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The prices in Europe of pomegranates and arils

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Abstract. World pomegranates demand increased through the beginning of the 21st century, probably mainly due to the publication of research findings on the fruit's contribution to human health. A lack of dependable national statistics prevents us from estimating world trade. A paired time-series of price data by exporting and importing country in Europe is available, offering useful information to producers, traders and investors. The information allows an analysis of: (i) seasonality of fruit and aril prices by country of origin and European market; (ii) sensitivity of the trade to economic crises such as experienced in 2008; and (iii) estimation of supplier prices and comparison by hemispheres. The results are invaluable for producers and traders, as well as regional and national plannners.

Keywords. Pomegranate – Arils – Wholesale prices – Price distribution – Price differenciation – Europe – Export – Import.

I – Introduction

The recent global trend of increased demand for pomegranates, whether as fresh fruit or as derived products, is growing at an impressive pace. It is considered to be the outcome of the many favorable effects on human health these products were found to possess.

The global published information on the trade of pomegranates and their derivatives offers only a partial picture. This is due to the garden character of production: small scale production in the largest producing countries (India, China and Iran). The fact that less than 10 percent of total production is internationally traded exposes the industry to potentially serious fluctuations: it is easy to trigger significant change in quantities entering the market by diverting even a small portion of production from domestic consumption in the large production areas to the international marketplace.

This report is based on the analysis of data available from readily accessible sources, including weekly data of the International Trade Center (ITC) on wholesale prices of pomegranates in a large number of urban markets in Europe, and on information about packaged pomegranate arils sold in supermarkets of the United Kingdom. In processing the data we calculated average monthly prices collected from 1,587 observations between individual buyer and seller countries in Europe.

If we have any confessed economists among our readers, they probably want to be apprised of the following information:

(i) The study covers the period from the beginning of 2002 through July, 2011, with the exception of the data for August to December in 2003.

(ii) Unfortunately, we have no quantity data to accompany the price observations, either from countries of supply or from countries of demand.

(iii) Nor do we have information on prices relative to fruit size – a dimension that expresses consumer preferences in various countries or – at least – consumption patterns.

(iv) The prices used are nominal, i.e. in current Euros for each of the ten years of observations.

II – General time related pomegranate price trends

Figure 1 demonstrates the general price trend of pomegranates in Europe. Considering the missing observations in 2002 and 2011, which cause an upward bias in the average annual price, pomegranate prices seem to have maintained a very steady level over time, fluctuating between €2.50 and €3.50 per kilogram.

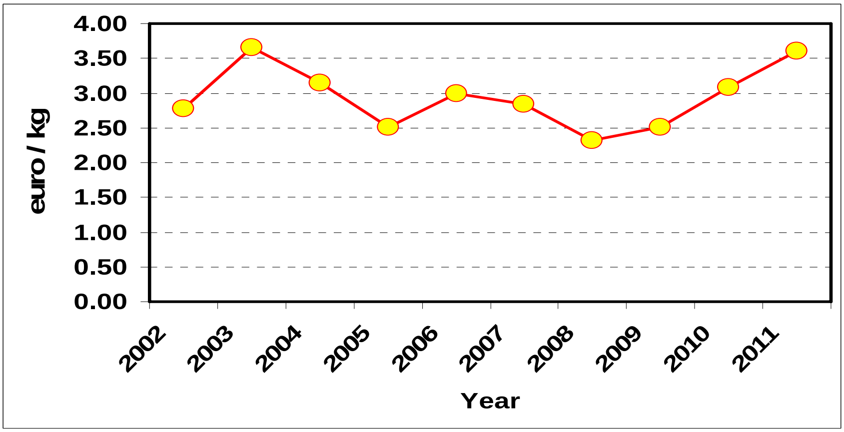

Fig. 1. Pomegranates price trend: average annual wholesale price, 2002 – 2011 (in 2003 and 2011, only January-July).

1. Monthly price distribution

There are significant monthly differences in pomegranate prices during the main harvest season of the northern hemisphere, i.e. between September and the following January (including two or three months of supply from cold storage), and the main supply season of the southern hemisphere – from March through June.

Figure 2 accentuates the difference between the average price of €2.33/kg in the "regular" i.e. traditional season and €3.66/kg during the off-season. The difference of €1.43/kg is apparently due to the small quantities of pomegranates arriving in Europe from the southern hemisphere. This occurs in spite of the large variety of competing fruits available on the market.

Identification of supplies according to the ripening seasons in the two hemispheres allows the sellers to work out a strategy. Thus, for example, arranging to begin supplying fruit in the northern hemisphere a month earlier – say in August (or perhaps even in July), by developing earlier ripening varieties, should reward the sellers with premium prices. Similarly, the suppliers of the southern hemisphere are also challenged to extend their marketing season into July and August, for example, by extending the cold storage period.

2. Regional price differentiation in Europe

The European demand for pomegranates is not homogeneous. This is clear from an analysis of prices paid for the fruit in the different countries. Europe was divided into sub-regions for the purpose of making a differential price analysis: Western Europe, including France, Belgium and the Netherlands, Central Europe, with Germany, Switzerland and Austria, the north – Denmark, Finland, Sweden, the South – Spain and Italy, and the UK, which was analyzed separately.

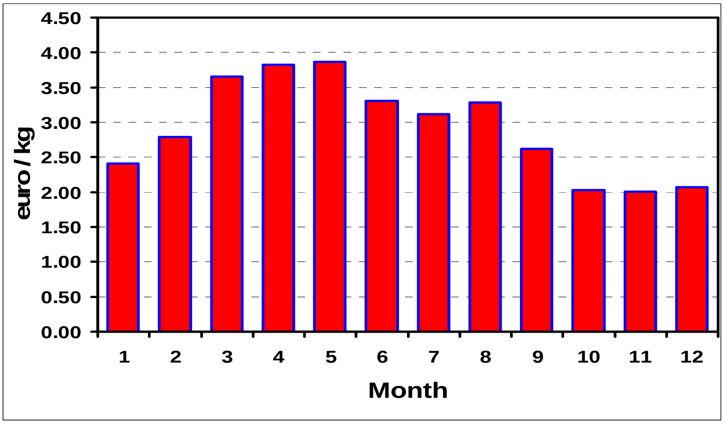

Fig. 2. Pomegranates monthly distribution of wholesale prices.

Although Europe of the third millennium is a continent without borders, different prices are set from country to country, and with respect to this, it is notable that as far as Spain is concerned, it is not at all clear whether what determines the imports might be the need for raw material for industrial processing. In this case, the quality of the imported fruit is not the highest.

An interesting picture develops from examination of Fig. 3 the price differences among the countries of the continent are not great but having said that two interesting points stand out:

(i) In the countries of the north – Scandinavia – the prices are significantly high and attract suppliers to ship large quantities in that direction;

(ii) In contrast, in Britain during most months of the year the prices set are considerably lower than those found in the European continent. This may be due to the British being traditional buyers of Indian pomegranates, where the fruit is characteristically not large and of Indian varieties.

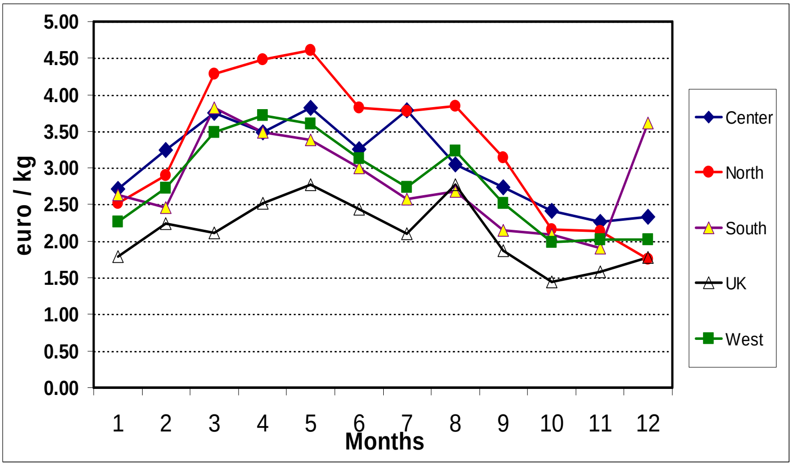

Fig. 3. Pomegranates regional monthly wholesale price distribution.

3. Prices to exporters

Figure 4 illustrates price behavior according to the country of origin. Southern hemisphere suppliers enjoy premiums over northern producers, with the exception of India which ships its unique evergreen varieties over 8 months of the year, thus benefiting from off-season price premiums.

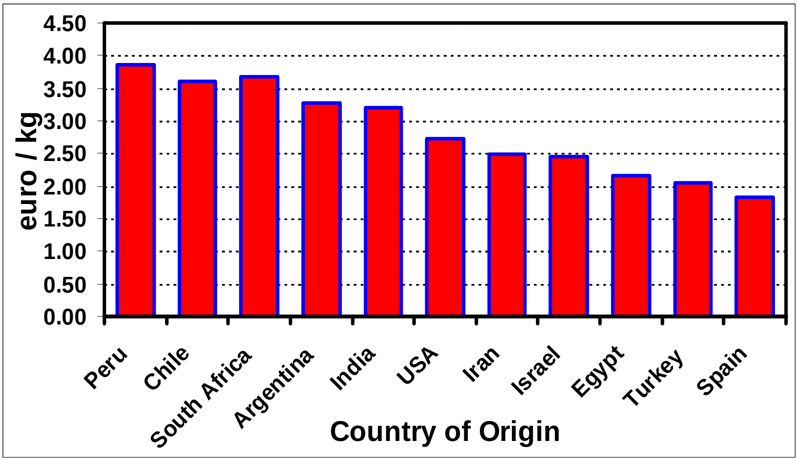

Fig. 4. Pomegranates: prices received by supplier countries.

4. The 2008 financial crisis and its effect on pomegranate prices

In the light of the financial crisis of 2008, a question may arise as to the sensitivity of pomegranate prices to difficult conditions in the economy. To obtain an insight into this issue, a comparison was made of prices before (i.e. August 2002 through July 2008) and after the crisis (Fig. 5).

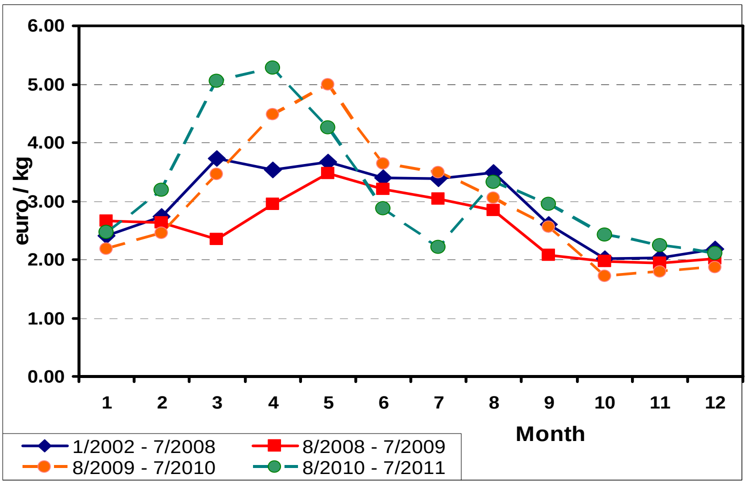

Fig. 5. Pomegranates: monthly distribution of prices before and after 2008.

A significant decline was noted, although "only" of 16 percent and then only for a single season. We say "only" because during the same period, the prices of other fruits dropped between 25 and 30 percent. In the following season (August 2009 – July 2010) prices recovered almost totally (-4.6%). In the year after, they again rose above the levels of the previous years by 9-10 percent.

5. Retail price levels for arils in British supermarkets

Pomegranate arils, chilled or frozen, are a relatively new product in the pomegranate industry. Packaged and ready-to-eat, it is a typical convenience product and its prices are accordingly high.

Figure 6 indicates that the retail prices of this relatively new product – calculated on the basis of Euros per net kilogram – run between €14 - 16 per kg. Considering that at least three kg of quality fruit are needed to produce one kg of arils, if the cost of the raw material does not exceed €1/kg, the picture obtained is optimistic. Feasibility studies in a number of countries indicate that it is clearly profitable to invest in the plant and equipment required for a fully operational production setup.

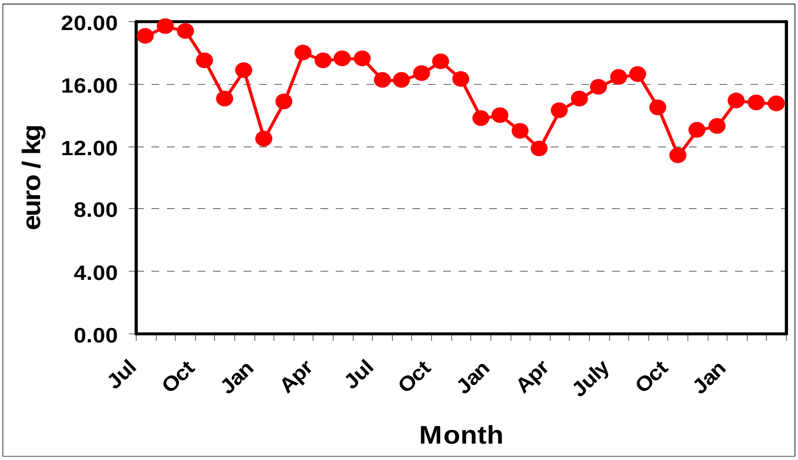

Fig. 6. United Kingdom: prices of pomegranate arils.

III – Conclusions

The foregoing comments sum up an almost complete decade of observing the pomegranate industry and the factors affecting it. We now have a detailed picture of price behavior in Europe over ten years. It is possible to conclude from the information gathered that the economic climate is very favorable to pomegranate producers and shippers. Furthermore, presently available information allows producers to plan marketing strategies and commercial initiatives of varying character. It also supplies those in charge of project management or purveyors of other support services, current information in real time, enabling them to advise and assist in the timely formulation of rational business decisions.