

## International Trade in Mineral waters not containing added sweetening maters or flavours

### Introduction and Summary of Results

This analysis has been prepared as a sample of the types of information available from TradeData International. The product is international trade in Mineral Waters. The analysis is prepared without the requirements of a particular client specified. As such the analysis is more of a general overview, with an Asian end market focus and not customised to the unique requirements of a particular firm.

In summary, the results of the analysis are that import markets in the larger developed economies (like the USA and Japan) are stagnant or declining slowly and are dominated by higher priced mineral waters from France and to a lesser extent Italy. In contrast to this some of the larger developing economies have experienced strong growth in imports in the last two to three years. However this growth is driven by much lower cost mineral waters from China, South Korea and Sri Lanka. In these economies there are two quite distinct market segments:

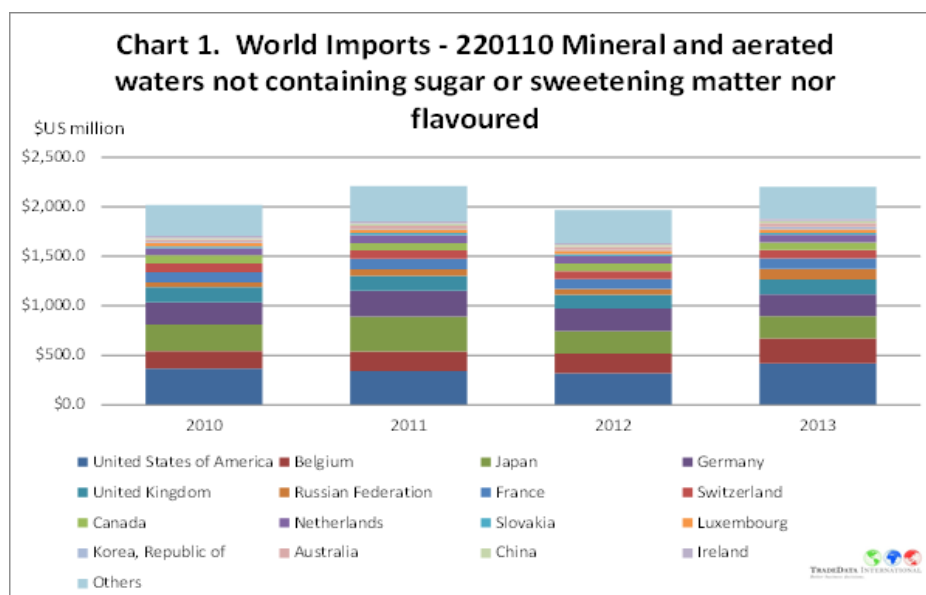
1. A traditional long established and generally stagnant market segment of higher priced waters from France and to a lesser extent Italy. Waters from France arrive at prices around \$US 0.90 per litre and from Italy at lower prices;
2. A new and fast growing market segment of much lower cost waters between \$US 0.20 and \$US 0.30 per litre landed in the country.

Obviously if this analysis was produced for a specific mineral water producing client, then the firm needs to consider very carefully their competitiveness relative to these two segments and in which countries they would consider exporting to. With more information from the client the analysis can be customised to the particular segment of interest.

### Global Trade Overview

Chart 1 list import values for the major importing countries for Mineral and aerated waters. This show:

- Global trade for mineral waters was around \$US 2.22 billion in 2013;
- The major developed economies in North America, Europe and Japan are the largest importing countries and dominate world trade;
- Imports into Japan are highly volatile and explain much of the variations in total world trade over the period. Japan trade will be analysed in more depth later in this report;
- In recent years the value of international trade has not grown – increasing by 10% in one year but then declining by 10% in the next with this pattern repeating itself;
- 2012 was a down year and 2013 an up year;



South Korea and China are second tier import countries in terms of values but significantly their import levels are increasing rapidly. Chart 2 lists the value of imports into China and Korea. These two countries will be analysed in more detail later in this report.

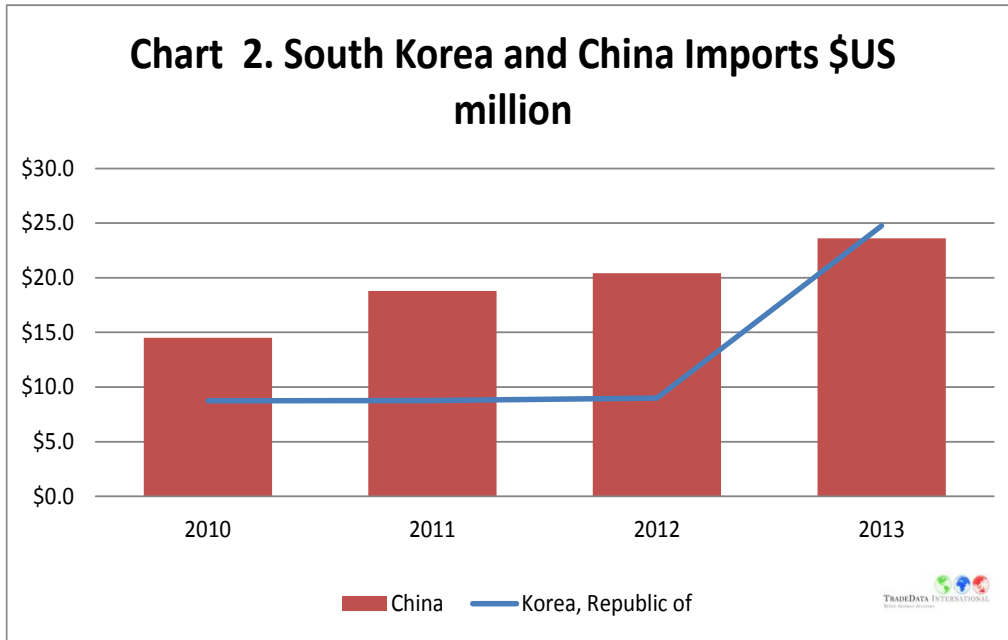
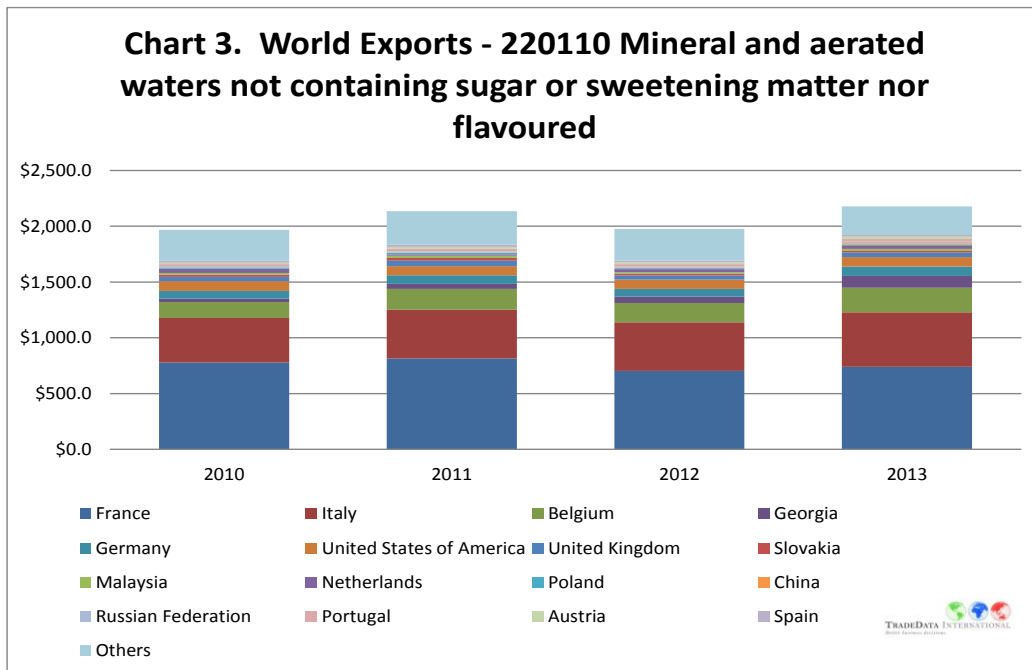


Chart 3 lists the values for the major export countries for Mineral and aerated waters. This show:

- European countries and to a lesser extent the USA are the major export countries;
- Two exceptions are Malaysia and China who are both significant export countries, but smaller than the major supply countries.



## Trade in Selected markets

Before selecting countries for further analysis TradeData would normally discuss with the client issues like:

- Export objectives/expectations;
- Export history (if any);
- Capacity constraints, shipment size constraints, labour constraints on the process of exporting;
- Existing Price and Quantity market segments;
- Export readiness and comfort levels with respect to different potential markets; and
- Export risk and reward considerations.

From these discussions a number of countries would be selected for further analysis. Table 1 lists a range of Asia-Pacific countries import values (In 2013). In the absence of client consultation discussions TradeData has selected 6 countries for further analysis. These include 2 large import countries (USA and Japan), 2 medium import countries (China and South Korea) and two small import countries (Thailand and Indonesia). The analysis of imports of into each of these countries follows.

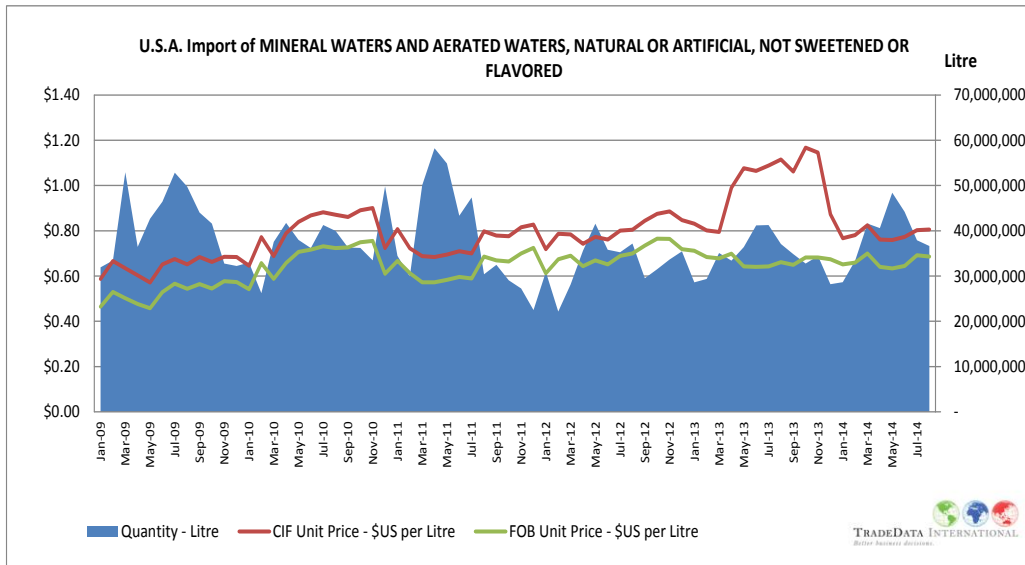
**Table 1. Selected Countries - Imports of Mineral Water in 2013**

	Value 2013 \$US mill.	Per Cent of World Impos
United States of America	\$417.00	18.8%
Japan	\$223.70	10.1%
Russian Federation	\$105.40	4.7%
Korea, Republic of	\$24.77	1.1%
China	\$23.60	1.1%
Singapore	\$19.37	0.9%
Taipei, Chinese	\$12.46	0.6%
Thailand	\$8.06	0.4%
New Caledonia	\$4.41	0.2%
Malaysia	\$2.12	0.1%
Brazil	\$1.76	0.1%
New Zealand	\$1.56	0.1%
Indonesia	\$1.24	0.1%
Philippines	\$0.71	0.0%
India	\$0.49	0.0%
Fiji	\$0.04	0.0%

## USA Imports

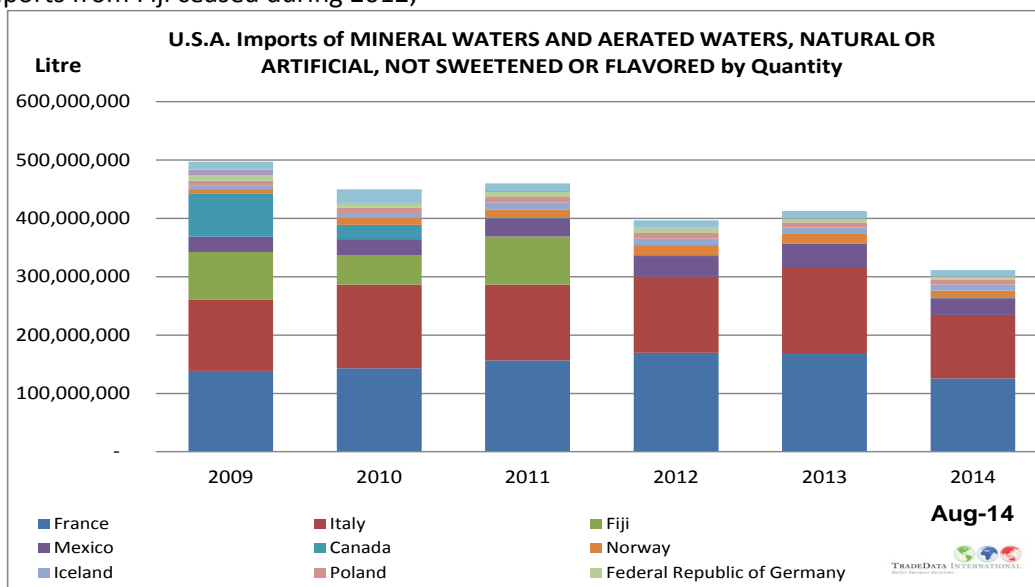
The following chart lists monthly movements in the quantity and average price of mineral water imported into the USA. Import volumes are volatile on a month to month basis but stable over time. There is some seasonality in as far as the higher import months tend to be mid-year (summer months) and the lower import months tend to be late/early in the year (winter months). Average prices are also fairly stable and tend to be between \$US 0.65 and \$US 0.75 on an FOB basis – that is received by the exporter. Once transport and insurance cost are added to these prices the mineral waters are landed in the USA at average prices around \$US 0.80 per litre.

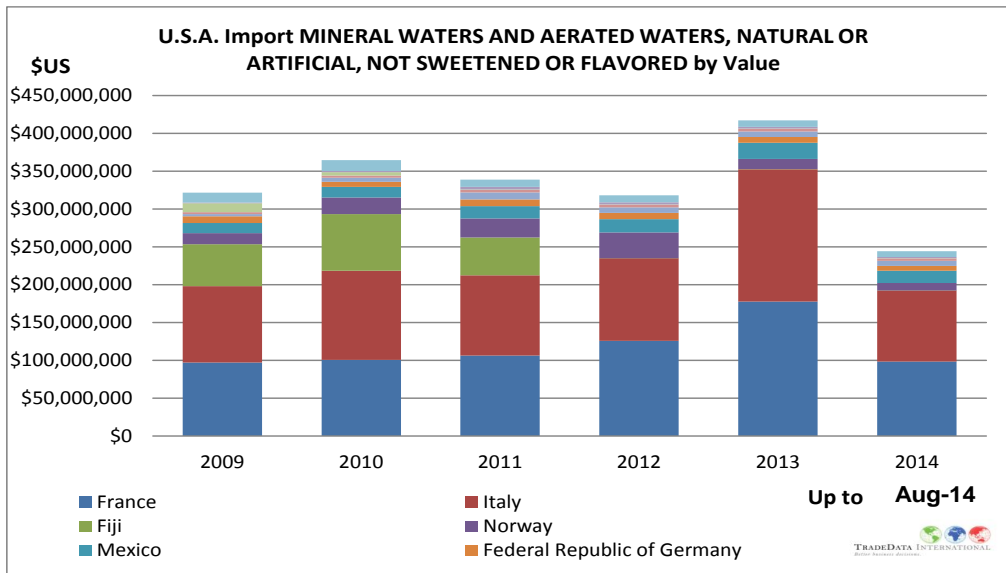
Note: there was a large jump in these transport and insurance cost from the second quarter of 2013 for 12 months. These cost returned to more normal levels in mid-2014.



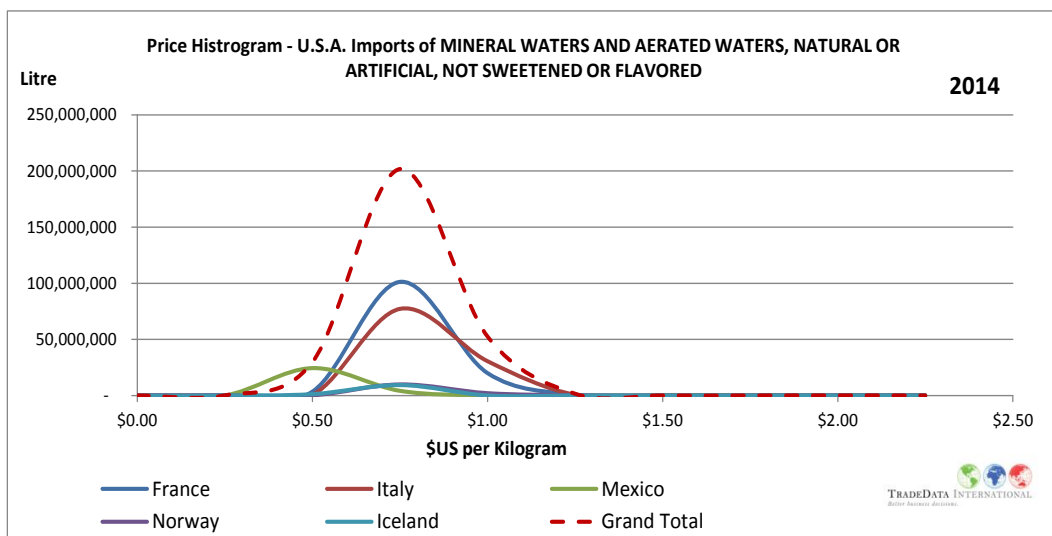
The next 2 charts list the major suppliers to the USA first in terms of quantity and second in terms of values. These charts show:

- The USA import market is around 400 million litres with a landed value around \$US 350 million dollars;
- Import values increased strongly in 2013 due to the aforementioned increase in transport costs however import volume in 2013 were similar to 2012;
- There is no growth in import volumes – if anything the size of the import market is slowly declining with import volumes 20% lower in 2013 than in 2009;
- France and Italy dominate the market accounting for 77% of imports in 2013. Fiji was an important supplier but imports from Fiji ceased during 2012;





The next chart lists 2014 (up to August) import volumes by price by the major supply countries. Both France and Italy supply most of their waters landed in the USA at \$US 0.75 per litre – France 100 million litres and Italy 77 million litres. Mexico, a smaller supplier, supplies around 24 million litres at \$US 0.50 per litre.

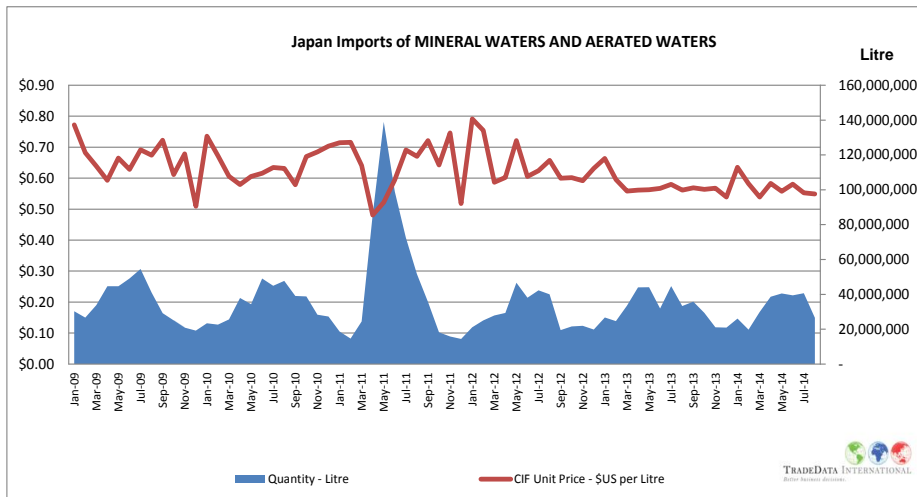


In conclusion, the USA is a large mature market that, if anything, is slowly declining. It is a market dominated by two major well established countries (France and Italy) supplying in very large volumes at stable prices around \$US 0.65 per litre.

## Japan Imports

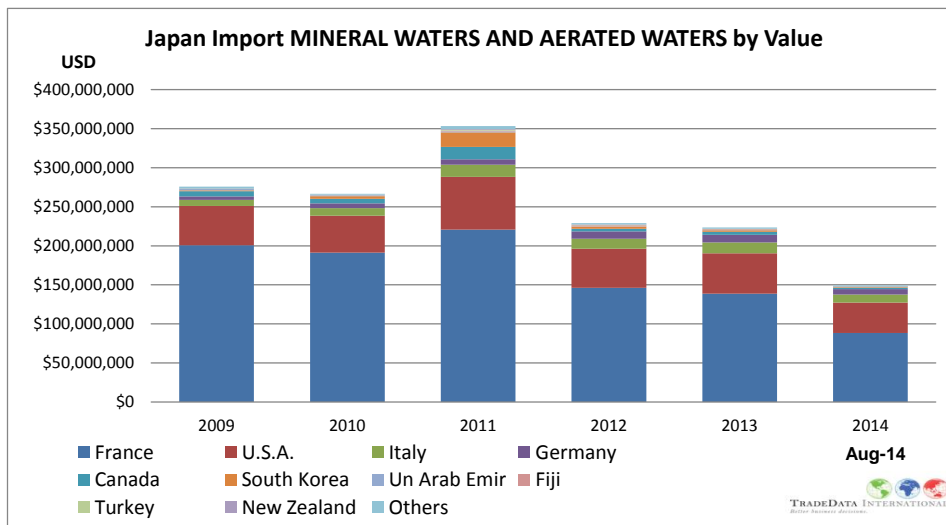
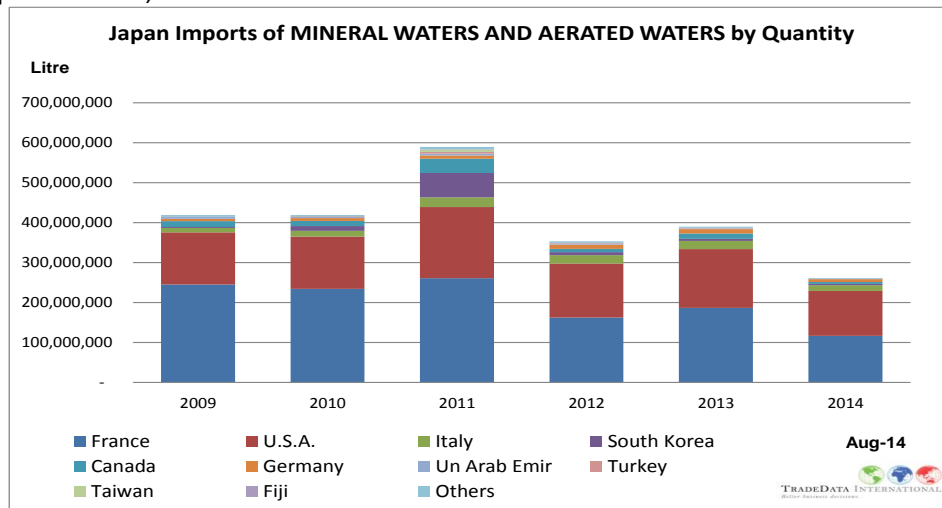
The following chart lists monthly movements in the quantity and average price of mineral water imported into the Japan. Import volumes are seasonal with higher import month's mid-year (summer months) and the lower import months late/early in the year (winter months). Summer import volumes are double winter volumes. Similar to the USA total import volumes may be slowly declining over time. Average prices are also fairly stable and tend to be slowly declining with prices landed in Japan around \$US 0.55 in early 2014. These prices are significantly lower than equivalent prices in the USA. Note: there was a large jump in import volumes in mid-2011 which was not repeated in subsequent years.

# Sample Analysis - International trade in Mineral Waters

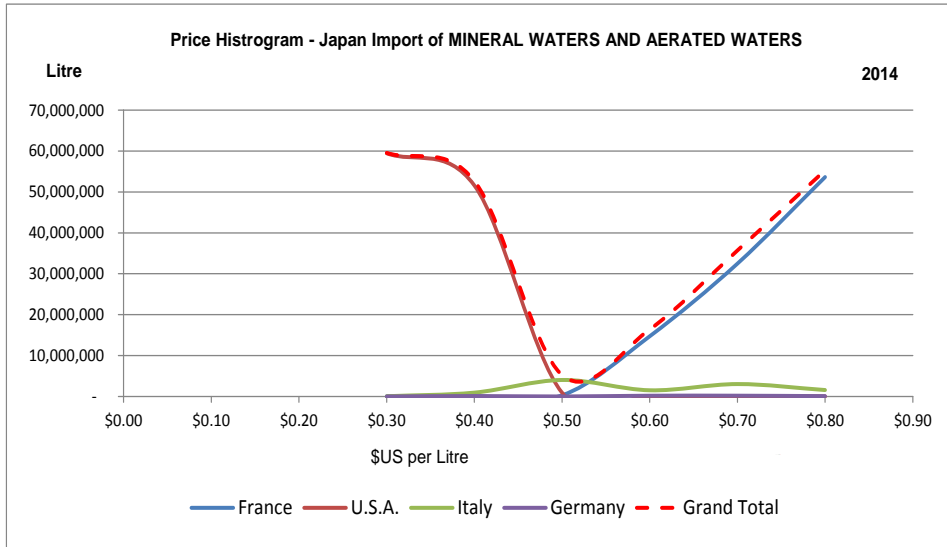


The next 2 charts list the major suppliers to Japan first in terms of quantity and second in terms of values. These charts show:

- The Japan import market peaked in 2011 at just fewer than 600 million litres and then declined to just under 400 million litres in 2013. In dollars terms values peaked at around \$US 350 million in 2011 and this declined to \$US 223 million in 2013;
- France and the USA dominate the market accounting for 86% of imports in 2013. South Korea was an important supplier in 2011;



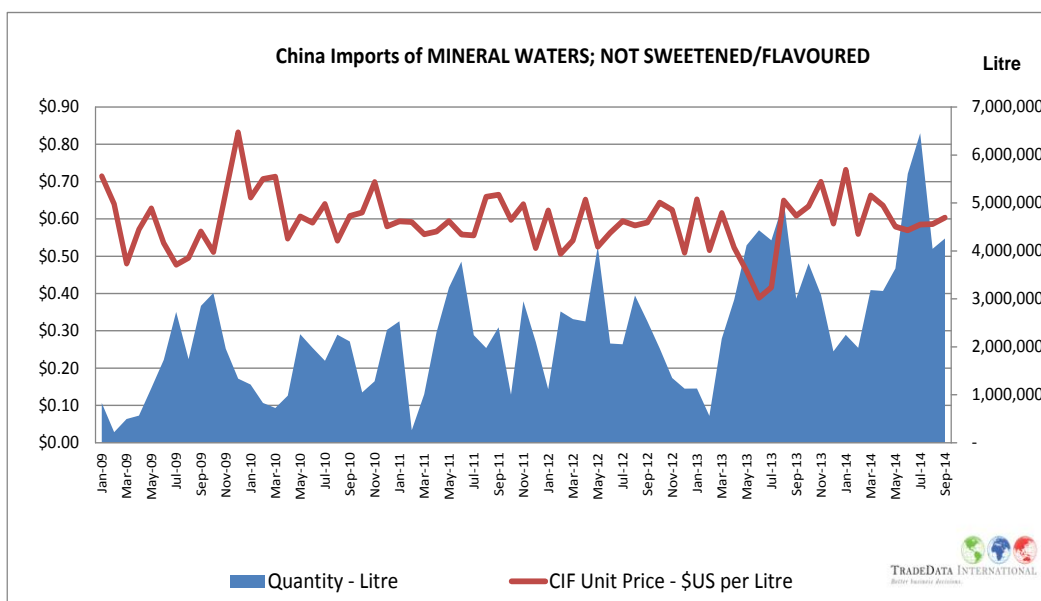
The next chart lists 2014 (up to August) import volumes by price by the major suppliers. There are two distinct import markets. The first is the USA which supply at prices between \$US 0.30 and \$US 0.40 cents per litre and the second is from France at prices around \$US 0.80 per litre. Italy a small supplier sells at prices around \$US 0.50 per litre.



In conclusion, Japan like the USA, is a large mature market that is slowly declining both in volume terms and in average prices. It is a market dominated by two major well establish countries (France and Italy) supplying in very large volumes at quite different prices. The USA is supplying a lower cost product and France a far higher cost product.

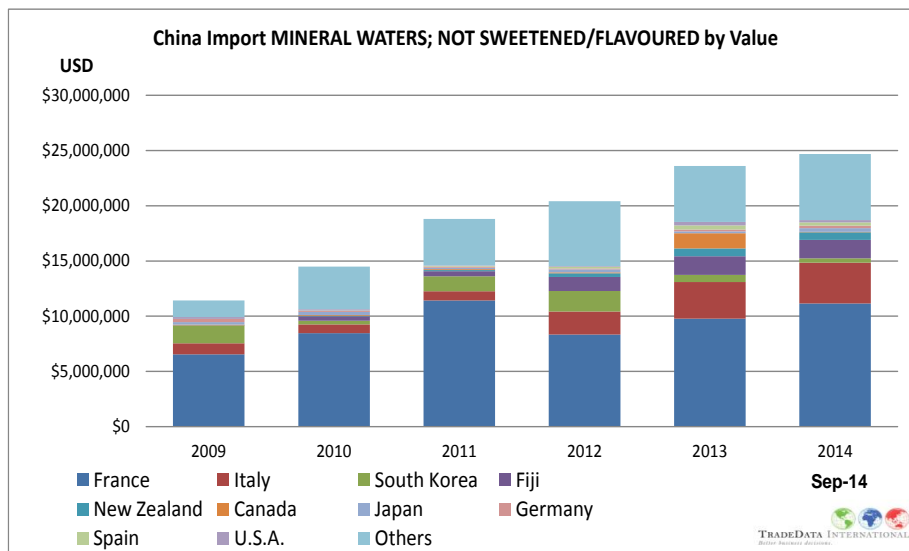
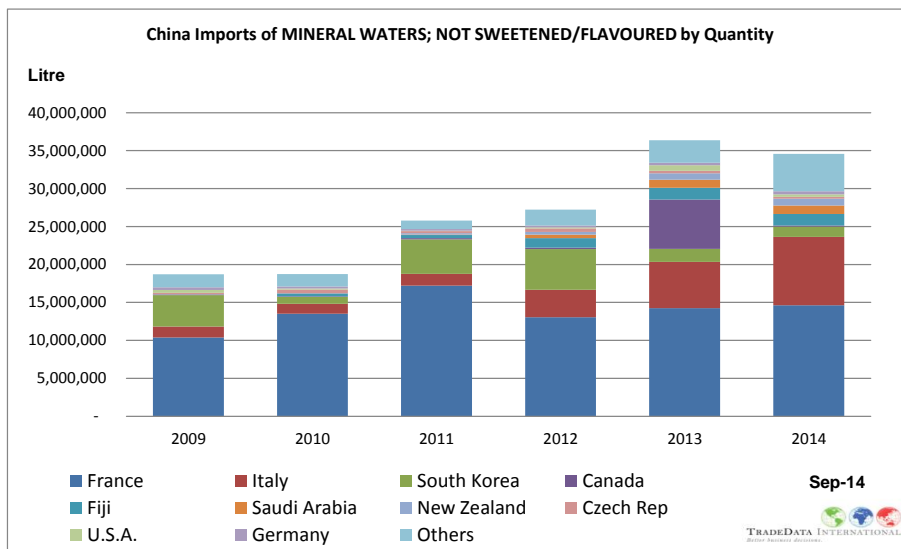
### China Imports

The following chart lists monthly movements in the quantity and average price of mineral water imported into the China. Import volumes are somewhat seasonal with higher import month's mid-year (summer months) and the lower import months late in the year (winter months). In 2013 and 2014 the peak import months have grown strongly. The off-peak winter months of late 2013 and early 2014 also experience strong growth compared to previous years. Average prices are fairly stable around \$US 0.60 per litre.



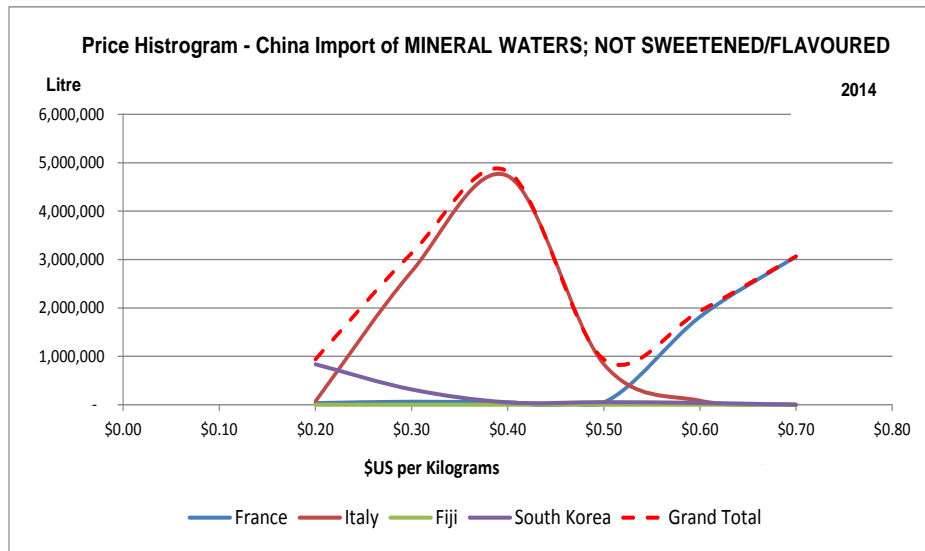
The next 2 charts list the major suppliers to China first in terms of quantity and second in terms of values. These charts show:

- Import volumes are increasing strongly and growth in the last four years has been driven by increases in imports from new or previously small suppliers to China. France has been the major supplier to China but since 2012 there has been strong growth in imports from Italy, South Korea (in 2012) and Canada (in 2013). Both South Korea and Canada are not major suppliers thus far in 2014. Increased imports from Italy have driven growth in 2014.
- Import values were around \$US 23.5 million in 2013 and in the first 9 months of 2014 have surpassed this figure at \$US 24.6 million.

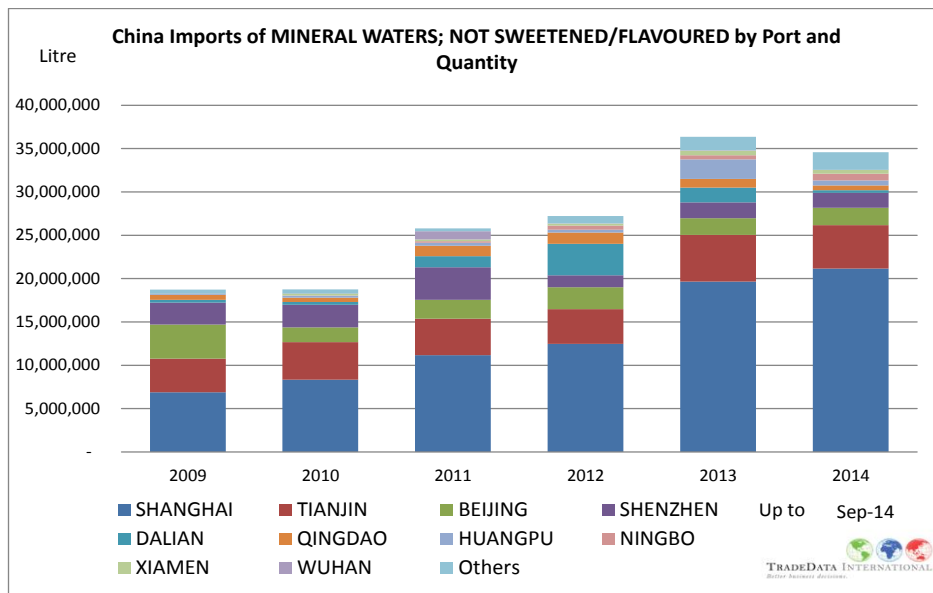


The next chart lists 2014 (up to September) import volumes by price by the major suppliers. There are two distinct import markets. The first is France which supply at prices around \$US 0.70 cents per litre and the second is from Italy at prices around \$US 0.40 per litre. South Korea, a small supplier, sells at prices around \$US 0.20 per litre. Thus Italy has expanded the market substantially by introducing a much lower cost product to French mineral waters in recent years.





The next chart lists where in China the mineral waters arrive. Shanghai is by far the largest discharge location accounting for more than 50 per cent of imports. Tianjin, Beijing and Shenzhen are smaller but important locations.



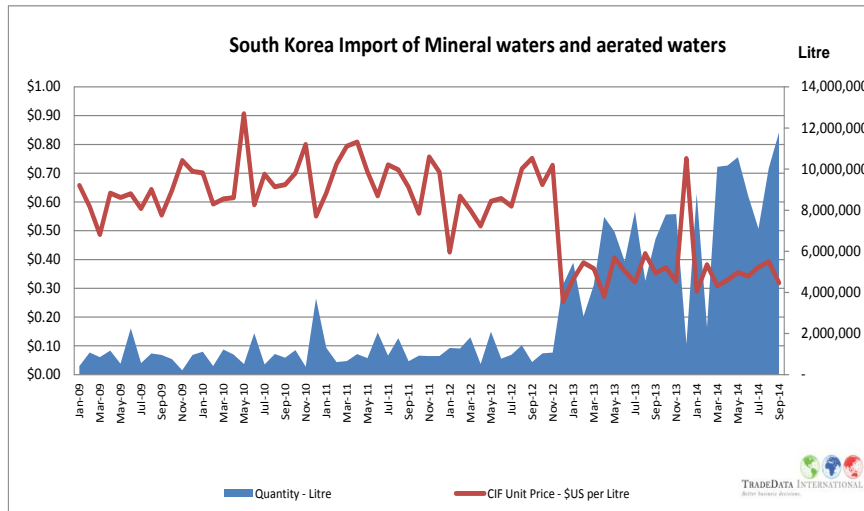
In conclusion, China is a medium sized but fast growing market dominated by supply from France and Italy. France supplies at far higher prices than Italy but recent strong growth in the market is from increasing supply of mineral waters from Italy.

This analysis of China imports of mineral water is based on official Chinese import statistics. If China is a market of greater interest TradeData can order a special run of Chinese imports statistics? This special run will provide information down to individual company name, address and contact details and outlines the volumes and prices paid by each import company for each transaction.

### South Korean Imports

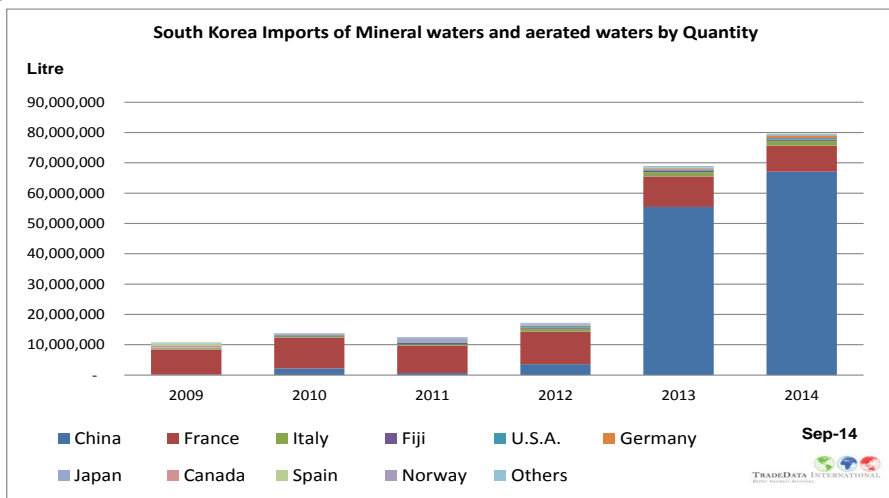
The following chart lists monthly movements in the quantity and average price of mineral water imported into South Korea. Import volumes have increased very strongly from a low base from early 2013. This strong growth is associated with a halving of the average price of imports (landed in South Korea) from \$US 0.70 per litre to around

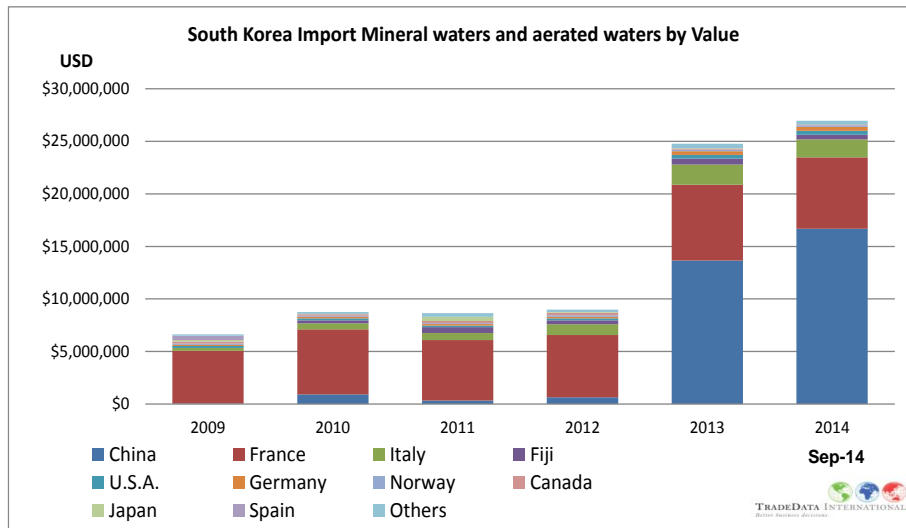
\$US 0.35 per litre. Import volumes have increased from under 1 million litres a month in 2012 to around 10 million litres a month in 2014.



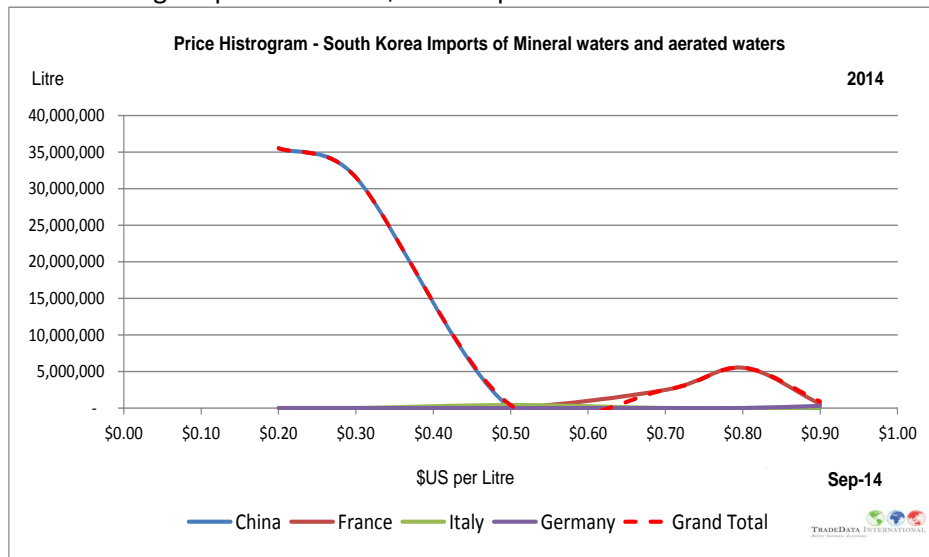
The next 2 charts list the major supplier to South Korea first in terms of quantity and second in terms of values. These charts show:

- The strong growth in South Korean imports over the last two years is due almost entirely to increases in imports from China. Imports from China have increased from 635 thousand litres in 2012 to 13.6 million litres in 2013 and to 16.7 million litres in the first nine months of 2014;
- Imports from France – the next largest supply country in 2013 have remained steady for the last 5 years;
- In the first nine months of 2014 South Korea imported around 80 million litres mineral water with a value of \$US 27 million.





The next chart lists 2014 (up to September) import volumes by price by the major suppliers. There are two distinct import markets. The first and largest is from China at prices between \$US 0.20 and \$US 0.30 per litre. The second segment is from France at far higher prices around \$US 0.80 per litre.

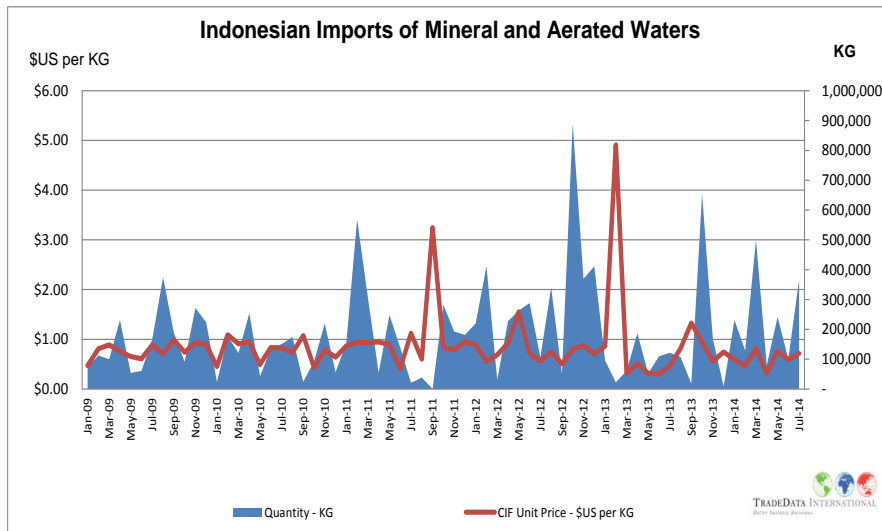


The South Korean import market has changed dramatically over the last two years from a small market mostly supplied by high priced waters from France to a much larger market now mostly supplied by far lower cost product from China.

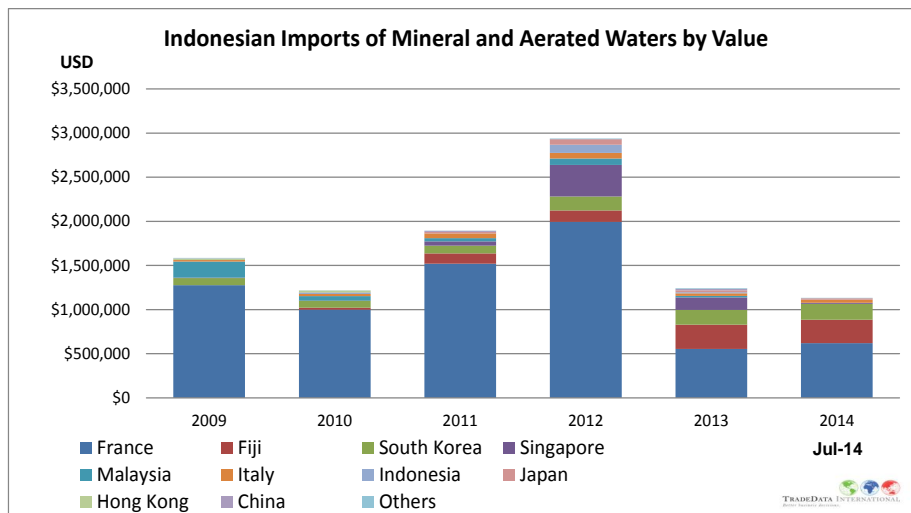
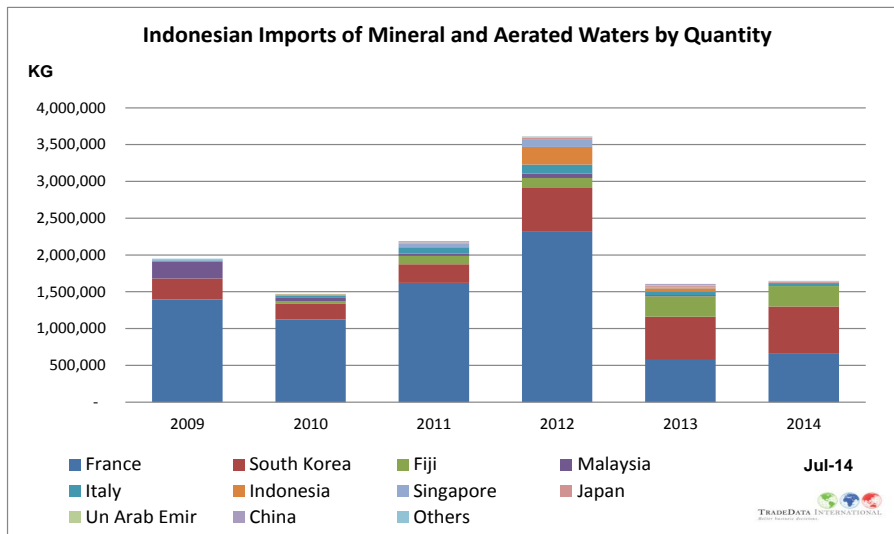
## Indonesian Imports

Please Note: Indonesian authorities measure the volume of imports in terms of Kilograms not in terms of litres like most other countries.

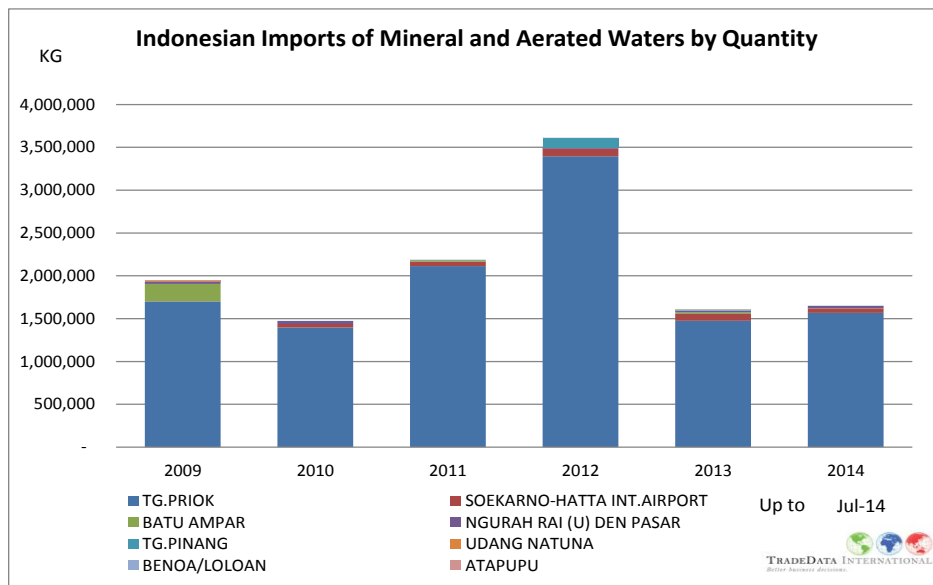
The following chart lists monthly movements in the quantity and average price of mineral water imported into the Indonesia. Import volumes are volatile on a month to month basis but fairly stable on a trend basis. The exception is in most months of 2012 when import volumes were far higher than in previous or subsequent years. Average prices have tended to be lower in 2013 and thus far in 2014.



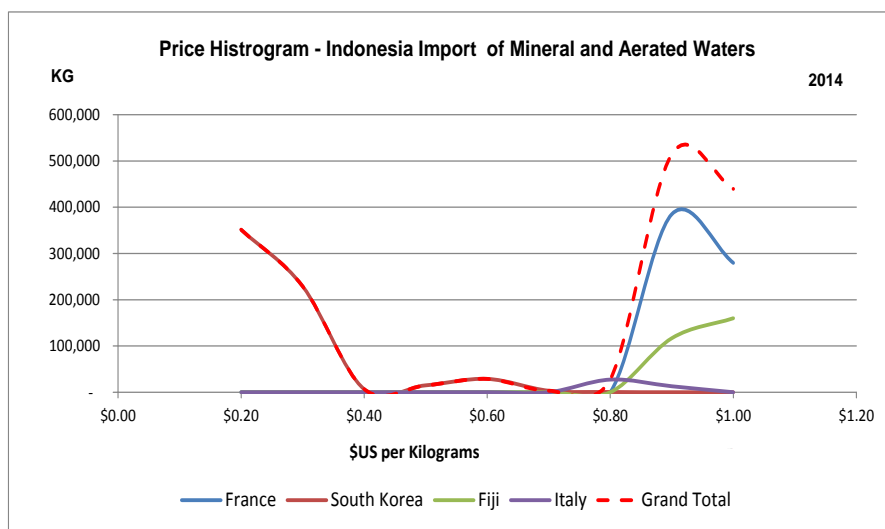
The next 2 charts list the major suppliers to Indonesia first in terms of quantity and second in terms of values. Indonesian import volumes grew strongly in 2011 and in 2012, more than doubling over this period due to strong increases in imports from France and less so from South Korea. However for some reason imports from France declined by 75% in 2013 and recovered only slightly thus far in 2014. Imports from South Korea have also increased in 2014. In the first 7 months of 2014 import amounted to 1646 tonnes with a value of \$US 1.13 million. Assuming current levels continue for the rest of 2014 would result in a market of around 2,800 tonnes and a value around \$US 2 million for 2014.



The next chart lists where in Indonesia the mineral waters arrive. Nearly all mineral water arrives in TG. Priok – this is the main sea port in the capital Jakarta. A small proportion arrives into Soekarno Hatta – which is the main airport in Jakarta. Thus nearly all imports of mineral waters arrive in Jakarta.



The next chart lists 2014 (up to July) import volumes by price by the major suppliers. There are two distinct import markets. The first and lower price is imports from South Korea at prices between \$US 0.20 and \$US 0.30 per KG and the second is from France and Fiji at prices between \$US 0.90 and \$US 1.00 per KG.

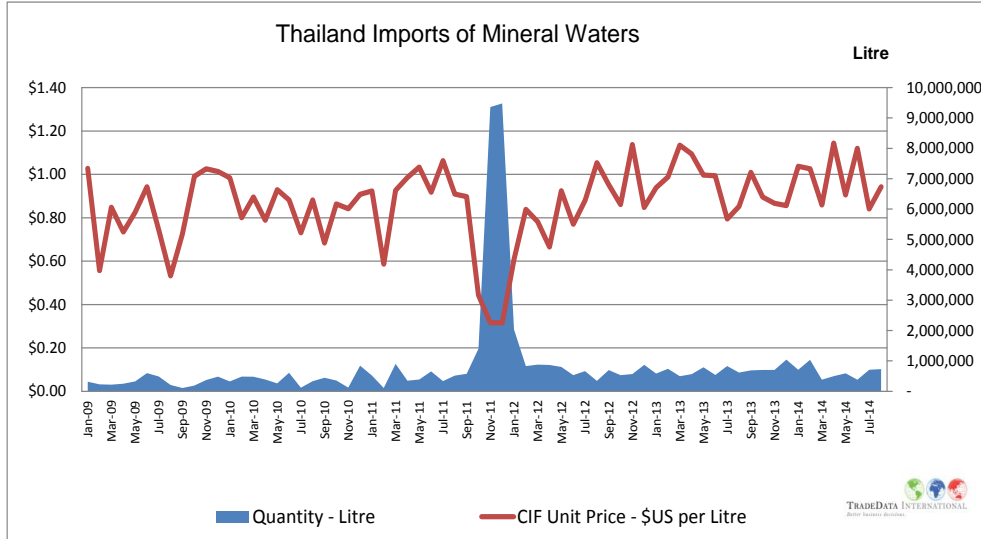


In conclusion, Indonesia is a small market but in 2014 is starting to grow rapidly from a small base in 2013. Growth is driven by imports from France and Fiji at relatively higher prices and from South Korea at relatively low prices.

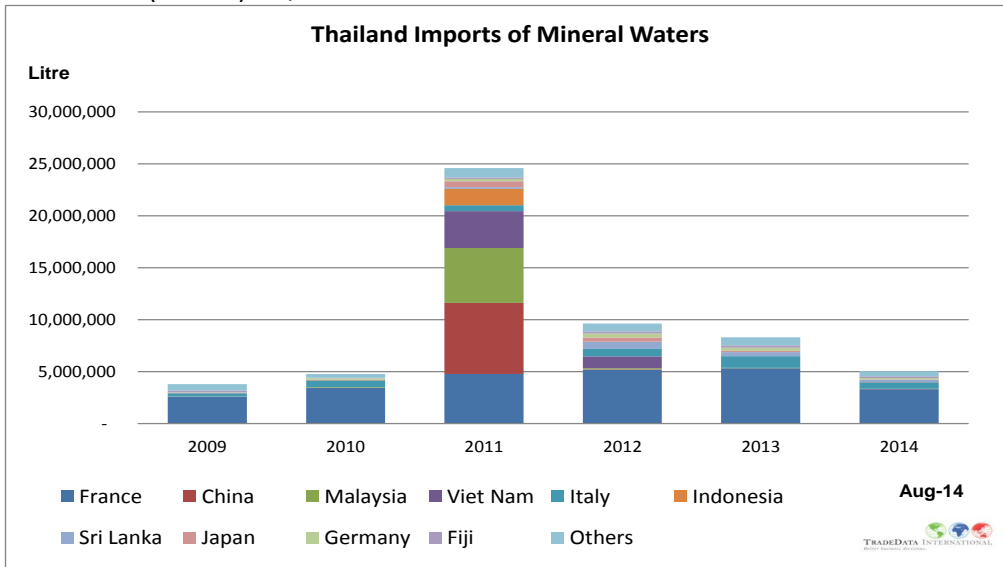
If Indonesia is a potential market of interest TradeData has much experience in working in Indonesia. TradeData has had a representative office in Jakarta, Indonesian since 1998 and has assisted companies find distributors and clients in that market. TradeData’s Indonesian staffs, which are fluent in English and Bahasa Indonesia, have assisted TradeData’s clients in visiting Jakarta to attend meeting with potential clients and assist with contract negotiations. If this is of interest please contact TradeData.

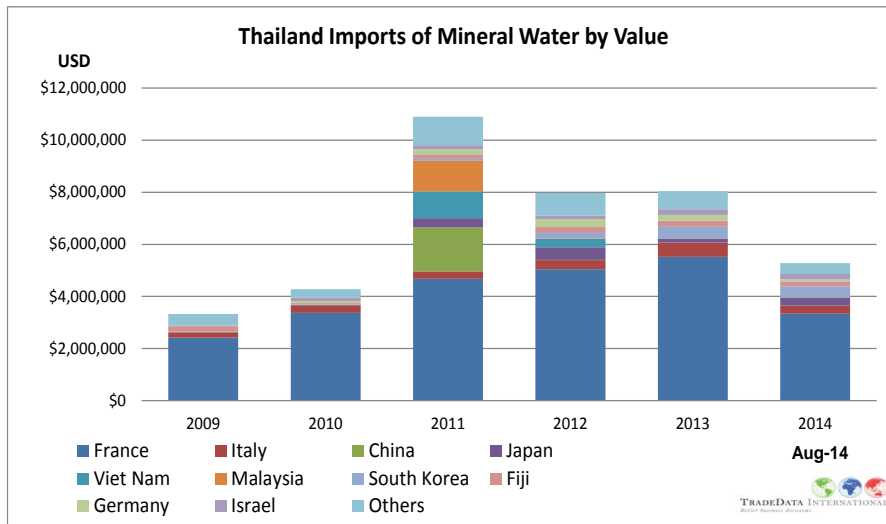
## Thailand Imports

The following chart lists monthly movements in the quantity and average price of mineral water imported into the Thailand. Import volumes over the last two years have been fairly stable and a little lower in the middle of 2014. For several months in late 2011 and early 2012 there was a huge increase in import volumes from around 500 thousand litres a month to over 9 million litres. Since then import volumes have return to their more normal levels of 500 thousand litres per month. This large increase in imports was associated with a substantial decline in the average price of imports at that time.



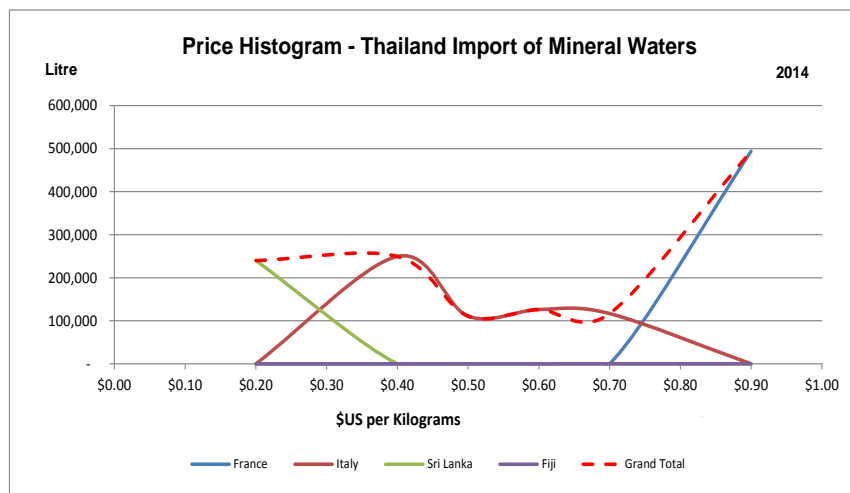
The next 2 charts list the major suppliers to Thailand first in terms of quantity and second in terms of values. The major supplier in 2013 is France and to a lesser Italy. The large jump in imports in 2011 was associated with imports from China, Malaysia, Viet Nam and to a lesser Indonesia and not the traditional supply from France and Italy. Since 2012 there has been no growth in the Thailand import market. In 2013 the market amounted to 8.3 million litres of mineral waters with a value (landed) of \$US 8 million.





The next chart lists 2014 (up to August) import volumes by price by the major suppliers. There are three distinct import markets:

1. Imports from France, the largest supply country, arriving at \$US 0.90 per litre;
2. Imports from Italy arriving at prices between \$US 0.40 and \$US 0.80 per litre; and
3. Imports from Sri Lanka arriving at \$US 0.20 per litre.



In recent years Thailand import volumes have not grown. The market is much segmented with variations in prices from \$US 0.20 and \$US 0.90 per litre.

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