CBI MARKET SURVEY

The spices and herbs market in the United Kingdom

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Report summary
This CBI market survey discusses the following highlights for the spices and herbs market in the United Kingdom (UK):

- The UK is the largest markets for spices and herbs in the EU. In 2008, total industrial usage of seasonings, spices and herbs reached 99.6 thousand tonnes. Apparent consumption of the spices and herbs selected for this survey amounted to almost 59 thousand tonnes, which meant an average annual increase of 8.7% between 2004 and 2008.
- Hardly any production of spices takes place in the UK, due to climatic limitations; however the UK does grow herbs and a considerable area is used for cultivation.
- The UK is an important player in the spices and herbs trade and is the second largest EU importer. In 2008, the UK accounted for 12% of total EU imports of spices and herbs, amounting to € 113 million / 66 thousand tonnes. A steady average annual growth was apparent, in value as well as in volume terms
- In light of the substantial imports and consumption, the UK is an interesting market for developing countries (DCs). DCs represented 56% in value and 73% in volume of spices and herbs imports, which is above the EU average. Imports from developing countries experienced average annual growth rates. The leading developing country supplier is India (26%), followed by France (13%).
- Due to the recent economic crisis, uncertainties on the market 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.

This survey provides exporters of spices and herbs with sector-specific market information related to gaining access to the United Kingdom. By focusing on a specific country, this survey provides additional information, complementary to the more general information and data provided in the CBI market survey 'The spices and herbs market in the EU', which covers the EU market 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

In this chapter, data from the statistical database of the Food and Agriculture Organization of the United Nations (FAOSTAT) and the statistical office of the EU (Eurostat) are used to indicate apparent consumption (production + imports – exports). One of the limitations of this calculation is that strong fluctuations are sometimes seen between years. 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 survey 'The spices and herbs market in the EU'.

Total market size

According to Food Manufacture, a market-leading magazine for Britain's food and drink manufacturing industry, demand for all industrial spices, herbs and seasonings[1] reached 101 thousand tonnes, resulting in an average annual growth of 1.4% between 2002 and 2007. In value terms, the market reached €288 million and an average growth of 2.7% annually. In 2008, British usage of seasonings, spices and herbs decreased somewhat, at least in volume,

[1] Note that this includes more products than the scope of this survey, as described in Appendix A of the CBI market survey covering the EU market.

to 99.6 thousand tonnes. Still the UK is the largest EU market for seasonings, spices and herbs. On a global level the UK is the third largest country. This ingredient sector is one of the most important in UK food manufacturing.

UK demand for industrial spices, herbs and seasonings has been growing slightly ahead of the total food and drink market. Food Manufacture reasons that this is caused by the increasing demand for prepared and convenience food and an increase in the popularity of more highly flavoured food.

Up until 2007, the demand for spices performed somewhat better. Industrial demand was 35 thousand tonnes and demand from retail and foodservice channels reached 7.3 thousand tonnes.

Total apparent consumption of the selected spices and herbs amounted to 58,887 tonnes in 2008, indicating an average annual growth of 8.7%. Note, however, that inventories are not taken into account in calculating apparent consumption and these figures can therefore only be used as an indication.

In general, the spices and herbs market has proved its ability to withstand economic downturns fairly well. Consumers may shift to more economic foods, but these still require spices and herbs for seasoning. Nevertheless, importers have faced a very uncertain marketplace and put emphasis on running down stocks and lower imports. Food Manufacture expects the demand for spices, herbs and seasonings to continue to grow at a modest rate over the next 5 years.

Nevertheless, there are significant changes noticeable when looking at the composition of the total spices and herbs market. Consumer preferences in products and flavours are changing over time. For example, increased interest in ethnic foods has increased the demand for exotic spices and herbs.

Product groups
As shown in table 1.1, in 2008, the most important product group consumed in volume terms was ginger, amounting to almost 17 thousand tonnes, followed by spice seeds and pepper.

Table 1.1 Apparent consumption of selected spices and herbs in the UK 2004-2008, in tonnes

	2004	2005	2006	2007	2008	Average annual change
Total spices & herbs	**42,197**	**46,254**	**48,911**	**52,666**	**58,887**	**8.7%**
Ginger	12,875	14,093	15,686	15,524	16,656	6.6%
Spice seeds	7,874	8,211	8,491	10,364	10,747	8.1%
Pepper	4,824	6,346	8,558	6,497	7,369	11%
Paprika, chillies & allspice	6,462	7,140	6,064	6,981	6,880	1.6%
Mixtures	1,165	998	1,073	2,745	3,649	33%
Turmeric	2,635	2,380	2,220	2,166	2,631	0.0%
Nutmeg mace & cardamom	1,905	2,066	2,030	1,832	2,297	4.8%
Cinnamon	1,310	1,198	1,259	1,316	1,342	0.6%
Vanilla	79	802	152	1,079	1,205	98%
Cloves	262	217	258	259	237	-2.5%
Saffron	82	93	178	162	129	12%
Other spices and herbs	2,724	2,709	2,942	3,742	5,746	21%

Source: own calculations based on Eurostat and FAOSTAT data (2009)

Between 2004 and 2008, most product groups demonstrated a positive average annual growth. Especially the demand for vanilla has grown very strongly. This is caused by a correction of the vanilla price after extremely high prices around 2002 and 2003 due to failed vanilla harvest in Madagascar. The extremely high prices resulted in sharp falls in demand and an increased use of the synthetic vanillin. Now that prices are back to normal, demand follows. Traditional herb species such as parsley, rosemary, chives, sage and thyme have been a mainstay in British cooking for many, many years. The great variety of (ethnic) food styles now available, as well as the emergence of cooking programmes on TV, have stimulated the use of other species, such as coriander and basil.

Until recently, market experts indicated that a further growth was expected in the consumption of spices and herbs. This growth was, for most EU member states, in line with developments on the food markets. However, the UK was hit hard by the crisis, is still struggling with its effects, and the downturn is protracted. A recovery will be slower than expected.

Market segmentation

Although spices and herbs can be used for the non-food market, such as the pharmaceutical and perfumery, the largest end-user group of spices and herbs is the food-processing industry. In the food market, the consumption of herbs and spices is divided into 3 sectors:

- Industrial, in which spices are used particularly in the processing of meat, fish, canned products, sauces, soups, bakery goods and other prepared and convenience food.
- Retail, where developments are usually triggered by experimental and ethnic consumers.
- Catering, which is small but growing.

For more information on market segmentation, please refer to the CBI survey 'The spices and herbs market in the EU'.

Similar to other EU countries, the UK food industry sector is by far the largest consumer of spices and herbs, as indicated in the CBI survey covering the EU market for spices and herbs. However, the exact shares specifically for the UK are not available.

Major consumption trends

Food is more and more becoming part of a lifestyle. It is competing with other consumer goods and, at the same time, complementary to fashion, trends and the way consumers want to live their life. Changing life patterns and increasing incomes have led to a rising demand for healthy convenience food products of a high quality. Moreover, because obesity is a huge issue in the UK, the government is also stimulating the consumption of health food products through campaigns. Consumers have become more aware of food safety and the link between diet and health and increasingly ask for food products with natural ingredients instead of artificial ones. This has also boosted organic sales.

Demand for organic products has grown rapidly and the organic supply has developed into a wide range of products, amongst which many prepared foods and drinks products. The total organic food and drink market is valued at € 2.8 billion (1.6% of total UK grocery sales). It has grown by an average annual rate of 11% since 2002.

The organic food and drink sector has been hit by the current economic downturn. Organics are premium products and many consumers will choose cheaper conventional products instead. The UK organic market has been the most adversely hit. Still it managed to grow, however only by 2% in 2008.

Furthermore, the British increase of a diverse and immigrant population, together with education, travelling and increasing incomes, has broadened the scope in the use of other ethnic food ingredients besides Indian and Chinese. Therefore, the expected continued growth in consumption of spices and herbs will apply to all spices and herbs.

The UK has by far the largest EU market for ethically produced products, especially Fairtrade certified products. With a retail value of € 881 million, the UK accounts for 50% of the total EU Fairtrade market. Furthermore, with a growth rate of 43 % between 2007 and 2008, this market is far from saturated.

However, in this period of economic instability it is not clear how the economic crisis will influence the spices and herbs market in general. Therefore it is crucial to follow the news closely to stay up-to-date and be well informed about the most recent developments.

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

Production

Total production
According to FAOSTAT, no production of the spices and herbs described here, takes place in the UK. However, according to Eurostat (2007), the United Kingdom is an average producer of herbs within the EU, having a considerable area used for cultivation. Unfortunately, no up-to-date data are available.

Product groups
The British Herb Trade Association (BHTA) reports the cultivation of traditional species such as parsley, rosemary, chives, sage and thyme, of which the first is the most cultivated by far. Since international dishes have become more popular, a considerable increase in the cultivation of, for example, coriander and basil was seen.

The Interactive European Network for Industrial Crops and their Applications (IENICA) also reports a specialty crops production of caraway, chamomile, lavender and spearmint.

Interesting players
- The Internet provides information on the major British producers. An example of a major producer of (organic) herbs is Camstar Herbs -http://www.camstar.co.uk.

Major production trends
With respect to organic food production, the UK has a relatively high share in the EU total organic area. However, organic herb cultivation is rare in the UK. According to Eurostat, the UK had a total area of 582 thousand hectares of organic farm land in 2008. Only 340 hectares (0.06%) was used for growing officinal herbs, aromatic plants, plants for seasoning. Another 90 ha are still under conversion into becoming fully organic. The Soil Association claims fully organic herb production on 486 hectares. Both sources show a considerable decline in area destined for organic production of these products.

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

Opportunities and threats
\+ The UK market for spices and herbs is the largest in the EU. While industrial demand for seasonings, spices and herbs declined somewhat in 2008, apparent consumption of the selected spices and herbs continued to increase, offering interesting opportunities to suppliers in DCs. Despite the economic downturn, demand is expected to continue to grow in the next 5 years, although by modest rates.

+/-The organic food market in the United Kingdom has experienced dynamic growth in recent years and the increase in demand for organic products is such that the organic food sector, which used to lie in the periphery of the food industry, has shifted from a niche market more into the mainstream. However, the UK organic market was most adversely hit by the economic downturn. Although it still managed to grow and opportunities are still there, it will be more difficult to close interesting business deals.

\+ Despite a still growing organic market, organic cultivation of officinal herbs, aromatic plants, plants for seasoning in the UK has been declining from 2005 onwards. This means that more and more organic spices and herbs need to be imported, which offers opportunities for DC suppliers.

\+ The fair trade market is also a growing market in the United Kingdom.

- In general DC suppliers of spices and herbs will find more difficulties entering the UK market. UK importers have been faced with many uncertainties and will be more reluctant to find new suppliers.

Note that the same development or trend can be an opportunity for one exporter and a threat to another. Exporters should therefore analyse if the developments and trends discussed in the previous chapters provide opportunities or threats. The outcome of this analysis depends on the specific situation of an exporter. Refer to chapter 7 of the EU survey for an example of such an analysis.

Useful sources

- FAO's statistical database FAOSTAT, available at http://faostat.fao.org – is a valuable source.
- Food Manufacture Market Reports by Food Manufacture, the market-leading magazine for Britain's biggest manufacturing sector, the food and drink manufacturing industry - http://www.foodmarketreports.co.uk
- The British Herb Trade Association - http://www.bhta.org.uk/cul_sector.htm.
- The Seasoning and Spice Association – http://www.seasoningandspice.org.uk
- The Food and Drink Federation, to which the Seasoning and Spice Association also belongs, represents and promotes the interests of the UK food and drink manufacturing industry and tackles issues from sourcing to processing, packaging, labelling and distribution - http://www.fdf.org.uk.
- Furthermore, trade associations in the UK mentioned in Chapter 6 can be a source of information as well as the British statistical agency - http://www.statistics.gov.uk.
- Food Standards Agency - http://www.food.gov.uk.
- Defra (the Department for Environment, Food and Rural Affairs) - http://statistics.defra.gov.uk/esg

2 Trade channels for market entry

Trade channels

Most direct imports from DCs of spices and herbs concern whole, un-ground products, while processed and packed spices only rarely come from developing countries. Of interest, however, is that a relatively large part of UK imports comes directly from DCs. Spices and herbs share the same trade channels, with the bulk of trade entering the EU through a small number of importers and brokers. Direct trade by processors and, to a lesser degree, food processors has become more prevalent, although processors increasingly work with companies which combine steady high quality and large volumes, instead of several small companies. However, distinctions between different trade channels are becoming increasingly blurred, with different activities now carried out within one company. 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.

The largest grinder/processor/packer in the UK is McCormick (brand: Schwarz), a subsidiary of McCormick USA, holding a share of more than 50% of the dried spices and herbs market segment in the United Kingdom. Another important grinder/packer and supplier is British Pepper & Spice, the largest supplier of private label branded herbs and spices in the UK. All UK grinders/packers supply private labels in addition to their own brand.

The largest end-user group is the food-processing industry, accounting for an estimated 60%, which purchases either from processors or directly from importing/trading companies. Other end-user groups are catering companies, purchasing spices directly from grinders or processed products from food industries. The same holds for the retail sector, the third important end-user.

Large food processors in the United Kingdom are Master Foods (Mars), Unilever and Campbells. Sharwood's, Patak and Master Foods are important brands for ethnic foods. Leading blenders, such as McCormick and Lion Foods, have a major presence in the dry cooking sauce market.

Retail trade
The retail trade of spices and herbs is strongly dominated by supermarkets in the UK. The buying organisations of large supermarkets have strong buying power, and there are not many opportunities for small and medium-sized DC exporters to trade directly with them. Niche markets might provide better prospects.

Large British retailers have actively promoted ethnic foods through in-store displays. Many large retailers also sell a significant number of organic spices and herbs. Multiple retailers are responsible for 80% of the total organic food sales. The leading supermarkets concerning the range of organic products offered are Waitrose, Sainsbury's, Tesco and Marks & Spencer.

Regarding organic spices and herbs, the share of special organic shops is also significant. Perhaps best known among specialist organic chains, commanding around 10% of the organic market, are Planet Organic, Fresh 'n Wild and Greenways Natural Food Stores.

Organic
Producers and exporters of organic spices and herbs supply their organic products mostly to specialised traders/importers and/or sometimes to grinders/processors. In most markets, a few specialised traders in organics tend to be the dominant customers for foreign producers. They often have an organic specialisation, focusing on a broad range of products. Several organics traders have a European-wide focus. Direct purchases from foreign organic producers made by purchasing units of retailers, the catering sector and food processors are very rare, but might increase due to increasing organic sales and market entry by conventional players.

Supermarket chains account for the majority of organic retail sales, as they do for conventional food and beverages, but they currently carry only a limited range of organic spices and herbs (dried or in paste form). Retail distribution of organic food is becoming increasingly dominated by the leading grocery stores and supermarkets. As organic goods have become mainstream purchases, these stores have captured more of the market, and are now responsible for 80% of sales by value. While supermarkets have played an active role in supporting domestic production recently, the most significant reason for large grocery stores gaining the lion's share of sales is the general dominance in the UK of one-stop shopping. This trend, which has been developing in the United Kingdom for up to 20 years, is likely to be maintained as larger stores continue to offer more products.

Waitrose, part of the John Lewis Partnership and based largely in the South East of England, and Sainsbury are at the forefront of the development of the organic market in the UK. Sainsbury is striving to maintain high organic standards and is supporting an initiative to achieve IFOAM-equivalent accreditation for products sold through its stores; it is also a strong supporter of the UK's largest certification body, the IFOAM-accredited Soil Association.

Trends
Increasingly strict governmental regulations and the high quality standards demanded by the food industry, especially for processed spices and herbs, make it difficult for developing countries to enter these markets.

Along with expading marketing under private labels, supermarkets exert downward pressure on processors' margins and further down the value-chain, because the buying organisations of large supermarkets (sometimes representing multiple chains) have such strong buying power.

The UK spices and herbs industry is characterized by professionalism, creativity, innovation, and active marketing campaigns. Especially people in the South of the UK have a strong appetite for quality food products which are innovative, healthy and fresh. Many manufacturers/spice suppliers use innovative packaging (such as chilled herbs and spices blends in tubes for easy application). The websites of the related companies market the products well, by providing recipes and consumer aids. This emphasises the need for high-quality consumer services when marketing products.

Interesting players

Interesting companies in the United Kingdom include those listed below.

Conventional players:

- British Pepper and Spice - http://www.britishpepper.co.uk - trader and leading producer of retailer branded herbs.
- Foxs Spices Ltd. importer / wholesaler of spices - Telephone: +44 (0)1789 266420
- McCormick (UK) Ltd - http://www.schwartz.co.uk - largest blender/processor/packer and distributor under the Schwartz brand.
- Chambers & Knight trader - http://www.chambersandknight.co.uk
- Deltacrown Fooks & French trader - http://www.fooksandfrench.com
- Natco foods - http://www.natcofoods.com - blender/packer/distributor
- Campbells UK - http://www.campbellsoup.com
- Sharwood's - http://www.sharwoods.com - ethnic food
- Patak India - http://www.pataks.co.uk

Organics importers and traders:

- Bart Spices - http://www.bartspices.com - buyers, packers and suppliers of organic and/or fair-trade herbs and spices.
- Beacon Foods - http://www.beaconfoods.co.uk - suppliers of fresh/frozen garlic, herbs and chillies, some of which organic.
- Community Foods Ltd. - http://www.communityfoods.co.uk - the largest specialist natural foods importer and distributor in the UK.
- Kitchen Garden Organics - http://www.kitchen-garden.co.uk
- Organic Farm Foods - http://www.organicfarmfoods.co.uk - perishables, including some organic fresh herbs and spices.
- Organic Herb Trading Co. - http://www.organicherbtrading.com - traders in organic culinary and medicinal herbs.
- Rasanco Ltd. - http://www.rasanco.com - importer of organic food ingredients, among which ground spices.

Furthermore, UK trade associations can also be of interest for finding relevant companies. These are mentioned in chapter 6.

Price structure

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 the United Kingdom. Prices of spices and herbs are to a large degree dependent on origin, and buyer preferences regarding quality demanded, order size etc. Therefore, actual prices are dependent on negotiation with partner companies, and prices provided in the market survey covering the EU should be used as a reference point only. The same applies to organic spices and herbs. It is very difficult to tell how high the price premiums are compared to conventional spices and herbs, but the price difference between organic and conventional has been narrowing at a very fast rate for the last couple of years, because organic food is more widely available and thrives in the mainstream UK market. In particular, the large retailers impose a downward pressure on the prices of organic spices and herbs.

Exporters need to have detailed production costs/volume price breaks for the spices and herbs they supply. This will give them a valuable reference point for any negotiations with buyers.

The margins charged by different intermediaries in the spices and herbs trade are influenced by many different factors. These include the type of spice or herb, the current and expected future harvest situation, the availability or number of sources for the particular spice, the level of demand and the trend in prices.

Finding a suitable trading partner
Finding a trade partner in the UK should not deviate from the general EU method as described in the CBI market survey covering the EU market. Buyers and suppliers often find each other at trade fairs. Especially the BioFach trade fair is of importance for organic spices and herbs, whereas Anuga, SIAL, FI Europe are of principal importance for conventional products. Establishing contact through export directories or by directly contacting interesting companies you encounter can also be useful. Brokers also fulfil an important function in market linking, while websites offer another opportunity to find trade partners.

For more information on prospects for the spices and herbs market in the UK, refer to the websites below.

General information:
- The Canadian Agriculture and Agri-Food website provides market information, including country information, product reports and market access - http://www.ats-sea.agr.gc.ca/intro/index-eng.htm
- The International Trade Centre provides information on trends in organic consumption within EU member countries - http://www.intracen.org/organics
- Furthermore, British trade associations mentioned in chapter 6 of this survey, and the British statistics agency (http://www.statistics.gov.uk) can be sources of information.

Sector-specific information:
- FAO's statistical database FAOSTAT, available at http://faostat.fao.org – is a valuable source.
- Although somewhat outdated, the 2004 IENICA report describes the situation for the spices and herbs market in the UK and other EU member countries - http://www.ienica.net

On-line company databases for finding companies working in the spices and herbs market are:
- The British Seasoning and Spices Association's member list - http://www.seasoningandspice.org.uk/listOfMembers.asp
- 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 on 135 European importers of herbs and herbal medicine products at a cost of US$15 (updated in 2009).
- SpiceImporters.com - http://www.spiceimporters.com - provides contact information on 220 European importers of spices, seasoning and flavouring at a cost of US$20 (updated in 2009).

Business-to-business sources include the following;
- 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 - marketing instrument for companies supplying ingredients to, among others, food industries. The database includes contact details of 15,000 ingredient suppliers.

3 Trade: imports and exports

Imports

Total imports

In 2008, total British spices and herbs imports amounted to over € 113 million or 66 thousand tonnes, making the UK the second largest EU importer, with 12% of total EU spices and herbs imports in terms of value. The leading EU importer was Germany, accounting for 20% of total imports. Between 2004 and 2008, British imports increased by an annual average rate of 10% in value and 7.3% in volume.

Of the total spices and herbs imports, 56% originated directly in developing countries. In terms of volume, this share was 73%. Although spices and herbs imports from developing countries grew at an annual average rate of 7.6% in the review period, imports from other EU countries grew at a stronger rate of 16%.

The UK's historical ties with India and the large Indian community in the UK have resulted in a traditional popularity of Indian cuisine. Therefore, it is no surprise that, with a share of 26% in value, India was the UK's largest supplier of spices and herbs in 2008. India was followed by France (13%) and The Netherlands (11%). Imports sourced in these three leading supplier countries increased at strong annual average rates in the review period.

Besides India, other important DC suppliers were China (9.1%), Vietnam (4.7%), Guatemala (3.2%) and Thailand (2.1%). Whereas imports from Thailand decreased and imports from China increased at a modest rate, imports from Vietnam and Guatemala had a very strong increase in the review period.

Imports by product group

As shown in table 3.1, imports of most spices and herbs experienced substantial growth between 2004 and 2008. In terms of volume, however, growth was more moderate. The strongest average annual increases were observed in saffron, pepper and spice seeds. In terms of volume, imports of vanilla increased the fastest, but they declined considerably in terms of value.

Table 3.1 Imports of selected spices and herbs 2004 - 2008, € thousand / tonnes

Product	2004		2006		2008		Average annual % change	
	value	volume	Value	volume	value	volume	value	volume
Total spices and herbs	**91,260**	**49,864**	**101,140**	**55,871**	**133,055**	**66,156**	**9.9%**	**7.3%**
Pepper	12,227	5,465	21,881	9,126	28,258	8,025	23%	10%
Spice seeds	8,986	8,341	11,401	8,743	17,606	11,155	18%	7.5%
Paprika, chillies & allspice	13,903	7,130	14,928	6,639	17,108	7,341	5.3%	0.7%
Ginger	14,494	13,291	13,361	15,988	14,765	17,420	0.5%	7.0%
Mixtures	5,385	2,103	6,215	2,091	9,237	4,287	14%	19%
Nutmeg, mace & cardamom	6,479	2,023	8,462	2,149	12,212	2,441	17%	4.8%
Saffron	1,228	142	1,493	309	3,293	288	28%	19%
Turmeric	2,652	2,908	2,391	2,482	3,061	3,014	3.7%	0.9%
Cinnamon	1,982	1,363	2,548	1,323	2,925	1,407	10%	0.8%
Vanilla	10,387	109	2,026	171	2,812	1,375	-28%	89%
Cloves	708	293	1,149	289	1,083	259	11%	-3.0%
Other spices	12,829	6,698	15,285	6,562	20,694	9,145	13%	8.1%

Source: Eurostat (2009)

As in most other countries, pepper is the largest product group imported into the UK, accounting for 21% of total spices and herbs imports. Pepper imports showed an average annual growth of 23% in value and 10% in volume. Developing countries were responsible for 49% of pepper supply, which is relatively low compared to their share of 61% in the EU at large. The largest DC suppliers were India and Vietnam, each accounting for 19% of total imports, followed by Malaysia (4.1%). Imports sourced in those three countries increased significantly in the review period.

Spice seeds represent the second largest product group in British imports, accounting for 13% of total spices and herbs imports. Between 2004 and 2008, spice seed imports increased at an annual average rate of 18%, influenced by the significant growth in imports sourced in India, France and China. India, by far the leading supplier to the UK, accounted for 56% of total imports, whereas France and China accounted for a share of 10% each. Besides China and India, other leading DC suppliers in 2008 were Iran (1.3% of total imports) and Turkey (1.1%).

Imports of paprika, chillies & allspice accounted for 13% of British imports in 2008, increasing at an annual average rate of 5.3% since 2004. The main supplier was India, accounting for 29% of total imports of paprika, chillies & allspice. Spain (21%), the USA (16%) and France (13%) were also leading suppliers. Developing countries accounted for a total share of 38% in imports and, besides India, other important DC suppliers were China, Turkey and Peru.

Together with The Netherlands, the United Kingdom dominates EU imports of ginger, accounting for 27% of total EU ginger imports (in value) in 2008. This reflects the significant effect which the large communities from India, Pakistan and Bangladesh have on sales of ginger in the United Kingdom. Over 85% of ginger imports was supplied by developing countries, with China being the leading supplier – accounting for more than half of total imports. India and Thailand were also important DC suppliers of ginger to the UK in 2008.

The group of 'other spices' accounted for a substantial part of British imports of spices and herbs in 2008 (16%). Imports of this product group increased in terms of both value and volume between 2004 and 2008. Imports from DCs, which accounted for 59% of total imports, increased at an annual average rate of 13% in terms of value. India was by far the leading developing country supplier in 2008, followed by Thailand and Turkey. Because of the traditional popularity of Indian cuisine, the United Kingdom is also a large EU importer of cumin seed, cardamom, curry, coriander and turmeric.

Table 3.2 Imports by and leading suppliers to the UK 2004 - 2008, share in value, average annual growth in value

Product	Origin	Leading suppliers in 2008 (share in %)	Share[2]	Average annual % change
Total spices and herbs	Intra-EU	France (13%), The Netherlands (11%), Spain (6.1%), Germany (4.8%), Belgium (1.1%)	39%	16%
	Extra-EU, ex DC*	USA (3.0%), Singapore (0.4%)	4.6%	-2.2%
	DC*	India (26%), China (9.1%), Vietnam (4.7%), Guatemala (3.2%), Thailand (2.1%), Pakistan (1.7%), Turkey (1.7%)	56%	7.6%
Pepper	Intra-EU	France (22%), The Netherlands (15%), Germany (5.3%), Belgium (1.8%), Ireland (1.3%)	48%	22%
	Extra-EU, ex DC*	USA (1.8%), Singapore (0.8%)	3.0%	12%
	DC*	India (19%), Vietnam (19%), Malaysia (4.1%), South Africa (2.7%), Peru (1.4%), China (1.0%), Indonesia (0.8%)	49%	25%

[2] Due to rounding off, shares might not add up to exactly 100%.

Product	Origin	Leading suppliers in 2008 (share in %)	Share[2]	Average annual % change
Paprika, chillies & allspice	Intra-EU	Spain (21%), France (13%), Germany (4.9%), The Netherlands (4.1%), Belgium (0.8%)	46%	9.1%
	Extra-EU, ex DC*	USA (16%)	16%	1.9%
	DC*	India (29%), China (4.0%), Turkey (1.4%), Peru (1.1%), Mexico (0.5%), Thailand (0.4%), Malawi (0.4%)	38%	2.9%
Spice seeds	Intra-EU	France (10%), The Netherlands (5.1%), Germany (4.8%), Bulgaria (1.8%), Spain (0.9%)	25%	18%
	Extra-EU, ex DC*	Canada (1.4%), Russia (0.9%)	3.2%	6.9%
	DC*	India (56%), China (10%), Iran (1.3%), Turkey (1.1%), Egypt (0.7%), Morocco (0.6%)	72%	19%
Ginger	Intra-EU	The Netherlands (7.3%), France (3.1%), Germany (2.5%), Spain (0.6%)	14%	15%
	Extra-EU, ex DC*	USA (0.5%)	0.8%	-22%
	DC*	China (53%), India (21%), Thailand (5.9%), Brazil (1.7%), Nigeria (0.6%)	85%	-0.8%
Mixtures	Intra-EU	The Netherlands (14%), Germany (11%), France (9.9%), Spain (2.1%), Portugal (1.5%)	42%	15%
	Extra-EU, ex DC*	USA (4.8%), Hong Kong (1.5%)	6.6%	-5.4%
	DC*	India (16%), Pakistan (15%), South Africa (11%), China (3.6%), Thailand (1.5%)	51%	19%
Nutmeg, mace & cardamom	Intra-EU	The Netherlands (21%), France (11%), Spain (5.5%), Belgium (2.7%), Italy (1.6%)	43%	17%
	Extra-EU, ex DC*	Singapore (1.8%)	1.8%	32%
	DC*	Guatemala (35%), India (7.8%), Vietnam (5.8%), Colombia (4.8%), Sri Lanka (0.7%), Indonesia (0.7%), China (0.5%)	55%	16%
Saffron	Intra-EU	Spain (77%), Italy (3.1%), The Netherlands (2.4%), Germany (0.3%)	83%	27%
	Extra-EU, ex DC*	Australia (4.2%)	4.2%	119%
	DC*	Iran (12%), India (0.4%)	13%	25%
Turmeric	Intra-EU	France (12%), Ireland (2.8%), The Netherlands (2.7%), Germany (0.5%)	18%	37%
	Extra-EU, ex DC*	-	0.0%	n.a.
	DC*	India (79%), China (1.2%), Malaysia (0.4%), Sri Lanka (0.4%), South Africa (0.1%)	82%	0.1%
Cinnamon	Intra-EU	France (24%), The Netherlands (15%), Germany (4.0%), Ireland (3.0%), Portugal (2.2%)	50%	12%
	Extra-EU, ex DC*	USA (2.2%), Singapore (0.4%)	2.7%	-23%
	DC*	China (17%), India (13%), Sri Lanka (11%), Vietnam (1.9%), Indonesia (1.5%), Malaysia (0.7%), Thailand (0.6%)	47%	13%
Vanilla	Intra-EU	Poland (34%), France (30%), Germany (6.5%), The Netherlands (5.7%)	77%	0.0%
	Extra-EU, ex DC*	USA (2.6%), New Zealand (1.6%)	4.4%	-36%
	DC*	Uganda (5.2%), Madagascar (4.2%), Indonesia (4.2%), Papua N. Guinea (1.7%), Jamaica (1.4%), India (1.2%), Turkey (0.5%)	19%	-48%
Cloves	Intra-EU	France (26%), The Netherlands (6.1%), Germany (0.9%), Belgium (0.7%)	34%	17%

Product	Origin	Leading suppliers in 2008 (share in %)	Share[2]	Average annual % change
	Extra-EU, ex DC*	Israel (0.6%)	0.6%	-22%
	DC*	Sri Lanka (16%), Madagascar (16%), Comoros (13%), Indonesia (9.5%), India (6.3%), Malaysia (2.8%), China (1.0%)	65%	9.4%
Other spices	Intra-EU	The Netherlands (13%), France (12%), Germany (6.0%), Spain (2.8%), Belgium (1.7%)	37%	16%
	Extra-EU, ex DC*	Israel (1.1%), Australia (1.1%)	3.1%	-10%
	DC*	India (30%), Thailand (8.2%), Turkey (7.5%), Pakistan (3.9%), China (2.2%), Egypt (1.8%), South Africa (1.1%)	59%	13%

Source: Eurostat (2009)
*Developing Countries

Exports
In 2008, the UK was the seventh EU exporter of spices and herbs, accounting for 3.4% of total exports. British exports amounted to € 24 million or 7.3 thousand tonnes, increasing at a slight annual average rate of 0.3% in value and decreased by 1.3% in volume between 2004 and 2008.

The main destinations for the UK's exports in 2008 were Ireland and Norway, which accounted for respective shares of 25% and 10%. Other leading destinations were Germany (8.1%), Nigeria (7.2%) and Italy (5.7%).

The largest product groups exported by the UK were pepper and mixtures, accounting for respective shares of 16% and 10% of total exports. Exports of mixtures remained stable in the review period, whereas exports of pepper increased at an annual average rate of 1.9%. Exports of 'other spices' accounted for 38% of total British exports, but decreased at an annual average rate of 2.8%.

Spice traders face difficult trading conditions in this time of crisis. There is much uncertainty and confidence is low. Buyers are running down stocks and buy only when needed. It is not realistic to make predictions for the near future. On the one hand, the UK was hit hardest by the crisis and will move out of recession very slowly. On the other hand, some trading conditions are improving; shipping costs are have decreased, interest rates have come down considerably and industries will soon need to restock.

Opportunities and threats

+ As the UK is the second largest importer of spices and herbs in the EU and imports have been growing in value as well as in volume terms, the UK is an interesting country for exporters of spices and herbs in developing countries. Furthermore, spices and herbs imports from developing countries have been increasing by an average annual rate of 7.6% in value and 7.2% in volume.
+ All product groups described, except for cloves, could offer interesting opportunities, as they all experienced growth in value and volume terms. Pepper, spice seeds, paprika, chillies & allspice and ginger are interesting for their relatively high total value and volume, while this applies to mixtures, saffron and vanilla because of their high growth rates in volume. Ginger, spice seeds and turmeric have the highest shares of DC supply.
- Cloves seem to be less interesting to export to the EU. The amount imported is very small and has been decreasing, limiting opportunities for DC suppliers.

+/- Although the economic downturn did not immediately translate into a contracting market for spices and herbs, importers were faced with much uncertainty and difficult trading conditions. They have been running down stocks and will be very reluctant to buy large amounts of spices and herbs for which they do not yet have buyers.

Note that the same development or trend can be an opportunity for one exporter and a threat to another. Exporters should therefore analyse if the developments and trends discussed in the previous chapters provide opportunities or threats. The outcome of this analysis depends on the specific situation of an exporter. Refer to chapter 7 of the EU survey for an example of such an analysis.

Useful sources

- EU Expanding Exports Helpdesk
  ➔ http://exporthelp.europa.eu
  ➔ go to: trade statistics
- Eurostat – official statistical office of the EU
  ➔ http://epp.eurostat.ec.europa.eu;
  ➔ go to 'themes' on the left side of the home page
  ➔ go to 'external trade'
  ➔ go to 'data – full view'
  ➔ go to 'external trade - detailed data'
- Understanding Eurostat: Quick guide to Easy Comext

➔
http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20090513.pdf

4 Price developments

Besides a trend in the narrowing of price differences between organic and conventional spices and herbs, there are no other price developments in the UK, concerning the market for spices and herbs.

Useful sources for price information are:

- The International Trade Centre Market News Service (MNS) - http://www.intracen.org/mas/mns.htm - fortnightly bulletin.
- The Public Ledger - http://www.agra-net.com
- The International Pepper Community Weekly Price Bulletin - http://www.ipcnet.org
- The Indian Spices Board - http://www.indianspices.com - offering domestic and international prices for spices.

5 Market access requirements

As a manufacturer in a developing country preparing to access the UK, you should be aware of the market access requirements of your trading partners and the British government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns. You need to comply with EU legislation and have to be aware of the additional non-legislative requirements that your trading partners in the EU might request.

For information on legislative and non-legislative requirements, go to 'Search CBI database' at http://www.cbi.eu/marketinfo, select spices and herbs and United Kingdom in the category search, click on the search button and click on market access requirements.

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

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

The standard VAT rate in the United Kingdom is 17.5%. Foodstuffs are subject to this rate or, in certain cases, exempted from VAT. However, in reaction to the economic downturn, VAT rates were temporarily (until the end of 2009) lowered to 15%. Since January 1, 2010 the VAT was increased back to 17.5%.

More information on taxes can be found at:
- Taric Homepage - http://ec.europa.eu/taxation_customs/dds/cgi-bin/tarchap?Lang=EN
- Directorate General XXI - http://ec.europa.eu/taxation_customs/common/publications/info_docs/taxation/index_en.htm

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.

Useful sources

Assistance with market entry can also be sought through local business support organisations, import promotion organisations such as CBI and branch organisations focusing on the spices and herbs, or food ingredients sector. Interesting *trade associations* in the United Kingdom are:
- FDF / Food and Drink Federation - http://www.fdf.org.uk
- Seasoning and Spice Association - http://www.seasoningandspice.org.uk
- British Herb Trade Association - http://www.bhta.org.uk

Trade fairs offer companies in developing countries the opportunity to establish contacts, promote their products and conduct EU market orientation. Major fairs of EU-wide significance are mentioned in the survey covering the EU. *Trade fairs* of interest in the United Kingdom are:
- IFE 2009, International Food Exhibition – http://www.ife.co.uk – The most recent event was be held 13-16 March 2009 in London, United Kingdom.
- Natural and Organic Products Europe 2010 – http://www.naturalproducts.co.uk - The next event will be held 11-12 April 2010 in London, United Kingdom
- Please also refer to the Export Marketing Guidelines on spices and herbs.

Trade press can function as a means for gaining insight into market developments and competition, but can also have a promotional function. This concerns finding potentially interesting companies, as well as promotion of your own activities and products. Major trade press of EU-wide significance is mentioned in the survey covering the EU. Trade press of interest in the United Kingdom is:
- Food News - http://www.agra-food-news.com
- Food and Beverage International - http://www.foodbev.com/magazine/food-beverage-international
- Food and Drink International - http://www.foodanddrinkinternational.co.uk
- Food Manufacture - http://www.foodmanufacture.co.uk

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