

Entering the European market for coconut water

Offering high-Brix coconut water with a good flavour profile at a competitive price creates a positive image for new suppliers. Food safety certification, combined with reliable and frequent laboratory tests, is important to gain trust. Sustainable production and implementation of corporate social responsibility standards provide additional advantages for emerging suppliers. The strongest existing competitors for new suppliers to Europe come from the Philippines, Indonesia and Thailand, followed by Sri Lanka, Vietnam and Brazil.

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1. What requirements must coconut water comply with to be allowed on the European market?

What are mandatory requirements?

All foods, including coconut water, sold in the European Union must be safe. This applies to imported products as well. Levels of harmful contaminants, such as pesticide residues, are limited. It should also be readily obvious from the labelling and laboratory tests if coconut water contains sugar or any other additives.

Contaminants control in coconut water

The [European Commission Regulation](#) sets maximum levels for certain contaminants in food products. This regulation is frequently updated. The most common requirements regarding contaminants in coconut water are related to the presence of foreign bodies (such as husk fibres) and microbiological organisms.

Microbiological contaminants

Coconut water is low in acid, so it supports the rapid growth of a wide range of bacteria unless quickly sterilised. The standard procedure before exporting includes laboratory testing for the presence of pathogenic microorganisms such as yeasts, moulds, *E.coli*, *Salmonella*, coliforms and *Staphylococcus*.

Pesticides Residues

The European Union has set maximum residue levels (MRLs) for pesticides in and on food products. The European Union regularly publishes [a list of approved pesticides](#) that are authorised for use in the European Union. This list is frequently updated. Products containing more pesticide residues than allowed and products containing pesticides that are not approved will be withdrawn from the European market.

However, excessive residues of pesticides are not very frequent in coconut water trade. Still, some studies show that there are [risks of coconut water pesticide contamination](#). Therefore, producers need to be careful and control pesticide applications during the coconut production season.

Product composition

European authorities can reject products if they have undeclared or unauthorised extraneous materials, or if the levels of these materials are too high. The main piece of legislation regulating composition of juices, including coconut water, is the [European fruit juice directive](#). If a preservative is used, the product cannot be declared as coconut water/juice, as adding preservatives to juices is forbidden in Europe. If antioxidants are used (such as citric or ascorbic acid), this must be declared too. Otherwise, the coconut water will be removed from the market.

One of the most common problems in coconut water trade is the addition of undeclared sugar and water. In

2017, Groszer magazine published the results of an investigation by the United Kingdom Food Standards Agency, which found [added sugar](#) in 12 samples of packed coconut water. After this investigation, nearly 400 tonnes of coconut water were withdrawn from the market. In 2019, SGF tested 10 coconut water samples and found [2 samples with added sugar](#) and 1 sample with undeclared addition of ascorbic acid.

Another type of mislabelling is declaring coconut water from mature coconuts as water from young coconuts. However, this type of labelling is not officially regulated within the European Union, and it does not influence food safety, only consumer quality perception. The flavour of young coconut water is better, and the sugar level and phenolic contents are higher. On the other hand, mature coconut water has more protein and minerals.

It is possible to require specific tests to determine if the coconut water comes from young or mature coconuts. Those tests include measuring glucose/fructose ratio, sorbitol content, turbidity, phenolic content and pH value.

Quality requirements

The composition and quality of fruit juices, including coconut water, are covered by a specific [European Fruit Juice Directive](#). According to this directive, the name ‘fruit juice/coconut juice’ is reserved for products that have not been sweetened, whereas ‘fruit nectars’ are allowed to be sweetened. It must also be clearly indicated on the label if a product has been obtained from concentrated juice.

For coconut water specifically, there is no official European standard which must be followed. The detailed reference guideline for coconut water was finalised in 2019 by AIJN. This document is available upon subscription to AIJN. There are also several guidelines published by some producing countries (the Philippines, Sri Lanka, Jamaica and India), but none of them is widely used by European traders.

The main criteria used to determine the quality of coconut water are:

- Brix level – depends on the variety and maturity of the coconut. The Brix level normally decreases with maturity. The suggested minimum Brix level is above 3.5°. Some varieties (such as Thai Nam Hom) can have values over 8° in young coconut water. The price of coconut water commonly increases with its Brix level;
- Flavour profile – depends on the coconut variety, the maturity and the way of processing;
- Turbidity – increases with maturity. Also, it increases with the time between harvesting and processing;
- Colour – coconut water should be transparent. If oxidation occurs, the water can turn brown. Coconut water can also turn pink. This only happens to young coconut water due to polyphenol oxidation. This phenomenon is used by some brands to emphasise that the water is produced solely from young coconuts. According to the [Tetra Pak coconut handbook](#), it is an indication of cracks in young coconuts.

Packaging requirements

Coconut water can be packed in bulk or in retail packaging. For bulk packaging, aseptic filled 200-liter bags in a drum and 25-liter bags in carton packaging are the most common.

For retail packaging, some European producers import aseptic bulk-packed coconut water and pack it in Europe (like Green Coco), but the majority of the brands perform packing on site in producing countries. The type of packaging for coconut water that is used most is carton laminated packaging, but aluminium cans or plastic and glass bottles are used too.

Packing is often done by coconut processing factories. They use preserving technologies such as UHT and microfiltration. In producing countries, [Tetra Pak](#) is the packing solution that is used most. For example, this includes Tetra Brik or Tetra Prisma, but other solutions, like [Elopak](#) or [SIG](#), are also used. Producers of packing equipment and technology commonly offer coconut processors the possibility to lease equipment and supply them with packaging materials.

To minimise thermal impact on the coconut water quality, UHT systems are mostly used for retail packaging, but other technologies are used too, such as microfiltration. It is important to extract and pack coconut water

shortly after harvesting (preferably in less than two days). After extraction, it is important to cool the water immediately to stop any enzymatic and bacteria activities and to process/pack the water in the shortest possible time.

The content of the packaging must correspond with the indicated quantity (in weight or volume) on the label. Importers will check size and weight to ensure that pre-packed products are within the [limits of tolerable errors](#).

Labelling and product composition

Depending on the type of coconut water produced, the bulk product must be labelled as 'coconut water', 'coconut juice' or 'concentrated coconut water'. Retail packed products must be labelled as 'coconut water', 'coconut juice' or 'coconut water made from coconut water concentrate'. Bulk package labelling must contain the following information:

- Name of the product;
- Lot identification;
- Best-before date;
- Name and address of the manufacturer, packer, distributor or importer;
- Storage instructions.

Lot identification and the name and address of the manufacturer, packer, distributor or importer may be replaced by an identification mark.

In case of retail packaging, product labelling must be in compliance with the [European Union Regulation on the provision of food information to consumers](#). This regulation defines nutrition labelling, origin labelling, allergen labelling and clear legibility (minimum font size for mandatory information). Coconut water is not listed as a product causing allergies. In soft drinks, sulphites can be used, and they must be visible as a potential allergen (at concentrations of more than 10 mg/litre).

Tips:

Be informed about coconut water quality criteria and production processes in the [Tetra Pak Coconut Handbook](#), especially if you aim to pack your coconut water in retail packaging.

Control and test your coconut water by following [analytical methods](#) published by the International Fruit and Vegetable Juice Association (available upon subscription).

Subscribe to the [Code of Practice](#) of the European Fruit Juice Association to get access to the [reference guideline](#) for coconut water and to many analytical methods used for quality control.

What additional requirements do buyers often have?

Food safety certification

Although food safety certification is not obligatory under European legislation, it has become a must for almost all European food importers. Most established European importers will not work with you if you cannot provide some type of food safety certification.

For coconut water, the most popular certification programmes are:

- [International Featured Standards](#) (IFS);
- [British Retail Consortium Global Standards](#) (BRCGS);
- [Food Safety System Certification](#) (FSSC 22000);

- [SGF Voluntary Control System](#).

Please note that this list is not exhaustive and that food certification systems are constantly developing. The majority of food safety certification programmes are based on existing ISO standards like [ISO 22000](#).

Although different food safety certification systems are based on similar principles, some buyers may prefer one specific system. For example, British buyers often require BRCGS, while IFS is more common for German retailers. Also, note that food safety certification is only a basis to start exporting to Europe. Serious buyers will usually visit/audit your production facilities within the first few years of your cooperation.

In the fruit juice industry, the most recent development is [SGF certification](#), which aims to achieve more safety, quality and fair competition in the fruit juice sector through industrial self-regulation. SGF certifies fruit processing companies, packers and bottlers, traders and brokers for fruit juices, as well as transport companies and cold stores in almost 60 countries worldwide.

For bulk coconut water suppliers, an important part of the SGF certification system is called IRMA ([International Raw Material Assurance](#)). For the whole supply chain, the ideal situation should look like this: farmers are [GlobalGap](#) certified, fruit processors are IRMA certified and bottlers are certified by [IQCS](#) (International Quality Control System for juices and nectars). Apart from fruit processors, IRMA certification is also applicable to traders/brokers, transport companies, producers of semi-finished products and storage facilities.

Corporate Social Responsibility

Companies have different requirements for social responsibility. Some companies will require adherence to their code of conduct or common standards such as the Supplier Ethical Data Exchange ([SEDEX](#)), Ethical Trading Initiative ([ETI](#)) or Business Social Compliance Initiative code of conduct ([BSCI](#)).

Tips:

Stick to the rules! New laboratory testing methods can easily discover the addition of non-permitted sugars and other additives in coconut water. It takes a long time and a lot of money to build a good reputation in the European market, but it can be lost very quickly if you are caught with adulterated or substandard products.

Get food safety certification. However, check with the importers and experts if the food safety certification company you consult is appreciated by European Union buyers. Examples of independent internationally accredited certification companies include [SGS](#), [CIS](#), [TÜV](#) and [Bureau Veritas](#).

Read our study about [buyer requirements for processed fruit, vegetables](#) and edible nuts for a general overview of buyer requirements in Europe.

Do a self-assessment through the producer starter kit from the [BSCI website](#).

What are the requirements for niche markets?

Organic coconut water

A lot of coconut water in Europe is sold as organic. To market coconut water as organic in Europe, the coconut palms must be grown using organic production methods according to [European legislation](#). Growing and processing facilities must be audited by an accredited certifier before you can put the European Union's organic logo on your products. The same goes for holders of different standards (for example, [Soil Association](#) in the United Kingdom or [Naturland](#) in Germany).

Importing organic products to Europe is only possible with an [electronic certificate](#) of inspection (e-COI). Each batch of organic products imported into the European Union has to be accompanied by an electronic certificate of inspection as defined in Annex V of the Regulation [defining imports of organic products from third countries](#). This electronic certificate of inspection has to be generated via the [Trade Control and Expert System](#) (TRACES).

Picture 1: Example of ethical message on coconut water



Source: Coconut Merchant

Picture 2: SGF IRMA certification



Source: SGF

Sustainability certification

Sustainability is a broad term with many aspects, and there is still no worldwide recognised sustainability certification covering all aspects. One increasingly used aspect is to publish CO₂ emission rates on products, but it is difficult to have reliable measuring for those claims. An example of a recently established certification based on CO₂ emissions is [Myclimate](#).

Currently, the most famous certification schemes are [Fairtrade](#) (with a focus on ethical aspects) and [Rainforest](#)

[Alliance](#) (with a focus on environmental impact). Ethical certification does not only cover people-related issues but also animal care. An increasing number of European buyers of coconut products are searching for companies that can prove they do not use monkeys to harvest coconuts.

Fairtrade International developed a specific standard for [oilseeds and oleaginous fruits](#) for small-scale producing organisations. Aside from issues related to working conditions, the standard defines a specific [Fairtrade Minimum and Premium Price](#) for conventional and organic coconuts for processing. Fairtrade prices and premiums are defined for all production regions, and there is a specific price structure for Pacific coconuts. There are several producers of Fairtrade-certified coconut water in Sri Lanka, the Philippines and Vietnam.

Leaders in the fruit juice industry formed [the Sustainable Juice Covenant \(SJC\)](#), which aims to make sourcing, production and trade of fruit and vegetable-derived juices, purees and their concentrates 100% sustainable by 2030.

With the support of the [European Fruit Juice Association](#) (AIJN), companies work together to increase social and environmental standards at the farming and processing stages by rolling out sustainability certifications throughout the supply chain. AIJN established the [Juice CSR Platform](#) to support, guide and inspire juice stakeholders to integrate corporate social responsibility throughout the supply chain.

Ethnic certification

Islamic dietary laws (Halal) and Jewish dietary laws (Kosher) propose specific restrictions in diets. If you want to focus on these ethnic niche markets, consider the implementation of [Halal](#) or [Kosher](#) certification schemes.

Tips:

Consult the [Sustainability Map database](#) for sustainability labels and standards.

Check the [guidelines for imports of organic products into the European Union](#) to familiarise yourself with the requirements of European organic traders.

Read our study on [Trends on the European Processed Fruit, Vegetables and Edible Nuts Markets](#) for an overview of the developments of the sustainability initiatives in the European market.

2. Through what channels can you get coconut water on the European market?

Most coconut water in Europe is sold through the retail channel. Many companies pack coconut water through subcontracting agreements in the producing countries, but some import bulk products and pack it in Europe. Also, coconut water is increasingly sold to the beverage industry, such as fruit juice and (sports) drink manufacturers.

How is the end market segmented?

The largest quantities of coconut water in Europe are sold through the retail channel, mostly through the supermarkets and discounter formats. The beverage industry also uses coconut water as an ingredient in drinks. At the moment, food service has an insignificant share. Some small quantities of coconut water are served by a limited number of ethnic restaurants (mostly Thai), including from fresh coconuts.

Figure 1: End market segments for coconut water in Europe



Retail

Some retail chains have set up direct contract operations with processors in producing countries to sell their own private label coconut water. Still, in the majority of the cases, they are supplied via intermediaries such as specialised distributors. A recent development is the polarisation of the retail sector into discounters and high-level segments. Consolidation, market saturation, strong competition and low prices are key characteristics of the European retail food market. Currently, online retail sales are increasing, especially after the COVID-19 pandemic.

Several types of subsegments (points of sale) of the European coconut water retail segment include:

- Retail chains – the companies that hold the largest market shares in Europe are Schwartz Gruppe (Lidl and Kaufland brands), Carrefour, Tesco, Aldi, Edeka, Leclerc, Metro Group (cash & carry), Rewe Group, Auchan, Intermarché and Ahold (Delhaize, Albert Heijn and several other brands). The majority of coconut water brands sold in retail chains represent independent brands, but some chains have started to introduce their own private labels, such as Rewe, Edeka, Carrefour, Intermarché and Mercadona;
- Specialised stores – including organic food shops, ethnic shops and beverage shops. Some organic shops are part of the specialised organic food retail chains, especially in Germany. Organic coconut water is also sold in drugstores, such as [dm](#) or [Rossmann](#). Ethnic shops selling Asian food also offer opportunities for entering the market, without competing with the leading retail brands. However, sales of natural coconut water through ethnic shops are still small, as they mostly sell coconut flavour drinks;
- Ethical stores – a niche segment that provides opportunities for Fairtrade and ethically certified suppliers. Sales of Fairtrade-certified products are strong in the United Kingdom and Scandinavian countries;
- Vending machines – a frequent place for purchasing refreshing beverages in Europe. Coconut water is not sold through vending machines very frequently, but this channel can provide promotional opportunities. In order to use this channel, developing country suppliers should make arrangements with a specialised distributor who can then make contracts with vending machine operators;
- Online retail – often part of the offer of existing retail traders or specialised shops. With the impact of the Covid-19 pandemic and lockdown measures imposed in many countries in Europe, online retail orders have dramatically increased during March and April in 2020. It is expected that online sales will continue to be popular after 2020 compared to previous years. Few online shops are specialised in the online sale of coconut water, such as [Cocoshop](#) and [Coconut Merchant](#).

Food industry

The food industry segment that is relevant for coconut water sales consists mainly of different beverage manufacturers. It is expected that this food industry segment will continue to grow, due to increasing demand for reduced sugar and plant-based drinks. The most common final users of coconut water include the following:

- Fruit juice and soft drink producers are using coconut water to reduce calories in juices. Juice ingredient suppliers and blending and bottling companies use coconut water to create different flavours. Still, only a few brands use coconut water as an ingredient, but it can be expected that the number of juice varieties with coconut water will increase.
- Sports drink producers have started to introduce isotonic drinks based on coconut water in order to offer more natural hydration solutions. One example is the Spanish company [Raw Superdrink](#), offering a wide

- range of coconut water-based sports drinks.
- Plant-based drink (such as dairy replacement drinks) producers use coconut water to give natural sweetness to no-sugar-added products.

Food service

The food service segment still offers limited possibilities for selling coconut water. The food service segment is usually supplied by specialised distributors. Currently, coconut water is served in a relatively small number of restaurants, including ethnic South East Asian types of restaurants. Interestingly, some opportunities can be found among suppliers of cocktail bars, as several cocktails use coconut water as an ingredient.

Through what channels does coconut water end up on the end-market?

The most important channel for coconut water in Europe is represented by retail suppliers (branded coconut water) and beverage ingredient importers. Some importers might be interested in establishing long-term cooperation and packing coconut water directly in the producing countries. There are also several alternative channels, such as ethnic food importers, agents, vending machines or food service suppliers.

Figure 2: European market channels for coconut water



Importer (wholesaler/ingredient supplier)

Importers specialised in supplying the beverage industry commonly import coconut water in bulk packaging. Those importers only act as trading companies and resell the imported coconut water without any further processing. Some importers are also processors and create customised solutions for food industry users (as described in the segments chapter above).

Importers usually have good knowledge of the European market, and they monitor the situation in coconut water producing countries closely. Therefore, they are an important contact, especially if your company is not equipped with machines for retail packaging. Importers of coconut water often import other types of ingredients too, such as fruit juices, purees and sometimes frozen fruit. So offering other products in addition to coconut water can increase your competitiveness.

Importer (retail supplier)

Supplying the retail chains with packed and branded coconut water provides the highest added value, but the competition in the retail segment is high, as presented in the first part of this study. In most European markets, only two to three brands have most of the market share. For new suppliers, the challenge is to establish long-term relationships with well-known brands, as they usually already work with selected suppliers.

Packed coconut water has the best flavour when it is packed shortly after harvest. Because of that, many brands prefer to pack coconut water in producing countries. This option is rarely seen in the supply chain of fruit and vegetable juices. Still, some retail brand owners import bulk coconut water and perform packing operations in Europe. Some companies have developed their own processing technology to obtain the best quality from the imported bulk water.

Many of the European brands subcontract companies in the coconut water producing countries to perform packing operations for them. However, several companies from coconut water producing countries have successfully penetrated European retail segment with their own brands.

Coconut water importers and packers are put under pressure by retail. The higher requirements from the retail industry determine the supply chain dynamics from the top down. Pressure is translated into lower prices but also into added value aspects, such as 'sustainable', 'natural', 'organic' or 'Fairtrade' products. As a result, transparency in the supply chain is needed. To achieve this, many importers develop their own codes of conduct and build long-lasting relationships with preferred developing country suppliers.

Specific types of importers are suppliers of Asian and other ethnic supermarkets and shops. Those types of importers provide direct access to niche markets without the need to compete with strong brands present in the mainstream retail segment.

Retail channel

Retailers rarely buy directly from developing country exporters. However, there are some cases where developing country exporters (processors) pack directly for a private label or even own label brands, but it is very rare in the case of coconut water.

Fruit juice bottling and blending companies can be specialised in the supply of private labels for retail channels. In many cases, juice companies with established brand names also produce juices and nectars for private labels.

A recent development is the polarisation of the retail sector into discounters and the high-level segment. Consolidation, market saturation, strong competition and low prices are key characteristics of the European retail food market. Leading food retail companies in Europe differ per country. The companies that hold the largest market shares are Schwartz Gruppe (Lidl and Kaufland brands), Carrefour, Tesco, Aldi, Edeka, Leclerc, Metro Group, Rewe Group, Auchan, Intermarché and Ahold (Delhaize, Albert Heijn and several other brands).

Agent/broker

The role of agents involved in the coconut water trade is not as significant compared to other processed fruit and vegetables sectors. Agents normally act as independent companies that negotiate on behalf of their clients and as intermediaries between buyers and sellers. Typically, they charge commissions of 2-4% of the sales value for their intermediary services.

Tips:

Study lists of exhibitors for large trade fairs such as [ANUGA](#), [SIAL](#) and [Alimentaria](#) to find potential buyers for your coconut water.

Understand the pressure from retailers for sustainable products and make yourself more competitive by investing in different certification schemes related to CSR, organic or food safety. Food safety certification is the minimum requirement if you want to reach the retail segment.

Explore your possibilities for supplying European retailers by visiting [PLMA](#), a specialised private label show.

Look for suppliers at specialised food service events such as [SIRHA](#) or [Internorga](#).

Search through the [members' list](#) of the European Vending & Coffee Service Association to find companies offering opportunities for selling coconut water through the vending machines channel.

What is the most interesting channel for you?

The most interesting channel depends on the type of packaging, price and quality of the coconut water you produce. If you have modern retail packaging machines, retail channel suppliers and distributors can be a good option. However, you do not need to focus on one channel only. Exporting bulk coconut water to European packers or ingredient suppliers is a good option for processors that do not offer retail packaging solutions.

Ingredient suppliers and European packers sometimes use coconut water from different origins to make their own blends. For example, mixing cheaper low-Brix types with more expensive, flavour-rich coconut water can enable more stable flavour profiles.

3. What competition do you face on the European coconut water market?

Which countries are you competing with?

The main competitors for emerging coconut water suppliers in Europe are coconut processors from South East Asian countries, followed by Brazil. It is not possible to estimate precise shares of supplying countries to Europe, because the majority of the countries do not officially record exported quantities. However, industry sources estimate that leading suppliers in terms of quantity are the Philippines, Indonesia and Thailand. Other important suppliers include Sri Lanka, Vietnam and Brazil.

The Philippines

The Philippines is the second-largest coconut producer in the world, with a production of more than 150 million tonnes. The largest quantities are produced in Luzon, Southern Mindanao and the Eastern Visayas. In the Philippines, large quantities of coconut water are obtained as a by-product of coconut milk, desiccated coconut and virgin coconut oil processing. According to the Philippine Coconut Authority, the average volume of fresh coconut water per nut in the Philippines is 300 ml.

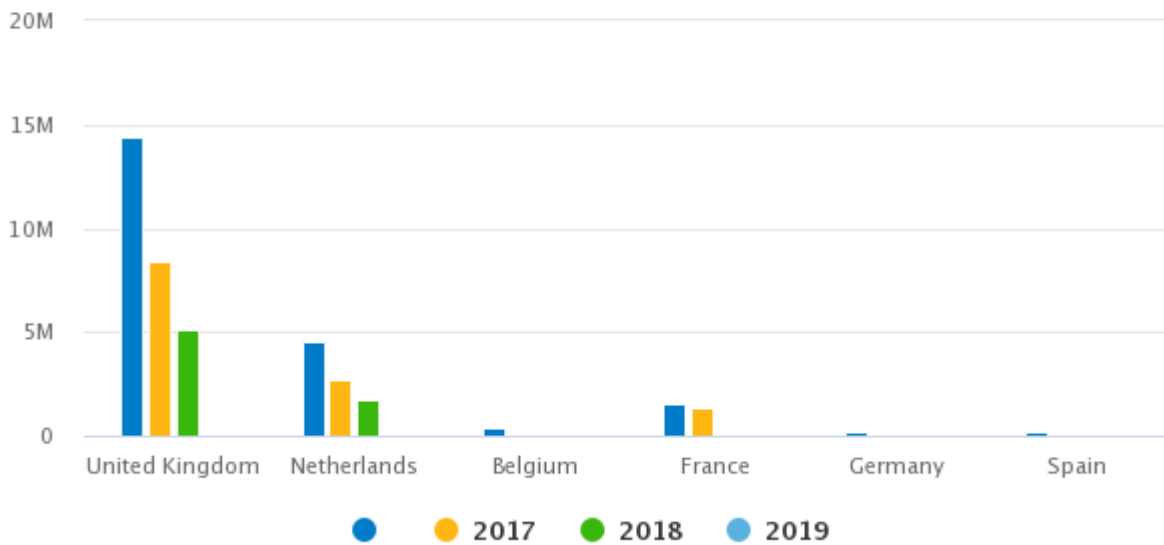
Although the Philippines is the top coconut water processor in the world, it is estimated that produced quantities could be much higher. According to studies by the Bureau of Agricultural Research (BAR) and the Philippine Centre for Postharvest Development and Mechanization (PHilMech), the volume of coconut water that could be recovered in the Philippines is 2.4 billion litres annually. Many coconut varieties are grown and processed in the Philippines. The Laguna cultivar is specifically recommended for the extraction of coconut water.

According to the Philippines coconut association, exports of coconut water reached a maximum of more than 80 million litres in 2017. In 2019, the export quantity decreased to 47 million litres. The largest quantities were exported to the United States of America (78% in 2019), followed by the United Kingdom (13%), Australia (6%), Canada (5%) and the Netherlands (5%). The Philippines mainly exports two type of coconut water – UHT processed in retail packaging and coconut water concentrate.

Coconut water export from the Philippines to Europe is concentrated on two countries. More than 70% is exported to the United Kingdom and almost all the rest to the Netherlands. The Netherlands serves as a trade hub, and large quantities are re-exported to other European destinations. The Philippines supplies many European and international brands with packed coconut water. It is estimated that the largest share of retail-packed coconut water is packed for the Vita Coco brand of the company Axelium, followed by Pepsi Cola.

Figure 3: Leading European destinations for export of coconut water from Philippines

in litres



Source: International Coconut Community

Indonesia

Indonesia is currently the largest coconut producer in the world, with a production of 183 million tonnes. The majority of the country's coconuts are produced in the province of North Sulawesi. Indonesia is also a significant processor of coconuts and the leading exporter of desiccated coconut. Together with the processing of traditional coconut products, Indonesian processors started to process and pack coconut water. This has led to Indonesia becoming the world's top exporter of coconut water.

Indonesia does not officially record the production of coconut water, but the majority of coconut oil, desiccated coconut and other coconut processing companies also produce coconut water. It is estimated that there are more than 80 companies processing coconut products in Indonesia, and many of them produce coconut water too.

Thailand

Thailand is the world's sixth-largest producer of coconuts. A specific characteristic of Thai coconut water production is the large share that is produced from young coconuts, where the coconut water is the primary product. It is different to many other countries, where coconut water is produced together with other coconut products. Actually, Thailand imports some coconut products from other South East Asian countries. Thai coconut water is highly priced on the international market, as it is produced from the high-Brix, fragrant Nam Hom variety.

Many international brands source coconut water from processors in Thailand. One of the reasons is the presence of companies equipped with retail packing lines, such as laminated cardboards and cans. For example, the brand of Coca Cola (Zico) packs its coconut water at two locations in Thailand. Also, several Thai companies have managed to export coconut water under their own brands to European retailers.

Sri Lanka

Coconut occupies 20% of Sri Lanka's arable land, and around 80% is operated on a small scale. Most coconut plantations are located in the western part of the country, in the districts of Kurunegala, Puttalam and Gampaha. According to the Sri Lanka Coconut Development Authority, the export of coconut water in 2019 was

almost 5 million litres. Sri Lankan processors have introduced the processing of coconut water to the regular operations of the production of other coconut products.

The number of coconut water processors is continuously increasing. In 2019, more than 60 companies from Sri Lanka offered coconut water in their export offer. Unlike other South East Asian suppliers, where the offer is dominated by large processing companies, Sri Lanka has many small and medium-sized companies that process coconut water. Significant quantities are produced as organic. Sri Lanka is the leading producer of Fairtrade-certified coconut water. Already, around 10 companies in Sri Lanka produce and trade Fairtrade-certified coconut water.

Vietnam

Vietnam is the world's eighth-largest producer of coconuts. Most coconuts are produced and processed in the Ben Tre province. In Ben Tre, more than 71 thousand hectares are dedicated to growing coconuts. About 7 thousand hectares are grown as organic. The Vietnamese government supports the development of the coconut water processing sector. For example, the Ministry of Science and Technology implemented a pilot study with [Luong Quoi Coconut Processing Company](#) to increase productivity by introducing automatic processing lines.

Brazil

Brazil is the world's fourth-largest producer of coconuts and the first country to develop the international market for coconut water. Brazil distinguishes itself from its Asian competitors by producing green coconuts, focusing its production on the extraction of coconut water without significant production of other coconut products. It is estimated that Brazil is the largest processor of coconut water today. However, Brazilian coconut water processors are significantly more present in the United States than in Europe.

Which companies are you competing with?

There are many coconut water producing companies. Almost all of them process coconuts to other forms, such as coconut oil, coconut milk or desiccated coconut. Currently, most quantities are processed by large processors, making it difficult for smallholders to compete. However, there are several initiatives to support smaller processors in the production of added-value products, such as coconut water. For example, a [smallholders' cooperative in the Philippines](#) produces bottled coconut water in an innovative village facility.

The companies mentioned below are some of the notable examples of coconut water processors and exporters. There are many more companies worth mentioning, which is not possible due to the size limits of this study.

Companies from the Philippines

[Axelum Resources Corporation](#) is manufacturing a full range of coconut products including desiccated coconut, coconut milk powder, coconut cream, coconut milk, coconut water, reduced-fat coconut, coconut oil and virgin coconut oil. Coconut water makes up approximately 20-30% of the company's gross revenues, according to annual reports. Axelum sold around 25 million litres of coconut water in 2019. The main production facility is located in Medina, but it owns manufacturing and distribution facilities in the United States of America and Australia as well.

Axelum has signed a contract with All Markets (Vita coco brand), which made them the second Vitacoco coconut water supplier after a company in Brazil. The coconut water is packaged using a PrismaTetra packing machine, the first of its kind in the Philippines. The company also packs its own coconut water ('Fiesta' label) and packs water for several other brands and private labels.

[Century Pacific Agricultural Ventures](#) is another large coconut processor from the Philippines. The company is part of the Century Pacific Food group, which, aside from coconut products, also produces fish, meat and dairy products. It has its own coconut water brand, named Aqua Coco. Century Pacific went into a partnership with Vita Coco and Friends of Hope to renovate old coconut palm plantations. Together, they are developing a 20-ha

coconut seedlings nursery. The plan is to distribute 130 thousand seedlings a year and to replace 90% of the senile trees over the next 25 years.

Other coconut water processors and exporters from the Philippines include [Sambu Group](#), [Franklin Baker](#), [Peter Paul Philippine Corporation](#), [AgriNurture](#), [Primex](#), [Superstar Coconut](#), [Weambard](#), [Pepsi Cola](#), [Profood International](#), [SC Global Products](#), [Ahya Coco](#), [Roxas Sigma Agriventures](#) and [Celebes Coconut Corporation](#).

Companies from Indonesia

[Sambu Group](#) is one of the leading coconut processors in Indonesia and one of the largest coconut product manufacturers in the world. The company is headquartered in Singapore, but it has facilities and plantations in Indonesia and the Philippines. [Kara](#) was the first Sambu Group member in Indonesia to start processing coconut water in addition to the other coconut products. Kara is producing bulk coconut water but has also launched its own brand – [Kara Coco](#). Another member of the group, Pulau Sambu, also produces coconut water.

Other notable examples of coconut water producers and exporters in Indonesia include [Pacific Eastern Coconut Utama](#), [Amacos](#), [Global Coconut](#), [Uni Coconut](#) and [PT Sarasvati](#).

Companies from Thailand

[Universal Food PLC](#), more commonly known as UFC, is one of the most successful exporters of coconut water from Thailand. UFC produces a wide range of products in two factories in the Lampang and Nakhon Pathom provinces. UFC has managed to be one of the recognised brands in Europe, selling packed coconut water in several retail chains. Another European retail market success story is that of the Thai company [Theppadungporn Coconut](#), which sells its brand [Chaokoh](#) to the Spanish retailer Mercadona.

Other examples of coconut water processors and exporters from Thailand include [Thai Coconut PLC](#), [Kona Enterprises](#), [Tipco](#), [NP Agri](#), [Asiatic Agro Industry](#) (Cocomax brand), [Maprao](#), [Tropfin](#), [All Coco](#) and [Malee](#).

Companies from Sri Lanka

One of the most notable coconut water processors in Sri Lanka is [Silvermill Group](#), which also packages coconut water with Tetra Pak machines for the Vita Coco brand. The full [list of coconut water exporters](#) from Sri Lanka can be found on the website of the Sri Lankan Coconut Development Authority.

Companies from Vietnam

The leading coconut processor and coconut water producer in Vietnam is [Betrimex](#). In 2015, Betrimex introduced a coconut water and coconut milk production factory with the Tetra Pak technology process. Afterwards, the company launched its own Cocomix brand of coconut water and started exporting to the United States and Europe. Betrimex is also the largest developer of organic coconut production in Vietnam. Its project aims to produce organic coconuts on an area of 10 thousand hectares.

Companies from Brazil

It is estimated that Brazil has the largest domestic consumption of packed coconut water in the world. The [Kerococo](#) brand (by Pepsico) and [Ducoco](#) (by Ducoco Alimentos) are two market leaders in Brazil. Kerococo is present in chains like McDonalds. Ducoco Alimentos is not exporting any significant quantities of coconut water from Brazil to Europe yet. Pepsico is present in Europe in some countries with coconut water brand 'Naked'.

Brazilian coconut water processors thus do not have a strong presence in Europe yet. This may change soon, as the Grupo Aurantiaca company, maker of the [Obrigado](#) brand, is planning to expand towards Europe. Aurantiaca has established a subsidiary representation in the Netherlands (Aurantiaca Europe BV) to do so.

Tips:

Use the services of your national export promotion agency and actively participate in the creation of export strategies.

Visit the website of the [International Coconut Community](#) to stay updated on developments in the coconut processing industry in the major producing countries.

Which products are you competing with?

The biggest competition for coconut water is other plant drinks and sports drinks. Plant drinks around the world are becoming more popular, including birch tree water, aloe vera water, cactus water, maple water and watermelon water. Still, those types of drinks do not have a significant presence on the European market. Fresh young coconuts are the major product competitor to bottled coconut water in producing countries, but due to their high price, they are rarely sold in Europe.

Other direct competitors to coconut water are rehydrating types of sports drinks. Although they may be described as more artificial, they can be created in more customised ways to suit specific needs of athletes. For example, coconut water is an effective rehydration solution after exercising, but sports drinks can be created to benefit athletes before and during exercise as well. For example, a recent study suggests that [coconut water is not better than plain water](#) for improving performances during exercise.

4. What are the prices for coconut water on the European market?

Depending on the country, retail chain and brand, export prices of coconut water vary significantly across Europe. Coconut water is often produced together with other coconut products from the same nuts. This makes the retail price an unreliable indicator for judging the export prices. Generally, the coconut water export price increases with the Brix level. Flavour-rich and high-Brix coconut waters (like Nam Hom from Thailand) have higher prices compared to coconut water produced as a by-product in the Philippines or Indonesia.

Retail prices of coconut water in Europe range from €2 to €5 per litre, depending on the brand and packaging. As mentioned above, this cannot be taken as price orientation for the export price. What is important to understand is that a retail brand can be packed in the producing country and exported to Europe, packed in Europe from NFC coconut water or produced from concentrated coconut water. Each option has a different price structure.

Table 1

Steps in the export process	Type of price	Price breakdown	Example (1 l)
Production of coconuts	Farmer price	5%	€0.15
Processing and packing of coconut water	FOB price	30%	€0.9
Storing, handling and shipping	CIF price	33%	€1


Selling to the retail segment	Wholesale price (including value-added tax)	50%	€1.5
Retail sales of the final packed product	Retail price	100%	€3

This study has been carried out on behalf of CBI by [Autentika Global](#).


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