixed	$401.53	450	$890.00	$1,334.00
27/10/94	Okra & Mixed	$527.05	621	$1,105.38	$1,751.00
1/11/94	Okra & Mixed	$502.67	575	$1,023.50	$1,670.00
8/11/94	Okra & Mixed	$412.37	482	$890.00	$1,370.00
	Total	$21,123.35	24647	$44,386.08	**$70,177.24**

Table 2. Shipments to United Kingdom (4 Customers)

Date	Item	Cost	Net Wt	Freight	CIF Value
11/7/94	Okra	$166.53	480	$890.00	$1,100.00
18/7/94	Okra	$208.16	600	$1,068.00	$1,380.00
22/7/94	Okra	$211.63	610	$1,085.80	$1,400.00
25/7/94	Okra	$175.20	505	$898.90	$1,161.00
29/7/94	Okra	$216.84	625	$1,112.50	$1,430.00
5/8/94	Okra	$176.24	508	$904.24	$1,150.00
13/8/94	Okra	$173.47	500	$890.00	$1,150.00

26/8/94	Okra	$156.12	450	$890.00	$1,035.00
	Total	$1,484.20	4278	$7,739.44	**$9,806.00**

Table 3. Shipments to Rome (1 Customer)

Date	Items	Cost	Net Wt	Freight	CIF Value
8/8/94	Okra & Mixed	$433.32	468	$890.00	$1,325.00
26/8/94	Okra &	$391.64	423	$890.00	$1,130.00
	Another one	shipping	on	20 Nov	
.	**Total**	$433.32	891	$1,780.00	**$2,455.00**

Table 4. Shipments to Amsterdam (1 Customer)

Date	Items	Cost	Net Wt	Freight	CIF Value
18/10/94	Okra & Mixed	$412.44	394	$890.00	$1,130.00
29/10/94	Okra & Mixed	$680.40	650	$1,157.00	$1,885.00
8/11/94	Okra & Mixed	$450.12	430	$890.00	$1,240.00
15/11/94	Okra & Mixed	$523.40	500	$890.00	$1,100.00
			.		
	Total	$2,066.36	1974	$3,827.00	$5,355.00

Notes:

"Cost" was determined by using representative samples or actual costs whichever was most readily available. Costs do not include the cost of additional packaging materials when required nor the cost of labor in repackaging.

"Freight" is calculated using a cost of $1.78 times the net weight of the produce. The actual freight rate is $1.55 times the gross weight of the shipment.

CONCLUSION

It is apparent that the private sector companies were able to obtain "legitimate" leads at a minimum of expense by attending the trade fair, distributing a "well done" brochure, and "pounding the pavement" everyday. This required a lot of time and energy of the participants, but they were well rewarded for their efforts. Although the above results were obtained by TESS (Pvt), Ltd., CIC has continued to follow up on their initial contacts. Samples of fresh and brined baby corn have been shipped to German and UK importers.

CIC is attempting to break into a market dominated for the past several years by Thailand while they have basically only one product to sell. Fortuitously, they have continued to fine tune their agricultural program to produce baby corn competitively and in January, 1995, a potential importer from the UK, travelled to Sri Lanka to examine their production schemes and post harvest handling facilities. A test shipment of fresh baby corn will be exported to this client during the first quarter 1995.

It is, therefore, not necessary to underwrite the expense of display booths, transportation of product, and staffing for a booth to obtain good, solid sales leads for unprocessed agricultural products. These trade affairs congregate many buyers on a relatively "small" piece of real estate, so that person to person contact can be made with buyers from countries throughout the world. These trips can be very cost effective sales techniques if the participant is willing to undergo the rigors of international travel and aggressively pursue potential buyers.

MARKETUPDATE

MALDIVES

Ed Reinauer

MARD/MDS PROJECT

Pimburattewa
JULY 1994

EXECUTIVE SUMMARY

Although the Maldives are still a primary destination for Sri Lanka exports of fruits and vegetables, the situation has changed considerably since 1990. Most of the data gathered for the original The Republic of Maldives; The Market for Fresh Fruits and Vegetables, (1992) included 1990 as the most recent data; this was also the highest export year recorded.

This export market maintained at least a 5% annual growth rate from 1979 thru 1990. This growth was due in part to a grant of 5% of the FOB value as an "export expansion" promotion and duty rebate offered by the Export Development Board.

In the latter part of 1990, Air Lanka, the major passenger carrier from Sri Lanka to Male, began a modernization of its fleet by substituting the "small" Airbus 320 for its aging fleet of Tristars. These new aircraft had only a 2 ton cargo capacity compared to 14 tons in the Tristars. At approximately the same time, the EDB withdrew its 5% export expansion grant, airfreight tariffs increased, packaging material costs rose and the cost of fruits and vegetables nearly doubled.

By 1994, Sri Lanka had lost approximately 50% of its market share of fresh fruit and vegetable exports to the Maldives. The number of exporters dropped from a high of 18 to 8. Indian exporters quickly picked up the shortfall aided by India's open economy and a 25% export expansion grant on fruits. In addition, Singapore and, to a lesser extent, Dubai recognized the value of the Maldives as an excellent location for "dumping" product during times of oversupply.

Refrigeration facilities at the airport are minimal, while the seaport does have electrical connections for receiving refrigerated containers. Containers of frozen goods are received on a routine basis, but there are still no known refrigerated container shipments of fresh fruits and vegetables to the country.

A marketing infrastructure (wholesalers, international and internal ocean transport, cold storage) is still lacking. Most resorts place their orders directly with an exporter in the country of origin and transport their goods by small "dhonis" from the airport or the container port at Male. The vast majority of fresh fruits and vegetables arrives by air.

Attendant with the popularity of the Maldives as a growing market has been an increase in default of payments. Sri Lankan exporters report demands for ever greater credit facilities and a default rate of up to 60%.

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INTRODUCTION

This report updates the report "The Republic of Maldives, The Market for Fresh Fruits and Vegetables" dated May 1992 by Henry C. Harmon and Jane E. Gleason. Data for this report was gathered in a one day visit to Male on April 16, 1994 and thus is not meant to be an exhaustive report. The primary purpose of the report is track import patterns in the Maldives, note any significant changes in sources of supply, and determine if there have been any improvements in marketing infrastructure.

OVERVIEW

A basic marketing infrastructure for fresh fruits and vegetables remains non-existent in the Maldives, thus individual hotels and shops source their produce directly from overseas suppliers. In interviews with one importer (Mohamed Hassan) and one shop operator (Green Giant) a significant amount of fresh produce and eggs are now coming from India vs. Sri Lanka. In their opinion this change has occurred primarily due to the lack of proper packaging on the part Sri Lankan exporters.

However, the increase in Indian imports relative to Sri Lankan imports is primarily due to an unusual change in a set of circumstances which took place almost simultaneously.

In 1990, Air Lanka, the national air line of Sri Lanka with daily flights to the Maldives embarked on a program of modernizing the fleet of aging Lockheed TriStar aircraft. The Airbus 320 was selected for its economy and suitability to the route structure. However, for the fruit and vegetable exporters it proved to be very unsuitable due to its small cargo space.

The Airbus 320 is the small of the Airbus family of aircraft. It's cargo space is restricted to 2 metric tonnes. The retiring TriStars had a cargo space of 14 metric tonnes. Thus with the same number of trips, the space available for air cargo was reduced by 85%. The exporters were fighting with one another for the small space that was available.

It was not long before India increased its twice weekly flights to daily which were utilizing the Airbus 310 with a cargo capacity of 8 metric tonnes thereby increasing their capacity by 350%.

Sri Lankan exporters had been enjoying a 5% export expansion grant funded by the Export Development Board along with a 5% duty rebate. This grant was 5% of the FOB value of the fruit and vegetables exported. With the aid of the grant, Sri Lankan exports to the Maldives had enjoyed an annual growth in excess of 5% since 1979. The Export Development Board withdrew this grant at approximately the same time as the air cargo space shrunk.

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The EDB did work with the Sri Lanka Frésh Fruit and Vegetable Exporters and Processors Ass'n. to organize a private freighter to the Maldives which after some start-up problems continues to operate today.

However, as the Sri Lankan exporters were trying to cope with their problems, neighboring India was taking full advantage of the situation. With the easing of restrictions on their economy, they granted a 25% export expansion grant to exporters of fruit.

From 1990, Sri Lankan exporters have also had to face three increases in freight rates to the Maldives, a 40% increase in the cost of packaging materials, in increase in the cost of fruits and vegetables of 80 to 100 percent and the disappearance of their tax holiday.

Soon Pakistan International Airways introduced twice weekly flights to the Maldives further increasing the competition and eroding Sri Lanka's market share to less than 50% of that enjoyed in 1990.

Singapore and Dubai also "discovered" the emerging Maldivian market. As pointed out in the original assessment, almost no fruits and vegetables are produced within the Maldivian archipelago of islands. As the number of island resorts grew, so did the demand for imported fruits and vegetables. Singapore as a major trans-shipment port often experiences oversupply situations. The Maldives have provided an excellent outlet for fruits and vegetables in excess of their needs.

Table I. Value of Exports of Fresh Fruits and Vegetables by Destination. 1990 - 1993 (in million SL Rs.).

Destination	1990	1991	1992	1993
Maldives	77	71	98	79
Middle East	73	73	89	109
Other	94	99	44	71
Total	244	243	231	259
Maldives as % of Total	32	29	42	31

Source: Export Development Board

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Table II. Quantity of Exports of Fresh Fruits and Vegetables by Destination 1990-1993. (Metric Tonnes)

Destination	1990	1991	1992	1993
Maldives	2281	2265	4451	1985
Middle East	3398	3061	3755	4929
Other	2275	2624	710	799
Total	7954	7949	8916	7613
Maldives as % of Total	29	29	50	26

Source: Export Development Board

Tables I and II illustrate that while the **value** of exports to the Maldives show no definite trend, the quantities have consistently fallen since 1990 with the exception of 1992. An oversupply of cabbage, leeks, and other vegetables in Sri Lanka that year depressed prices sufficiently that some market share was recaptured.

It should also be noted that while in the past the Maldives have been considered the "monopoly" export market for Sri Lankan fruits and vegetables, with the exception of 1992, the Middle East has surpassed the Maldives in terms of quantity and in 1993 total value. The data for determining the market share held by Sri Lanka was not available from Maldives Customs Service.

In order to evaluate the complaint of poor quality packaging materials, shipments of fruits and vegetables destined for Male were observed being delivered to the cargo terminal at Katunayaka airport. The produce arrived in flimsy baskets and used cardboard cartons which were separating at the seams at the first point of transfer. The condition of the packaging upon arrival in Male after having been weighed, loaded into an air freight container, loaded aboard an aircraft, unloaded at the Male airport, loaded aboard a boat, transported to Male, unloaded etc., could not be very good nor is it likely that the quality of the contents would be much better than the container.

In addition to poor packaging, importers complained about a lack of consistent supplies and non-competitive pricing. The general price structure was described as US $1/Kg, regardless of the individual item.

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On the positive side, the Republic of the Maldives has reduced the duty on most foodstuffs, including fruits and vegetables, from a range of 50% to 100% to 15%. There also seems to be a preference for the "flavor" of produce from Sri Lanka.

CONCLUSION

The exporters from Sri Lanka have experienced a series of problems which inhibit their ability to maintain the flow of exports to the Maldives. Yet, data indicates that they have actually increased their exports in terms of value although they may have lost in terms of market share.

The introduction of a Sri Lankan controlled market infrastructure would give exporters a major competitive advantage in this nearby market. Refrigerated container deliveries by sea would likely enable exporters to monopolize the Maldivian market for fresh fruits and vegetables.

Since that seems unlikely to happen in the foreseeable future, the best strategy appears to be more attention to packaging and consistent supplies at competitive prices. The key to this is buy-back contracting where the exporter has control of supplies and quality from seed selection through harvest.