

THE FINANCIAL EXPRESS

India set to be hub for Pepsi's juice sourcing

■ Punjab farm project on course; but hurdles remain

JUICY FRUIT

▶ **AIM:** Pepsi's Punjab project to make India the hub for citrus juices for Tropicana range of juices for Asia-Pacific business

▶ **PRESENT SOURCES:** Most juice makers in Asia-Pacific import orange juice concentrate from Brazil (80% market share), Florida (US)

236,200 MT
Orange juice imports by China, India, Japan, South Korea, Australia together in 2005

2.4 million MT
World consumption

▶ **IMMEDIATE TASK:** Substitute FCOJ with domestic orange juice

▶ **FUTURE PLAN:** Export it

▶ **THREAT:** China's entry into market

We expect to start using some domestic varieties for juices either for blending or under a new brand, which will hit the market by next Sept

Abhiram Seth,
Exports director, Pepsi India



concentrate or FCOJ) in 2005, less than a tenth of world consumption of 2.4 million mt.

"Under the contract Pepsi is providing saplings of 32 more refined citrus fruits, suited for both processing and table use to the farmers. We expect to start using some domestic varieties for its juices either for blending or under a new brand, which will hit the market by next September", said Abhiram Seth, exports director at Pepsi India.

Pepsi has the support of the Punjab government in its ambitious plan, which has stated that it wishes to make India a hub for citrus fruit exports to Asia. "The first step and the focus right now is on substituting FCOJ with domestic orange juice in our brand, and if all goes well why not export it", said a company official.

However, the going may not be that easy for Pepsi and India in particular since China is also entering this market as well. With Chinese consumption of FCOJ stagnating due to the increasing prices, the local governments if Guangxi, Hunan and Jiangxi are encouraging cultivation of oranges more suitable for processing. According to USDA, China produced 2,000 mt of FCOJ in 2005 of which it exported 1,500 mt.

Anandita Singh Mankotia
New Delhi, July 13

Pepsi's proposed 35,000-acre citrus contract farming project in Punjab is aimed at making India the hub for citrus juices for Pepsi's Tropicana range of juices for the entire Asia-Pacific business over a period of time, according to sources.

The Punjab project would also see Pepsi use home grown fruit for Tropi-

cana range of juices for the first time in the domestic market.

At present, most juice makers in the Asia-Pacific region typically import orange juice concentrate from Brazil, which has an 80% market share, followed by Florida, US. According to the United States department of agriculture (USDA) data, China, India, Japan, South Korea and Australia together imported around 236,200 mt of orange juice (mainly frozen orange juice con-