

FEATURES OF GREEN COCONUT WATER

- A Natural Sports Drink
- Heart Healthy
- Refreshing
- Nutrient Packed
- Functional Drink
- Flavor Enhancer
- Diabetic Friendly

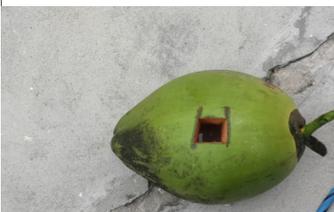
Product Investment Profile: Green Coconut Water (GCW)

MAY 2017

Coconut Water Industry

For much of the world, especially countries which lie outside of the tropics, the Coconut Water product is a new phenomenon. Global brands have arisen as market demand has substantially increased in relation to what is regarded as a superfood, in all its edible forms.

Coconut Water is generally consumed fresh from young, green coconuts, ideally between 6-9 months of age. In this form and state, it is regarded as the best Coconut Water product as the functional benefits of consuming the water are optimized.



Regarded as Mother Nature's elixir, Coconut Water is a natural isotonic, high in electrolytes, comprising a number of amino acids, vitamins and minerals. It also has high levels of potassium, low levels of sodium and is sterile.

Some of the health benefit claims of Coconut Water refer to; the treatment of obesity, dyslipidaemia (abnormal amount of lipids in the blood), elevated Low-Density Lipoprotein (LDL), bet-

ter known as bad cholesterol, insulin resistance and hypertension. These are among the many reasons for the increasing demand for Coconut Water globally, further propelled by celebrity and athlete endorsements.

Trade market opportunities have arisen due to the increasing demand and the perishability issue of Coconut Water has become less of a challenge with the industry having transitioned to that of packaged Coconut Water. The preservation and packaging methods of Coconut Water are becoming key areas in gaining market acceptance as authenticity is becoming a driving factor of the consumer market.

The market for Coconut Water is such that demand has outstripped supply and the claim of authenticity has been challenged in many quarters. In spite of this prospects in the industry remain high. New markets are being realized while traditional markets are evolving and becoming more sophisticated. Countries in tropical regions are now prioritizing coconuts as a priority commodity, to capitalize on its market potential and revenue generating capacity as a GDP earner. Additionally, expansion is being sought along the value chain, to capture value that may otherwise

be lost to industries outside of the tropics.

The tropics have now become attractive areas for investment regarding every aspect of the Coconut Water industry, primarily that of production. The Pacific Region are world leaders in that regard having the bulk of supply.

The Caribbean Region, which mirrors that of the Pacific in terms of its climatic and geographical characteristics, is untapped in its potential to achieve the levels of production as seen by its eastern hemispheric counterparts. The Caribbean is now the new frontier with regards to Coconut production, with competitive advantages which may make it more attractive than the established Pacific.

Coconut Water Market destinations are well placed in the areas of North, Central and South America and it is recognized that the biggest markets for Coconut Water lie in the western hemisphere. Within the Caribbean Region, demand for Coconut Water reflects that of the global dynamic and presents additional market opportunities.

Exciting prospects lie ahead for the Caribbean Region as it relates to the Coconut Industry and this is merely the beginning.

Market Considerations



Green Coconut being sold in Canada

A ready and traditional market exists within the Caribbean but it is in a state of transition with packaged Coconut Water, now available on the shelves of retail outlets, in contrast to product purchases from roadside vendors.

There is no specific Harmonized System Code (HS Code) for Coconut Water and there is a degree of flexibility in how it is categorized with regards to trade markets. It straddles two trade classifications; HS 2009.89 - Fruit juices (including grape must) and vegetable juices, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter, other and HS 2202.90 - Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured, and other non-alcoholic beverages, not including fruit or vegetable juices of heading 20.09., other.

In the European Market, there is a decrease in the consumption of fruit juices and an increase in the consumption of other types of drinks, including flavored water or energy/sport drinks with flavours of guarana or guanabana (soursop), cider and coconut water. In many quarters, Coconut Water is

regarded as a natural sports drink, a flavor enhancer and functional beverage.

Coconut water is seen as a niche and emerging product in the markets of, the United Kingdom, Germany, Canada, France and the Netherlands. Brazil and the United States of America (USA) however, are the largest markets for packaged coconut water. New and potential markets are the Middle East (United Arab Emirates (UAE)) and Africa. A ready and traditional market exists within the Caribbean but it is in a state of transition with packaged Coconut Water, now available on the shelves of retail outlets, in contrast to product purchases from roadside vendors.

For the Caribbean Region, the USA, Brazil and Canada are destination markets for the Coconut Water Product. Due to the issue of perishability, the challenge lies in the competitive advantage of delivering authenticity to the respective markets. Within the Caribbean, au-

thenticity is less of an issue as opposed to availability of tender young coconuts, an inherent issue of demand outstripping supply.

Guyana is a major producer of Coconut Water and has the potential to substantially increase its supply. It's main market is Trinidad and Tobago and has yet to engage other regional markets. Both Guyana and Trinidad and Tobago have direct access to the USA and Canada markets but the extra regional markets remain untapped. Suriname, has great potential in complimenting Guyana's production and has direct access to the European Market, Brazil, Dutch speaking countries such as Aruba and Curacao however, these market avenues have been unexplored.

The Caribbean has much scope for market development and can leverage its proximity to prime markets in delivering authenticity, a major driver of the beverage industry.

Global Market Trends

Global market trends surrounding coconut water have seen its promotion as a functional beverage and a sports drink owing to its physico-chemical composition. Its nutrient content makes it comparable to sport drinks, allowing it to be marketed as a natural isotonic. This has been coupled with celebrity endorsements, a major driver for interest and growing popularity of coconut water.

In the beverage industry, coco-

nut water is used as a base ingredient and mixer in other beverages, attracting new consumers and boosting consumption occurrences. Other food industries occasionally use coconut water in their products such as confectionary or dairy as a flavour enhancer.

Other marketing trends lie in packaging innovations such as tetra pak cartons, direct from the shell packaging (ring pull system), shaved coconut with shrink wrap packaging, cans

and re-sealable PET bottles. Another major trend is that of food safety, standards and certification, measures necessary to gain entry into global market but also driven by consumer awareness and demand.

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Marks and Spencer Coconut Shell Packaging - Ring Pull Tab System



Why Caribbean

The Caribbean is an ideal production area given its climatic and environmental conditions, which are similar to that of the Pacific Region where the bulk of global coconut production abounds. The ecology of the coconut tree makes it well suited for the Caribbean and despite the Region's vulnerability to tropical storms and hurricanes, the coconut tree physical characteristics allow for it to have a fair level of resilience. Countries such as Guyana and Suriname enjoy a competitive advantage having virtually zero risk with respect to tropical storms and hurricane, allowing for year long uninterrupted production.

The Caribbean Region is strengthened by its research and development capacity, having a regional agricultural research and development institute which has begun extensive work along the value chain for the coconut industry. Related are strategic partnerships and linkages to a number of international bodies in the area of coconuts, most

notably from India and Mexico. The Region is well placed in accessing propagation material from the Centro de Investigación Científica de Yucatán (CICY) in Mexico, the only place globally where micro-propagation of coconut planting material occurs. Coupled with the current interest and support by governments within the Caribbean, Coconuts is being deemed a priority commodity for the Caribbean Community (CARICOM).

Culturally, the peoples of the Caribbean have significant experience in the area of coconut production. Additionally, product and process development is evolving along the value chain as the Region is moving forward into the area of technological solutions. This has allowed for the diversification away from traditional commodity products and outdated processes into new value added segments of the value chain, a shift from remaining at the basic production level and capturing higher value by targeting higher

end markets.

The Region is positioned to access the largest market for Coconut Water, the USA as well as the emerging market of Canada. Growing markets within Europe are also within reach and regional, the tourist arrivals provide a ready market and Coconuts form part of the tourism product.

The Caribbean archipelago and that of the mainland countries, comprise a fair amount of land area, upwards of three million km², allowing for a wide distribution of production areas and the potential to greatly impact at a global level, the supply of coconuts on the world market. There also exists significant acreages for rehabilitation and expansion/development arising from the fall of production due to the propaganda of negative health concerns regarding coconuts and especially coconut oil and its recent resurgence. Thus in every respect, the Caribbean is now the new frontier for Coconuts.

Coupled with the current interest and support by governments within the Caribbean, Coconuts is being deemed a priority commodity for the Caribbean Community (CARICOM)

Caribbean SWOT for Coconut Industry

Strength	Weakness	Opportunity	Threats
Significant acreages for rehabilitation and expansion/development. Research and Development.	Culture of poor agricultural management practices.	Open Markets for FDI Concessions re movement of products intra-regionally	Pest and Disease Issues. Climate change and increased extreme weather events.
Strategic partnerships/linkages	Mass Propagation via Tissue Culture.	Health and nutrition benefits.	Other oil, milk and "sports drink" markets.
Current Government interest and support.	Access to capital.	Domestic and Overseas markets with increasing demand.	Evolving higher standards re-entry into overseas markets.



Organization

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Improving lives through agricultural research.



Investment Tools

To assist in your decision regarding investing in the Caribbean Green Coconut Water Industry, a couple of tools have been developed to guide and inform your decision.

The tools are freely given for you to input and experiment with parameters to gauge different scenarios regarding an idea with respect to investment.

These tools are for guidance only and any decision made based on the use of these tools are those of the user and they alone assume responsibility for the outcome of the decision made.

Feedback on these tools are welcomed as well as any related in-

formation which can help improve the tools themselves or offer better insight into the investment climate.

As a final note, be guided that there are inherent risks in any investment decision to be made and what is required is the man-



Packaged Coconut Water in PET bottles in the chilled section of a supermarket.

agement in reducing risk to achieve a positive outcome. All the best in your endeavors.

[Demand Pull Projections - Coconut Water](#)

[Cost and Return of Coconut Water Processing](#)