Pineapple Juice in Costa Rica

By

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Costa Rica

• Area: 19,650 sq. miles
  – Less than 1/3 the size of Florida
• Population: 4.75M
  – Compared to 20M in Florida
• GDP: $61.43 billion (2013 est.)
  – About ½ the GDP of Tampa MSA
• Language: Spanish
• Literacy Rate: 96%
• Life expectancy: 77.3 Years
• Exports
  – Principal exports are coffee, bananas and pineapples
• Tourism: 2.42 million visitors in 2013
  – Costa Rica is the most visited country in Central America
History of Pineapple Industry
Prior to the 1960s

• The primary consumption of pineapple was out of a can
• Hawaii was the pineapple capital of the world growing over 80% of the world's pineapple
• Dole cannery in Honolulu harbor was the world's largest cannery
• Smooth Cayenne was the principal variety
• Pineapple industry in Costa Rica was minimal, mostly for the local market
1960s

- The industry became interested in selling fresh pineapples
- The Pineapple Research Institute (PRI) in Hawaii began research to produce a variety that could be grown and accepted for fresh consumption
- Labor and land costs in Hawaii began to rise
- In southern Costa Rica, the first major pineapple plantation was planted with the intention of exporting fresh pineapple
1970s

- As land and labor costs in Hawaii continued to rise, production began to shift to other areas, with lots of land and low labor costs
- 1970 - Del Monte acquired the pineapple operation in southern Costa Rica
- 1974 - Dole established operations in Thailand
- Pineapple production and canning in Thailand began to take off
1980s

• Smooth Cayenne was still the principal variety
• The MD-2 variety, originally tested by the PRI in the 1960s was released to Del Monte for further testing
• Del Monte shipped the first MD-2 plants to Costa Rica.
• Production in Costa Rica continued to grow, but in general farmers struggled
• 1989 - TicoFrut is the first processing plant in Costa Rica to make pineapple juice
1990s

• 1991 - Dole close cannery in Honolulu Harbor
• Thailand and the Philippines emerge as the main global suppliers of processed pineapple
• In Costa Rica Del Monte began to plant MD-2 variety pineapple for export as fresh fruit
• MD-2 is named Golden pineapple by Del Monte
• Costa Rican growers begin to move from Smooth Cayenne to Golden pineapples, for export as fresh fruit
2000s

- Del Monte ceases all pineapple operations in Hawaii
- Hawaii produces less than 2% of the world's pineapples
- Boom in pineapple planting in Costa Rica begins
- Double digit growth in pineapple production in Costa Rica
- Costa Rica builds a reputation for having high quality fresh pineapples as well as pineapple juice
Costa Rican Fresh Pineapple Industry Today

• Acres: 112,500 acres
  – Less than 25,000 acres in 1994
• Production: 2,000,000 tons of fresh fruit
• Fresh Fruit Exports: US$835,000,000 in 2013
Golden pineapple demand continues to grow, although at a reduced pace.

Costa Rica is the largest exporter of fresh pineapples in the world.

Costa Rican pineapple juice made from Golden pineapple is considered the best in the world.
Fresh Pineapple Exports: US$ (yellow) & Tons (green)

<table>
<thead>
<tr>
<th>Year</th>
<th>Valor FOB en miles de UD$</th>
<th>Toneladas</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>121,114,65</td>
<td>323,063,68</td>
</tr>
<tr>
<td>2001</td>
<td>142,203,78</td>
<td>393,188,84</td>
</tr>
<tr>
<td>2002</td>
<td>159,016,54</td>
<td>454,671,69</td>
</tr>
<tr>
<td>2003</td>
<td>207,570,20</td>
<td>556,930,04</td>
</tr>
<tr>
<td>2004</td>
<td>296,254,24</td>
<td>694,488,08</td>
</tr>
<tr>
<td>2005</td>
<td>325,637,85</td>
<td>901,424,97</td>
</tr>
<tr>
<td>2006</td>
<td>429,600,66</td>
<td>1,173,812,68</td>
</tr>
<tr>
<td>2007</td>
<td>484,515,36</td>
<td>1,345,752,34</td>
</tr>
<tr>
<td>2008</td>
<td>572,906,44</td>
<td>1,462,095,70</td>
</tr>
<tr>
<td>2009</td>
<td>572,774,09</td>
<td>1,424,792,55</td>
</tr>
<tr>
<td>2010</td>
<td>662,699,35</td>
<td>1,652,428,11</td>
</tr>
<tr>
<td>2011</td>
<td>716,997,30</td>
<td>1,739,127,37</td>
</tr>
<tr>
<td>2012</td>
<td>779,141,04</td>
<td>1,866,219,78</td>
</tr>
<tr>
<td>2013</td>
<td>834,215,54</td>
<td>1,978,338,62</td>
</tr>
</tbody>
</table>
## Largest Pineapple Exporting Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Production (Metric tons)</th>
<th>Acres</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thailand</td>
<td>2,250,000 (2014 – est. 1.7M tons)</td>
<td>250,000</td>
<td>Worlds largest processor (puree, dried, juice concentrates, canned products and fruit cocktail for export)</td>
</tr>
<tr>
<td>Philippines</td>
<td>2,250,000</td>
<td>150,000</td>
<td>2\textsuperscript{nd} largest processor</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>1,950,000</td>
<td>110,000</td>
<td>Worlds largest exporter of fresh fruit</td>
</tr>
</tbody>
</table>

Global production of pineapple is about 18,000,000 MT
PINEAPPLE PRODUCERS IN COSTA RICA

880 Producers

750 Small

95 Medium

35 Large

Employees

25,200 Direct Employees

100,000 Indirect Employees
Video
tesco.com/realfood
PINEAPPLE JUICE
# Pineapple Juice Production

## Main Exporting Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Concentrate (MT)</th>
<th>NFC (gallons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costa Rica</td>
<td>40,000</td>
<td>25,000,000</td>
</tr>
<tr>
<td>Thailand</td>
<td>150,000</td>
<td>Less than 2,500,000</td>
</tr>
<tr>
<td>Philippines</td>
<td>150,000</td>
<td>Less than 2,500,000</td>
</tr>
</tbody>
</table>
# Pineapple Juice
## Costa Rica vs. Asia

<table>
<thead>
<tr>
<th>Costa Rica</th>
<th>Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variety: Golden Pineapple</td>
<td>Variety: Smooth Cayenne</td>
</tr>
<tr>
<td>Fresh Fruit</td>
<td>Industry based on canning</td>
</tr>
<tr>
<td>Year round production</td>
<td>Two main harvests per year</td>
</tr>
</tbody>
</table>
Pineapple Juice
Golden Pineapple vs. Smooth Cayenne

• Golden Pineapple is high ratio.
  – Golden Pineapple ratio: 23 – 28
  – Smooth Cayenne ratio: 15 – 20

• Juice Color
  – Golden Pineapple: Bright Yellow
  – Smooth Cayenne: Pale Yellow
How Costa Rica’s Fresh Fruit Focus Leads to High Quality Juice

• Costa Rican pineapple juice is made from packinghouse rejects (whole fruit)
• Producing juice from whole Golden Pineapples allows for the production of a high quality NFC juice
• The canning process in Asia results in the production of core and peel scraps that can be used to produce juice, leading to a lower quality juice
Advantages of Year Round Juice Production

- Year round utilization of the processing plant
- Low inventory carrying cost
- Fresh juice
Costa Rican Pineapple Juice Products

- Concentrate (frozen or aseptic)
- NFC (frozen or aseptic)
- Pineapple Puree
- Pineapple Aroma
Pineapple Juice Concentrate

- Thailand and the Philippines are the world's largest producers.
- Variable production in Thailand and the Philippines can lead to big swings in prices.
- Costa Rican concentrate is recognized as the best quality, and customers are willing to pay a premium.
- Most from concentrate beverages are blends of multiple varieties from multiple origins.
- Costa Rican concentrate is generally used in blends to improve the quality of the lower cost juice from other origins.
Pineapple Juice Concentrate

THAI PJC PRICE, 60 BRIX, USD/TONNE FOB

[Graph showing price trends from April 2005 to September 2015]
NFC Pineapple Juice

• NFC pineapple juice market has grown significantly over the last 10 years as a result of Costa Rican juice
• Costa Rican NFC Pineapple juice is clearly recognized as the best NFC Pineapple Juice in world
• 25M gallons exported in 2013
• The EU is the main market
  – Total annual demand over 22M gallons
  – Total EU imports thru April 2014 - 7.75M gallons,
    • 7.00M gallons from Costa Rica and 500K gallons from Thailand
• The U.S. market is growing fast
  – 4.25M gallons in 2013 vs. 2.20M gallons in 2012
Competitive Environment
Pineapple juice production in Costa Rica.

1. TicoFrut . . . . . . . . 1989
Pineapple juice processors in Costa Rica.

1. TicoFrut . . . . . . . . 1989
2. Tropical Paradise . . . . . . . 1990
Pineapple juice production in Costa Rica.

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2. Tropical Paradise . . . . . . 1990
3. Del Oro . . . . . . . . . . 1999
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7. Frutilight . . . . . . . . 2014
Total Processing Capacity

Estimated processing capacity: 650,000 MT of fruit
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Estimated Fruit availability: 400,000 MT of fruit
Total Processing Capacity

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Estimated Fruit availability: 400,000 MT of fruit
(approximately 84,000 MT produced by Del Monte)
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4. Florida Products  . . . . . 2003
5. Fructa  . . . . . . . 2004
6. Mundimar (Chiquita)  . . . 2007
7. Frutilight  . . . . . . . 2014
8. Del Monte  . . . . . . . . 2015
Total Processing Capacity
Excluding Del Monte Plant

Estimated processing capacity: 650,000 MT of fruit

Estimated Fruit availability: 400,000 MT of fruit
316,000
Costa Rican Pineapple Juice
2015

NFC PINEAPPLE JUICE
Moderate price increase compared to 2014 due to increasing demand for juice and competition for fruit

PINEAPPLE JUICE CONCENTRATE
Significant price increase compared to 2014 due to low production in Thailand
THANK YOU