CBI MARKET SURVEY

The spices and herbs market in Ireland

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Introduction
This CBI market survey gives exporters in developing countries (DCs) information on some main developments in the spices and herbs market in Ireland. 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.

Ireland is among the smaller consumer of spices and herbs in the EU, accounting for 0.7% of total EU consumption. In 2008, it consumed 2.3 thousand tonnes. Overall, the market for spices and herbs in Ireland showed a decrease of 4.8% in the period 2004-2008. However, apparent consumption fluctuated considerably in that period.

Apparent consumption of pepper, the largest product group consumed, remained stable. In 2008, it amounted to 483 tonnes. The second and third largest product groups, ginger and paprika, chillies & allspice, both showed a very different picture. Apparent consumption of ginger increased strongly, by 16%, and reached 328 tonnes in 2008. On the other hand, demand for paprika, chillies & allspice decreased by 8.8%, to 297 tonnes.

Of the smaller product groups consumed, apparent consumption of spice seeds (140 tonnes), saffron (40 tonnes), cinnamon (33 tonnes) and turmeric (19 tonnes) all increased on average, despite some fluctuations. In contrast, consumption of vanilla (88 tonnes), nutmeg, mace & cardamom (22 tonnes) and cloves (16 tonnes) decreased between 2004 and 2008. There is no growth rate available for mixtures, for which demand amounted to 195 tonnes in 2007. Finally, a relatively large amount of other spices was consumed in Ireland, 874 tonnes in 2008. Nevertheless, this indicated a considerable average annual decrease of 9.7%.

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
The Irish economy has witnessed enormous growth in the past decade, which has resulted in higher disposable incomes and higher food sales. Irish consumers have become increasingly aware of product ingredients and have changed their purchase behaviour accordingly. Furthermore, Ireland's high immigration rates contribute to a growing interest in the use of ethnically produced food. Irish consumers value quality of food and are willing to pay premium prices in order to try new food products and international cuisines. However, Irish consumers still appreciate domestically produced food items over imported products. Traditionally, the Irish population is keen on fresh and unpackaged food. However, the time available for the preparation and cooking of meals is declining and like in many other European countries packaged food which offers convenience has become very popular.

Although its growth has slowed down recently, the organic food market in Ireland is expected to expand quickly, growing further towards the European average. According to The Irish Times (2009), in 2008, organic food sales in Ireland totalled € 104 million, a large increase of 82% since 2006. Although the level of growth of organic food sales has slowed down recently, it still expands by double-digit figures. The large majority of organic food is imported (70%). However, although exact numbers are lacking, it is clear that the market share of organic food sales in total food sales is still far below 5% and therefore still rather small, compared to more mature organic markets in Europe.

Besides interest in organic products, Irish interest for Fairtrade certified products has also increased considerably. Between 2007 and 2008 it increased by 29%. However, retail sales of Fairtrade products remain limited, reaching € 30 million in 2008.

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 Ireland.

The statistical office of the EU (Eurostat) also does not have any data available for herb cultivation in Ireland.

Production trends
In 2008, the organic area totalled almost 45 thousand hectares, 1.1% of total farmland available, which is below the European average (FiBL, 2009). The Irish "Organic Action Plan" aims at 5% of land area in organic production by 2012. Therewith, the government set the target of increase in organic food produced in Ireland, to further boost the economy. (Organic World, 2009)

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 Irish market for spices and herbs is small and has shown a decreasing trend. This does not make Ireland a very attractive target market for suppliers in DCs.
- +/- Nevertheless, a few product groups might offer some opportunities, because apparent consumption has been growing. These products are ginger, spice seeds, saffron, cinnamon and turmeric. However, their consumed volumes are small.
- +/- Other opportunities might be found on the organic or Fairtrade market. Although still small, both markets are growing strongly. However, Ireland introduced the "Organic Action Plan" to support domestic organic agriculture and therewith also the cultivation of organic spices and herbs.

For more information on opportunities 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. However, please note that only a very limited share of imports is sourced directly in DCs, while most spices and herbs are sourced in the UK and The Netherlands. Due to rising competition, retailers in Ireland increasingly introduce private labels. 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 relevant. 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 for spices and herbs. There is no specific information about the prices and / or margins for spices and herbs in Ireland.

Interesting Irish companies include:
- Goodalls - http://www.goodalls.ie
- CF Gaynor - http://www.cfgaynor.com
- O'Hanlon Herbs - http://www.ohanlonherbs.ie

Good internet sources for encountering trade partners in Ireland, like importers, agents and processing industries are the following:
- Food world - http://www.thefoodworld.com - an extensive online food business directory, with full EU coverage. Condiments, spices and herbs are a separate product group.
- Europages - http://www.europages.com – online 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 (updated in 2009).
- SpiceImporters.com - http://www.spiceimporters.com - provides contact information of 220 European importers of spices, seasoning and flavouring at a cost of US$20 (updated in 2009).

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 Ireland:
- FAO's statistical database FAOSTAT, available at http://faostat.fao.org – is a valuable source.
- Furthermore, Irish trade associations mentioned in section 6 of this survey, and the Irish statistical agency (http://www.cso.ie/) can be a source of information.
- A good source for encountering producers of herbs and spices in Ireland is the European Herbs Growers Association (EHGA) website at http://www.europam.net/EU%20members.htm. Specific country representatives should be most knowledgeable on these issues.
- The 2004 IENICA report is fairly outdated but still offers relevant information. It describes the situation for the spices and herbs market in Ireland and other EU member countries - http://www.ienica.net

3 Trade: imports and exports

Imports
Ireland is among the smaller importers of spices and herbs, accounting for 1.2% of total EU imports. In 2008, total imports amounted to € 13 million / 2.9 thousand tonnes, signifying an

annual average decrease of 3.1% in terms of value and of 5.4% in terms of volume, in the period 2004 to 2008.

In 2008, the share of imports from extra-EU countries (4.8%) and from DCs (2.3%) was very small, compared to the imports from intra-EU countries (93%). Moreover, the share of imports from DCs decreased by 14% annually in terms of value, and by 9.3% in terms of volume. Furthermore, in terms of average annual growth, imports from DCs decreased considerably (14%).

Most imports came from the UK (71%), followed by The Netherlands (11%) and Germany (6.1%). Imports from Israel, Spain and Vietnam increased by the highest rates with 29%, 88% and 219%, respectively, in the review period.

Pepper accounted for a 26% share of total Irish imports in 2008, followed by mixtures (16%). Both product groups have a very small share of DC supply. Product groups with the highest annual increase over the years are ginger and turmeric, at 22% and 30% respectively. Irish imports of 'other spices', however, decreased considerably by 14% and accounted for a share of 27% of total imports from 2004 to 2008. The imports of vanilla declined considerably.

Exports
Total exports amounted to € 2.1 million/ 0.8 thousand tonnes in 2008. Having a market share of 0.3%, Ireland is among the smaller exporters of spices and herbs in the EU, ranking in 20th place. Exports increased annually on average by 4.6% in value and increased by 2.5% in volume in the period 2004 to 2008.

Almost all exports of Ireland go to intra-EU countries. The UK is by far the largest importer (97%) of Irish exports of spices and herbs.

Opportunities and threats
- Irish imports of spices and herbs are relatively small and decreasing in value and volume terms. This leads to limited opportunities for DC suppliers.
- Moreover, the share of DCs in the supply of spices and herbs in general has been very small and is furthermore decreasing. Pepper and mixtures, the two most-imported products are directly sourced in DCs in only very small quantities, further limiting opportunities for DC suppliers.
- 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 and margins are very much under pressure in the Irish market for spices and herbs, because of increased competition among retailers. This is to a large extent the result of the abolition of the Groceries Order in 2006, which kept prices artificially high and dampened competition.

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 Ireland. 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, among others, by 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 DC preparing to access Ireland, you should be aware of the market access requirements of your trading partners and the Irish 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 Ireland 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

The standard VAT rate in Ireland is 21.5%. The VAT rate applied to foodstuffs is 4.8% or 13.5%, 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 Ireland, visit the following websites:

Trade associations
- Food and Drink Industry Ireland (FDII) - http://www.fdii.ie
- Bord Bia – Irish Food Board - http://www.bordbia.ie/Pages/Default.aspx

Trade press
- Checkout - principal Irish food magazine - http://www.checkout.ie
- Organic matters – organic magazine - http://www.organicmattersmag.com
- Hospitality Ireland – magazine for the food service & drinks sector - https://www.secure-ssl-server.us/hospitality-ireland/pages/advertiser.shtml

Trade fairs
- SHOP - http://www.eventseye.com/fairs/f-shop-9888-1.html – Ireland's International Annual Retail, Food and Drink Event. The next event will be held September 2010 in Dublin, Ireland. Exact date to be confirmed.

Other
- A possible source of cultural specifics of Ireland could be: http://www.kwintessential.co.uk/resources/global-etiquette/ireland.html

- Information on Irish business culture can be found at: http://www.worldwide-tax.com/ireland/irepractice.asp, or: http://www.businessculture.com/ireland/index.html

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