CBI MARKET SURVEY

THE NATURAL COLOURS, FLAVOURS AND THICKENERS MARKET IN BELGIUM

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Introduction
This CBI market survey gives exporters in developing countries information on some main developments in the natural colours, flavours and thickeners market in Belgium. The information is complementary to the information provided in the CBI market survey 'The natural colours, flavours and thickeners 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: industrial demand and production

Industrial demand
Belgium has a small to medium-sized industrial demand for natural colours, flavours and thickeners in the EU. Belgium's food industry accounted for 4.0% of the total turnover of the EU food industries in 2007. The country accommodates several production facilities of some multinational food ingredient companies.

Table 1.1 presents the size of the sectors within the Belgian food industry. As can be seen, sectors which are relatively large in Belgium are fruit and vegetables, animal feeds, oils and fats and grain mill products. When looking at sub-sector level, the largest industries in Belgium are dairy and cheese (11% of the total food industry turnover), cocoa, chocolate and confectionery (10%), and feed for farm animals (8.3%). In particular, the chocolate industry is a well-known Belgian high quality industry, as is the Belgian beer industry. This indicates that demand for natural colours, flavours and thickeners used in these products is relatively high in Belgium.

Table 1.1 Manufacturing of food products, beverages and tobacco in Belgium

Food and drink industry sectors	Share in EU food industry, 2006	Share in Belgian food industry, 2007	Average annual change in Belgian food industry, 2003-2007
Total	**100%**	**100%**	**3.9%**
Meat	*19.1%	14.1%	2.6%
Beverages	14.1%	12.0%	3.8%
Dairy	12.7%	11.8%	7.8%
Animal feeds	*5.5%	8.6%	4.3%
Fruit and vegetables	5.6%	7.4%	5.9%
Grain mill products and starch	3.5%	6.6%	4.5%
Oils and fats	4.4%	5.8%	1.7%
Tobacco	7.1%	3.7%	-6.4%
Fish	2.4%	1.5%	2.6%
Other food products	24.7%	28.5%	4.6%

Source: Eurostat (2009)
* Data from 2005

Interesting sectors which show high growth rates in the period 2003-2007 are dairy and cheese (8.3% annually on average) and chocolate (7.5%). This indicates a growing demand for natural colours and flavours, which are widely used in the dairy industry like turmeric and annatto,as well as a growing demand for starch and menthol, which are commonly used in confectionery products.

Firmenich, a leading flavour manufacturer, produces flavours in Belgium. In 2007, Firmenich acquired Danisco's flavours division, which had its headquarters and a flavour production facility in Belgium. In 2005, Danisco moved the production of flavours from Sweden to Belgium, thereby increasing flavour production in Belgium. Danisco is one of the largest multinational food ingredients companies and was the 12th largest flavour manufacturer in the world in 2006.

Furthermore, Cargill has a texturisers manufacturing plant in Belgium, while Sensient has a flavour division in Belgium which creates and manufactures food flavours for customers in the Benelux (Belgium, The Netherlands and Luxembourg).

Demand for many natural colours, flavours and thickeners slowed down during the first year of the economic crisis, as traders and users reduced their stocks and working capital, and shortened their contracts. Since the second half of 2009, however, trade has picked up again, as inventories ran low and had to be replenished.

The Belgian organic market is of medium size, compared to other EU countries. According to the Research Institute of Organic Agriculture, the value of the Belgian retail market amounted to € 283 million in 2007 or 1.8% of the total EU market for organic food. Per capita consumption of € 27 equalled the EU average.

Trends in industrial demand

- The growing health awareness of Belgian consumers, including the demand for natural and organic products, stimulates the demand for natural food ingredients.
- The interest in organic food is mounting. The market for organic food increased by 33% in 2006, and by 16% in 2007.
- There is an increased demand in Belgium for exotic and ethnic flavours, especially for Asian and Hispanic flavours.
- Like in the EU in general, due to busier life-styles, Belgians increasingly look for convenience foods. This market is an important one for natural, colours, flavours and thickeners.

For more information on trends, please also refer to the CBI survey covering the EU market for natural colours, flavours and thickeners.

Production

Production of raw materials for natural colours, flavours and thickeners in Belgium is small, compared to other EU countries. The main reason for this is that the climate does not support the cultivation of the raw materials needed for the production of natural colours, flavours and thickeners. Production of essential oils, which could potentially be grown in Belgium, is not significant either, except for some production of angelica and catnip essential oils. The European Herb Growers Association does not report any production in Belgium.

According to the data available, there is no production of most raw materials for natural colours in Belgium. Exceptions could be some of the raw materials which can be grown in temperate climates. Production of menthol, locust bean (gum), gum Arabic, guar gum, pectins, agar or carrageenan in Belgium is negligible. One product of interest, however, is wheat starch, the production of which is significant in Belgium and competes with manioc starch.

Trends in production

- Due to the negligible production of raw materials for natural colours, flavours and thickeners in Belgium, there is no specific information about production trends which can be presented.

- It is not expected that production of raw materials for natural colours, flavours or thickeners will increase significantly in the future.

For more information on trends, please also refer to the CBI survey covering the EU market for natural colours, flavours and thickeners.

Opportunities and threats

\+ Industrial demand for natural colours, flavours and thickeners in Belgium is considerable, while Belgium hardly produces any raw materials for natural colours, flavours and thickeners. This provides opportunities for DC suppliers of these materials.
\+ Dairy and chocolate are relatively large and fast-growing sectors in Belgium, indicating that there are export opportunities for natural colours, flavours and thickeners used by these industries.
\- In the EU, Belgium is only a small to medium-sized market for natural colours, flavours and thickeners.
\+ The growing demand for natural ingredients, following from the health trend, offers opportunities for developing country suppliers.
\+ Demand for organically certified products is increasing considerably in Belgium, which provides opportunities for suppliers of organic colours, flavours and thickeners.
\+ Another opportunity would be to export exotic and ethnic flavours, since demand for these products is growing in Belgium.

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 natural colours, flavours and thickeners in the EU' presents an example of an analysis of whether a trend/development is an opportunity or a threat.

2. Trade channels for market entry

A number of manufacturers of natural colours, flavours and thickeners is situated in Belgium. However, most of the multinational flavour houses and traders active in the EU market sell their products through national sales offices or agents. Next to that, Belgium is also supplied through local distributors. Examples of producers and traders of natural flavours, colours and thickeners in Belgium are:

- Firmenich - http://www.firmenich.com - producer of flavours.
- Taste Development S.A. - http://www.taste.be - producer of natural flavours.
- Cargill - http://www.cargill.com - producer of thickeners.
- Sensient - http://www.sensientflavors.com/English/view/Sensient_Flavors_Belgium - flavours division
- Synaco - http://www.synaco.com - producer of essential oils and trader of natural colours, flavours and thickeners. Agent for R.C. Treatt and Alland & Robert.
- Vossen & Co - http://www.vossenbio.com - importer of organic essential oils.
- Sibeco Group, Food Ingredients Division - http://www.sibeco.com – trader of food ingredients.
- Dena ingredients - http://www.dena-ingredients.com - trader of natural colours, flavours and thickeners.
- Caldic - http://www.caldic.com - agent for producers of natural colours, flavours and thickeners.
- Univar Food Ingredients - http://www.univareurope.com – distributor of colours, flavours and thickeners.
- I.F.K.O. - http://www.ifko.be – trader of food additives.
- Niche trading - http://www.nichetrading.com - trader in natural thickeners.
- Dena Ingredients - http://www.dena-ingredients.com - trader of natural colours, flavours and thickeners.

- The following multinational food ingredient companies have sales offices in Belgium: Robertet, CP Kelco, Sensient Technologies Corporation, Döhler, and Cosmos.

Note that many food manufacturers prefer to deal with local producers, agents or distributors, instead of dealing directly with suppliers in developing countries. They need advice about product applications and related EU legislation. It is generally difficult for an exporter in a developing country to provide this service, as the distance to the market is too big. If this is the case, it would be best to work through agents or distributors.

3. Trade: imports and exports

Imports

Belgium is a medium-sized importer of natural colours, flavours and thickeners, accounting for 4.9% of total EU imports in 2008. Between 2004 and 2008, Belgian imports of natural colours, flavours and thickeners increased by 6.3% annually on average in terms of value, and by 11% in terms of volume. In 2008, imports amounted to € 102 million or 26 thousand tonnes. The increase in imports can be explained by the growing food industry in Belgium, in combination with the health and convenience trends, which stimulate consumption.

Developing countries accounted for a share of 30% in Belgian imports of natural colours, flavours and thickeners, which was only slightly lower than the EU average of 37%. Between 2004 and 2008, imports from developing countries increased sharply by 12% annually; this resulted in an increased share in imports. Belgium has a small to medium-sized colours, flavours and thickeners industry and consequently imports a considerable amount of raw materials for these products.

The leading developing country supplier was the Philippines, accounting for 10% of total Belgian imports, making the country the third largest supplier. Imports from the Philippines increased by 57% annually on average during the review period. India is the other leading DC supplier, accounting for 7.4% of total Belgian imports of natural colours, flavours and thickeners in 2008. Belgium mainly imported gum and seaweed thickeners from the Philippines (carrageenan) and India (guar).

Belgium’s imports of natural colours, flavours and thickeners consisted of gum and seaweed thickeners (56%), essential oils (25%), colours (10%), menthol, liquorice and locust beans (6.7%) and manioc starch (1.2%). Imports of gum and seaweed thickeners consisted mainly of a remaining group (41%), pectins (25%) and guar gum (20%). Imports of pectins and guar increased by 6.2% and 7.5% annually respectively during the review period. Within essential oils, an important product group is peppermint, although imports declined by 4.2% annually in value during the review period.

Exports

Belgium is a small EU exporter of natural colours, flavours and thickeners, accounting for 3.1% of total EU exports in 2008. Between 2004 and 2008, Belgian exports increased by 9.1% annually to € 49 million / 14 tonnes in the latter year. The main countries of destination were France, Germany and The Netherlands.

The composition of exports is very similar to the composition of imports of natural colours, flavours and thickeners in Belgium. The exports consisted for 65% of gum and seaweed thickeners, for 15% of colours and for 13% of essential oils. Further analysis of the exports of gum, seaweed and thickeners, shows that 58% comprised a rest group (incl. carrageenan and alginates) and 25% comprised guar gum. This indicates that Belgium is a major re-exporter of the thickeners of this remaining group, such as carrageenan and alginates. Cargill plays a major role in this.

Opportunities and threats
+ Belgian imports of natural colours, flavours and thickeners increased during the review period, indicating that demand is increasing.
+ Developing countries play a significant role in Belgian trade of natural colours, flavours and thickeners. Moreover, their share in Belgian imports increased during the review period.
+ Belgium is a major importer of some specific thickeners. Imports of the thickeners concerned increased at a significant rate between 2004 and 2008.
- Belgium is only a small to medium-sized importer of most other natural colours, flavours and thickeners.
- It is important to note, however, that the Belgian food industry is also largely supplied by multinational food ingredient companies, which have production facilities in surrounding countries, like The Netherlands.

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 natural colours, flavours and thickeners 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 Eeurostat: Quick guide to easy comext ➔ http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20090513.pdf

4. Price developments

Please refer to the CBI market survey covering the EU market for prices of natural colours, flavours and thickeners. The price indications given there are the best reference point for prices in Belgium. If any price differences exist, they are the result of differences in transport costs and individual buyer preferences for product origin, quality, packaging, etc. These differences are considerable, both between countries and within countries. Nonetheless, global market prices as mentioned in the CBI market survey 'The market for natural colours, flavours and thickeners in the EU' are the basis for price calculations in every country including Belgium.

For more detailed information on prices, refer to the survey covering the EU or to:
- The Public Ledger (http://www.public-ledger.com): Prices for selected colours, flavours and thickeners
- MCX India (http://www.mcxindia.com): Prices for menthol and guar
- Quarterly Review of Food Hydrocolloids (http://www.hydrocolloid.com): Prices for hydrocolloids

5. Market access requirements

As a manufacturer 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 'food ingredients' 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/packaging/packit.htm
Information on tariffs and quota can be found at http://exporthelp.europa.eu

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 (FEVIA) - http://www.fevia.be
- Federation of Distributors (Fedis) – http://www.fedis.be – provides information to companies entering Belgium, including finding appropriate importers, agents, sales representatives and distributors (mailto:av@fedis.be)
- AROMA (mailto:viviane.vijverman@danisco.com): Association of producers, importers, processors and mixers of flavours, essences, extracts and aromatic products and member of the European Food & Flavour Association.
- 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 fairs

- Intrafood - http://www.eventseye.com/fairs/f-intrafood-10860-1.html - International Food Ingredients Exhibition. The fair is held once every two years and the next event will be held 15-16 September 2010 in Kortrijk, Belgium.

Trade press

- Horecamagazine - http://www.horecamagazine.be – website for the restaurant and catering sector (website in French and Dutch only)
- FedisNews - http://www.fedis.be/menu.asp?id=29&lng=nl&niveau1=18&m=0 – monthly magazine of Fedis

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