CBI MARKET SURVEY
The spices and herbs market in Denmark

Publication date: March, 2010

Introduction
This CBI market survey gives information on some main developments in the spices and herbs market in Denmark. 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.

Denmark is a relatively small consumer of spices and herbs, accounting for only 1.5% of the total EU market. Consumption fluctuated somewhat, which resulted in an average annual decline of 2.3% between 2004 and 2008 and a total apparent consumption of 5.1 thousand tonnes in 2008. This decline was visible in the apparent consumption of most product groups.

However, apparent consumption of paprika, chillies & allspice, the largest product group, increased by 6.3% annually and reached 976 tonnes in 2008. Ginger consumption also increased, to 767 tonnes, despite strong fluctuations.

Decreases were seen in the apparent consumption of pepper (838 tonnes), spices seeds (255 tonnes), cinnamon (206 tonnes), turmeric (86 tonnes), nutmeg, mace & cardamom (76 tonnes), cloves (39 tonnes) and vanilla (31 tonnes). Only the apparent consumption of mixtures for 2006 is available; it amounted to 84 tonnes. The least consumed product group, saffron (5 tonnes), saw its consumption increase. Finally, apparent consumption of other spices fluctuated and reached 1.8 thousand tonnes in 2008.

According to industry sources, Danish demand for spices and herbs is expected to increase in the longer run.

Some traditional Danish dishes contain herbs, particularly parsley, dill, cress and chives (Institute of Food Research and Nutrition), while cardamom (included under the group of nutmeg, mace & cardamom) is often used in Danish pastries.

According to a survey on spices and herbs conducted by the Danish Import Promotion Programme in 2006, approximately 67% of spices and herbs is used by the industrial sector, 20% by the retail sector and 13% by the catering sector.

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
According to the Danish Association of Herb and Spice Growers, Denmark is a conservative country when it comes to the consumption of herbs and spices. Spices and herbs are barely used in the Danish cuisine. However, in recent years, Danish consumers have taken an

increasing interest in ethnic food, especially Indian, East Asian, Latin American and Mediterranean food, spurring the demand for spices not traditionally used in the Danish cuisine. This tendency is reflected in the growing number of ethnic restaurants in Denmark, in the types of products that the food industry is producing, in the increasing variety of spices and ingredients for these types of food found on supermarket shelves, and a rise in the number of TV cooking programmes and magazines promoting foreign dishes.

The Danish organic food market is very mature. Denmark has the highest share of organic food sales in the EU, 6%. It is still growing strongly. Between 2006 and 2007 it reached a growth level of 34%, amounting to € 580 million in 2007. Along with this increasing interest in organic food in general, the demand for organic spices and herbs is strongly increasing. This is particularly true for processors of organic food items, like meat and cheese products, who demand organic spices for their increasing production of organic products. Consumers of organic products are also willing to pay premium prices for organic food which is healthy and has a high quality (Danish Consumer Agency). Organic Monitor (2009) expects double digit growth figures for 2009, despite the economic recession. The main reasons for this are a greater resistance to the recession and a more steadfast attitude from retailers.

Besides the increased interest for organic food, the demand for Fairtrade certified products is also increasing very strongly. Total Danish retail sales of Fairtrade products increased by 40% in only one year, to € 51 million in 2008, meaning that Denmark accounts for 2.9% 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

There is little commercial cultivation of spices and herbs in Denmark. The statistical database of the Food and Agriculture Organization of the United Nations (FAOSTAT) reports on limited production of spice seeds, which is said to have been 50 tonnes in 2008. This meant an increase compared to the 2004 level of 40 tonnes. Eurostat states that the production of officinal herbs, aromatic plants, plants for seasoning was very small, without mentioning any numbers.

Denmark is involved in the re-processing of imported spices.

Production trends

Organic cultivation of officinal herbs, aromatic plants, plants for seasoning is limited. It amounted to 27 ha in 2008 and another 1 ha under conversion. Some production of stinging nettle, fenugreek and thyme is reported. Alongside an increasing import of organic foods to meet the demand for organic products, the Danish Ministry of Food, Agriculture and Fisheries is also currently stimulating the domestic production of organic products.

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

Opportunities and threats

- The Danish market for spices and herbs is relatively small and many product groups experienced declining apparent consumption.
+ Nevertheless, it is expected that consumption of spices and herbs will increase in the longer run and, as ethnic foods are becoming increasingly popular among Danish consumers, this could open up opportunities for exporters in developing countries (DCs).

+ Products which have shown positive developments in terms of consumption growth are paprika, chillies & allspice, as well as ginger.
+ The market for organic spices and herbs could also offer opportunities. The organic market is growing strongly, as is the demand for organic spices and herbs. This is not met by local production levels.

For more information on opportunities for and threats to exporters in DCs 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 DC exporters to the EU are a small number of specialised importers and brokers. Organic spices and herbs are most often imported by importers specialised in organics, most of which, in the particular case of the Danish market, are located in Germany and The Netherlands. Direct trade by processors and, to a lesser degree, food processors has become more prevalent, but here large and consistently high quality volumes are relevant. It should be noted that in the case of Denmark a substantial part of spices and herbs is imported from traders in other EU countries, instead of directly from developing countries. 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 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 Denmark.

Companies which could be of particular interest for developing country exporters are:
- SFK/OTZ Holdings A/S - http://www.frikalet.dk - Danish supplier of (processed) herbs and spices.
- Carl J Nielsen & Son A/S – http://www.cj-nielsen.dk
- Urtekram As – http://www.urtekram.dk – distributor of organic herbs and spices.

Good *Internet sources* for encountering trade partners in Denmark, 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.

Online market places such as those below are also useful:
- Agronetwork.com - http://www.agronetwork.com/global
- Organic-market.info - http://www.organic-market.info – online 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 Denmark:
- FAO’s statistical database FAOSTAT - http://faostat.fao.org

- Furthermore, Danish trade associations mentioned in Chapter 6 of this survey, and the Danish statistics agency - http://www.dst.dk/HomeUK.aspx - can be sources of information.
- The Danish Import Promotion Program (DIPP) offers interesting information on the Danish spices and herbs market at their website - http://www.dipp.eu/defaulte.aspx
- The International Trade Centre provides information on trends in organic consumption within EU member countries - http://www.intracen.org/organics
- The 2004 IENICA report is fairly outdated but still offers relevant information. It describes the situation for the spices and herbs market in Denmark and other EU member countries - http://www.ienica.net

3 Trade: imports and exports

Imports
Denmark is an average-sized importer of spices and herbs, accounting for 2.3% of total EU imports in 2008. Danish imports of spices and herbs amounted to € 27 million or 6.9 thousand tonnes. In terms of value as well as volume, Danish imports remained stable between 2004 and 2008.

When compared to the EU average of 50%, DCs played a minor role in the supply of spices and herbs to Denmark in 2008, accounting for a share in total imports of 7.2%, decreasing at an annual average rate of 11% during the review period. 90% of the total Danish imports of spices and herbs originated directly in other EU countries. Leading suppliers of spices and herbs to Denmark were Germany (44%), Sweden (17%) and The Netherlands (16%). Important developing country suppliers were India (2.4%), Thailand (1.8%) and Vietnam (1.2%).

In 2008, pepper was the largest product group imported by Denmark, accounting for 17%, followed by mixtures (13%) and paprika, chillies and allspice (10%). In terms of value, imports of pepper and paprika, chillies & allspice remained stable during the review period, whereas mixtures imports showed a small annual average increase. All imports of the mentioned spices and herbs increased in volume terms. Of all product groups, imports of saffron grew the fastest, by 13% annually on average. Only imports of nutmeg, mace & cardamoms and vanilla declined, of which the latter product group is recovering after heavily increasing prices in the early years of 2000 due to natural disasters and political instability in Madagascar, the main vanilla supplier. Finally, the product group other spices accounted for 34% of total imports. Imports of other spices showed a small annual average increase.

DIPP also reports on organic spices imports. Between 2004 and 2006 imports of organic spices increased strongly from € 218 thousand to € 452 thousand, indicating an average annual growth of 44%.

Exports
Having a value of € 9.6 million and a volume of 2.4 thousand tonnes in 2008, Denmark was a small exporter of spices and herbs compared to the leading EU countries; it accounts for only 1.3% of total EU spices and herbs exports. Nonetheless, Danish exports increased by an annual average rate of 3.2% in terms of value and 11% in terms of volume between 2004 and 2008.

Denmark's exports to other EU countries and developing countries decreased considerably by an annual average of 8.8% and 16% respectively between 2004 and 2008. In contrast, exports to extra-EU countries, increased at a strong rate of 16% annually, accounting for 60% of total exports. Denmark predominantly supplied spices and herbs to Russia (42%) and Sweden (22%).

Opportunities and threats

+/- Denmark is a net importer of spices and herbs despite its relatively small market size compared to the leading EU member countries. However, the share of spices and herbs directly supplied by DCs was very small as Denmark mostly imports from other EU countries.

+/- In particular, increased imports of mixtures, ginger and saffron could provide opportunities for DC exporters; however their share is currently very small.

\+ Following the strongly increasing market for organic spices and herbs, imports have also increased considerably. Especially for suppliers of products that are not grown in the EU, this could offer opportunities.

\- 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_20090513.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 do not differ from those in Denmark. 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 Denmark, you should be aware of the market access requirements of your trading partners and the Danish 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 Denmark 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 Denmark are the same as for the EU. Information regarding these market requirements can be found in the survey covering the EU market.

The general VAT rate in Denmark is 25%. This standard rate applies to food products.

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 Denmark, visit the following websites:

Trade associations
- Danish Association of Herb and Spice Growers - http://www.krymeda.dk
- Foodstuff Industries - http://www.fi.di.dk (website in Danish only)
- Organic Denmark - http://www.organic-denmark.com
- Danish Organic Trade Association - http://ecoweb.dk

Trade press
- LevnedsmiddelBladet - http://www.techmedia.dk/medieinfo/2010_UK/LMB2010uk.pdf
- Økologisk Jordbrug – http://www.okologi.dk/Økologisk_Jordbrug/Default.asp - Danish magazine for organic products. (publication in Danish only)

Trade fairs
- Foodexpo - http://www.foodexpo.dk – a biennial Foodstuffs Fair. The most recent event was held January, 2010 in Herning, Denmark.
- TEMA International Food Fair of Scandinavia - http://www.eventseye.com/fairs/f-tema-6471-1.html – a biennial fair related to the food industry and catering sector. The next event will be held in February 2011.
- Erantis Organic Fair - http://www.erantisfair.com. The fair is open all year round, and is located in Hammel, Denmark.

Other
- A possible source of cultural specifics of Scandinavia is: http://www.cba.uni.edu/buscomm/InternationalBusComm/world/europe/scandinavia/scandinavia.html
- Information on Danish business culture can be found at: http://www.businessculture.com/denmark/index.html

This survey was compiled for CBI by ProFound - Advisers In Development