

# Private Sector *Trade Note*

## CARICOM's Mineral and Aerated Waters Trade



### ► GLOBAL TRADE OVERVIEW

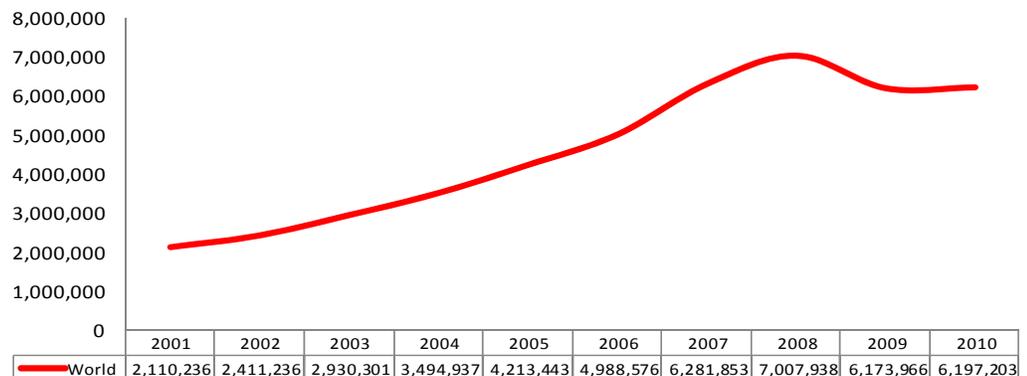
International trade in mineral and aerated waters is another dynamic business opportunity. In 2010, US\$6.2bn was spent on importing mineral and aerated waters. Import spending was very dynamic growing by 12.8% per year between 2001 and 2010 (see figure 1). Between 2001 and 2010, the growth performance in the mineral and aerated waters industry outpaced the yearly growth in import expenditure of 10.3% observed for all sectors.

In 2010, the largest import markets for mineral and aerated waters were The United States of America (USA) US\$1.2bn; Belgium US\$548mn; Germany US\$436mn; France US\$431mn; The United Kingdom (UK) US\$277mn; The Netherlands US\$275mn; Canada US\$269mn; and Ireland US\$249mn.

Between 2006 and 2010, the markets that have shown the most dynamic

growth in import expenditure of mineral/aerated waters included Guatemala (82% average annual growth); Saudi Arabia (74%); Nicaragua (65%); Honduras (55%); Israel (43%); Antigua & Barbuda (40%); Bahrain (42%); Austria (33%); and Canada (24%). In 2010, the markets that paid the highest prices for importing mineral/aerated waters included Nigeria; Belgium; Kuwait; Saudi Arabia; St. Vincent & The Grenadines; South Africa; The United Arab Emirates; Turkey; Australia; Albania; Antigua & Barbuda; The USA; and New Zealand.

**Figure 1: Global import spending on Mineral and aerated waters (US\$'000)**



Source: International Trade Centre [www.trademap.com](http://www.trademap.com) retrieved January 17, 2012.

## ► CARICOM TRADE OVERVIEW

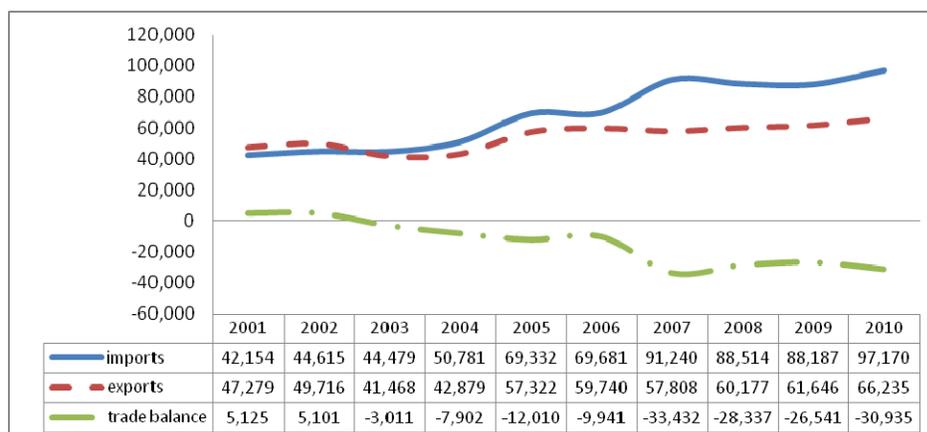
CARICOM exporters have been facing significant difficulties in exploiting the opportunities in the dynamic global market for mineral waters/aerated waters. In 2010, CARICOM based exporters generated US\$66mn from sales of mineral/aerated waters (see figure 2). CARICOM was not a major source of exports for this product as in 2010 regional sales represented only around 1.1% of global sales of this product.

CARICOM's international competitiveness has significantly deteriorated. In 2001, the region had a US\$5.1 mn trade surplus. By 2010, the region spent almost US\$31mn more in imports of mineral waters/aerated waters than was earned from export sales of this product. Whilst export sales of mineral waters/aerated beverages expanded by an average of 3.8% annually between 2001 and 2010, import spending on this product grew by almost 10% per year (see figure 2).

CARICOM's export sale of mineral/aerated waters was dominated by Trinidad & Tobago. In 2010, Trinidad & Tobago generated over four-fifths of CARICOM's total export sales of this product. Other CARICOM Member States with some significant export sales of mineral waters/aerated beverages were Jamaica, Barbados and St. Lucia (see table 1).

CARICOM Member States exported mineral waters with varying levels of price efficiency. At one extreme, exporters from Jamaica, Barbados, and St. Lucia were relatively cheaper exporters of this product. However exporters from Dominica, Suriname and St. Kitts & Nevis exported this product at relatively high unit costs. Interestingly however exporters from St. Kitts and Nevis were still able to demonstrate significant sales growth and were the most dynamic exporters of mineral waters/aerated waters between 2006 and 2010 (see table 1). These exporters were also able to intensify their export growth between 2009 and 2010. This shows that exporters from St. Kitts and

Figure 2: CARICOM Trade Overview for Mineral/aerated waters (US\$'000)



Source: International Trade Centre [www.trademap.com](http://www.trademap.com) retrieved January 17, 2012.

Nevis may be successfully branding their mineral waters/aerated beverages, or may be producing higher value products, able to command higher prices and still grow export share.

In 2010, Jamaica was the largest CARICOM market for imported mineral waters/aerated waters accounting for under a third of this products regional import expenditure (see table 2). Dominica was the regional market that paid the highest price for importing mineral waters/aerated waters paying more than double the regional average import price in 2010. At the other extreme, Haiti was the regional market that paid the lowest price for importing mineral waters/aerated waters (see table 2). There is a negative correlation between the dynamism of import spending, and the import price. The "cheapest" CARICOM import markets for mineral waters/aerated waters such as Haiti, Belize and Trinidad & Tobago were largely the

Table 1: CARICOM's export of mineral waters/aerated waters.

Exporters	2010 Export sales(US\$'000)	Unit value (USD/unit)	Export sales growth 06-10 (%)	Export volume growth 06-10 (%)	Export sales growth 09-10 (%)
CARICOM	66,235				
Trinidad and Tobago	54,495	779	6	4	0
Jamaica	4,801	654	3	2	-3
Barbados	3,013	1,002	11	12	-10
Saint Lucia	2,296	902	23	4	9
Saint Vincent and the Grenadines	521	672	40	58	-54
Guyana	408	627	11	9	-71
Saint Kitts and Nevis	390	1,219	33	37	59
Antigua and Barbuda	253	719	-14	-3	-55
Bahamas	35	427	147	255	400
Suriname	20	1,538			
Dominica	2	2,000	-49	-55	-33
Haiti	1	1,000	-80		

Source: International Trade Centre [www.trademap.com](http://www.trademap.com) retrieved January 17, 2012.

markets that exhibited the greatest growth in import spending between 2006 and 2010. There seems to be no clear relationship between import sales and tariffs. Belize had the second highest tariff applied on this product but this tariff was ineffective at stemming a 41% growth in import spending between 2006 and 2010. Similarly, Dominica's high tariffs could not curtail the 13% average growth in import spending between 2006 and 2010 (see table 2). Tariffs seem to work in conjunction with factors including the import price and other industry growth factors.

Jamaica was also the top importing global market for CARICOM's exports of mineral waters/aerated waters. In 2010 Jamaica's import spending on this product represented 40% of CARICOM's export sales to the entire world. In 2010, other top global markets that imported CARICOM's exports of mineral waters/aerated waters included Barbados (US\$9.4mn); The USA (US\$9.1mn); Guyana (US\$8.9mn), Suriname (US\$3.7mn), St. Vincent & The Grenadines (US\$2.4mn), Dominica (US\$1.5mn), France (US\$1.3mn) and The United Kingdom (US\$1mn).

CARICOM exporters can investigate high priced markets such as those mentioned in section 1 above. Of these premium priced markets, 20% tariffs are applied to aerated waters/mineral waters exports to Nigeria and 14% tariffs in Mauritius. Hyper growth in import spending on mineral waters was observed in Nigeria between 2009 and 2010 where imports jumped by 4,124% in a single year from US\$45,000 in 2009 to US\$1.9mn in 2010.

### 3.2 Tariff Preference Strategy

CARICOM exporters enjoy a tariff preference (i.e. a price advantage proffered because CARICOM exports are not dutiable whilst competitors exports of aerated waters/mineral waters are subject to duties) in most key external markets. Importers of aerated waters in the USA would not have to pay duties on imports from CARICOM countries (assuming they meet the eligible criteria

called rules of origin). However imports from other markets that have no free trade arrangements, or special import arrangements would be subject to an average tariff of 0.1%. Similarly, imports of mineral waters/aerated waters into the European Union, are duty free from CARICOM, whilst imports from other markets that have no free trade arrangements, or special import arrangements would be subject to an

annually, whereas Intra-CARICOM imports grew by 6.9% annually. This seems to reinforce the general price uncompetitiveness of regional exports.

### 3.3 Dynamic Market Strategy

Dynamic markets earlier identified can be another export target. Between 2001 and 2010, the most dynamic markets for

**Table 2: CARICOM's imports of mineral waters/aerated waters.**

Importers	2010 import spending (US\$'000)	Unit value (USD/unit)	Import spending growth 06-10 (%)	Import volume growth 06-10 (%)	Import spending growth 09-10 (%)	Average tariff (estimated) (%)
CARICOM	97,170	799				
Jamaica	32,408	964	3	-1	7	18.7
Trinidad and Tobago	15,681	607	29	29	2	19
Guyana	11,738	803	17	13	5	19
Barbados	11,398	692	1	2	3	105.8
Suriname	7,150	554		10		19
Antigua and Barbuda	4,930	1,554	40		50	19.3
Bahamas	3,617	871	1	-6	-6	50
Saint Vincent and the Grenadines	3,297	1,884	5	-10	28	19.1
Dominica	1,780	1,890	13	-11	-4	78.7
Belize	1,551	562	41	52	-2	96.8
Saint Lucia	1,440	869	-3	-1	-8	19.1
Haiti	1,042	405	17	3	13	20
Grenada	594	1,086	7	-3	-19	19.1
Saint Kitts and Nevis	473	837	0	-3	-9	24.1
Montserrat	71	772	47	51	51	...

Source: International Trade Centre [www.trademap.com](http://www.trademap.com) retrieved January 17, 2012.

average tariff of 2.1%.

Imports of mineral waters/aerated waters into Canada, are duty free from CARICOM, whilst imports from other markets that have no free trade arrangements, or special import arrangements would be subject to an average tariff of 5%. Additionally, the CARICOM market could be another strategic priority as the Common External Tariff (CET) applied on this product is generally high, providing a "competitive blanket" for regional exporters. However, non-CARICOM imports of mineral/aerated waters have been penetrating CARICOM's market. Between 2001 and 2010, non-CARICOM imports of aerated beverages grew by 14%

importing CARICOM's exports of aerated waters/mineral waters included Colombia (74% average growth per year); Panama (44% average growth); The UK (18%); St. Vincent & the Grenadines (19%); and Dominica (18%). These markets should remain markets of strategic export focus for the industry. However, the industry retreated from exporting mineral waters to some markets including Montserrat; Trinidad & Tobago; Grenada; St. Kitts & Nevis and St. Lucia. Most of these markets are duty free for CARICOM exporters.

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