## CBI MARKET SURVEY

# The spices and herbs market in Belgium

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**Introduction**
This CBI market survey gives information on some main developments in the spices and herbs market in Belgium. The information is complementary to the information provided in the CBI market survey 'The spices and herbs market in the EU', which covers the EU in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from http://www.cbi.eu/marketinfo.

## 1 Market description: consumption and production

**Consumption**
To give an idea of the demand for different product groups, apparent consumption (production + imports - exports) is calculated. Please apply these data with care, as they can only be used as an indication of the market. Also see chapter 1 of the CBI market survey covering the EU market.

Belgium is a medium-sized consumer of spices and herbs within the EU, accounting for 3.1% of total EU consumption. In 2008, consumption amounted to over 10 thousand tonnes. The Belgian consumption of spices and herbs has been fluctuating somewhat, but showed an average annual decrease of 3% compared to 2004.

The same development was seen for the two largest products groups, mixtures and pepper. After some fluctuations, resulting in average annual decreases, apparent consumption of these products reached 2.5 thousand tonnes for mixtures and 1.8 thousand tonnes for pepper. Apparent consumption of paprika, chillies & allspice, on the other hand, showed a considerable increase of almost 19%, mainly realized between 2007 and 2008. It reached 1.8 thousand tonnes in the latter year.

Of all other product groups consumed in much smaller quantities, only the market for cinnamon (227 tonnes) and saffron (33 tonnes in 2007) increased substantially. In contrast, apparent consumption of spice seeds (330 tonnes), nutmeg, mace & cardamom (284 tonnes), ginger (223 tonnes), turmeric (184 tonnes), vanilla (30 tonnes) and cloves (14 tonnes) all decreased, of which the latter most considerably. Finally, apparent consumption of the product group 'other spices' also decreased, totalling 3.0 thousand tonnes in 2008.

Industry sources indicate that there is still a lot of uncertainty on the market due to the recent economic crisis, and that traders are reluctant to build stocks. There is an overriding hesitance in making predictions on how the spices and herbs market will develop in the coming years.

***Consumption trends***
Belgian consumer tastes and trends follow the same path as the rest of Europe. However, of all Europeans, Belgian consumers are ranked as the most demanding concerning high-quality goods and fresh healthy food, which makes them more willing to pay for organic products. Thus, although high quality demands may be difficult for exporters in developing countries to achieve, the market for organic spices and herbs might be interesting for exporters.

Organic food sales have been growing rapidly. In 2007, organic food sales totalled € 283 million, an increase of 16% compared to 2006. However, the share in total food sales is still rather limited, particularly compared to other West European countries: 1.9% of total food sales.

Another option could be the Fairtrade market. Retail sales of Fairtrade certified products are growing strongly, by 31% between 2007 and 2008, to € 46 million in the latter year. Belgium accounts for 2.6% of the total EU Fairtrade market.

The economic crisis did result in a scaling back in consumption; however, this does not immediately translate into a fall in apparent consumption of spices and herbs. Spices and herbs are also used in cheaper food products.

For more information on consumption trends, please also refer to the CBI survey covering the EU market for spices and herbs.

**Production**
The statistical database of the Food and Agriculture Organization of the United Nations (FAOSTAT) does not report on production of spices in Belgium in the period reviewed.

The statistical office of the EU (Eurostat) reports a total area of 200 ha of agricultural land which is used for the cultivation of officinal herbs, aromatic plants and plants for seasoning. This land area has remained stable throughout the review period.

***Production trends***
Organic farming is still rather limited in Belgium, both in absolute and in relative terms. In 2007, the land under organic management covered close to 33 thousand hectares, representing a share of approximately 2.4% of total agricultural land. According to Eurostat (2009), of this, 15 ha were used for the organic production of officinal herbs, aromatic plants and plants for seasoning. This meant a considerable growth compared to the 2004 level of 3 ha. In 2007, another 1 ha was still under conversion.

For more information on production trends, please also refer to the CBI survey covering the EU market for spices and herbs.

**Opportunities and threats**

+/- Belgium is a medium-sized consumer of spices and herbs. While increasing Belgian demand for high quality and fresh foods could indicate a rising demand for spices and herbs, apparent consumption has been fluctuating.

\+ A product group which could offer opportunities for producers in developing countries (DCs) is paprika, chillies & allspice because of its relative size and strong growth rate. Others could be cinnamon and saffron. Although consumed in small quantities, both experienced considerable growth rates.

\- Products which do not seem to be interesting are vanilla and cloves, as they are consumed in very small quantities. Moreover, apparent consumption of both declined.

\+ On the other hand, the organic and Fairtrade markets do offer opportunities for spices and herbs suppliers from DCs. Although relatively small, both are growing rapidly.

For more information on opportunities for and threats to exporters in developing countries stemming from trends and patterns in consumption of spices and herbs, please refer to chapter 7 of the CBI market survey, covering the spices and herbs market for the EU.

## 2 Trade channels for market entry

Spices and herbs, mostly entering the EU as whole, un-ground products, share the same trade channels. The most important partners for developing country exporters to the EU are a small number of specialised importers and brokers, most of which, in the case of the Belgian market, are located in The Netherlands and Germany. Organic spices and herbs are most often imported by importers specialised in organics. Direct trade by processors and, to a lesser degree, food processors has become more prevalent, but here large and consistently high-quality volumes are prevalent. The most important end-users are the retail sector and the catering sector and especially the food-processing industry.

The main trade channels for spices and herbs are shown and further explained in the CBI market survey covering the EU market for spices and herbs. It should be noted, however, that throughout the various trade channels, different prices and margins apply to spices and herbs. There is no specific information about the prices and / or margins for spices and herbs in Belgium.

Companies which could be of interest for developing country exporters:
- Herbafrost, processor - http://www.herbafrost.be/engels/engels.htm
- International Spice and Food Import (ISFI) - http://www.isfi-spices.be/html/en/index.htm

Good *Internet sources* for encountering trade partners in Belgium, like importers, agents and processing industries are the following:
- Food World - http://www.thefoodworld.com - an extensive on-line food business directory, with full EU coverage. Condiments, spices and herbs are a separate product group.
- Europages - http://www.europages.com – on-line business directory, with full EU coverage. Condiments, extracts and spices are a separate product group, falling under the category of 'Food & related products'.
- HerbImporters.com - http://www.herbimporters.com - provides contact information of 135 European importers of herbs and herbal medicine products at a cost of US$15.
- SpiceImporters.com - http://www.spiceimporters.com - provides contact information of 220 European importers of spices, seasoning and flavouring at a cost of US$20.

*On line market places* such as those below are also useful:
- Agronetwork.com - http://www.agronetwork.com/global
- Organic-market.info - http://www.organic-market.info – on-line magazine for organic trade.
- Spices Trade world - http://spices.tradeworlds.com
- IngrIDnet - http://www.ingridnet.com - for ingredient suppliers.

For more information on *prospects* for the spices and herbs market in Belgium:
- Belgian trade associations and other sources mentioned in section 6 of this survey and the statistical agency (http://www.statbel.fgov.be) can be a source of information.
- FAO's statistical database FAOSTAT, available at http://faostat.fao.org – is a valuable source.
- A good source encountering producers of spices and herbs in Belgium is the EHGA website at http://www.europam.net/EU%20members.htm. Specific country representatives should be most knowledgeable on these issues.
- The Canadian Agriculture and Agri-Food website provides information on trends in consumption - http://ats-sea.agr.gc.ca

## 3 Trade: imports and exports

### Imports
Belgium ranks among the average to larger importers of spices and herbs in the EU, taking the 6$^{th}$ place with a share in imports of 6.1%. In 2008, imports amounted to € 69 million / 22 thousand tonnes, signifying an annual average increase of 5.2% in both value and volume.

Import increases were mainly realised through increased DC imports, indicating an annual average growth rates of 23% between 2004 and 2008. The share in imports from DCs increased substantially, from 18% in 2004 to 32% in 2008. However, this is still considerably lower than their share in total EU imports. In the same period, the share of imports from EU countries declined from 77% to 61%.

The Netherlands was the leading supplier of spices and herbs, responsible for 24% of total imports, followed by Germany (21%), Indonesia (9.9%), India (7.6%) and France (7.0%). Indonesia, India and particularly sixth-largest supplier China showed high annual average growth rates of 26%, 28% and 59% respectively.

Mixtures was the largest product group imported (19%) in 2008, closely followed by pepper (19%) and paprika, chillies and allspice (14%). All imports of the above-mentioned spices and herbs increased in both value and in volume in the period 2004-2008. Of all product groups, imports of cinnamon showed the largest increase, by 22% in terms of value and 36% in terms of volume. Turmeric was the only product group of which imports decreased in both value and in volume.

**Exports**

In 2008, total exports were € 38 million, amounting to 12 thousand tonnes. With a market share of 5.4%, Belgium is an average-to-large exporter of spices and herbs in the EU. Compared to the leading EU member countries, exports increased considerably, indicated by an annual average growth of 12% in terms of value and 16% in terms of volume. These exports mostly concern re-exports to other EU countries.

Exports from Belgium go almost entirely to other EU countries (95%). Most of the exports go The Netherlands (41%), followed by France (26%).

**Opportunities and threats**

+ Belgium is an average-to-large trader of spices and herbs. Imports increased considerably, mainly due to imports from developing countries. Furthermore, exports also rose, as significant re-exporting from Belgium to other EU countries takes place. This offers opportunities to suppliers of spices and herbs in developing countries.
- Nevertheless, the share of developing countries in Belgian imports is still considerably lower than their share in total EU imports.
- Uncertainties on the markets, due to the recent economic crisis, give rise to developments in consumption and production which are not entirely foreseeable. It is not clear how and to what extent this can affect the trade in spices and herbs to and within the EU.

Exporters should take into account that the same trend can be an opportunity for one exporter and a threat to another. Please, review these opportunities and threats according to your own situation. Chapter 7 of the CBI market survey 'The market for spices and herbs in the EU' presents an example of an analysis of whether a trend/development is an opportunity or a threat.

**Useful sources**

- EU Expanding Exports Helpdesk - http://exporthelp.europa.eu/
- Eurostat – official statistical office of the EU - http://epp.eurostat.ec.europa.eu
- Understanding eurostat: Quick guide to easy comext - http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20080117.pdf

## 4 Price developments

Prices of spices and herbs can be found in the CBI market survey covering the EU market, as the indications of prices given there do not differ from those in Belgium. Prices of spices and herbs depend on origin and buyer preferences (quality demanded, order size etc.), and on negotiations with partner companies. Prices provided in the market survey covering the EU should be used as a reference point only. Margins charged by different intermediaries are influenced by, among others, the type of spice or herb, current and expected future harvest situation, availability and number of sources, the level of demand and trends in prices.

Useful sources for price information are:

- ITC Market News Service (MNS) - http://www.intracen.org/mas/mns.htm

- Public Ledger - http://www.agra-net.com
- International Pepper Community - http://www.ipcnet.org
- Indian Spices Board - http://www.indianspices.com

## 5 Market access requirements

As a manufacturer/supplier in a developing country preparing to access Belgium, you should be aware of the market access requirements of your trading partners and the Belgian government. For information on legislative and non-legislative requirements, go to 'Search CBI database' at http://www.cbi.eu/marketinfo, select spices and herbs and Belgium in the category search, click on the search button and click on market access requirements.

Detailed information on packaging can be found at the website of ITC on export packaging: http://www.intracen.org/ep/packit.htm

Information on tariffs and quota can be found at http://exporthelp.europa.eu

Tariffs and quota applicable in Belgium are the same as for the EU. Information regarding these market requirements can be found in the survey covering the EU market.

The standard VAT rate in Belgium is 21%. The VAT rate applied to foodstuffs is either 6%, 12% or 21%, depending on the product.

## 6 Doing business

Information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) and cultural differences can be found in CBI's export manuals 'Export Planner', 'Your image builder' and 'Exporting to the EU'. These can be downloaded from http://www.cbi.eu/marketinfo - go to search publications. For more information on doing business in Belgium, visit the following websites:

***Trade associations***
- Food Industry Federation / Fédération de l'Industrie Alimentaire - Federatie Voedingsindustrie (FEVIA) - http://www.fevia.be
- AFISPA-VIVED / Section spices Association des fabricants et importateurs de specialités et de pâtes alimentaires: mailto: afispa-vived@agep.be Tel: +32 (0)27438746.
- Belgian Federation for food supplements, dietary and organic products (Naredi) - http://www.naredi.be
- National Federation of Processors and Distributors of Organic Products (PROBILA-UNITRAB) - http://www.probila-unitrab.be
- Bioforum – http://www.bioforum.be - umbrella organisation for the organic sector.

***Trade press***
- Horecamagazine - http://www.horecamagazine.be – A magazine for the Belgian hospitality industry.

***Trade fairs***
- Intrafood - http://www.eventseye.com/fairs/f-intrafood-10860-1.html - International Food Ingredients Exhibition. The next event will be held 15-16 September 2010 in Kortrijk, Belgium.

***Other***
- A possible source of cultural specifics of Belgium: http://www.kwintessential.co.uk/resources/global-etiquette/belgium-country-profile.html,
- Information on Belgian business culture can be found at: http://www.businessculture.com/belgium/index.html

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