CBI MARKET SURVEY

THE NATURAL COLOURS, FLAVOURS AND THICKENERS MARKET IN DENMARK

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Report summary
This CBI market survey discusses, amongst others, the following highlights for the natural colours, flavours and thickeners market in Denmark:

- Denmark is a medium-sized market for raw materials of natural colours, flavours and thickeners, primarily due the presence of several processing facilities of multinational food ingredient companies in the country. The market for ready-to-use ingredients is also of medium size.
- Denmark is a small producer of raw materials for colours, flavours and thickeners, due to its climatic conditions. However, Denmark has a significant processing industry, and it is a particularly large producer of pectin, as well as potato starch.
- Denmark is a medium-sized importer of natural colours, flavours and thickeners. Total imports amounted to € 94 million / 14 thousand tonnes in 2008, signifying an annual increase of 2.5% compared to 2004. Supplies of raw materials for natural colours, agar-agar and other thickeners offer particularly interesting opportunities.
- Developing countries mainly supply the raw materials needed by the food processing industry, accounting for an import share of 38% in 2008. Between 2004 and 2008, imports from developing countries increased by 9.4% annually, signifying an increasing share in imports. Supplies of seaweeds for the production of thickeners are of particular importance, as well as material for natural food colours. Emerging suppliers are India, Peru, Indonesia and China, although the Philippines is still the largest developing country supplier.

This survey provides exporters of natural colours, flavours and thickeners with sector-specific market information related to gaining access to Denmark. 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 natural colours, flavours and thickeners 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: industrial demand and production

Industrial demand

Total market size
Denmark is a medium-sized market for raw materials of natural colours, flavours and thickeners, in spite of this country's relatively small population. The presence of several processing facilities of multinational food ingredient companies, such as Chr. Hansen and Danisco, play a strong role in establishing a large industrial demand for these materials.

The Danish food and drink industry valued € 23 billion in 2007, representing 2.5% of the total EU food and drink industry. Between 2003 and 2007, the Danish food industry turnover grew by 0.9% annually on average. Industrial demand for natural colours, flavours and thickeners has been growing in recent years and the increasing demand for healthier products and convenience food is expected to further stimulate the food industries' need for natural food ingredients.

Relatively large sectors within the Danish food industry are meat, animal feeds and fish. This indicates that demand for natural colours, flavours and thickeners used in these products, is relatively large in Denmark, compared to other EU countries. Within the category 'other food products', a large subsector is bread and fresh pastry.

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

Food and drink industry sectors	Share in EU food industry, 2006	Share in Danish food industry, 2007	Average annual change in Danish food industry, 2003-2007
Total	**100%**	**100%**	**0.9%**
Meat	*19.1%	23.8%	0.3%
Animal feeds	*5.5%	12.4%	n.a.
Fish	2.4%	8.7%	5.4%
Beverages	14.1%	7.5%	-5.2%
Fruit and vegetables	5.6%	3.4%	4.3%
Oils and fats	4.4%	2.7%	n.a.
Grain mill products and starch	3.5%	2.0%	3.0%
Dairy	12.7%	n.a.	n.a.
Tobacco	7.1%	n.a.	n.a.
Other food products	24.7%	15.3%	-0.8

Source: Eurostat (2009)
* Data from 2005

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.

Product groups
The processing facilities of the multinationals located in Denmark are supplied with raw materials, which are then processed into end-products. These end-products are used as ingredients by food manufacturers.

Natural colours
Industrial demand for raw materials of natural colours in Denmark is high, since colours are produced in large quantities by Danish processing companies. Chr. Hansen is the world's leading supplier of natural colours, and has its headquarters in Denmark. The company's colour division grew by 7.9% in the marketing year 2008/2009. In its annual report, Chr. Hansen explains that demand for natural colours is growing especially in the beverage and confectionery sectors.

Natural flavours
Industrial demand for raw materials for flavours is estimated to be of medium size. The flavour industry is significantly smaller than in the leading EU markets.

Denmark is a major market for liquorice in the EU. Leading liquorice confectionery producers in Denmark are Leaf (http://www.leaf.eu) and Pingvin, part of TOMS Confectionery Group.

Furthermore, AB Norrvea, a Danish flavour compounder, indicates that Danish consumers are open to new flavours. These new flavours require more ingredients, since simpler flavours are already on the market. This might increase the demand for more complex flavours.

Natural thickeners
Industrial demand for raw materials for thickeners in Denmark is also high. The end-products which are produced in the largest quantities in Denmark are xanthan gum, carrageenan and locust bean gum. With respect to carrageenan, industry sources indicate that industrial demand for this product is increasing by an approximate annual rate of 5%. Growth of the

carrageenan market is expected to continue in the future. This is partly due to increased applications for carrageenan in the food industry, particularly in processed meat products.

Market segmentation

The market segmentation in Denmark is similar to the market segmentation in other EU countries. Therefore, please refer to the CBI survey on 'The natural colours, flavours and thickeners market in the EU' for an elaborate description of the market segmentation.

Pectins, one of the products discussed here in which Denmark plays a major role, are mostly used in fruit preparations, confectionery, bakery, and dairy products.

Denmark is a large market for organic products. The market for organic food in Denmark reached € 500 million in 2007, indicating that the country has one of the largest annual consumption rates of organic products per capita in the EU and worldwide, at € 92. Organic products accounted for 5.5% of total food sales in 2007, compared to an EU average of 1-2%. The large share of organic products in the food market is also visible in the retail market. There are many specialised organic shops and conventional retailers also have many organic products on their shelves. According to industry sources, the organics market in Denmark has, nonetheless, not yet reached its full potential.

Trends in industrial demand

- Demand for low-energy and low-fat foods is increasing in Denmark. Hence, there is a growing demand for healthy and natural (organic) ingredients, i.e. substances which substitute fats and sugars and reduce blood cholesterol levels.
- Like in the EU in general, the health trend stimulates demand for natural food ingredients, including natural colours, flavours and thickeners.
- Demand for organic food products is increasing in Denmark. Between 2006 and 2007, sales of organic food products increased by 34%.
- There is a growing demand for convenience food with a long shelf-life, which often includes more food additives, such as natural food colours.

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

Production

The production described here focuses on the production of raw materials, since the processing into end-products has already been described in the previous section.

Total production

Denmark is a small producer of raw materials for natural colours, flavours and thickeners. Although Denmark has a large food processing industry, hardly any production of raw materials for natural colours, flavours and thickeners takes place in the country. A major reason for this is that climatic conditions in Denmark are inappropriate for the production of the raw materials. Consequently, Denmark depends on imports of raw materials from countries where production of these materials takes place.

Product groups

Natural gum and seaweed thickeners

Denmark's production of raw materials for natural colours, flavours and thickeners is negligible, with the exception of pectin. Denmark is one of the leading producers of pectin in the EU and worldwide. The reason for this is that pectin extraction requires very sophisticated processes. Two of the five largest producers of pectin in the world are located in Denmark, namely CP Kelco and Danisco. According to industry sources, the production of pectin is increasing by approximately 5% per annum and it is expected to continue to increase in the future. This (expected) increase in production is due to increased health awareness and the increased demand for high-quality food products in Denmark. Furthermore, note that CP Kelco also processes carrageenan and locust bean gum in Denmark.

Starch
Denmark has a very high production of starch, of which a large part is exported. The country is the fourth largest potato starch producer in the EU. The EU production quota of potato starch for Denmark amounts to 168 thousand tonnes. KMC is the biggest potato starch manufacturer in Denmark, being the result of a merger of three producers. There are no cereal starch factories in Denmark.

Reliable information on Danish production of other raw materials for natural colours, flavours and thickeners was not found. We are inclined to assume that the absence of data means either negligible registered production or a minor importance of Denmark in this product group, relative to other EU countries.

Major players

- Danisco A/S - http://www.danisco.com - manufacturer of xanthan gum, pectin and flavours
- CP Kelco ApS - http://www.cpkelco.com - manufacturer of pectin, carrageenan and locust bean gum
- KMC – http://www.kmc.dk – the largest potato starch cooperative in Denmark

Trends in production

- Chr Hansen has expanded its natural food colours range by eight new types, after experimenting with fruit, vegetable and plant sources. This provides new opportunities for exporters of these sources, as well as stressing the increasing demand for such products. The company’s latest new colour is natural white.

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

+ Denmark is only a small producer of raw materials, so it needs to import raw materials for its relatively large processing industry.
+ Moreover, the health trend is stimulating demand for natural colours, flavours and thickeners.
+ Specific food industries in Denmark of interest are meat, animal feed, and fish, since these sectors are relatively large compared to other EU countries. This indicates that demand for natural colours, flavours and thickeners used in these products, is relatively large as well.
+ New applications for many thickeners can increase the demand for raw materials. Chr. Hansen has recently patented a method of packing active colour pigments into hydrocolloids, which stabilise and give vibrancy to the colour. Previously, this was only possible through the use of synthetic materials.
+ Denmark is a large market for organic products. This offers opportunities for exporters of organic products in developing countries.
- Industry sources indicate that some Danish companies may open branches in, or move production centres to, East-European countries due to lower labour costs in the latter countries. This will result in lower industrial demand for raw materials of natural colours, flavours and thickeners in Denmark.
- The considerable potato starch production in Denmark could form a threat to manioc starch exporters in developing countries. Moreover, Denmark could be a competitor, as it exports starch to other EU member states. In the same way, Danish pectin production can form a threat to DC suppliers.

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

- FI - http://www.fi.di.dk - Food Industries
- DFO - www.dfo.dk - Danish Flavour Organisation
- International Starch Institute - http://www.starch.dk
- Organic Denmark - http://www.organicdenmark.dk
- FiBL - http://www.fibl.org - Research Institute for Organic Agriculture

2. Trade channels for market entry

Trade channels

Trade in the natural colours, flavours and thickeners market exceeds national boundaries. A small number of compounders, traders and agents internationally trade most of the Danish and EU production. The Danish trade structure has to be viewed in conjunction with the EU-wide trade structure. Please refer to the CBI survey on 'The natural colours, flavours and thickeners market in the EU'.

Compounders

The market for colours and flavours is dominated by compounders, which supply the largest food manufacturers. These multinational compounders are often vertically integrated including import, production/processing, marketing and sales. Moreover, they are often integrated horizontally as well, to include different products within the group of food additives (i.e. colours and flavours).

Although production facilities are located in just one or only a few locations, sales offices of compounders are spread out more widely. They are located in many different countries in order to cover specific countries or regions. International Flavours and Fragrances Inc. (IFF), for example, has sales offices in 11 EU countries. Whereas larger markets such as Germany are generally covered by one office dedicated solely to that market, smaller markets such as Denmark are often covered by sales offices located in other countries. By having offices in many different countries, compounders are able to increase their market coverage and their knowledge of customer requirements. In this manner, they can also reach more buyers and gather more information about national, regional and company-specific requirements. This enables them to compete more successfully with other suppliers.

Distributors

The multinationals sometimes use a separate distributor. There are two main reasons for the existence of distribution intermediaries in the market for ready-to-use natural colours, flavours and thickeners: the need for readily available customer service and for just-in-time delivery. Distributors enable exporters to enter a foreign market without specific operational knowledge or experience in this market, and to provide customers with a consistent, quality supply of raw materials.

Traders and agents

Smaller food manufacturers in Denmark are, in many cases, supplied by independent traders and agents. Similar to compounders, some traders have set up local offices in different countries from where they sell their products. Local sales offices sometimes have their own purchasing department. They basically operate independently, but under the same flag as the mother trading company.

The EU-wide scope of the multinational compounders, traders and agents requires that developing country exporters carefully assess the channels through which country and company products reach end-users. The location of end-users is often different from where the products are actually imported. Products sold by the sales office of IFF in Denmark, for example, might come from one of the production facilities in France, The Netherlands, Sweden or the UK. This means that products from a developing country exporter, aiming to supply large food manufacturers in Denmark, might first have to go through these countries.

Major compounders, traders and agents active in the Danish market for colours, flavours and thickeners are listed below. Many of the major players are multinational companies, which are mentioned in the survey covering the EU market. For each company, an indication is given of the location of the headquarters, production facilities or sales offices. Only offices and facilities active in this market are shown:

- Givaudan - http://www.givaudan.com - manufacturer of flavours, which has one sales office in Denmark for Scandinavia.
- Chr. Hansen - http://www.chr-hansen.com - largest producer of colours in the world, with its headquarters in Denmark. The company is a supplier of colours, flavours, cultures, enzymes and more. It also has a production facility in Denmark.
- Sensient Food Colors Europe - http://www.sensient-fce.com - producer of natural colours, which are distributed in Denmark by Silvaco.
- Danisco - http://www.danisco.com - Danish supplier of value-added ingredients such as colours, emulsifiers, essential oils, and hydrocolloids. Danisco has 2 production facilities for flavours and thickeners in Denmark, and sales offices.
- CP Kelco - http://www.cpkelco.com - manufacturer of pectins. Has a manufacturing plant in Denmark (pectins, carrageenan and locust bean gum), as well as a sales office.
- Fusgaard - http://www.fusgaard.dk - manufacturer of natural colours and flavours
- Einar Willumsen - http://www.einarwillumsen.se - Leading supplier of flavours and compounds for the food and drink industry in the Nordic region, with its head office in Denmark.
- Eurogum - http://www.eurogum.dk - supplier of carrageenan and alginates.
- Broste - http://www.broste.com - distributor of food additives in Northern Europe. Their head office is in Denmark.
- Alsiano - http://www.alsiano.dk – distributor of colours, flavours and thickeners.
- Procudan - http://www.procudan.dk - distributor of colours, flavours and thickeners.
- Ecochem - http://www.ecochem.dk – distributor of colours, flavours and thickeners.
- International Starch Trading - http://www.viscostar.dk - starch trader.
- Univar Food Ingredients - http://www.univareurope.com – Distributor of colours, flavours and thickeners.
- Chr. Olesen - http://www.chr-olesen.dk – distributor of carotenoids, anti-oxidants and other active ingredients.

The following multinationals are active in the Danish market through sales offices, local agents or distributors: Frutarom and Döhler.

Trends

- The Danish market for natural colours, flavours and thickeners reflects the consolidation which exists for this sector at EU level. Earlier, in 2004, Danisco took over Rhodia Food Ingredients, indicating the consolidation mentioned.
- The production scale of natural colours, flavours and thickeners in Denmark is going through a sharp increase. The trend is particularly applicable to the large companies, which are making further investments in their production facilities.

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

Price structure

Different prices and margins apply throughout the various trade channels. In general, margins in Denmark follow those in the EU. Prices paid for materials increase significantly along the value chain. However, the market is not transparent at the different levels, thus making it impossible to provide margins.

The margins charged by different intermediaries in the trade of natural colours, flavours and thickeners are influenced by many different factors. These include the product type, the current and expected future harvest situation, the availability or number of sources for the particular product, the level of demand and the trend in prices.

Importers and traders generally take a margin of 10-25%, while agents take a margin of 5-10% in any market. However, because of the often very specific expertise needed in this sector, the margins for these trade channels might be higher when compared to other sectors. Moreover, the margins differ widely between the different product groups. In general, margins at processing level by compounders are larger for flavours and colours than for thickeners.

Finding a suitable trading partner
Finding a trading partner in Denmark does not deviate from the general EU method as described in the CBI survey on 'The natural colours, flavours and thickeners market in the EU'. Danish importers look for new suppliers in developing countries by visiting the country of interest, through recommendations or through trade fairs. The most common ways for developing country exporters to approach Danish customers are through direct (e-)mail, personal visits as follow-up, inviting potential Danish customers to visit them, building a network and visiting international trade fairs.

After obtaining contacts, evaluating potential trade partners should be done according to criteria such as information quality, geographic coverage; the kind of trade relation the partner is interested in, the position of the partner and the financial status and credibility.

The following websites can be of use when finding a trading partner in Denmark:
- For more suppliers of colours, flavours and thickeners - http://www.thomasglobal.com
- DFO - www.dfo.dk - Danish Flavour Organisation
- Organic Denmark - http://www.organic.dk/contact/write.htm - to come into contact with Danish trading partners for organic products

3. Trade: imports and exports

Imports

Total imports
Denmark is a medium-sized EU importer of natural colours, flavours and thickeners, accounting for 4.6% of total EU imports in 2008. In that year, total imports by Denmark amounted to € 94 million / 14 thousand tonnes, showing an increase of 2.5% annually in terms of value between 2004 and 2008. The increase coincides with the growing industrial demand in Denmark for natural colours, flavours and thickeners. As Denmark is a small producer of raw materials, it needs to import these for its processing industry.

The largest supplier was Spain, accounting for 20% of the supplies in terms of value, followed by the Philippines (15%). However, while imports from Spain increased by 7.3% annually, imports from the Philippines increased only by 3.7% annually during the review period and by 7.8% in volume. In total, developing countries accounted for 38% of the Danish imports, which was comparable to the EU average share of 37%. Imports from Chile, the second largest developing country supplier also increased, by 1.8% annually during the review period. Emerging suppliers are India, Peru, Indonesia and China, with annual growth rates in their supplies of 13%, 199%, 11% and 35% respectively in the review period.

Imports by product group
The largest product group for Denmark is by far natural gum and seaweed thickeners, accounting for 67% of the total imports. The second largest group is natural colours (16%), followed by essential oils (8.4%).

Table 3.1 Imports by and leading suppliers to Denmark 2004 - 2008, share in % of value

Product	2004 € mln	2006 € mln	2008 € mln	Leading suppliers in 2008 Share in %	Share (%)
Total market sector	42	49	46	Intra-EU: Spain (20), Germany (9.8), France (6.5), Portugal (3.6), United Kingdom (2.8)	49
	17	13	12	Extra-EU ex. DC*: Norway (3.9), South Korea (2.5), USA (2.3), Japan (2.2), Israel (1.4)	13
	26	37	36	DC*: Philippines (15), Chile (6.3), India (5.0), Peru (3.6), Indonesia (3.0), China (2.0), Brazil (1.6), Pakistan (1.1), Sudan (0.5), Ecuador (0.2),	38
Natural food colours	11	7.2	8.6	Intra-EU: Germany (20), Spain (8.5), Italy (8.0), United Kingdom (7.5), France (3.1)	45
	3.0	2.5	3.8	Extra-EU ex. DC*: Japan (10), USA (7.8), Canada (1.9), Singapore (1.3), Norway (0.1)	18
	2.6	5.4	5.2	DC*: Peru (18), Brazil (6.2), India (3.8), Ecuador (0.8), China (0.5), Argentina (0.1)	30
Menthol, liquorice and locust beans	4.5	3.9	3.2	Intra-EU: France (29), Germany (17), Sweden (5.1), Netherlands (2.7), United Kingdom (2.2)	58
	1.5	1.7	1.7	Extra-EU ex. DC*: Israel (24), USA (6.8)	31
	0.3	0.5	0.6	DC*: India (12)	12
Essential oils	2.0	4.7	6.2	Intra-EU: Germany (26), France (16), United Kingdom (11), Italy (8.3), Sweden (7.4)	79
	2.7	0.9	0.4	Extra-EU ex. DC*: USA (2.9), Australia (1.6), Canada (0.1), Switzerland (0.1) Norway (0.1)	4.8
	0.6	0.9	1.3	DC*: India (11), Brazil (4.9), China (0.3), Thailand (0.1)	16
Manioc starch	0.1	0	0	Intra-EU: Sweden (8.8), France (0.9), Germany (0.3)	10
	0	0	0	Extra-EU ex. DC*: -	0.0
	0.1	0.2	0.1	DC*: Vietnam (90)	90
Thickeners of natural gums and seaweeds	24	33	28	Intra-EU: Spain (26), Portugal (5.3), Germany (4.5), France (4.2), The Netherlands (0.9)	44
	9.9	8.3	6.6	Extra-EU ex. DC*: Norway (5.7), South Korea (3.7), Japan (0.4) USA (0.3), Switzerland (0.2)	10
	22	30	28	DC*: Philippines (22), Chile (9.4), Indonesia (4.5), India (4.0), China (2.8), Pakistan (1.6), Sudan (0.7), Peru (0.3)	45

Source: Eurostat (2010)
*Developing Countries

Natural food colours
Denmark is a medium-sized importer of natural colours, being the seventh largest in the EU, having a 7.6% share in EU imports in 2008. In that year, Denmark's imports of natural colours amounted to € 18 million or 1.4 thousand tonnes. Although the headquarters of Chr. Hansen, the leading manufacturer of colours in the EU, is located in Denmark, actual production largely takes place in several other countries. Therefore imports of natural colours are not very high. Between 2004 and 2008, Danish imports had an average annual increase of 1.1% in terms of value, but a decrease of 16% annually in terms of volume, indicating an increased import price.

Germany is the leading supplier, showing a strong increase in its supplies by 23% annually in value, but an annual decrease of 19% in volume, during the review period. Peru is the second largest supplier to Denmark, accounting for 18% of Danish imports, further increasing its supplier role by an enormous average annual rate of 198% between 2004 and 2008. A large part of Peru's exports comprises cochineal for carmine extraction. Total imports from developing countries increased by an annual average rate of 19% between 2004 and 2008. Developing countries accounted for a 30% share of total imports in 2008. Next to Peru, another emerging supplier was Brazil, showing an average annual growth rate of 19% during the review period.

Menthol, liquorice and locust beans
Denmark is the eighth largest EU importer of menthol, liquorice and locust beans, accounting for 4.0% of total EU imports in 2008. In that year, Denmark imported € 5.5 million / 1.2 thousand tonnes of this product group, showing an average annual decline of 3.5% between 2004 and 2008. Most of the imports come from other EU member states, of which France and Germany were the largest suppliers. However, imports from France increased by 4.8% annually during the review period, while Germany showed a significant decrease of 25%.

Developing countries accounted for 12% of the imports, which was far below the EU average share of 39%. However, their share in imports increased, because Danish imports from developing countries increased by 5.1% annually between 2004 and 2008. The only significant developing country supplier is India, showing an average annual growth rate of 17% in its supplies during the review period. India is a leading producer and supplier of menthol.

Essential oils
Denmark is only a small importer of essential oils, with imports amounting to € 7.9 million / 0.6 thousand tonnes in 2008. Between 2004 and 2008, imports increased by 10% annually in terms of value, and by 6.8% annually in terms of volume. Most of the essential oils are imported from intra-EU countries, in particular from Germany.

Developing countries accounted for 16% of the supplies, which was far below the EU average share of 41%. However, imports from developing countries increased by 21% annually during the review period, although imports from intra-EU countries increased at a faster pace. The leading developing country supplier was India, showing an annual growth rate of 33% during the review period. Brazil is the second largest DC supplier, from which supplies increased by 12% annually. India mainly supplied oleoresins, of which it is the largest supplier, but also some peppermint oil and spice and herb oils. Indian supplies of all these product groups increased. Brazil exported orange oils, accounting for two thirds of the supplies to Denmark.

Manioc starch
Denmark is a negligible EU importer of manioc starch.

Natural gum and seaweed thickeners
Denmark is the fourth largest EU importer of gum and seaweed thickeners, accounting for 7.4% of the total EU imports in 2008. That year, the country imported € 63 million or 11 thousand tonnes of this product group. Between 2004 and 2008, imports increased by 2.8% annually. As explained in previous sections, the processing facilities located in Denmark create a strong demand for raw materials of agar-agar and other thickeners.

Developing countries accounted for 45% of these imports, which was a somewhat higher share than for the EU on average. The leading supplier was, however, Spain, with an average annual growth rate in its supplies of 12% during the period under review. Spain supplies considerable amounts of locust bean gum to Denmark, which is mostly processed by Danisco. Imports from the Philippines and Chile, the leading DC suppliers, show a modest growth of by 3.7% and 2.0% annually respectively. Supplies from the Philippines and Chile primarily consist of carrageenan. Imports from Indonesia, India and especially China also increased strongly between 2004 and 2008. The most important product groups for developing country suppliers were agar-agar and guar thickeners. India and Pakistan supplied guar, while Chile was the main supplier of agar-agar. Furthermore, Sudan was the second largest supplier of gum Arabic to Denmark.

Exports

Denmark is a medium-sized EU exporter of natural colours, flavours and thickeners, accounting for 7.1% of total EU exports in 2008, when the country exported € 111 million or 13 thousand tonnes. Between 2004 and 2008, exports decreased by 17% annually, which was a considerable decrease compared to other EU countries. Total exports consisted mainly of gum and seaweed thickeners (69%), which are largely made from raw materials from developing countries, followed by colours (29%), and essential oils (1.3%).

Denmark's role in the trade of flavours, colours and thickeners mainly concerns re-export. However, many products are first processed, before being re-exported. The companies Chr. Hansen and Danisco, leading suppliers of natural ingredients for the food and beverage industry, primarily account for Denmark's important role as an exporter in the EU. Most Danish exports are destined to intra-EU countries, such as France, the UK, and Germany.

Opportunities and threats

\+ Denmark processes particularly large amounts of locust bean gum, agar-agar, carrageenan, alginates and natural colours. This makes it interesting for developing countries to supply raw materials for these products. Moreover, imports of natural colours and agar-agar and other thickeners increased in the review period, indicating a higher need for these raw materials, since Denmark itself does not produce them.

\+ Developing countries accounted for a significant share in Danish imports, and imports from developing countries increased during the review period. Emerging suppliers are India, Peru, Indonesia and China, which have high annual growth rates.

+/-Natural food flavours would not provide many opportunities at this moment, as developing countries account for a share far below the EU average in Danish imports of these products. However, imports of essential oils, menthol, liquorice and locust beans from developing countries increased, indicating that there could be more opportunities in the future.

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 natural colours, flavours and thickeners market 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
  ➔ go to: trade statistics
- Eurostat – http://epp.eurostat.ec.europa.eu - official statistical office of the 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

Please refer to the CBI survey on 'The natural colours, flavours and thickeners market in the EU' for prices regarding this sector. The price indications given there are the best reference point for prices in Denmark. 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 natural colours, flavours and thickeners market in the EU' are the basis for price calculations in every country. Actual prices are dependent on negotiation with partner companies.

Useful sources
- 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
- Organic Trade Services - http://www.organicts.com - prices for organic products

5. Market access requirements

As a manufacturer 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. 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 'food ingredients', and 'Denmark' in the category search, click on the search button and click on market access requirements.

Packaging requirements are different for each type of product that you export, so please refer to the CBI market survey covering the EU market for more information on this. Additional 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

6. Doing business

General 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) can be found in CBI's export manuals 'Export Planner' and 'Your image builder'. Furthermore, cultural awareness is a critical skill in securing success as an exporter. Information on cultural differences in the EU can be found in chapter 3 of CBI's export manual 'Exporting to the EU'. These manuals can be downloaded from http://www.cbi.eu/marketinfo - go to search publications.

In Chapter 2, the importance of networks, trade fairs and company visits was expressed in terms of promoting your company and finding trade partners. Trade fairs also offer useful information on trends, potential competitors and the products and services they offer. Trade press should not be underestimated, both as a source of information (e.g. trends and companies) and as a means of promoting your company and your products.

Trade associations
- Danish portal for organic products - http://www.ecoweb.dk
- Danish Chamber of Commerce - http://www.danskerhverv.dk/Sider/Forside.aspx

Trade press
- Levnedsmiddel Avisen - http://www.logfmagasinet.dk
- LevnedsmiddelBladet - http://www.techmedia.dk/default.asp?Action=Details&Item=1489

Trade fairs
- Foodexpo (Foodstuffs Fair) - http://www.foodexpo.dk/uk - the fair is held once every two years, and the most recent one took place in January 2010.

- Tema - http://www.bellacenter.dk - Scandinavian food industry and catering sector; the fair is held once every two years, and the next one is likely to take place in February 2011.

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