



26/06/09

Information Sheet – The business of exporting papaya



Exporting papaya requires:

- Money
- Expertise
- Transportation
- Infrastructure
- Negotiation skills
- Contacts

There is also significant risk:

- Shipment will be destroyed by fumigation
- Papaya will be ruined by delay in transportation
- Buyer will not pay on time

The model below summarizes the costs and returns from exporting 1 tonne of papaya to New Zealand. The budget is meant to act as a template to show all the costs that are involved in exporting papaya. Figures used were provided by exporters and service providers.

The costs and return from exporting 1 tonne of papaya to New Zealand (Jan 5th 2009)				
		\$/kg	\$/carton	Total shipment(\$)
Cost of fruit				
1	Papaya purchased (1.2 tonnes @ \$0.90/kg)	0.9	4.50	1,080
Transportation				
2	Farm to exporters shed	0.06	0.30	72
3	Exporters shed to NWC	0.01	0.73	13
Materials				
4	cartons	0.3	1.50	300
5	sponges and tape	0.017	0.26	17
6	sticker	0.05	0.24	48
7	Quarantine treatment @ NWC \$0.39/kg (VIP)	0.39	1.95	390
Labor Costs				
8	Lead Supervisor (8 hours @ \$4/hour)	0.032	0.16	32
	Pack house supervisor (5 hours @ \$3/hour)	0.02	0.08	15
	Washing (2 hours @\$2.50/hour)	0.01	0.06	13
	Grading and packing (3 hours \$2.50/hour)	0.01	0.04	8
Overheads				
9	Telecommunications (\$150/month spread over 10 tonnes of	0.02	0.08	15
10	Electricity (\$210 spread over 10 tonnes)	0.02	0.11	21
11	Rental of pack house (\$150/month spread over 10 tonnes)	0.02	0.08	15
12	Miscellaneous (\$300/month spread of ten tonnes)	0.03	0.15	30
Total FOB costs (to point of export)		1.88	10.22	2067.50
Exporters Gross Margin (15% Fob cost)		0.28	1.53	310.13
Fob price		2.16	11.75	2377.63
13	Freight to New Zealand (for LD3 1,300kgs)	1.60	8.00	1,600
14	New Zealand fees (documentation and inspection)	0.2	1	200
New Zealand landed price		3.96	20.75	4,178
New Zealand wholesale price (20% of landed price)		4.75	23.74	4,748

1. It is assumed that the exporter buys papaya from farmers in the Sigatoka valley for 0.90cents/kg. The exporter buys 1.2 tonnes in order to export just one tonne.
2. For transportation costs from the farm to the exporters shed the exporter incurs a cost of 0.06cents/kg, this is assuming the cost of transportation from the farm to exporters shed is \$150.
3. From the exporters shed to NWC transportation costs are calculated \$0.01/kg based on a total trip cost of \$15.
4. Based on carton cost of \$1.50 each (no print) from Golden Manufacturers, Suva.
5. Based on rough estimates provided by exporters.
6. Estimate
7. Quarantine treatment at NWC for exporters who pay on time is \$0.39/kg. On the other hand exporters who do not pay on time are being charged \$0.45/kg.
8. Labour estimates based on exporter interviews
9. Phone, fax, internet
10. coolers, office equipment etc.
11. based on exporter interviews
12. Office stationary, VAT, Income Tax, bookkeeping fees
13. Based on figures provided by Corporate Freight Services – April 2009
14. Based on exporter interviews.