EU MARKET SURVEY 2003

FOOD INGREDIENTS FOR INDUSTRIAL USE

CENTRE FOR THE PROMOTION OF IMPORTS FROM DEVELOPING COUNTRIES

EU MARKET SURVEY

FOOD INGREDIENTS FOR INDUSTRIAL USE

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New CBI publication with updated contents, replacing EU Market Survey “Food Ingredients for Industrial Use” (2002) and EU Strategic Marketing Guide “Food Ingredients for Industrial Use” (2002)

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REPORT SUMMARY

This EU market survey profiles the EU market for food ingredients for industrial use and consists of two parts. Part A provides EU market information, highlighting the major national markets within the EU and providing statistical market information on consumption, production and trade, and information on trade structure. The selected EU markets are: The Netherlands, Germany, France, the UK, Italy and Spain. Part A also covers the requirements of the EU market in terms of product quality, packaging, labelling and social, health & safety and environmental standards.

After having read Parts A, it is important for an exporter to analyse the target markets, sales channels and potential customers in order to formulate marketing and product strategies. Part B subsequently aims to assist (potential) exporters in developing countries in their export-decision-making process.

Exporters are advised to consult CBI's Export Planner, a guide that shows how to set up export activities systematically, before using the marketing guidelines in this publication.

Consumption
As the trade in these products is business-to-business trade, there are no direct consumption figures available. The output of the European food and drink industry can be used as an indication of the EU market, since this industry uses huge amounts of the food ingredients described in this survey. In 2001, total output of the food and drink industry in the EU amounted to € 626 billion, representing a total increase of 15 percent since 1998. The so-called 'various food products,' the meat industry, the beverage industry and the dairy industry are the four main food and drink sectors. France is the biggest producer of the first two while Germany and the United Kingdom respectively dominate the other two. Bakery, pastry, chocolate and confectionery products represent more than half the production value in the 'other foodstuffs' category.

Despite an increased prosperity within the EU, the food market in the EU is highly competitive, since consumers are not going to eat more, but will only, at the very most, switch to other products. Furthermore, European consumers increasingly set higher demands regarding convenience, ethnic, safe, health and organic food. Therefore, is expected that the market for food ingredients for industrial use will continue to increase, particularly for the use in these kinds of food products.

Distribution structure
The food ingredient channel embraces business-to-business transactions involving sales of ingredients for further manufacturing. Changes in the food manufacturing/ingredients industry are reflected in concentration, globalisation and partnerships. Technical innovation, necessitating a high level of spending on R&D, is seen as critical to compete successfully in the marketplace. Companies need to be highly innovative, formulate and bring new ingredients to the market quickly, while focusing on customers' applications and processes, investing in manufacturing capability, culinary resources, technical advances and sensory services to meet the demands of the market. These changes in food manufacturing have important implications for suppliers such as:

- Size of manufacturing plants.
- Fulfil and/or complement customers' R&D function.
- Partnership arrangements with key customers.
- Develop value-added products.
- Innovation as a key to competitive advantage.
- Tracking and tracing: introduction of chain management and labelling systems, through which products can be traced back to the producer.
- The emphasis on food safety requires continuing developments in the areas of traceability, food safety assurance schemes, hygiene and training initiatives.

Imports
The leading EU importers for ingredients for food products are Germany, France, the United Kingdom, The Netherlands, Italy and Spain. At the level of product groups, however, there can be other countries, which are important markets. Portugal, for example, represents the second leading EU importer of sugars while Greece is an important market for seeds.

Imports by EU member countries of food ingredients, 2001,
€ million / thousand tonnes

Food ingredient:	Total EU imports:		Of which from DCs:	
	value	volume	value	volume
Vegetable oils & fats	4,097	6,051	1,761	4,199
Dried fruit & edible nuts	3,532	1,877	1,736	1,093
Sugars	1,215	4,743	1,082	3,772
Spices & herbs	801	289	467	171
Natural gums & resins	635	475	334	339
Essential oils & oleoresins	613	67	244	36
Pulses	575	1,069	242	353
Dried vegetables	427	181	140	50
Honey	275	198	148	127
Seeds	110	184	91	161
Natural colours & flavours	291	93	88	9
Vegetable saps & extracts	161	28	34	12

DCs : developing countries
Source: Eurostat (2002)

If we look at the shares of developing countries in EU imports, developing countries were particularly strong in sugars, seeds, spices & herbs, honey and natural gums & resins. In 2001, developing countries supplied over 50 percent of the imports (in value) by EU member countries of these products. China, Indonesia, India, Argentina, Iran, and Turkey are among the leading developing countries supplying the EU with ingredients for food products.

Opportunities
If the food-processing industry has taught the ingredient suppliers anything in the past years, it is that there is only enough room for a limited number of suppliers and, to succeed, one needs to be a technically knowledgeable partner. It is to be expected that the high investments in research and development of new products could constitute a problem for a developing country producers.

The advice that we can give in order to be successful in the competitive food market is:
- Offer a 'concept': a product should include complete product specifications, suggestions for application, instructions on how to store and to process, proposals for product presentation, information on quality assurance (e.g. HACCP) or even ISO certification.
- Go 'organic': healthy, natural and organic products are occupying an increasingly stronger position in the EU. This applies to the consumer market as well as to the food industry. Organic production is particularly attractive for growers in developing countries, since much of their food production is already organic or can be changed to organic. For more information, please refer to CBI's EU Market Survey *"Organic Food Products"*.
- Adopt HACCP: adopting a system of quality control, will be a very positive argument in export business.
- Adopt standards for Good Agricultural Practice.

EU market access requirements
It is of vital importance that exporters comply with the requirements of the EU market in terms of product quality, packaging, labelling and environmental standards. These items and other issues, which seriously have to be taken into account when entering the EU market, are covered also covered in this EU Market Survey. Since this EU Market Survey covers a full range of food ingredients and cannot provide in-depth information for each product, developing country exporters are advised to further investigate the EU requirements for their specific food ingredient(s).

INTRODUCTION

This CBI survey consists of two parts: EU Market Information and EU Market Access Requirements (Part A), and Export Marketing Guidelines (Part B).

on trade structure and opportunities for exporters is provided.

Market Survey

Part A
EU Market Information and Market Access Requirements

EU Market Information *(Chapter 1-8)*	**EU Market Access Requirements** *(Chapter 9)*
Product characteristics Introduction to the EU market Consumption and production Imports and exports Trade structure Prices	Quality and grading standards Environmental, social and health & safety issues Packaging, marking and labelling Tariffs and quota

Part B
Export Marketing Guidelines: Analysis and Strategy

External Analysis (market audit) *(Chapter10)*	**Internal Analysis** *(Chapter 11)*
Opportunities & Threats	Strengths & Weaknesses

Decision Making
(Chapter 12)

SWOT and situation analysis:
Target markets and segments
Positioning and improving competitiveness
Suitable trade channels and business partners
Critical conditions and success factors (others than mentioned)
Strategic options & objectives

Export Marketing
(Chapter 13)

Matching products and product range
Building up a trade relationship
Drawing up an offer
Handling the contract
Sales promotion

Chapters 1 to 8 of Part A profile the EU market for food ingredients for industrial use. The emphasis of the survey lies on those products, which are of importance to developing country suppliers. The major national markets within the EU for those products are highlighted. Furthermore statistical market information on consumption, production and trade, and information

Chapter 9 subsequently describes the requirements, which have to be fulfilled in order to get market access for the product sector concerned. It is furthermore of vital importance that exporters comply with the requirements of the EU market in terms of product quality, packaging, labelling and social, health & safety and environmental standards.

After having read Part A, it is important for an exporter to analyse target markets, sales channels and potential customers in order to formulate export marketing and product strategies. Part B therefore aims to assist (potential) exporters from developing countries in their export-decision making process.

After having assessed the external (Chapter 10) and internal environment (Chapter 11), the (potential) exporter should be able to determine whether there are interesting export markets for his company.
In fact, by matching external opportunities and internal capabilities, the exporter should be able to identify suitable target countries, market segments and target product(s) within these countries, and possible trade channels to export the selected products (Chapter 12).

Chapter 13 subsequently describes marketing tools, which can be of assistance in successfully achieving the identified export objectives.

The survey is interesting for both starting exporters as well as well as exporters already engaged in exporting (to the EU market). Part B is especially interesting for more experienced exporters starting to export to the EU and exporters looking for new EU markets, sales channels or customers. Starting exporters are advised to read this publication together with the CBI's Export planner, a guide that shows systematically how to set up export activities.

Part A
EU market information

1 PRODUCT CHARACTERISTICS

1.1 Product groups

Ingredients for food products encompass an enormous diversity of product groups. In this survey, we will focus on a limited number of product groups, which are interesting for exporters in developing countries. The ingredients discussed in this survey fall in the following groups, listed in descending order of importance:

- Vegetable oils and fats
- Dried fruit and edible nuts
- Sugars (exotic)
- Spices and herbs
- Natural gums and resins
- Essential oils and oleoresins
- Pulses
- Dried vegetables
- Natural colours and flavours
- Honey
- Seeds
- Vegetable saps and extracts

It is important to note, however, that some of the ingredients are not only traded for the food industry, but also find their way to the cosmetic and pharmaceutical industries. A number of the above product groups are dealt with in more detail in the following CBI surveys:

For more detailed information on spices and herbs, please refer to:	EU Market Survey *"Spices and Herbs."* Published in 2002.
For more detailed information on vegetable oils and fats, please refer to:	EU Market Survey *"Animal and Vegetable Oils and Fats for Industrial Application."* Published in 2002.
For more detailed information honey, please refer to:	EU Market Survey *"Honey and Beeswax."* Published in 2002.
For more detailed information on dried fruit and vegetables, please refer to:	EU Market Survey *"Preserved Fruit and Vegetables"*. Published in 2003
For more detailed information on essential oils and oleoresins, and vegetable saps and extracts, please refer to:	EU Market Survey *"Natural Ingredients for Pharmaceuticals."* EU Market Survey *"Natural Ingredients for Cosmetics."* Both published in 2003.

The above product groups, concerning organic products, are also dealt with in CBI's EU Market Survey *"Organic Food Products"*.

Characteristics of products groups discussed in this survey are described below briefly.

Vegetable oils & fats
Oil seeds are mainly processed, by crushing or solvent extraction, into vegetable oil. Groundnuts form the major exception. The kernels are mainly used in snacks and confectionery, or used as bird feed and for processing into peanut butter, while the remainder is used for processing into arachide oil.

Vegetable oils and fats constitute about 80% of total edible oils and fats production. They form major constituents of the food chain. Performance and use of vegetable oils are determined by the fatty-acid composition.
Palm oil represents one of the most widely traded vegetable oils. It is used in many food items like, margarine, ice cream, confectionery, filled milk and as cocoa butter substitute. Due to its characteristics, palm oil is often blended with other oils in countries with a cold climate. Coconut oil and palm kernel oil are close substitutes, both having a high content of saturated fatty acids.

It should be noted that this market survey only deals with a selected group of vegetable oils, which may be interesting for developing country exporters. CBI's EU Market Survey *"Animal and Vegetable Oils and Fats for Industrial Use"* covers a wider range of oils and fats. For more information, please refer to this market survey, which was published in 2002.

Dried fruit and edible nuts
Dried fruit can be divided into vine fruit and tree fruit. The best-known vine fruit species are raisins, sultanas and currants, whereas apples, apricots, bananas, dates, figs, papayas, peaches, pears and prunes are the most important tree fruits. Dried fruit is mainly used as a snack or a constituent for breakfast cereals, muesli, bakery products, dairy products and desserts.

There are two segments for edible nuts: groundnuts (peanuts) and luxury (tree) nuts. The most important types of the latter for the European trade are almonds, hazelnuts, pistachios, coconuts, cashew nuts, walnuts and para- or Brazil nuts. Information on the related products may be found in the following CBI's EU Market Surveys:

- *"Fresh Fruit and Vegetables"*
- *"Preserved Fruit and Vegetables"*

Sugars
Sugars are important ingredients in our food supply. While all fruits and vegetables produce sugar, the sugar cane and sugar beet plants contain the most accessible stores of sucrose. The sugar that results from sugar cane and sugar beet processing is the same sucrose that is found naturally in the original plants and in fruits and vegetables. The raw sugar colour is removed by physical separation of plant materials and by carbon filters, which absorb coloured impurities. Since the pure sugar crystals are naturally colourless, no bleaching or whitening is necessary.

A by-product of the cane and beet sugar refining process is molasses, which has a multitude of uses. Molasses is important as a raw material for the production of antibiotics, bakers yeast, rum and alcohol, as well as an animal feed supplement.

Sugars have many different functions in foods. For example:
- They provide sweetness to some foods.
- They serve as preservatives in jams and jellies.
- Sugar increases the boiling point or reduces the freezing point of foods.
- They are also essential for proper fermentation by yeast.
- Sugars react with amino acids to produce colour and flavour compounds important to the taste and golden brown colour of baked goods.
- Sugars make foods that have limited moisture content, crisp.

Since beet sugar is not a particularly interesting product group for developing country exporters, only cane sugar and cane molasses are covered within this market survey. Other exotic sugars - originating in developing countries - are Mascobade (Philippines), Jaggery (India) and palm sugar (Philippines). The volumes traded of these sugars are, however, negligible.

Spices and herbs
The main international trade for spices and herbs is in dried and in crude form, cleaned but not further processed. Drying is done on the farm (sun drying, shade drying) or in industrial drying plants (conditioned hot air circulation). It is estimated that about 85 percent of the trade is in this form. The remaining trade concerns crushed or ground spices, essential oils or oleoresins. Herbs are aromatic plants whose leaves, stems and flowers are used as flavouring. Spices, on the other hand, also come form aromatic plants, but are derived from the bark, roots, seeds, buds and berries. Curries and other mixtures of two or more spices are also included in this survey. The ready-to-use spice mixtures are mixes of spices and herbs combines with salt and often with garlic, lemon, dried vegetables or other ingredients.

For more detailed description of each major spice/herb and its use, please refer to CBI's EU Market Survey *"Spices and Herbs,"* which was published in 2002.

Natural gums and resins
As far as gums are concerned, the survey only deals with natural gums because most modified gums and synthetic gums are generally not supplied by developing countries. The product group of natural gums includes strongly related products, such as seaweed extracts, pectin and starches, based on the fact that these are of much relevance to developing countries.

Gums can be defined as polymeric material (generally carbohydrates), which can be dissolved or dispersed in water to give a thickening and/or gelling effect. Since these materials are colloidal in nature, they are also referred to as hydrophilic colloids or hydrocolloids in more scientific terms. Hydrocolloids are mostly used in processed foods to provide texture, body and mouth feel and to make it more difficult for dispersed materials to separate (i.e. to improve stability).

Of the natural gums mentioned in Table 1.1, gum larch, psyllium seed and quince seed are not discussed in this report, because these gums are very rarely used in the European food industry. Gelatin is excluded because it is an animal product, while all others are of vegetable origin. The group of starches is reduced to tapioca, sago and arrowroot starch, since these are the products imported from developing countries.

Resins are solid or semi-solid materials, usually a complex mixture of organic compounds called terpenes, which are insoluble in water but soluble in certain organic solvents. Resins are very widely distributed in the plant kingdom although a few families are notable

Table 1.1 Classification of natural gums

Tree exudates and extracts	Seed or root gums	Seaweed extracts	Others
Arabic	Locust bean	Agar-agar	Pectin
Tragacanth	Guar	Alginate	Gelatin
Karaya	Psyllium seed	Carrageenan	Starches
Larch	Quince seed	Furcellaran	
Ghatti			

in accounting for a large proportion of the resins, which are traded (e.g. *Leguminosae, Burseraceae and Pinaceae)*. Most resins traded are obtained as exudates by tapping. Resins are essential elements in the manufacturing of paints. They are also used in balms, natural coatings, cosmetics and glue products. This survey deals only with a particular kind of resins, the rosins. Rosin products find applications in many (often unrelated) industries, for a variety of purposes. Examples are the food industry, the paper industry, the pharmaceutical industry, and the paint and ink industry.

Essential oils and oleoresins
Essential oils are aromatic, or odorous, oily liquids (sometimes semi-liquid or solid) obtained from plant material, for example flowers, buds, seeds, leaves, twigs, bark, herbs, woods, fruits and roots.

The oils are volatile, i.e. they evaporate from the botanical (plant) material upon heating. It is this high volatility that distinguishes essential oils from fatty oils. They are usually soluble in alcohol or ether, but are only slightly soluble in water. Essential oils, the most highly flavoured part of many spices and herbs, are of higher value than the spice itself. Essential oils are probably the most important and largest single category of flavouring substances currently available to the flavourist.

Oleoresins are liquid preparations, which are made by percolating a volatile solvent through a ground spice or herb and subsequent elimination of the solvent by (vacuum-) evaporation.

Essential oils do not contain the non-volatile component of the spice; therefore, the flavour profile is incomplete. Oleoresins consist of essential oils, resins and the components that provide pungency in a spice. Oleoresins are total extracts of the natural spice or herb, representing the volatile and the non-volatile components of the spice or herb. Compared to essential oils, the oleoresins display greater stability towards high-heat applications and have flavour characteristics more like the natural dry spice than the corresponding essential oils. Therefore, oleoresins are used where a full range of flavour is required, such as in producing processed meats.

For more information, please refer to CBI's Market Survey *"Natural Ingredients for Cosmetics."*

Pulses
Within this product group, the focus will be on speciality beans like kidney beans, chickpeas and broad & horse beans. Although the trade in the mentioned groups is small, they are important for exporters from several developing countries, as they are important suppliers for the EU market.

Dried vegetables
Vegetables, consisting of more than 80 percent of water, are dried in order to stop disintegration and spoilage through physical processes and the multiplication of micro-organisms. These organisms obtain the water and nutrients they need for growth from the vegetable in which they grow. Drying or dehydrating vegetables removes the water from the food and from the bacterial cell, thus ending its multiplication the water. The dried vegetables described in this survey can be whole, cut, sliced, broken or powdered, but not further prepared.

Although some vegetables are sun-dried or field-dried, most vegetables are dehydrated industrially. The main dehydrated vegetables are onions, tomatoes, garlic, carrots and olives. The Netherlands Horticulture Commodity Board's definition of dried vegetables is used in this survey, resulting in the exclusion of dried leguminous vegetables (for example, dried peas and beans; these belong to the special category of pulses). The sauce, soup and ready-meal processors are the main consumers of dried vegetables.

More information on dried vegetables is provided in CBI's EU Market Survey *"Preserved Fruit & Vegetables."*

Natural food colours and flavours
The natural colours can be divided into two categories:
- Those derived from natural foods by physical processes, e.g. beetroot red;
- Those derived by various processes from natural sources which are not normally consumed as food, e.g. cochineal;

Colours, which can be used in food, are available in the following different forms:
- *Powder:* a dried substance on a neutral carrier. It has a high percentage of colour substance. Powder is the most common form of dye found in the marketplace. It is easy to dissolve in food products. However, it can expose handlers' dust and cause cross-contamination between product lines;
- *Blended powders:* the advantage of a blended powder is that it negates the need for operatives to charge individual primary colours;
- *Solutions* in water, oil, alcohol or other permitted organic solvents;
- *Emulsions:* ground suspensions of a pigment in a carrier in which the pigment is not soluble. The emulsion is already dispersible in aqueous systems, has improved stability to oxidation, pH, heat and light, and is suitable for use in many different applications;
- *Granulars:* granulated dye blends provide a controlled product in a dust-free formulation.

Flavours in food play an important role in the acceptance and consumption of products and in the quality of life in general. Food acceptance by humans is determined mainly by appearance and texture, but flavour is also very important. For example, spices are added to food not for their nutritional value, but for their taste and flavour. Furthermore, aromas that develop during frying and baking enhance the enjoyment of food.

A great variety of flavourings is needed to impart flavour, and people differ in their appreciation of flavour. Aromatic compounds are found in nature, but have also been synthetically manufactured.
The use of flavours is necessitated for several reasons:

- to create a totally new taste;
- to enhance, extend, round out or increase the potency of flavours already present;
- to mask other undesirable flavours (as in pharmaceuticals);
- to donate flavour to food which is otherwise flavourless (e.g. boiled sweets; soft drinks, edible ices, milk desserts etc.);
- flavour ingredients can stimulate other more expensive flavours or replace unavailable flavours;
- to reinforce aromatics which are lost in the processing of foods (like concentrated citrus fruit juices, pasteurised foods, syrups, etc.).

Flavours are presented to the market place in three primary forms, i.e., liquids, powders, and pastes. There are several subforms within the three primary forms. The subgroups can be called flavour forms. Examples of the various forms include:

1. Liquids: water-soluble, oil-soluble, and emulsions;
2. Powders: spray dried and extended (plated);
3. Pastes: fat-based, starch, carbohydrate-based, and protein-based.

Honey

Honey is the sweet substance produced by the honey bee from the nectar of blossoms or secretions of or on living parts of plants, and which the bees collect, transform and combine with specific substances of their own and store and leave to mature in honey combs.

Honey is primarily composed of fructose, glucose and water. It contains other sugars, as well as trace enzymes, minerals, vitamins and amino acids. Honey may include small traces of sucrose, maltose, melitose and other oligosaccarides (including dextrins), as well as traces of fungi, algea, yeast and other solid particles resulting from the process of obtaining honey. The flavour, aroma and colour of honey differ depending on the nectar sources (the blossoms) visited by the honeybees. The colour of honey ranges from nearly colourless to dark brown, while the flavour varies from delectably mild to distinctively bold, depending on where the honeybees buzzed.

For more detailed information, please refer to CBI's EU Market Survey "*Honey and Beeswax*," which was published in 2002.

Seeds

The EU member countries import relatively minor commodities, such as sesame seeds and hemp seeds, for further processing. Sesame seeds (Sesamum indicum), also known as benniseed, gingelly, sim sim, and til, are supplied to markets in North America, Europe, and East Asia by countries in Africa, Latin America, and South Asia. Cooking oil can be extracted from sesame seeds, and this is their main use, especially in Asia. In North America and Europe, raw sesame seeds are generally used for toppings on breads such as hamburger buns, bagels, bread sticks, and other baked goods. Restaurants and natural food store customers purchase sesame seeds for use in ethnic dishes. Middle Eastern countries use sesame seeds for tahini paste and halvah, as well as for oil.

There are different types and qualities of sesame seeds. White seeds are a white-to-golden colour and receive a higher market price than mixed seeds, which range from yellow to dark brown. White seeds are used primarily in raw form because of their aesthetic value, whereas mixed seeds are generally crushed to oil.

The value of sesame seeds depends on their purity, expressed as a percentage, and oil content, which should exceed 50 percent. Hulling seeds, or removing their thin husk, increases their value as does bleaching hulled seeds. Moisture content and free fatty acid content are also important in assessing value. The highest-quality sesame seeds are found in Central America, primarily in Guatemala.

Other seeds covered within this market survey are palm nuts & kernels, castor oil seeds and shea nuts (karite nuts).

Vegetable saps and extracts

Vegetables saps and extracts are also used as flavours and colours in food products. Therefore, one is referred to information on natural colours and flavours for more information. It should be noted, however, that a large number of this product group is used by the medical/pharmaceutical industry, and therefore, specific information is not available.

For more information on vegetable saps and extracts, please also refer to CBI's EU Market Survey *"Natural Ingredients for Pharmaceuticals"*.

1.2 Custom/statistical product classification

On January 1, 1988, a unified coding system was introduced to harmonise the trading classification systems used world-wide. This system is called the Harmonised Commodity Description System (HS) and was developed by the World Customs Organisation (WCO). The system comprises about 5,000 commodity groups, each identified by a six-digit code, arranged in a legal and logical structure and is supported by well-defined rules to achieve uniform classification. More than 179 countries and economies use the system as a basis for their Customs tariffs and for the collection of international trade statistics. After the six-digit code, countries are free to use further subheadings. The trade data of Eurostat uses an eight-digit system. Most codes, however, end with two zeros, i.e. effectively only using 6 digits. In some countries, even 10 digits are sometimes used.

Appendix 1 gives the four-to-eight-digit list of the main HS codes for ingredients for food products.

2 INTRODUCTION TO THE EU MARKET

The European Union (EU) is the current name for the former European Community. Since 1 January 1995 the EU has consisted of 15 member states. Ten new countries (Cyprus, Malta, Hungary, Poland, Slovakia, Latvia, Estonia, Lithuania, Czech Republic and Slovenia) will join the European Union in 2004. Negotiations are in progress with a number of other candidate member states.

In 2002, the size of the EU population amounted to 379.4 million; the average GDP per capita amounted to approximately € 21,023 in 2002.

Within Western Europe - covering 15 EU member countries, Iceland, Liechtenstein, Norway and Switzerland - more than 20 million enterprises are active. Small and medium-sized enterprises (SMEs) accounted for the lion's share. In 2000, the average turnover per enterprise of SMEs and large enterprises amounted to € 600 thousand and € 255 million respectively.

EU Harmonisation
The most important aspect of the process of unification (of the former EC countries), which affects trade, is the harmonisation of rules in the EU countries. As the unification allows free movement of capital, goods, services and people, the internal borders have been removed. Goods produced or imported into one member state can be moved around between the other member states without restrictions. A precondition for this free movement is uniformity in the rules and regulations concerning locally produced or imported products. Although the European Union is already a fact, not all the regulations have yet been harmonised. Work is in progress in the fields of environmental pollution, health, safety, quality and education. For more information about harmonisation of the regulations visit AccessGuide, CBI's database on European non-tariff trade barriers at www.cbi.nl/accessguide

Monetary unit: Euro
On 1 January 1999, the Euro became the legal currency within eleven EU member states: Austria, Belgium, Finland, France, Germany, Italy, Ireland, Luxembourg, The Netherlands, Spain, and Portugal. Greece became the 12th member state to adopt the Euro on January 1, 2001. In 2002 circulation of Euro coins and banknotes replaced national currency in these countries. Denmark, United Kingdom and Sweden have decided not to participate in the Euro.

The most recent Eurostat trade statistics quoted in this survey are from the year 2001. In this market survey, the € is the basic currency unit used to indicate value.

This survey focuses on six major EU markets for food ingredients for industrial use. These are Germany, France, the United Kingdom, The Netherlands, Italy and Spain. These EU member countries will be highlighted, because of their relative importance in terms of consumption, production, imports and exports.

Trade figures quoted in this survey must be interpreted and used with extreme caution. The collection of data regarding trade flows has become more difficult since the establishment of the single market on 1 January 1993. Until that date, trade was registered by means of compulsory customs procedures at border crossings,

Overview 15 EU countries, 2002

Population	**379,4 million**
Area	**31,443,000 km²**
Density	**83 people per km²**
Languages	**11 (excl. dialects)**
GDP/capita	**€ 21,023**
Currencies	**€, UK£, DKr., SKr.**
Exchange	**€ 1 = US$ 0,99**

Source: Mintel, World Factbook (2003)

Population and GDP of selected EU countries, 2002

Countries/category	Population in millions	Age 15-64	GDP (€ billion)
Germany	83.3	68%	2,206
France	59.8	65%	1,556
UK	59.8	66%	1,485
Italy	57.7	67%	1,416
Spain	40.1	68%	836
The Netherlands	16.0	68%	417

Source: Mintel, World Factbook (2003)

but, since the removal of the intra-EU borders, this is no longer the case. Statistical bodies like Eurostat cannot now depend on the automatic generation of trade figures. In the case of intra-EU trade, statistical reporting is only compulsory for exporting and importing firms whose trade exceeds a certain annual value. The threshold varies considerably from country to country, but it is typically about € 100,000. As a consequence, although figures for trade between the EU and the rest of the world are accurately represented, trade within the EU is generally underestimated.

Furthermore, the information used in this market survey is obtained from a variety of different sources. Therefore, extreme care must be taken in the qualitative use and interpretation of quantitative data, both in the summary and throughout the text, as also in comparisons of different EU countries with regard to market approach, distribution structure, etc.

For more information on the EU market, please refer to the CBI's manual Exporting to the European Union.

3 INDUSTRIAL DEMAND

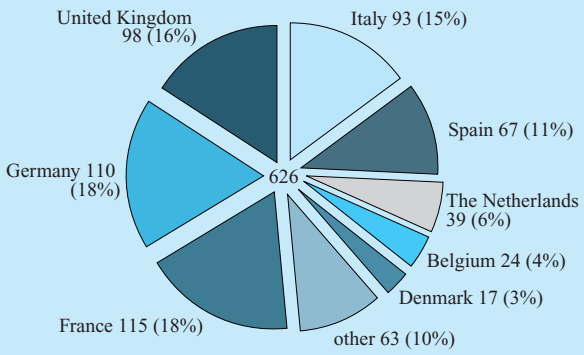
3.1 Market size

No detailed consumption figures are available for the overall group food ingredients for industrial use. Ingredients are supplied to, and further processed by, the food industry. As the trade in these products is business-to-business trade, there are no direct consumption figures available. Therefore, developments in the food industry and the food retail market are first described below. Then the various product groups falling under ingredients for food products will be discussed.

The EU food industry

The food and drink industry is of paramount importance for the economy of the European Union, since it uses huge amounts of the food ingredients described in this survey. Please refer to Section 3.2 for a discussion of which ingredients are commonly used in which industry. As can be seen in Table 3.1, total EU output of the food and drink industry in the EU witnessed a total increase of 15 percent as from 1998, reaching € 626 billion in 2001. The so-called 'various food products,' the meat industry, the beverage industry and the dairy industry are the four main food and drink sectors. France is the biggest producer of the first two while Germany and the United Kingdom respectively dominate the other two. Bakery, pastry, chocolate and confectionery products represent more than half the production value in the 'other foodstuffs' category.

Figure 3.1 Total production of the food and drink industry in the EU, 2001, € billion, share in % of total EU production



Source: CIAA (2003)

The European Commission registers human consumption of certain agricultural products, published at europa.eu.int/comm/agriculture/agrista/2002/table_en/382.pdf

To gain a clear overview of the significance of the EU market for food ingredients, it is important to analyse the size and development of EU demand. Unfortunately, in practice, it is not possible to collect information with respect to the demand for these product groups. This is mainly because the major products covered in this

Table 3.1 Total production in the food and drink industry in the EU, 1998-2001 € billion

Sector	1998	1999	2000	2001
Total EU	**545**	**572**	**593**	**626**
Various food products1	134	143	156	163
Processed meat	102	109	113	126
Beverages	93	93	98	98
Dairy products	88	93	95	96
Animal feed	35	38	37	40
Processed fruit & vegetables	32	35	36	36
Flour & starch products	20	21	21	27
Oils & fats	29	26	23	25
Fish products	12	14	14	15

[1]this includes bakery, pastry, chocolate, confectionery products, which together account for more than half of the production of this category.
Source: CIAA (2003)

survey are used in a range of industries (cosmetic industry, divergent sectors of food industry, pharmaceutical industry). It is not possible, from the statistical information available, to distinguish the food ingredients used by these industries separately. It is, however, possible to give a general indication of the size and trends of the EU market for the surveyed product groups in general.

Below, the focus will be on the food market of the selected EU countries. Then, the market for each food ingredient surveyed will be dealt with.

Germany

Germany's consumers spend about € 183.3 billion annually on food and beverages. Of this amount, about one-third is spent in restaurants, canteens and other places where food and beverages are served. The remaining two-thirds is spent in retail food and beverage outlets, e.g., supermarkets and discount stores. The country represents the largest retail food market in Europe. Germany's stagnant economy has affected retail sales, including sales of food products. Growth in sales remains relatively modest, with food and beverage sales increasing only about 5 percent over the last five years. Taking into account retail price inflation, real growth in sales over this period was about zero.

The German market for most nuts and dried fruit is fairly stable throughout the year but sales generally peak during the run up to the Christmas season. Imports are generally in bulk and often used as ingredients by the German food-processing industry. Germany is also a leading importer of spices and herbs and honey.

United Kingdom

The grocery trade is the largest sector in the UK food retailing industry. Large businesses are predominantly involved in food retail (including supermarkets and superstores) accounting for almost 80 percent of the food market. In 1999, it was estimated that the large businesses saw grocery sales of € 114 billion, with total grocery sales reaching € 141 billion.

The leading players operating in the food ingredients industry in the UK have been experiencing a sharp decline in profits following a moderate fall in sales during the last full accounting years, 1998-2001. During the three-year financial period, the average leading food ingredients company saw an average sales result of minus 5 percent and an average profit result of minus 19 percent.

The UK market has a relatively large interest in ethnic products due to the large Indian/Pakistani population, which has a direct influence on the imports of several food ingredients supplied by developing countries.

France

Foreign cuisine and food products are booming in France's dynamic market for consumer-ready and high value foods. Potentially lucrative opportunities exist for a number of niche products. Products with the best prospects include fish and seafood; tropical fruits and nuts; beverages, including wines and spirits; innovative dietetic/health and organic foods; and any prepared or non-prepared ethnic foods with a regional image. Hyper/supermarkets and city centre stores account for about 75 percent of total food retail sales in France. Table 3.2 shows the developments of household expenditures on food and beverage products in France during the period 2000-2002.

Table 3.2 Household consumption of food and beverage in France, 2001-2002, € billion

Sector	2000	2001	2002
Meat	32.3	33.2	35.7
Dairy products	16.7	17.9	18.4
Beverages	16.9	15.4	17.9
Flour & starch products	12.9	13.6	14.2
Processed fruit & vegetables	10.8	8.6	11.9
Oils & fats	1.4	1.9	1.5
Sugar	0.5	3.1	0.5
Other food products	11.8	12.9	12.8

Source: INSEE (2001/2002/2003)

The Netherlands

Like in other EU countries, Netherlands eating habits are changing. Consumers are demanding more safe and healthy foods, more convenience, more fresh foods, a greater variety and more speciality food items.

Between 2000 and 2001, total food retail sales in The Netherlands increased by almost 6 percent, amounting to € 22.7 billion in the latter year. The share of food spending on food service versus food retail is increasing. This has lead to food retailers extending stores' openings hours and increase the availability of convenience products and ready-to-cook meals. The private label market in The Netherlands shows significant signs of growth in the future, with consumers asking supermarkets to provide a wider variety of private label products, to introduce higher quality goods into the market and offer more value for money. Private labels are especially high in milk, meals, eggs and biscuits.

Italy

According to ISTAT, in 2001 total food consumption in Italy (excluding beverages) was € 103 billion, of which about 70 percent was consumed at home, while the rest was spent outside of the home. Consumers now pay more attention to spot sales (such as "two for the price of one") and they are also turning their attention toward healthier eating. New or ongoing trends in Italian food consumption include:

- a desire for genuine, natural and fresh products;
- growing demand for light or dietetic products;
- increased importance of breakfast and snacking in people's diet;
- increasing emphasis on time-saving meals, although not to the extent that quality is sacrificed;
- emergence of a new, educated consumer who wants more nutritional information and more services, etc.

The success of snack foods in Italy is due to modern distribution and marketing strategies. Teenagers are still fairly health conscious or at least under the influence of the traditional Italian diet. However, the mass media has had a tremendous impact on snack food consumption in Italy and products such as popcorn, soft drinks, sports drinks, single serving ice cream bars, etc. are increasingly popular.

Despite a growing number of working women, Italy is behind its EU counterparts in demand for convenience foods. Again, the strong influence of the traditional Mediterranean diet allows for marginal changes from fresh to convenience foods, i.e. frozen vegetables and lasagne may be accepted, but a line of fully prepared microwave meals is still not found in Italian supermarkets. Italian consumers are spending more to eat out, despite the difficult domestic economy. This is no doubt a "hard" trend that will consolidate and perhaps accelerate. For example, average annual growth in turnover for the hotel, restaurant and institutional sectors is forecast at 6 percent annually by Federalimentare. The driving forces behind the growth in this sector include modern life-styles (more working women, higher per capita incomes, increasing single member households, increasing urban population, etc.). In addition, the HRI sector itself has changed and adapted to meet the needs of a broad cross section of consumers.

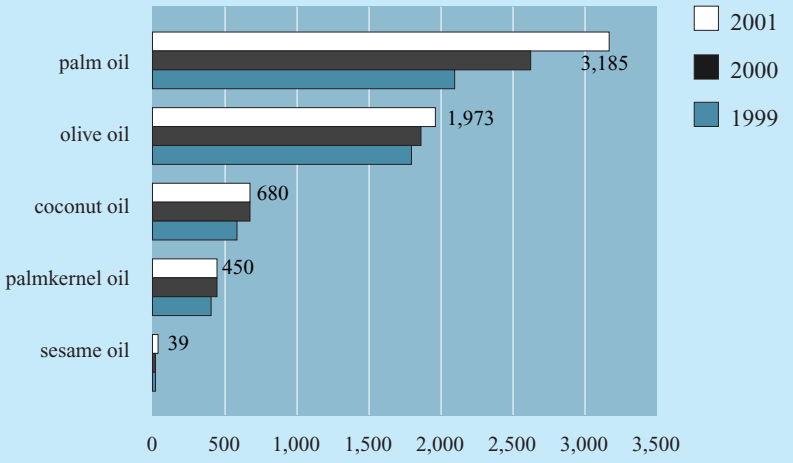
Spain

In 2001, Spanish consumers spent € 61.4 billion on food and food products, representing an increase of 2 percent compared to the preceding year. The products that experienced the largest increases included meat, seafood, dairy products, fresh fruits and vegetables, and ready-to-eat products.

During the past few years, the market share of food sales in hypermarkets continued to decline, reaching 18.3 percent of total Spanish food sales in 2001, while that for supermarkets increased to 42.2 percent. The hypermarkets react to their loss of market share by offering more "personalised" products and services, including areas offering gourmet foods, snacks, high quality fruits and vegetables and ready-to-eat products. The hypermarkets are also pushing "home meal replacement", by offering high value-added products to boost sales.

After focussing on the food market in the selected EU countries, this market survey subsequently reviews the EU market for each food ingredient. As the trade in the selected products is business-to-business trade, there are no direct consumption figures available for these

Figure 3.2 Consumption of selected vegetable oils & fats by EU member states, 1999-2001
1,000 tonnes



Source: FAO (2003)

products. FAO, however, provides consumption figures based on the concept 'domestic supply' to indicate total consumption within a country. FAO's definition of domestic supply is based on the net result of domestic production, plus imports minus exports plus changes in the stocks.

Vegetable oils & fats

Within the selected product group, palm oil is, by far, the leading vegetable oil consumed by EU member countries, followed by olive oil. The UK, The Netherlands and Germany are the leading EU markets for both palm oil and palmkernel oil, together accounting for more than half of total EU consumption. The latter two countries are also important markets for coconut oil and sesame oil, while sesame oil is also an important ingredient in Belgium and Luxembourg. Olive oil is mostly consumed in Mediterranean countries, like Italy, Spain and Greece, which together consumed about 85 percent of the total EU supply in 2001. Industries use vegetable oils and fats as ingredients for a whole variety of food and non-food products, compound feed and industrial applications. To illustrate this, deliveries in The Netherlands to the processing industry (food, compound feed and industrial) show the following figures for 2000 (x 1,000 tons):

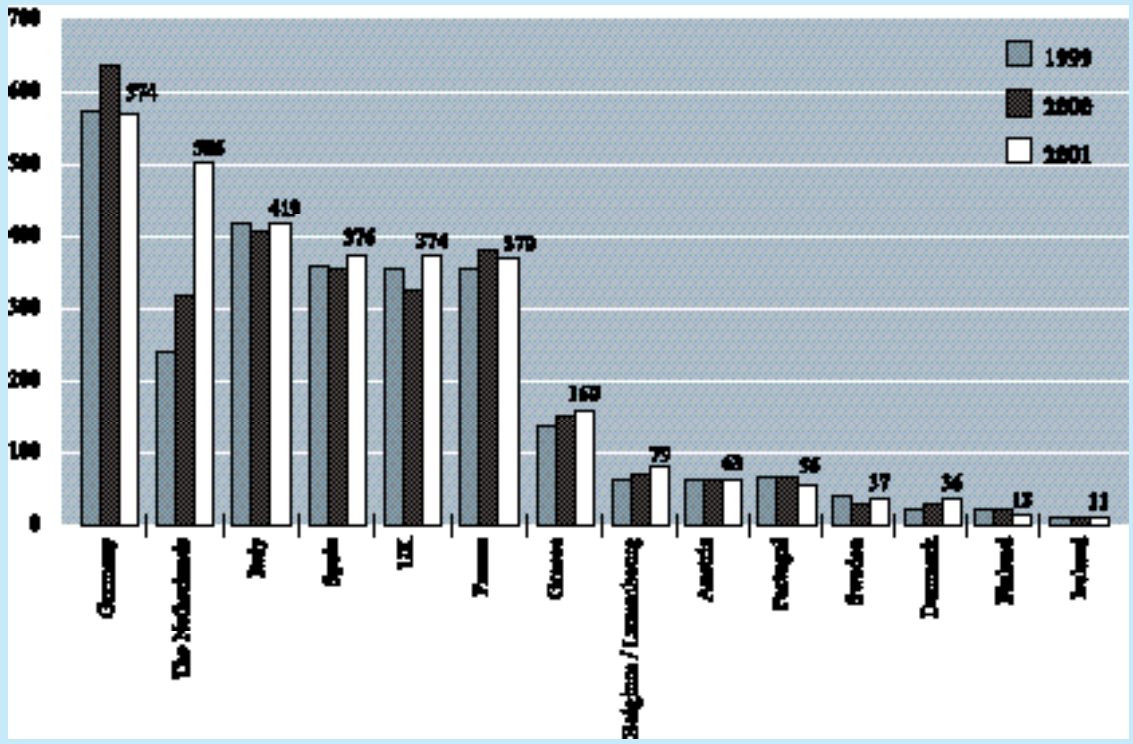
	Human consumption	Compound feed	Industrial
Volume	684	488	178
%	50	40	10

In The Netherlands, eleven companies refine vegetable oils. The main end products are soy oil, palm oil, cocoa fat and sunflower oil. Lecithin is an important semi-processed product. In 2000, 1.4 million tonnes of vegetable and animal fats and oils were put on the market. More than 80 percent is destined for human consumption. The market for these commodities is very competitive and large scale. Small and medium exporters in developing countries will find more opportunities in speciality vegetable oils (e.g. macadamia nut oil, brazil nut oil).

Dried fruits and edible nuts

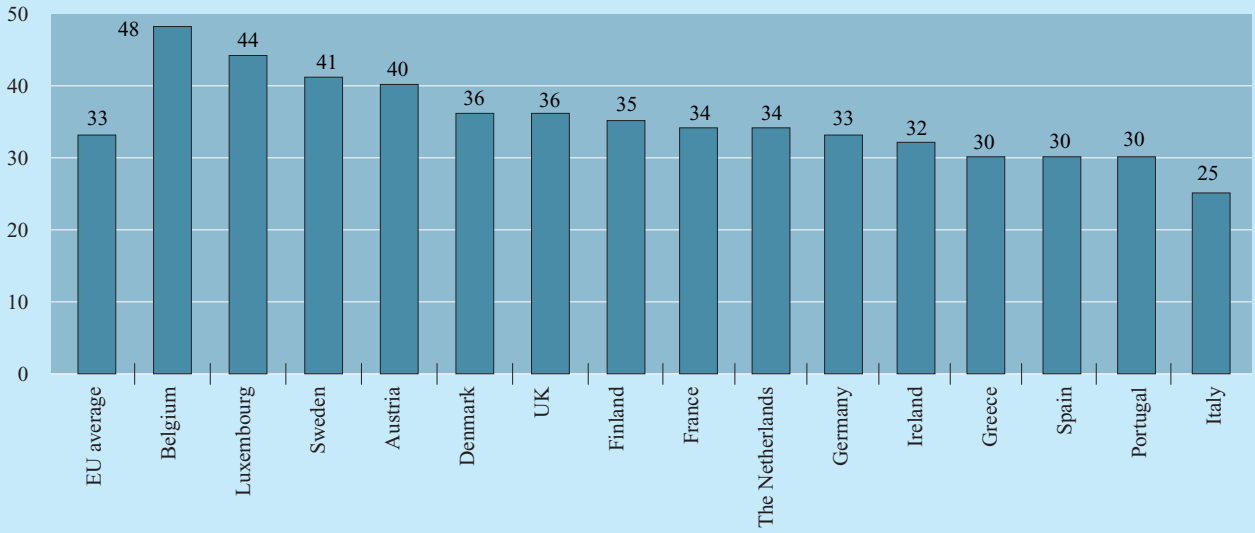
During the past few years, the EU market for edible nuts (including groundnuts) increased from 2.7 million tonnes in 1999 to 3.1 million tonnes in 2001. In the latter year, Germany, The Netherlands and Italy were the leading nut consuming countries. The increased domestic supply of nuts in The Netherlands is mainly caused by the increased imports of groundnuts, as The Netherlands is a major re-exporter of groundnuts. Total EU consumption of groundnuts (shelled as well as in

Figure 3.3 Consumption of nuts by EU member states, 1999-2001
1,000 tonnes



Source: FAO (2003)

Figure 3.4 Per capita of sugar in the EU member countries, 2001, kg



Source: European Commission /Eurostat (2002)

shell) was some 1.2 million tonnes in 2001, of which The Netherlands, UK, Germany and France accounted for almost 80 percent. Relatively cheap almond prices are favouring domestic consumption, and, are, in some cases, causing substitution for other, more expensive nuts. Walnut consumption (mainly in shell) is traditionally concentrated during the Christmas season, although sales of shelled walnuts, consumed either as snacks or as ingredients for the confectionery industry, have increased sharply in recent years.

For global statistical reviews for a number of nuts, please refer to http://inc.treenuts.org

Sugars

Figure 3.4 Provides data about the end-user market for sugar, in order to give the reader a global picture of the EU market. In 2001, average per capita consumption of sugar amounted to 33 kg, resulting in a total consumption of 12.9 million tonnes. During the past few years, average sugar consumption remained fairly stable, although industrial use of sugar has relatively increased (owing to products like jam, soft drinks, ice-cream), in line with a declining household consumption. Belgium and Luxembourg were the leading EU consuming countries, followed by Sweden and Austria.

For more statistics or other sugar information, please refer to http://www.illovo.co.za

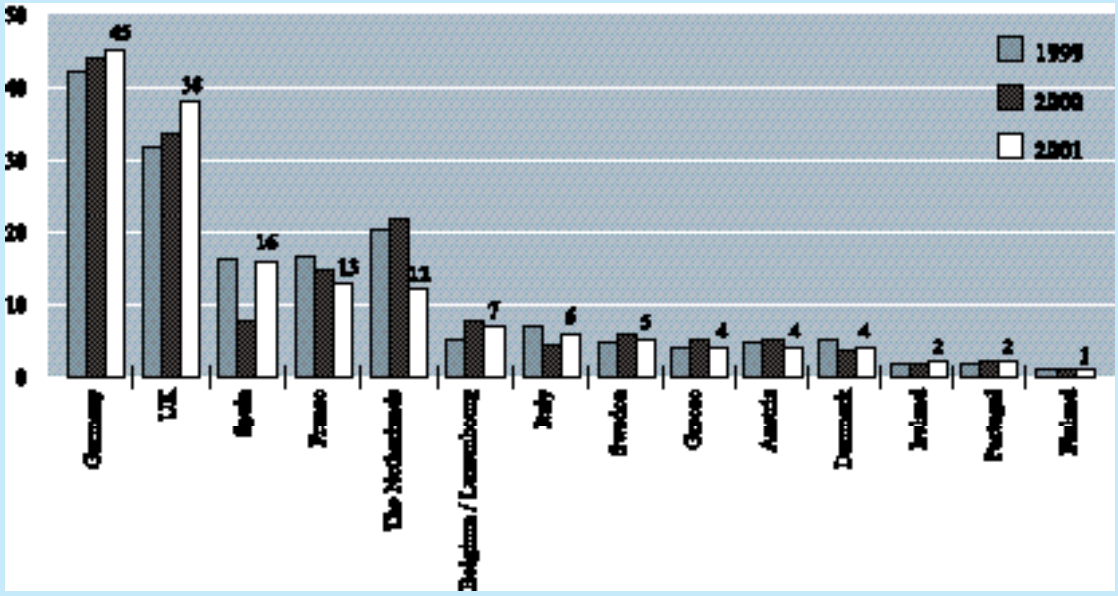
Spices and herbs

The EU market for spices and herbs remained fairly stable during the past few years, amounting to 160 thousand tonnes in 2001. The leading consuming country is Germany, closely followed by the UK. According to FAO data, pimento accounted for 27 percent of total spice and herb consumption in the EU in 2001, pepper for 25 percent, cloves for 2 percent and other spices and herbs for the remaining part. The leading spices consumed are peppers and allspice (pimento), while leading herbs include thyme and oregano. The principal end users of spices and herbs in all EU markets can be divided into three end user segments. In almost all EU countries, the largest proportion, being 55-60 per cent of the total usage of spices and herbs, was consumed by the industrial sector. The retail sector consumed 35-40 per cent and the catering sector 10-15 per cent. In most markets, the ratio is moving towards higher relative usage by the industrial sector, reflecting the growing popularity of ready-to-use spice mixtures. Another reason is the increasing consumption of processed foods, which often rely on spices and herbs to retain and enhance the food flavour.

A growing awareness of diverse cultural cuisine is helping to drive spice sales, according to manufacturers. People are starting to experiment with spices at home for, for example, a Thai curry, which they have tried in restaurants. Sales of individual ethnic spices and ethnic blends are increasing across the board. Individually, there has been a strong upswing in sales of organic cardamom and cloves.

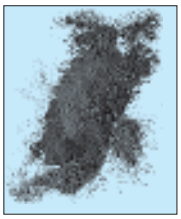
In general, there is growing demand for organic spices and herbs in the EU, although Netherlands consumption is still low relative to that in countries like Germany

Figure 3.5 Consumption of spices by EU member countries, 1999-2001
1,000 tonnes



Source: FAO (2003)

and Austria. The health food sector is a growing market, as industry and consumers focus more on healthy food and natural flavours as substitutes for sugar, salt and artificial products. Growing public concern over health may also have a positive effect on the growth of the market in particular for fresh and wet herbs.



As with any industry, blenders and packers are under pressure from food manufacturers to keep prices as low as possible. The food-processing industry is extremely competitive, as is the distribution of food products through supermarkets. At the same time, there is continual pressure to develop more and more products to give a wider variety of flavours, with a relative low increase in production costs. New authentic varieties of mixed spices and herbs, e.g. pimento, chillies, allspice (Jamaican pepper) etc., can be introduced here by exporters from developing countries.

Natural gums and resins

According to IMR International, the leading research centre in the food hydrocolloid industry, the recent global market for hydrocolloids values between € 3.3 - € 3.8 billion. Included in this category are seaweed extracts such as agar and carrageenan; exudate gums such as gum arabic, tragacanth and karaya; seed gums including guar, locust bean and tara gum; fermentation gums such as xanthan; plant extracts and pectin; the synthetic hydrocolloids (carboxymethyl cellulose (CMC) and microcrystalline cellulose (MCC); the soluble hydrocolloids methylcellulose / hydroxy-propylmethylcellulose (MC/HPMC)); modified starches; and animal proteins such as gelatine.
The USA and the EU are the largest regional markets, each accounting for a little less than one-third (978 - € 1,032 million) of the global market. Asia and Latin America are growing faster than the USA and the EU. In general, the largest markets in Europe are, in order of importance, Germany, the United Kingdom, France and Italy. The total market in the rest of the EU is about as large as the market in the United Kingdom. According to IMR International, the leading food hydrocolloids in the global market account for the shares presented below:

Starch is the leading food hydrocolloid, followed by gelatine. Market growth of starch is very low. Gelatine is the most popular animal-derived food ingredient available. However, awareness over health issues related to meat and animal-derived products and also genetically modified foods (GM), have led to an increased demand for alternatives. Besides, gelatine replacement is also desirable in order to meet Kosher and Halal food standards. Hydrocolloids, which are suitable for replacement, are gelling and non-gelling gums like modified starches, carrageenans, pectin, agar-agar, alginates, guar gum, locust bean gum and xanthan gum. The leading suppliers of most of these replacers are western countries. However, there are also minor developing country producers, which may take advantage of the change in the market.

Hydrocolloids coming primarily from developing countries are gum arabic, guar gum, and agar-agar. Occasional production 'on the spot' of carageenan can also be found.

Essential oils and oleoresins

The food industry has steadily increased its consumption of essential oils over the past few years and this appears to be the most promising sector for demand growth. The main essential oils used are citrus fruit, mint and clove. The leading import markets for these products are The Netherlands, the UK and France respectively. New food and beverage products require strong flavour demand, for instance in fashionable drinks.

There are varying estimates on the fragrance and flavour industry. According to the Dutch Association of fragrance and flavour producers, global sales in 2000 accounted for some € 8.2 billion, while Euromonitor values the market at € 12 billion. The leading importer of citrus fruit oil is The Netherlands as it controls the EU import through the ports of Rotterdam and Amsterdam.

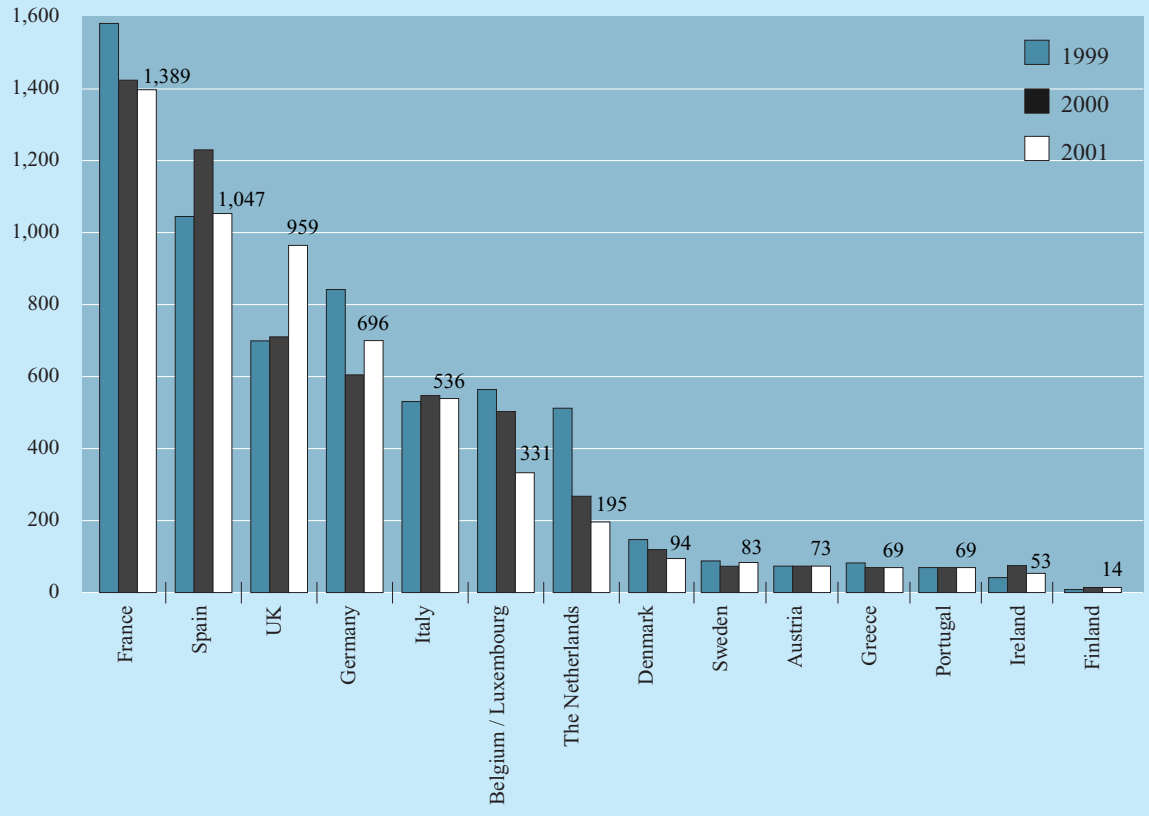
Pulses

Pulses are mainly used for consumer packing for the retail trade, but also for bread spreads and convenience foods. In 2001, the EU member countries together consumed about 5.6 million tonnes of pulses. France was the leading consumer, accounting for 24 percent of total EU consumption, followed by Spain (19%) and the UK (17%). The most interesting product group for suppliers from developing countries concerns speciality beans. Due to food crises in Europe, people are looking for non-animal foods that can provide necessary or additional proteins. Soybean is often used as protein provider, but kidney beans, lima beans and chickpeas can also serve as meat replacement. Often the beans are sold in preserved forms, in cans or dried. However, they are also used in ready chilli and Tex Mex meals and by the animal feed and pet food industry.

Dried vegetables

Dried vegetables are mainly consumed by the dried soup industry. It uses most types of dried vegetables, especially potatoes, onions, tomatoes, leek, carrots and peas. A few large multinational companies dominate the soup industry in the EU. These are Unilever Bestfoods (Knorr, Unox), and Nestlé (Maggi).

Figure 3.6 Consumption of pulses by EU member states, 1999-2001
1,000 tonnes



Source: FAO (2003)

There are no consumption data available for dried vegetables.

Please also refer to CBI's EU Market Survey *"Preserved Fruit and Vegetables"* for more information.

Natural colours and flavours

Chr. Hansen, one of the leading food ingredient manufacturers, estimates the European market for natural colours in 2001 at € 393 million. This is about a third of the total global colour market of € 1.1 billion.

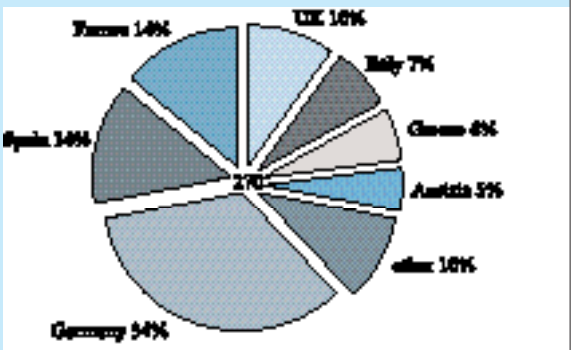
The market for natural food colours has been steadily growing over recent years. Consumers look for foodstuffs with a fresh and appealing colour, although a decreasing number of people is willing to eat or drink foodstuffs, which are coloured synthetically.

Some natural food colours are being manufactured in part from substances of natural origin, which would normally not be eaten. Annatto, for example, is an extract from the seeds of the *Bixa orellana L.* bush. These seeds, however, are not edible and the colour is extracted with organic solvents. Carmine is an extract obtained from the cochineal insect, precipitated with aluminium salts.

Because of this situation, there is a clear tendency towards more genuine natural food colours and flavours. Manufacturers of genuine natural food colours and flavours only use edible fruits, vegetables and plants as basic raw materials and they try to utilise manufacturing processes that are as close to nature as technically possible. Traditional raw materials used for producing natural food colours are blue grapes, elderberries, hibiscus fruits or red cabbage. A broad variety of raw materials is available for natural food flavours; e.g. a natural strawberry flavour is not produced from strawberries, but can be composed from flavour components produced from various natural raw materials.

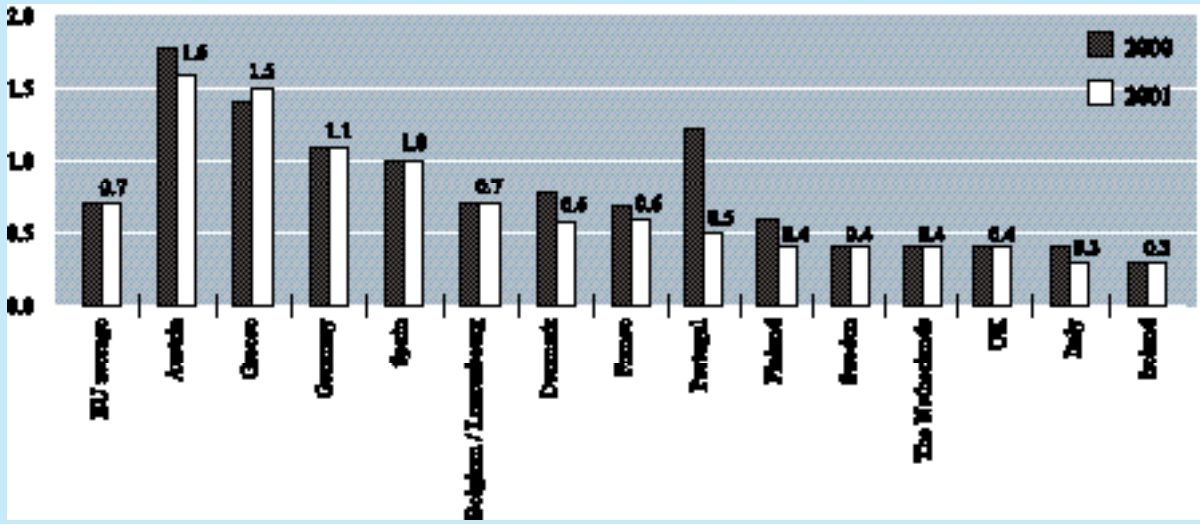
Recent years have seen a dramatic improvement in stability and price-performance ratio. Even experts are surprised at today's favourable prices for natural food colours, although they are still more expensive than synthetic ones.

Figure 3.7 Share in total EU honey consumption, 2001, 1,000 tonnes



Source: Apiservices, Eurostat (2003)

Figure 3.8 Per capita EU honey consumption, 2000-2001, in kg



Source: Apiservices, Eurostat (2003)

In view of the favourable development of prices and the visible trend towards natural raw materials and processes, it can be safely assumed that the market share "foods having colouring and flavouring properties" will increase even further in the coming years.

Honey
Total latest data available show that consumption of honey in the EU was estimated at about 270 thousand tonnes in 2001, representing an EU per capita honey consumption of about 0.7 kg. Consumption differs greatly between EU countries. Per capita consumption in Austria is 1.8 kg while in Ireland it is only 0.3 kg. The honey market has two major sectors: one is honey for household consumption and the other is honey for industrial use as a natural sweetener of bakery products, sweets et cetera. While the market share of these two sectors differs somewhat per EU country, it can be stated that, on average, 80 percent of honey is sold directly to consumers, while about 20 percent goes to the industrial user. The industrial market is sensitive to honey prices. The major substitutes for industrial honey are sugar, invert sugar syrup, corn syrup and high fructose corn syrup (a cheap and versatile substitute for honey, especially in products in which flavour is unimportant).

Seeds
No consumption figures are available for the product groups included under seeds. Seeds are supplied to the food industry as ingredient in food products (primarily in the bakery sector) or for further processing to oil. As the trade in these products is business-to-business trade, there are no direct consumption figures available for these products. However, FAO provides consumption figures for sesame seed, which are shown in Figure 3.9.

Total EU consumption of sesame seeds showed a 33 percent increase between 1999 and 2001, amounting to almost 75 thousand tonnes in 2001. Greece, Germany and The Netherlands are, by far, the leading consuming countries.

Niche markets for high quality sesame seed, edible groundnuts, groundnut and sesame oils or shea nuts and shea butter are growing rapidly in EU countries. The trend for American and Japanese multinationals and for large international food and commodity groups, such as Unilever, Cargill or ADM, to invest or develop partnerships with overseas producers/exporters can support the development of exports of seed products from developing countries.

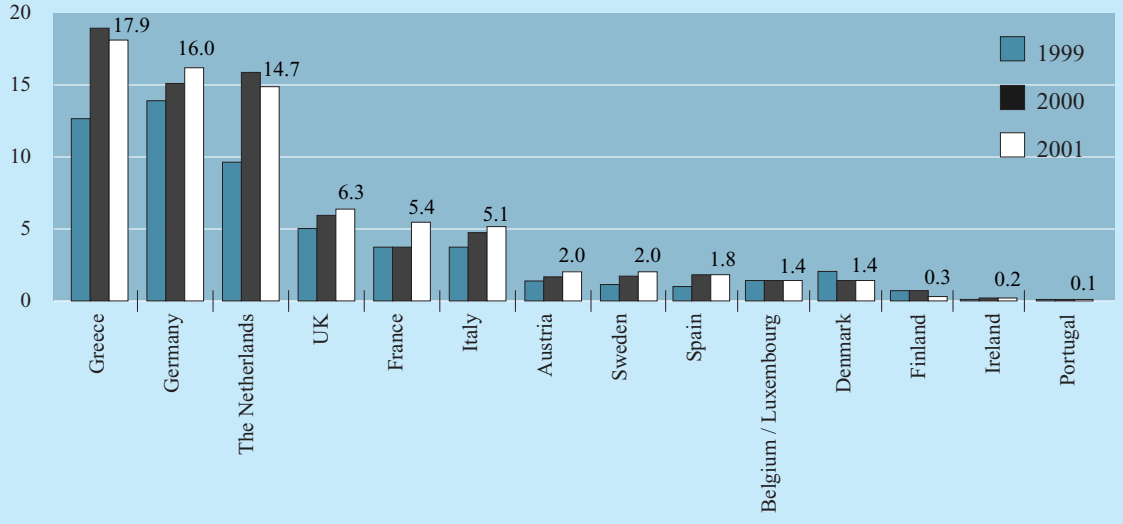
Vegetable saps and extracts
No consumption figures are available for the product groups included under vegetable saps and extracts. The market for vegetable saps and extract overlaps the market for flavours and colours. Therefore, please refer to the text on flavours and colours for extra information.

3.2 Market segmentation

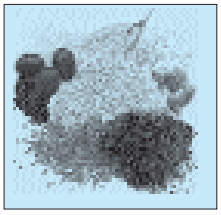
The market for food ingredients for industrial use can generally be segmented according to:

Major end-users
- Beverage industry. The beverage industry is a major user of flavours and colours.

Figure 3.9 Consumption of sesame seeds by EU countries, 1999-2001, 1,000 tonnes



Source: FAO (2003)



- Ready-meals industry. The ready-meals industry is a significant end-user of ingredients.
- Soup industry. The soup industry is the largest end-user of dried vegetables. Preserved mushrooms are also used by this industry. The main products are packet soups (dried) including soup bases, instant soups (dried), canned soups and, to some extent, frozen soups.
- Breakfast cereal industry. The breakfast cereal industry uses nuts and dried fruits in its production of cereals, and muesli.
- Other food industries. Several other food industries utilise ingredients in one way or another. These include the pet food, confectionery (candy and cereal bars), bakery and baby food industries.

Organic and conventional production

The market for ingredients for food products can also be segmented according to whether the products are grown by organic[1] farming or by conventional farming. This is particularly important, since the demand for organic food is booming in several EU member countries and these can offer interesting market opportunities for developing countries exporters. Organic products still account for a small share of the total food consumption, varying from approx. 1% in France, Sweden, Italy, Belgium, The Netherlands up to 2.7% in Denmark, although the market for organic products experiences strong growth rates. Sweden, The Netherlands and the United Kingdom are the major growth markets, with expected annual growth rates of over 20 percent. Because of its nature, organic production is highly suitable for small and medium-sized farmers working in areas, which may not be suitable for large-scale food production. Dried fruits like apricots, bananas and pineapple are important organic products within the segment dried fruits and nuts. For more information on organic production and its certification, please contact SKAL, Ecocert, Soil Association and other EU inspection organisations or consultancy organisations like Agro Eco. Please refer to Appendix 3.6 for contact details of these organisations. Please also refer to CBI's Market Survey "Organic Food Products" for more detailed information.

Vegetable oils & fats

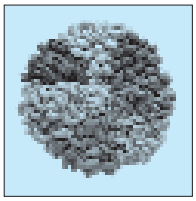
The following table gives a short description of the application of selected vegetable oils in the food industry

Product	Application
Palm oil	Margarine, ice-cream, confectionery, filled milk, salad oil, cooking, frying
Palm kernel oil	Confectionery, bakery, imitation dairy products
Olive oil	Salad oil, cooking, dietetic food, health food
Coconut oil	Cooking, margarine, shortenings confectionery, bakery, filled milk, coatings
Cocoa butter	Chocolate industry, confectionery, bakery, dairy products, coatings

Dried fruits and nuts

Dried fruits are relevant to the following industries:

- Confectionery and chocolate industry: chocolate bars, health and fruit/nut/cereal bars, nougat;
- Bakery sector;
- Breakfast cereal industry: varied dried fruit are used in muesli, cereal bars. New variations of muesli, like tropical or exotic muesli and muesli snacks and the continuing development of new mixes, crunches and healthy snacks are increasing the usage of apple, banana chips/flakes, dates, papaya, mango, guava and a variety of nuts as ingredients;
- Direct use in the retail sector.



In recent years, suppliers of fast food and snacks have benefited from people's increasing tendency to eat snacks, so the savoury snack market has grown significantly. This development stimulated the market for groundnuts and, even more, for luxury nuts, either eaten as such, or processed in chocolate, candy bars, snacks, or in breakfast cereals mixtures. In future, the market for nuts in Germany, United Kingdom, Spain, Italy, The Netherlands and some Scandinavian countries is expected to polarise between cheap, often private label products and premium products. The latter category includes pecan nuts, macadamia nuts and new, exotic nuts like the tropical almond, almondette, oyster nut, souari nut, butter nut, heart nut, quandong nut, pili nut, paradise nut, litchi nut, bread nut, jojoba nut or Chilean wild nut.

Luxury nuts have grown in popularity in all sectors and, in the consumer market, nut packers have successfully

[1] The Basic Standards of IFOMA (International Federation of Organic Agriculture Movements) represent the world-wide consensus of what is organic.The EU Regulation for organic food is based on the IFOAM standards. Uniform standards for organic food production and labelling throughout the EU were established by the passing of Council Regulation (EEC) 2092/91. This regulation and subsequent amendments establish the main principles for organic production at farm level and the rules that must be followed for the processing, sale and import of organic products from third (non-EU) countries (see also CBI's EU Market Survey *"Organic Food Products"*).

marketed newly developed mixtures. These are enjoyed as luxury snacks and are increasingly used as an ingredient in exotic French or Chinese dishes (e.g. Chinese chicken with cashew nuts). Luxury nuts are also becoming popular as a tasty and healthy substitute for meat. Nuts are also used in recipes for salads, especially combined with pine nuts, walnuts, almonds, pepitas, and other seeds or with croutons (small pieces of toast). New varieties of salad dressings used in French, Italian, Asian and Mexican cuisine are enjoyed. This has given the grinder and processor an opportunity to introduce ready-to-use "salad kits" consisting of nuts, seeds and dried fruit. These ready-to-use kits and nut oils used for stir-fry meals have become very popular. Luxury nuts are also eaten with cheese after a special dinner. More consumers also recognise the health value of luxury nuts, with their high nutrition and protein levels another factor, which is expected to increase the demand for luxury nuts. Macadamia nuts, for example, contain 11 minerals, including magnesium, and are cholesterol-free.

Sugars
Sugars are used in the manufacture of soft drinks, jams /marmalade, bakery products, confections and ice cream. Sugars are considered an essential ingredient of most of the products of the fruit canning industry. They act as preservatives and maintain desirable appearance, flavour, colour and body in the products.

Spices and herbs
The usage of spices and herbs by consumers is increasing because these products are appreciated as completely natural ingredients, rather than artificial additives. Apart from being directly used by the industrial and catering sectors as well as consumers, they are also the starting points for the production of many flavours and components of flavours. This implies that there is a growing market, although the retail market for spices and herbs will be restrained by the growing popularity of wet and dry cooking sauces, which already contain spices and herbs. Also, the ready-to-use segment will take a larger share in the retail market. In some EU markets there may be opportunities for private brands, but most opportunities should be sought in the industrial sector.

Spices are used particularly in the processing of meat, fish, canned products, sauces, soups, bakery goods and other prepared and convenience food. In most cases, the meat industry is by far the largest user of a wide range of spices. Other sectors, like the drink industry, use anise, badian and juniper in alcoholic drinks and liqueurs and use ginger in soft drinks. Ginger is also used in biscuits and pickles. Pepper and mustard are used in most savoury products and sauces, while mint is used in confectionery and toothpaste.

Industrial food processing also includes spice mixing for meat factories, butchers, bakers and packers for the catering sector. Grinders and blenders tend to make more multifunctional mixes, to be used especially in the baking and meat processing industries.

Natural gums and resins
Gums and resins - or hydrocolloids - are used in the beverages, jam, confectionery, bakery and dairy industries where they act as emulsifiers, stabilisers, suspending agents, gelling agents, thickeners and mouth feel improvers. The ability to perform in this wide range of functions had made them particularly good in fat-replacement systems. There is no single "magic" ingredient/fat replacement product, and this has given way to a systems approach in which each ingredient supplier has its own products. Many food companies also experiment with combinations of various hydrocolloids in their products.

The market for natural gums and resins provides developing countries with limited prospects. Although demand for natural food products is growing, the share of natural gums from developing countries in total European import is limited. Moreover, there is a strong competition from gums, which are manufactured industrially through biotechnology.

Essential oils and oleoresins
The kind of oil and the quality of the oil determine in what kind of final product essential oils and oleoresins are processed. Essential oils and oleoresins are used as basic raw materials in flavouring. They are used in the preparation of food products and beverages, pharmaceutical/medicinal preparations, as well as personal care and household products (such as cosmetics, toiletries, and cleaning preparations). They are used in medicinal products to add taste or smell or to suppress the less desirable medicated flavour. The box below gives an overview of the utilisation of essential oils by the food industry.

Food industry	Essential oils and oleoresins
• *Soft drink* • *Confectionery* • *Tobacco* • *Candy* • *Processed and canned food products*	• Citrus • Spice oleoresins • Vanilla • Flavour and floral oils • Oleoresins

Oleoresins are also used for colouring purposes, e.g. paprika, turmeric. Although oleoresins are normally thick, viscous and sometimes highly coloured products, they generally give less colour to the finished product than the corresponding spices, because they are used in

such small quantities. The flavour of oleoresins may not be fully equivalent to their corresponding essential oils. The normal use range of oleoresins in food is 1/5 to 1/20 of their corresponding dry spices. In general, the oleoresins offer the flavourist many advantages.

Pulses
Pulses are a relatively new source for food ingredients. Dried beans and peas (legumes) are very valuable and inexpensive sources of food. They are rich in protein and in complex carbohydrate with various types of dietary fibre as well as lots of vitamins and minerals. They are easily stored and retain nutritional value through storage and cooking. Beans and pulses are used to make many dishes varying from hummus (Middle-East chickpeas soup) to minestrone soup.

Dried vegetables
As mentioned earlier, dried vegetables are mainly consumed by the dried soup industry. This industry in the EU is dominated by a few large multinational companies. These are Unilever Bestfood (Knorr, Unox), and Nestlé (Maggi). The ready-meals industry is also a significant end-user of dried vegetables (mainly for pizzas and pasta dishes).

For more information please also refer to CBI's EU Market Survey *"Preserved Fruit and Vegetables"*.

Food colours and flavouring
Natural food colours have many different applications. The main product sectors, in order of importance are:
- dairy
- savoury/bakery
- soft drinks
- confectionery
- beverages

Natural food flavours also have many different sectors of application including, in order of importance:
- soft drinks
- dairy
- savoury/bakery
- confectionery
- beverages

Honey
Industrial honey is mainly used in the bakery, confectionery and cereal industries. Other industries using this honey include manufacturers of baby food, sauces, tobacco and pharmaceutical products. It is also used for curing meat and in the production of honey-roasted nuts.

Table honey is used mainly as spread on bread, and some is used as a natural sweetener for drinks such as tea or milk. Consumers of organic and health foods, who are generally customers of the specialist health food stores, mainly use honey as a natural nutritious alternative to sugar and for the flavouring of cooking. It goes with nearly all foods, from salad dressings to vegetable and meat glazes to casserole dishes. It is especially good in desserts and baked goods. The moisture-absorbing quality of honey helps breads, cakes, cookies and candies stay fresh longer. Honey wine can be served with or following dinner, and several after-dinner liqueurs include honey.

Honey remains a popular ingredient in both the industrial and food service sectors. It is positioned as a natural and healthy extra, for example, in breakfast cereals. As consumer interest in health foods increases, light, low-fat and vitamin-enriched products are featuring in markets for natural products containing health food.

Seeds
The market can be divided into segments according to the type of destination and consumer of the seeds:
- processing industry / crushers
- animal feed industry
- human consumption
- oil seeds used for sowing

The major part of the seeds is processed for oil, and the meal produced is utilised in animal feed compounds. The major exception is palm nuts, where kernels in food snacks and confectionery account for the major part of the market.

Sesame seeds are supplied to markets in North America, Europe, and East Asia by countries in Africa, Latin America, and South Asia. Cooking oil can be extracted from sesame seeds, and this is their main use, especially in Asia. In North America and Europe, raw sesame seeds are generally used for toppings on breads such as hamburger buns, bagels, bread sticks, and other baked goods. Restaurants and natural food store customers purchase sesame seeds for use in ethnic dishes. Middle Eastern countries use sesame seeds for tahini paste and halvah, as well as for oil.

Shea nut products, the solid fat (butter or stearin) and the liquid oil (olein), are ideal for use as raw materials in cooking oil, margarine, cosmetics, soap, detergents and candles, but it has found its primary market niche as a substitute for cocoa butter in the chocolate and confectionery industry.

Vegetable saps and extracts
Vegetable saps and extracts can be used as colours and flavours in beverages and candies, as a raw material for the flavour industry, and for medical and health food supplements. For more applications please also refer to the text on flavours and colours.

3.3 Patterns and trends in industrial demand

The population in Western Europe is still growing and will continue to grow until about 2 decades from now. It is estimated that thereafter, Western Europe will start to show a declining population size. However, already now the composition of the population is changing. It shows a rapidly growing number of elderly people combined with a decreasing number of young people. We also see a family 'dilution'; family households are getting smaller because people are having fewer children. Moreover, the number of single households in Western Europe is substantial and still increasing, making these people a highly significant consumer group for food suppliers.

Thanks to increased prosperity in the EU, eating behaviour is changing. Despite this increase in prosperity, the food market in the EU is highly competitive, since consumers are not going to eat more, but will only, at the very most, switch to other products.

Research into consumer behaviour shows that today's European consumer has the following preferences concerning food and nutrition:

Health food
European consumers have a strongly increased interest in a healthy life-style and, consequently, in the consumption of health food. Health food refers to food products, which are low in fat and have limited sugar and salt content; this includes functional foods, which have specific health-promoting properties and food products with added vitamins and minerals or bacteria supporting the intestinal function.

Related to a healthy lifestyle, there is a growing interest in the consumption of fruit and vegetables in the West European food market. This is caused by the fact that fruit and vegetables contain vitamins and natural antioxidants, which are supposed to have properties preventive to heart diseases and cancer.

Organic food
Since European consumers have recently experienced several food scares, many people are concerned about the safety of food, as well as the effects of intensive farming on the countryside and on the environment in general. These factors, combined with the increasing awareness of the importance of diet and nutrition, have intensified interest in organic foods, which are grown according to principles laid down in Directive EC 2092/91 (for detailed information, please refer to www.cbi.nl/accessguide). The demand for organic food is booming in several EU member countries and this can offer interesting market opportunities for exporters from developing countries, where often the major part of agricultural produce is already organic although not certified ('organic by default'). Certification by a EU accredited certifying body (including regular inspections) is necessary. Organic products still account for a small share of the EU's total food consumption, although the market for organic products experiences strong growth rates. Sweden, The Netherlands and the United Kingdom are the major growth markets, with expected annual growth rates of over 20 percent. It should be mentioned, however, that going organic is not a panacea. While margins are currently high, they will decrease if too many producers and exporters go organic.

More information on the above can be found in CBI's EU Market Survey "Organic Food Products".

Food safety, quality and environment-consciousness
Food production, especially primary growing, should be environment-friendly (organic, see above). Waste, including packaging waste, should be avoided or at least reduced. In the scope of the increasing environment-consciousness in the EU, a group of leading European food retailers launched the EurepGap Protocol in 1999. The objective of EurepGap (Euro-Retailer Produce Working Group for Good Agricultural Practice) is to raise standards for the production of fresh produce by promoting food safety, sustainable use of natural resources and more environment-friendly production. Producers in developing countries experience difficulties in complying with the Eurep standards and some interest parties are calling for relaxation of the standards. For more information on the Eurep Group and EurepGap Protocol, please refer to www.eurep.org

Food products should be safe to human health and eating them should not result in any danger or risk. As a result of several food scares (BSE / mad cow disease, dioxin) consumers increasingly pose questions on the production process and demand open, honest, and informative labelling. This has resulted in a discussion in the food industry about "tracking and tracing". With good chain management and control within the chain, distributors are able to supervise all kinds of aspects of fresh fruit and vegetables such as plant material, growth, harvest, storage, distribution and processing. The fruit and vegetable industry is increasingly paying attention to chain management and labelling systems with which products can be traced back to the producer.

Safe Quality Food (SQF), which was originally developed in Australia, has recently been introduced in the EU. SQF aims at chain certification and combines quality concerns, HACCP and Tracking & Tracing in its certification requirements.

The European Commission also recognises the importance of food safety and set up the European Food

Safety Authority (EFSA) in January 2002. Please also refer to Appendix 3.6 and Appendix 5 for Internet links to programmes and practical information concerning food safety regulations within the EU.

Tracking and tracing will become obligatory in the EU, as well as for all exporters to the EU in the near future, according to the EU Regulation (EC) 178/2002, also called 'General Food Law'.

Convenience
European people (including women) are working more and more in jobs outside their home and have busy social lives. Moreover, the number of single households increases. Less time is left for the preparation of a full meal and, as a result, demand for products requiring extensive preparation has declined, while the opportunities for easy to prepare, semi-prepared, catered and processed products are increasing. As a result convenience meals are increasingly popular in the EU, spurring the demand for peeled potatoes, canned soup, preserved vegetables, prefried fries, fish sticks, pizza, frozen pastry, ready meals (frozen, chilled or shelf-stable).

'Grazing'
The modern consumer does not confine himself to the traditional three meals a day (breakfast, lunch and dinner), but is eating smaller bites at more frequent intervals: ready-to-eat products or products requiring very little ultimate preparation: take-out foods, hamburgers, mini-pizzas, instant soups, filled croissants, candy bars, muesli bars, cheese sticks and fruit yoghurts. Restaurant quality is becoming the benchmark for the growing ranges of added-value prepared food offerings.

Internationalisation and variety
As the world is increasingly turning into a global village, culinary traditions from other continents tend to be more widely accepted by European consumers, thereby increasing the demand for ethnic and exotic ingredients. This development is also stimulated by the steady population growth of ethnic minority groups, which have significantly increased their purchasing power over the last years. Many products containing exotic fruits (like fruit juice drinks, jams, ice cream) are manufactured by European food industries from ingredients that are imported as semi-manufactured products (fruit juice concentrate).

Variety in food consumption has increased as a result of the promotion by the food industry of ingredient mixtures (spices) and sauce mixes with distinctive ethnic or foreign flavours. Due to the sales of ingredient mixtures, consumers do not have to purchase or be familiar with the individual spices required for a particular dish, nor is lengthy preparation time involved.

Food additives
The major trends driving the food additives industry appear to be very similar in all regions: concern over health and nutrition, food safety and health consciousness, desire for convenience, the concept of added value and the high costs associated with research and development, and new product commercialisation. The consumer's desire for more nutritious foods will favour natural additives and ingredients (and those that are perceived as natural) as well as those that reduce calories, sodium, cholesterol and the overall fat content in foods. Fortification with the "right" level of vitamins, amino acids and trace minerals will become important, and additives that sound natural (e.g., gelatine, pectin, vitamins) versus chemical (e.g., potassium benzoate, butylated hydroxyanisole) will have a more favourable consumer image. Bioactive additives and ingredients - like PUFAs (polyunsaturated fatty acids), plant sterols, pre- and probiotics - will also receive increasing attention from both consumers and food manufacturers.

Offering a 'concept'
A general trend in the food ingredients sector is that importers and food manufacturers in the EU do not simply ask for a food ingredient as such, but for a concept. This means that a product should include complete product specifications, suggestions for application, instructions on how to store and to process, proposals for product presentation, information on quality assurance (e.g. HACCP) or even ISO certification. An exporter capable of meeting these requirements will have an improved competitive position in the EU market for ingredients for food products.

4 PRODUCTION

In this chapter we give an overview of EU production of the selected product groups. Please note that for some product groups EU production only accounts for a small share of global production. Furthermore, with the entry of the ten new member states in 2004, the total EU area under cultivation will increase. For some food ingredients, this will result in strong competition for developing country exporters from these new member countries.

It should also be noted that the general product groups used in this survey do not always match with the more detailed product groups specified by statistical bodies such as FAO.

Vegetable oils & fats
Between 2000 and 2001, EU production of olive oil increased by 28 percent but decreased by 29 in the subsequent period, reaching almost 1.8 million tonnes in the 2002. In the same year, Spain was the leading EU producer of olive oil, accounting for almost half of total EU production, followed by Italy (29%) and Greece (21%). Spain was also the leading EU producer of oil derived from olive residues. Total EU production of this vegetable oil decreased by 30 percent between 2000 and 2002, amounting to 147 thousand tonnes in the latter year.

In 2002, EU production of coconut oil amounted to 52 thousand tonnes, representing less than 2 percent of global production. The leading EU producer was Germany, accounting for about one third of EU production, followed by Belgium and Luxembourg, which together also accounted for about one third of total EU production.

Between 2000 and 2002, sesame oil production in the EU remained fairly stable at around 25 thousand tonnes. Germany and The Netherlands were the leading EU producers, together accounting for 60 percent of total EU production in 2002.

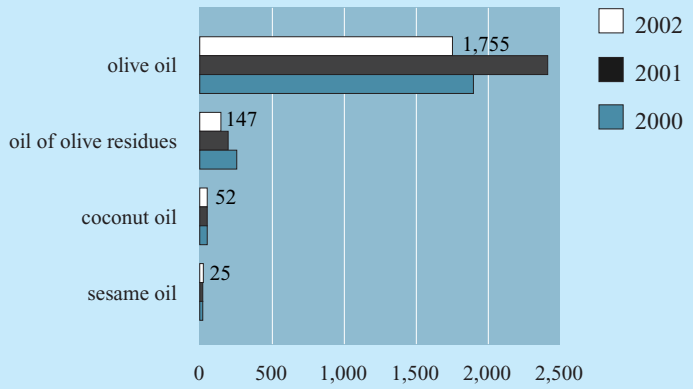
No production of palm oil takes place within the EU.

Dried fruit and edible nuts
EU countries produce substantial quantities of edible nuts and some dried fruit. There are only a few countries in the EU supplying significant amounts of dried fruit.

Greece is a major producer of currants and raisins. The 2002 raisin crop is estimated at 29,000 tonnes, a small increase compared to the previous year. The 2003 production level is expected to decrease by 1,000 tonnes. France is the second largest producer of prunes in the world, after the United States. French prune production for 2002 is estimated at 46,000 tonnes, which represented a decrease of 23 percent compared to the preceding year. For 2003, French prune production is expected to reach 50,000 tonnes. Spain is the only date producing EU member country, with an annual production fluctuating around 11,000 tonnes (FAO 2003).

The southern EU countries bordering the Mediterranean produce almonds, relatively small quantities of hazelnuts, chestnuts, and walnuts and very small quantities of pistachios. In 2002, total production of treenuts amounted to 903 thousand tonnes, of which more than half consisted of almonds. Spain and Italy were by far the leading EU nut producers, together accounting for more than 70 percent of total EU treenut production in 2002. Groundnut production, which is not included in the treenut data, amounted to 2.3 thousand tonnes in 2002, almost entirely produced in Greece.

Figure 4.1 Production of vegetable oils & fats in the EU, 2000-2002, 1,000 tonnes



Source: FAO (2003)

Table 4.1 Production of treenuts in the EU, 1999-2001
1,000 tonnes

	2000	2001	2002
Total EU	**782**	**846**	**903**
Spain	268	313	352
Italy	275	295	305
Greece	90	99	97
Portugal	58	55	59
France	54	52	59
Germany	18	16	17
Austria	17	16	14
Belg. & Luxemb.	0.5	0.5	0.5

	2000	2001	2002
Total EU	**782**	**846**	**903**
of which:			
almonds	391	440	479
hazelnuts	125	153	153
chestnuts	119	111	117
walnuts	116	104	114
pistachios	9	10	11
other treenuts	22	28	28

Source: FAO (2003)

Please note, however, that EU production of nuts only accounts for a very small share of global production.

Sugars
More than 100 countries around the world produce sugar, of which approximately three quarters is produced from sugar cane grown primarily in the tropical and sub-tropical zones of the southern hemisphere. The rest (25%) is produced from sugar beet, which is grown in the temperate zones of the northern hemisphere.

In 2002, EU production of raw sugar (cane and beet) reached 18.2 million tonnes (FAO 2003), representing 13 percent of world production. Almost the entire production consisted of beet-based sugar, since, due to climatic conditions, hardly any cane sugar production takes place within the EU.

Spices and herbs
Few spices are produced in the EU. According to FAO (2003), total EU production of spices amounted to almost 13 thousand tonnes in 2003, of which 72 percent consisted of pimento, 9 percent of anise/badian/fennel and 19 percent of other spices and herbs. Spain produced 9 thousand tonnes of pimento and 400 tonnes anise/badian/fennel.

The most commonly grown herbs in EU countries are: basil, bay leaves, celery leaves, chives, coriander, dill tips, chervil, juniper, marjoram, oregano, parsley, rosemary, sage, savoury, tarragon, thyme and water cress. France, Italy and Greece are important producers of dried herbs.

Natural gums and resins
EU production figures for natural gums and resins are not available. Leading producers and processors of hydrocolloids in the EU are multinational companies such as:

Table 4.2 EU production of spices, 1999-2001
tonnes

	2000	2001	2002
Pimento & allspice			
• Greece	300	300	300
• Spain	9,596	9,000	9,000
Anise, badian & fennel			
• Denmark	41	40	40
• Greece	470	470	470
• The Netherlands	177	160	200
• Spain	400	400	400
Other spices			
• Spain	2,500	2,500	2,500
Total EU spice production	**13,483**	**12,870**	**12,910**

Source: FAO (2002)

- Hercules (pectin, carrageenan, CMC)
- Dow Chemical (MC, pectin, carrageenan, locust bean gum, gelatine)
- FMC (carrageenan, MCC)
- Danisco-Cultor (pectin, carrageenan, locust bean gum, alginates)

Essential oils and oleoresins
According to FAO, world production of essential oils is estimated at 24 million tonnes. Developing countries have a dominant position in the global production, of which they account for 82 percent. The competition with industrialised countries and countries from Eastern Europe, however, remains very strong. Industrialised countries remain in a dominant position where high yields and full mechanisation make cultivation competitive with countries, which rely on low labour costs.

Table 4.3 Production of essential oils, 2000-2002
1,000 tonnes

	2000	2001	2002
World	25,879	28,992	23,941
Developing countries	21,529	24,582	19,587
European Union	210	270	214

Source: FAO (2003)

In Europe, there are around 2,000 plants from which essential oils are produced. Lavender and peppermint are among the most popular. Production is particularly successful in the Mediterranean countries of Turkey, Spain, France and Italy.

On a global scale, the 18 most important species represent nearly 75 percent of the total production value. The concentration in terms of tonnage is even higher, as there is a trade in small volumes of products with high unit values (e.g. rose, jasmine, vetiver).

Pulses
Between 2000 and 2002, total EU production of pulses increased by 5 percent, amounting to 4.4 million tonnes in the latter year. France was, by far, the leading EU producer of pulses, accounting for almost half of total EU production in 2002. Almost two thirds of the total amount consisted of dried peas.

The ten EU candidate countries - particularly Poland - are also strong in the production of pulses, together accounting for a total pulse production of 600 thousand tonnes in 2002.

Dried vegetables
It is not possible to give an overall view of EU production of dried vegetables, as only a few countries publish production figures on this product group. This is because the quantities are fairly small compared to those of other processed vegetables. However, a large share of dried vegetables originates outside the EU, accounting for more than half of imports by EU member countries (in terms of value) of dried vegetables in 2001.

Natural colours and flavours
A couple of large manufacturers in Europe are responsible for the production of food colours and flavours for the food industry, natural as well as nature-identical and artificial colours and flavours. Their products are finished products, which can be used directly in food products, and semi-processed products to sell to other flavour houses. However, The Netherlands and European Union have no substantial domestic production of raw material for natural food colours and flavours.

The number of colorants and dyestuffs found in nature are enormous, but only some of these products are commercially important. EU production figures for natural colours are not available. EU trade data show that France and Spain are the leading suppliers to the EU market. However, in the FAO publication 'Natural colorants and dyestuffs', which includes an overview of major colorants and dyestuffs entering international trade, no significant production in European countries is reported, except for paprika from Spain and Hungary. Paprika is actually not a colorant itself, but a starting material for the production of colorants.

Table 4.5 Production of pulses in the EU, 2000-2002
1,000 tonnes

	2000	2001	2002		2000	2001	2002
Total EU	**4,237**	**4,327**	**4,436**	**Total EU**	**4,237**	**4,327**	**4,436**
France	2,066	1,877	2,035	*of which*:			
United Kingdom	794	959	841	dried peas	3,018	2,972	2,838
Spain	389	303	485	other pulses	581	663	675
Germany	471	641	468	dried broad beans	250	356	517
Denmark	139	115	150	vetches	144	102	145
Italy	121	127	135	dried beans	104	100	96
Austria	70	104	113	chickpeas	53	63	82
Sweden	69	77	85	lupines	51	46	51
other EU states	119	125	123	lentils	37	25	34

Source: FAO (2003)

Developing countries produce many raw materials for the European food colour and flavour industry, as well as semi-processed and pure material. However, their production only accounts for a small share of the total volume compared to the global production.

Many of the raw materials grow in countries with a tropical climate. The local production is grown by local producers, but also by subsidiaries of multinational European parent companies, which use the raw materials to produce natural colours and flavours on the spot in the developing countries. This causes direct competition. Multinationals often have better technological knowledge of production, greater volumes of production, more modern equipment, easier contact with the buyers, more continuity of delivery and better delivery times. Many European flavour houses, although quite large within the flavour industry, have been taken over by major chemical and pharmaceutical companies. The wider fields of research and laboratory facilities, which then become available, allow the flavour houses to develop more products and have a technical advantage over their competitors.

This is an important reason why developing countries are primarily suppliers of raw or semi-processed materials. Another reason is that European manufacturers prefer importing raw materials so that they can supply their clients with a tailor-made compound. An important aim for the local producers in the future should be to produce semi-processed food colours and flavours for European manufacturers, which, with their know-how of the market and products, can better, fulfil the special needs of the European food industry.

Honey

Total EU production of honey amounted to 114 thousand tonnes in 2002, which represented less than 10 percent of global honey production. Between 2000 and 2001, EU production increased by 6 percent, after which it decreased by 3 percent. Figure 4.2 shows the largest EU producers of honey. Other less important honey producing countries within the EU were the UK (2.8 tonnes), Finland (1.7 tonnes), Belgium/ Luxembourg (1.4 tonnes), Sweden (1.4 tonnes) and Ireland (0.3 tonnes).

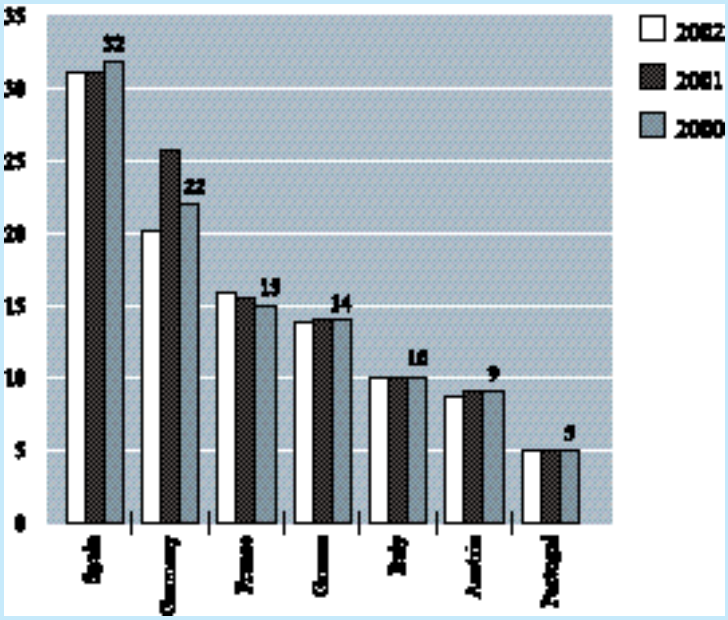
Seeds

Because of the climate, production of seeds included in this survey is very limited in the EU countries. Only Greece produces small amounts of sesame seeds. Greek sesame seed production fluctuated from 98 tonnes in 2000, down to 88 tonnes in 2001 and up to 90 tonnes in 2002.

Vegetable saps and extracts

The production of liquorice extract is conducted on a broad scale in Spain, southern France, Italy, Austria and

Figure 4.2 Leading EU producers of honey, 2000-2002
1,000 tonnes



Source: FAO (2003)

Greece. Exact EU production figures for the vegetable saps and extracts covered in this survey are, however, not available.

Opportunities and threats for exporters from developing countries:

Threats:

- The trade of many food ingredients are in the hands of multinational corporations.
- High level of R&D on production techniques in the EU.
- Increased competition arising from the opening up of the Eastern European countries.

Opportunities:

- Due to climatic conditions, many food ingredients cannot be grown in the EU.
- The EU enlargement also means that the EU consumer market will increase, and so will the demand for food ingredients. Many food ingredients are hardly grown in these candidate countries, which creates opportunities for developing country exporters.
- Off-season and exotic food ingredients. Particularly producers in countries, which are geographically close to the EU, may have an advantage in these products.
- Organic production. This particularly interesting for growers in developing countries, since much of their production is already organic or can easily be changed to organic.

5 IMPORTS

5.1 Total imports

The European Union market

Table 5.1 shows EU imports of the main groups into which the ingredients for food products fall. Not all of the products falling in the main groups are used for the production of food products. The total imports per product group shown are the sum of intra- and extra-EU imports. Please note that although for some product groups (e.g. nuts) European countries are listed as main suppliers, this is only the result of the fact that these countries re-export large amounts of their imports.

Table 5.1 Imports by EU member countries of selected product groups falling under ingredients for food products, 1999-2001, € million / thousand tonnes

	1999		2000		2001	
	value	volume	value	volume	value	volume
Vegetable oils & fats	**4,700**	**4,740**	**3,996**	**4,964**	**4,097**	**6,051**
Intra-EU	2,520	1,572	2,214	1,637	2,311	1,826
Extra-EU	2,181	3,169	1,782	3,327	1,786	4,226
Dried fruit & edible nuts	**3,255**	**1,759**	**3,611**	**1,840**	**3,532**	**1,877**
Intra-EU	832	403	945	426	903	399
Extra-EU	2,423	1,356	2,666	1,414	2,629	1,479
Sugars	**1,101**	**4,607**	**1,101**	**4,554**	**1,215**	**4,743**
Intra-EU	48	246	84	451	107	779
Extra-EU	1,053	4,361	1,018	4,103	1,107	3,964
Spices & herbs	**769**	**255**	**862**	**263**	**801**	**289**
Intra-EU	286	82	311	88	284	94
Extra-EU	484	173	551	175	516	195
Natural gums & resins	**573**	**410**	**635**	**453**	**635**	**475**
Intra-EU	235	111	240	118	238	111
Extra-EU	337	299	394	335	397	364
Essential oils & oleoresins	**550**	**62**	**587**	**62**	**613**	**67**
Intra-EU	210	18	222	20	211	17
Extra-EU	340	44	365	42	402	50
Pulses	**505**	**1,053**	**569**	**1,053**	**575**	**1,069**
Intra-EU	93	311	98	307	100	295
Extra-EU	412	743	471	746	475	773
Dried vegetables	**373**	**140**	**405**	**169**	**427**	**181**
Intra-EU	173	67	190	88	205	106
Extra-EU	201	73	214	82	222	74
Natural colours & flavours	**243**	**28**	**288**	**32**	**291**	**93**
Intra-EU	136	17	152	19	153	80
Extra-EU	107	11	136	13	138	13
Honey	**243**	**193**	**251**	**198**	**275**	**198**
Intra-EU	74	42	75	41	77	40
Extra-EU	168	151	177	157	198	158
Seeds	**91**	**133**	**111**	**140**	**110**	**184**
Intra-EU	20	25	18	21	17	22
Extra-EU	72	108	92	119	93	162
Vegetable saps & extracts	**139**	**27**	**150**	**29**	**161**	**28**
Intra-EU	62	7	59	8	68	10
Extra-EU	78	19	91	21	93	18

Source: Eurostat (2002)

Competition in the food sector is strong and quality requirements are high. Most of the food ingredients are imported for industrial use and will be further processed and packaged in consumer or catering packs by the European food industry. Small and medium-sized developing country exporters should seek markets segments in which small amounts of the product can be traded and in which developing country exporters are more able to compete.

The box cited below shows the leading EU importers of the product groups specified in Table 5.1.
In view of these trade data, it is clear that the leading EU markets for ingredients for food products are Germany, France, the United Kingdom, The Netherlands, Italy and Spain.
At the level of product groups, however, there can be other countries, which are important markets. Portugal, for example, represents the second leading EU importer of sugars while Greece is an important market for seeds.

Leading EU importers of ingredients for food products (share in EU imports in terms of value, 2001)

Vegetable oils & fats	→	Italy (27%), Germany (18%), The Netherlands (14%), France (11%), UK (11%)
Dried fruit & edible nuts	→	Germany (27%), The Netherlands (13%), UK (13%), France (12%), Italy (10%)
Sugars	→	UK (60%), Portugal (12%), France (7%), The Netherlands (6%), Finland (3%)
Spices & herbs	→	Germany (22%), The Netherlands (18%), France (14%), UK (13%), Spain (11%)
Natural gums & resins	→	Germany (21%), France (17%), The Netherlands (11%), UK (11%), Denmark (10%)
Essential oils & oleoresins	→	France (27%), UK (24%), Germany (15%), The Netherlands (9%), Spain (7%)
Pulses	→	Spain (24%), Italy (23%), UK (16%), France (12%), The Netherlands (7%)
Dried vegetables	→	Germany (29%), Italy (14%), UK (14%), The Netherlands (13%), France (12%),
Natural colours & flavours	→	Germany (20%), UK (17%), France (13%), Spain (11%), Italy (8%)
Honey	→	Germany (45%), UK (12%), France (9%), Italy (6%), Spain (6%)
Seeds	→	The Netherlands (23%), Germany (23%), UK (17%), Greece (14%), France (6%)
Vegetable saps & extracts	→	Germany (29%), France (17%), UK (13%), Italy (9%), The Netherlands (8%)

Source: Eurostat (2002)

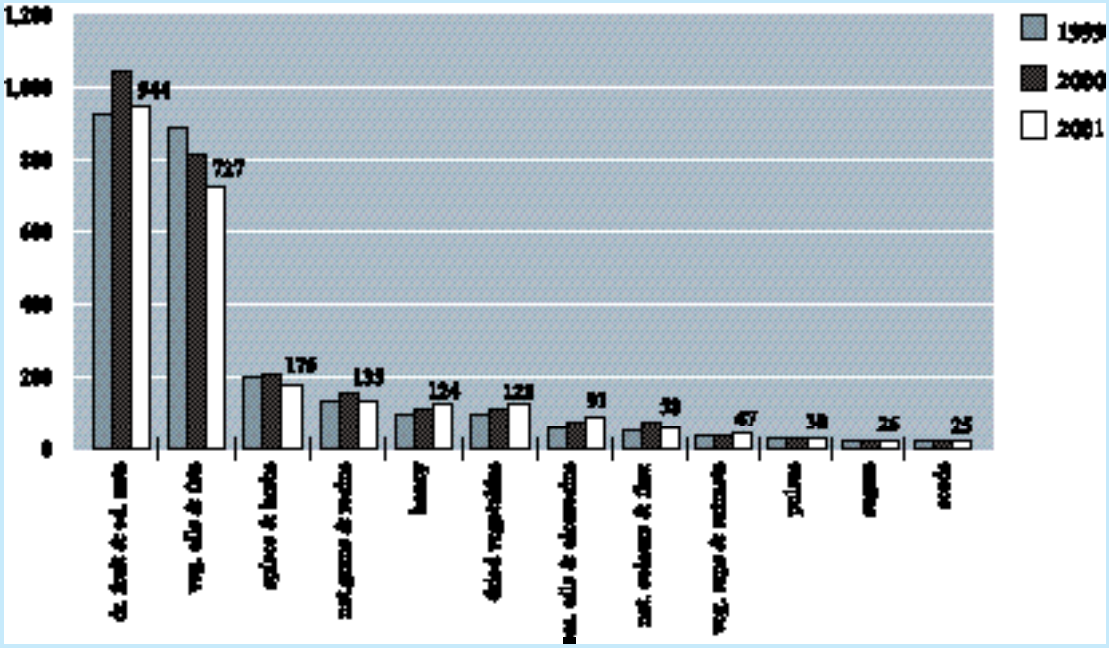
Germany

Thanks to its large domestic market and widespread production facilities, Germany has a dominant position in the imports of dried fruit & edible nuts, spices & herbs, natural gums & resins, dried vegetables, natural colours & flavours, honey and vegetable saps & extracts.

Honey, dried vegetables, essential oils and vegetable saps & extracts were the only product groups, which showed a continuous increase in terms of value during the survey period.

Developing countries are important suppliers of food ingredients to Germany. Please note that, although The Netherlands is listed as a leading supplier of several products to Germany, this mainly concerns re-exports previously imported from (in most cases) developing countries.

Figure 5.1 Imports of ingredients for food products into Germany, 1999-2001, € million



Source: Eurostat (2002)

The leading suppliers to Germany (share of total year 2001 imports in terms of value) of:

dried fruit & ed. nuts	→	Turkey (32%), USA (21%), The Netherlands (9%), Iran (7%), Spain (6%), France (3%)
veg. oils & fats	→	The Netherlands (30%), Indonesia (25%), Italy (14%), Philippines (11%), Malaysia (10%)
spices & herbs	→	The Netherlands (24%), Brazil (11%), Indonesia (10%), Madagascar (9%), China (5%)
natural gums & resins	→	India (13%), China (10%), France (10%), Denmark (8%), Italy (8%), The Netherlands (6%)
honey	→	Argentina (26%), Mexico (16%), China (9%), Romania (6%), Uruguay (6%), Hungary (5%)
dried vegetables	→	China (20%), France (11%), The Netherlands (7%), Poland (7%), USA (6%), Spain (6%)
ess. oils & oleoresins	→	France (20%), USA (12%), China (9%), India (8%), Italy (6%), The Netherlands (6%)
nat. colours & flav.	→	India (24%), France (13%), The Netherlands (11%), China (10%), Spain (9%), Peru (7%)
veg. saps & extracts	→	The Netherlands (26%), USA (23%), France (8%), India (7%), Switzerland (6%), Iran (6%)
pulses	→	Canada (32%), Turkey (30%), The Netherlands (11%), USA (5%), China (5%)
sugars	→	Pakistan (40%), Mauritius (13%), USA (9%), France (7%), The Netherlands (6%)
seeds	→	India (66%), The Netherlands (13%), Guatemala (7%), Sudan (5%), Burkina Faso (2%)

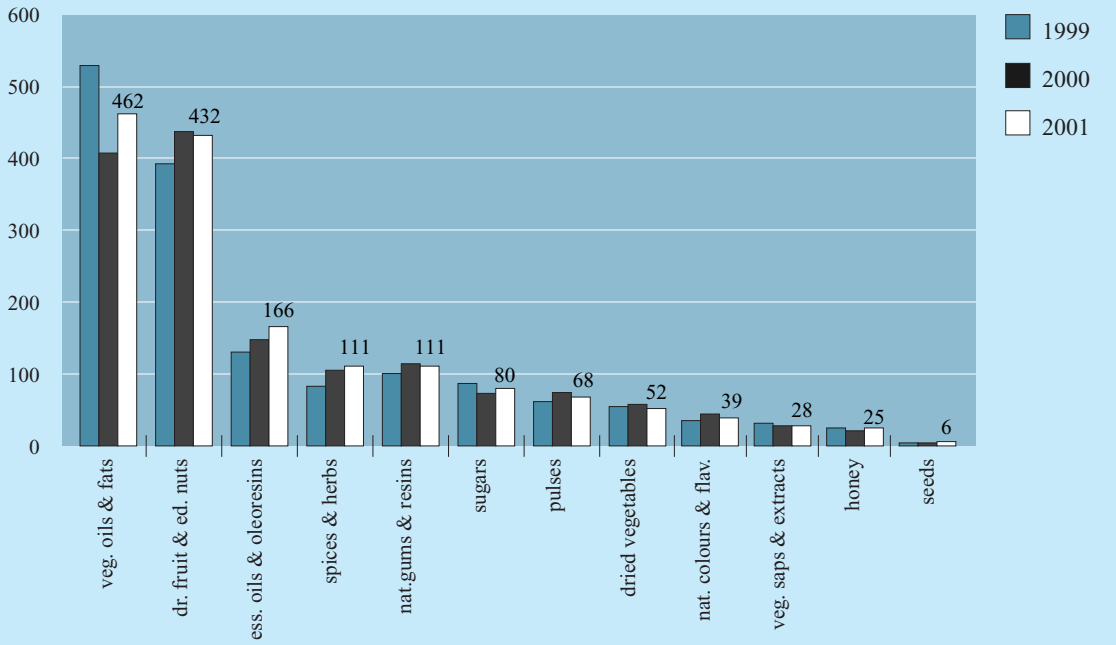
Source: Eurostat (2002)

France

Vegetable oils & fats and dried fruit & edible nuts were by far the leading natural food ingredients imported into France. Essential oil & oleoresins, spices & herbs and seeds were the only product groups, which showed a continuous increase in terms of value between 1999 and 2001.

France was the leading EU importer of essential oils & oleoresins, although imports decreased steadily between 1999 and 2001, amounting to € 166 million / 8 thousand tonnes in the latter year.

Figure 5.2 Imports of ingredients for food products into France, 1999-2001, € million



Source: Eurostat (2002)

The leading suppliers to France (share of total year 2001 imports in terms of value) of:

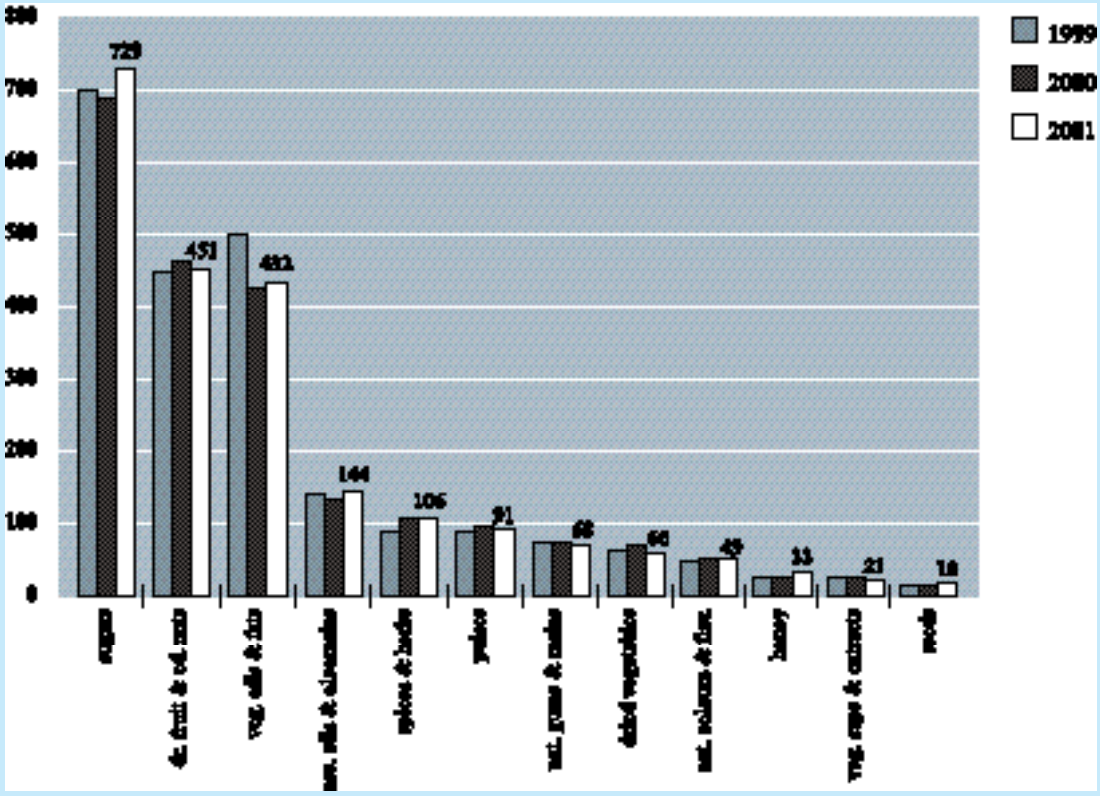
veg. oils & fats	→	Spain (32%), Italy (15%), The Netherlands (14%), Côte d'Ivoire (11%), Indonesia (7%)
dried fruit & ed. nuts	→	Turkey (19%), USA (13%), The Netherlands (10%), Germany (10%), Spain (8%)
ess. oils & oleoresins	→	Ireland (11%), India (9%), USA (8%), Indonesia (7%), China (7%), Morocco (6%)
spices & herbs	→	Madagascar (27%), Germany (12%), Indonesia (7%), Belgium (6%), Comoros (6%)
natural gums & resins	→	China (13%), Morocco (12%), Sudan (10%), Philippines (8%), Germany (8%), Spain (6%)
sugars	→	Swaziland (41%), Pakistan (9%), Guyana (7%), Cuba (7%), The Netherlands (5%)
pulses	→	Canada (25%), USA (20%), China (10%), The Netherlands (10%), Argentina (9%)
dried vegetables	→	China (23%), Germany (19%), The Netherlands (14%), Belgium (6%), Italy (6%)
nat. colours & flav.	→	USA (26%), Germany (19%), Spain (9%), UK (8%), Denmark (6%), Switzerland (5%)
veg. saps & extracts	→	Madagascar (20%), USA (18%), Switzerland (13%), The Netherlands (8%), Spain (4%)
honey	→	Germany (32%), Hungary (18%), Belgium (18%), Spain (18%), Argentina (4%)
seeds	→	The Netherlands (21%), Germany (15%), Burkina Faso (12%), India (10%), Denmark (6%)

Source: Eurostat (2002)

United Kingdom

The United Kingdom was, by far, the leading importer of sugars, accounting for 60 percent of the total value imported by EU member countries in 2001. In the same year, sugar imports amounted to € 729 million / 1.9 million tonnes, representing an increase of 7 percent compared to the previous year. Other imports of food ingredients, which increased in value between 2000 and 2001, were essential oils & oleoresins, honey and seeds.

Figure 5.3 Imports of ingredients for food products into the UK, 1999-2001, € million



Source: Eurostat (2002)

The leading suppliers to the UK (share of total year 2001 imports in terms of value) of:

sugars	→	Mauritius (36%), Guyana (11%), Fiji (11%), Jamaica (9%), Swaziland (5%)
dried fruit & ed. nuts	→	USA (24%), Turkey (17%), India (9%), China (9%), Germany (6%), France (4%)
veg. oils & fats	→	The Netherlands (29%), Papua New Guinea (12%), Malaysia (12%), Indonesia (12%), Spain (9%)
ess. oils & oleoresins	→	USA (31%), China (11%), France (11%), Argentina (10%), India (6%), Indonesia (4%)
spices & herbs	→	India (18%), The Netherlands (10%), Madagascar (7%), USA (6%), Spain (7%)
pulses	→	Canada (46%), USA (19%), Australia (6%), China (6%), India (5%), Turkey (4%)
natural gums & resins	→	France (12%), Philippines (10%), India (9%), The Netherlands (8%), USA (7%)
dried vegetables	→	France (27%), USA (21%), Germany (9%), China (7%), Italy (7%), The Netherlands (6%)
nat. colours & flav.	→	Germany (22%), France (21%), India (14%), China (13%), USA (4%), Peru (4%)
honey	→	China (29%), Argentina (13%), Mexico (10%), Germany (9%), Australia (8%)
veg. saps & extracts	→	USA (36%), France (16%), India (11%), Brazil (7%), Belgium (6%), China (4%)
seeds	→	Ghana (21%), Guatemala (17%), Venezuela (11%), Burkina Faso (9%), India (6%)

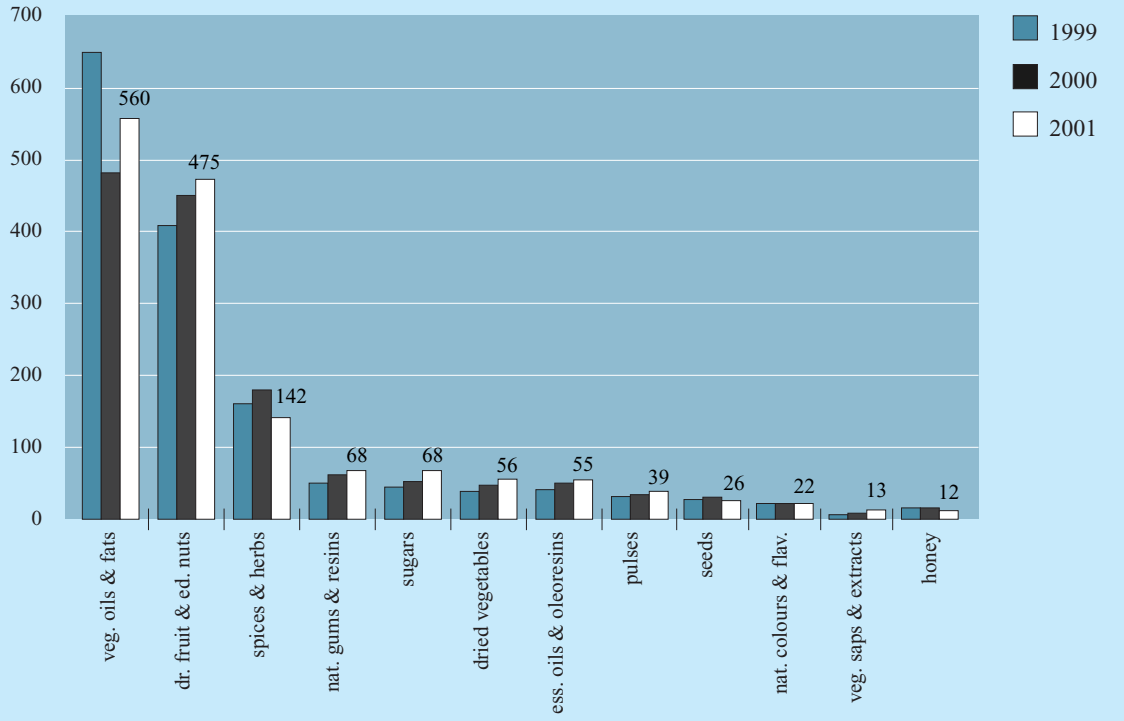
Source: Eurostat (2002)

The Netherlands

In 2001, The Netherlands was the leading EU importer of seeds and the second leading EU importer of dried fruit & edible nuts and of spices & herbs. Most remarkable in Figure 5.4 are the fluctuations in the imports of vegetable oils & fats. After a decrease of 25 percent in value and 11 percent in volume between 1999 and 2000, imports increased by 18 percent in value and by more than 50 percent in volume, amounting to € 560 million / 1.4 million tonnes in 2001.

Food ingredients which showed a continuous increase in terms of value between 1999 and 2001 are dried fruit & edible nuts (+14%), natural gums & resins (+17%), sugars (+73%), dried vegetables (+52%), essential oils & oleoresins (+35%), pulses (+26%) and vegetable saps & extracts (+34%).

Figure 5.4 Imports of ingredients for food products into The Netherlands, 1999-2001, € million



Source: Eurostat (2002)

The leading suppliers to The Netherlands (share of total year 2001 imports in terms of value) of:

veg. oils & fats	→	Malaysia (36%), Indonesia (31%), Philippines (11%), Côte d'Ivoire (4%), Germany (3%)
dried fruit & ed. nuts	→	USA (19%), Argentina (18%), India (14%), China (12%), Turkey (8%), Vietnam (5%)
spices & herbs	→	Indonesia (33%), Germany (9%), Brazil (8%), Vietnam (7%), Grenada (5%), India (4%)
natural gums & resins	→	China (43%), Portugal (7%), Germany (6%), Chile (5%), Philippines (5%), Brazil (4%)
sugars	→	Pakistan (52%), India (24%), Sudan (8%), Egypt (5%), Mauritius (2%), Côte d'Ivoire (2%)
dried vegetables	→	France (19%), Germany (17%), USA (10%), Portugal (8%), Greece (8%), Belgium (6%)
ess. oils & oleoresins	→	USA (20%), Brazil (16%), Spain (8%), UK (7%), France (7%), Germany (7%)
pulses	→	USA (22%), China (20%), Canada (14%), Germany (11%), Tanzania (7%), Chile (6%)
seeds	→	India (49%), Sudan (28%), Mexico (7%), Nigeria (5%), China (4%), Pakistan (1%)
nat. colours & flav.	→	India (16%), UK (13%), Germany (11%), Israel (10%), Belgium (10%), China (8%)
veg. saps & extracts	→	France (32%), USA (24%), Germany (17%), Japan (6%), China (4%), Switzerland (4%)
honey	→	Belgium (40%), Germany (34%), Turkey (7%), China (7%), Chile (3%), Cuba (2%)

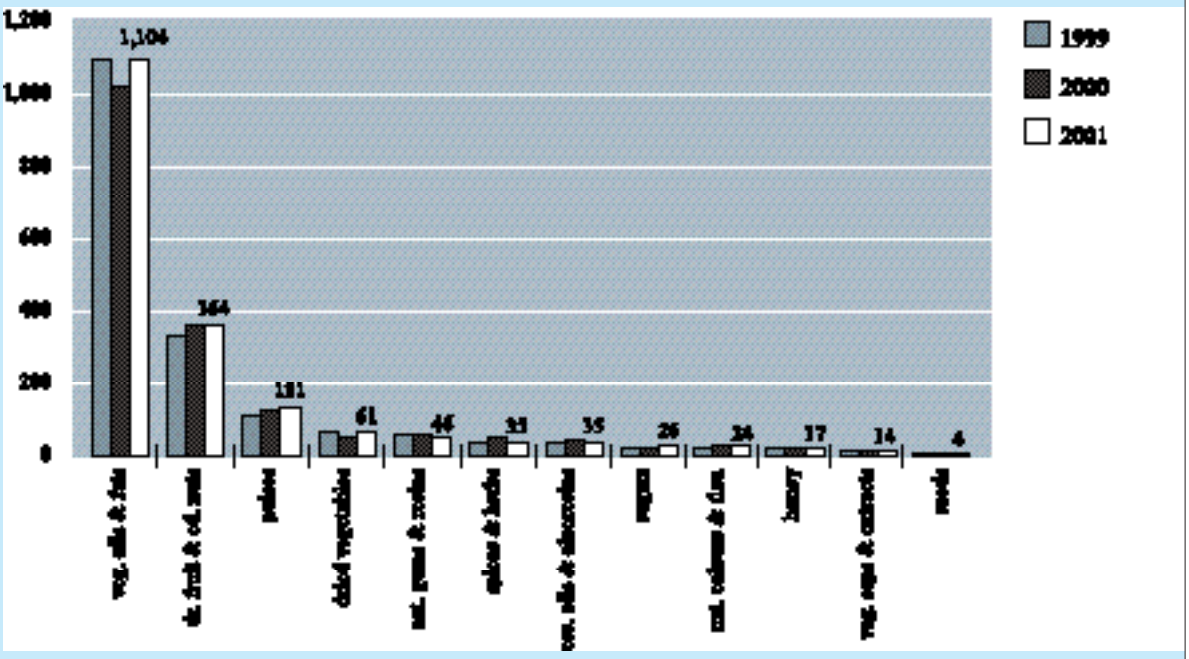
Source: Eurostat (2002)

Italy

Italy was the leading EU importer of vegetable oils & fats and the second leading importer of pulses and dried vegetables. Vegetable oils & fats was by far the leading product group imported into Italy, with a small downward shift in the imported value between 1999 and 2000.

Compared to other leading EU importers, Italy was a relatively small importer of spices & herbs, natural colours & flavours, sugars and seeds.

Figure 5.5 Imports of ingredients for food products into Italy, 1999-2001, € million



Source: Eurostat (2002)

The leading suppliers to Italy (share of total year 2001 imports in terms of value) of:

veg. oils & fats	→	Spain (43%), Greece (22%), Tunisia (12%), Malaysia (6%), Turkey (5%)
dried fruit & ed. nuts	→	Turkey (30%), USA (21%), Spain (8%), Iran (7%), Germany (4%), France (4%)
pulses	→	Canada (18%), China (18%), UK (12%), Argentina (11%), USA (9%), France (9%)
dried vegetables	→	China (21%), Yugoslavia Fed. Rep. (20%), Romania (13%), Bulgaria (11%), France (5%)
natural gums & resins	→	India (14%), France (12%), Spain (10%), China (8%), Germany (8%), UK (7%)
spices & herbs	→	France (16%), India (14%), Iran (13%), The Netherlands (10%), Germany (9%)
ess. oils & oleoresins	→	UK (26%), France (20%), China (12%), USA (6%), The Netherlands (6%), Germany (6%)
sugars	→	Pakistan (28%), France (18%), UK (8%), India (8%), Brazil (8%), Mauritius (7%)
nat. colours & flav.	→	France (19%), UK (16%), Spain (16%), Peru (14%), The Netherlands (9%), China (7%)
honey	→	Argentina (44%), Hungary (23%), Germany (11%), Romania (6%), Mexico (2%)
veg. saps & extracts	→	USA (19%), France (17%), Germany (16%), China (9%), Switzerland (7%)
seeds	→	India (68%), The Netherlands (18%), Turkey (5%), Germany (3%), France (2%)

Source: Eurostat (2002)

Spain

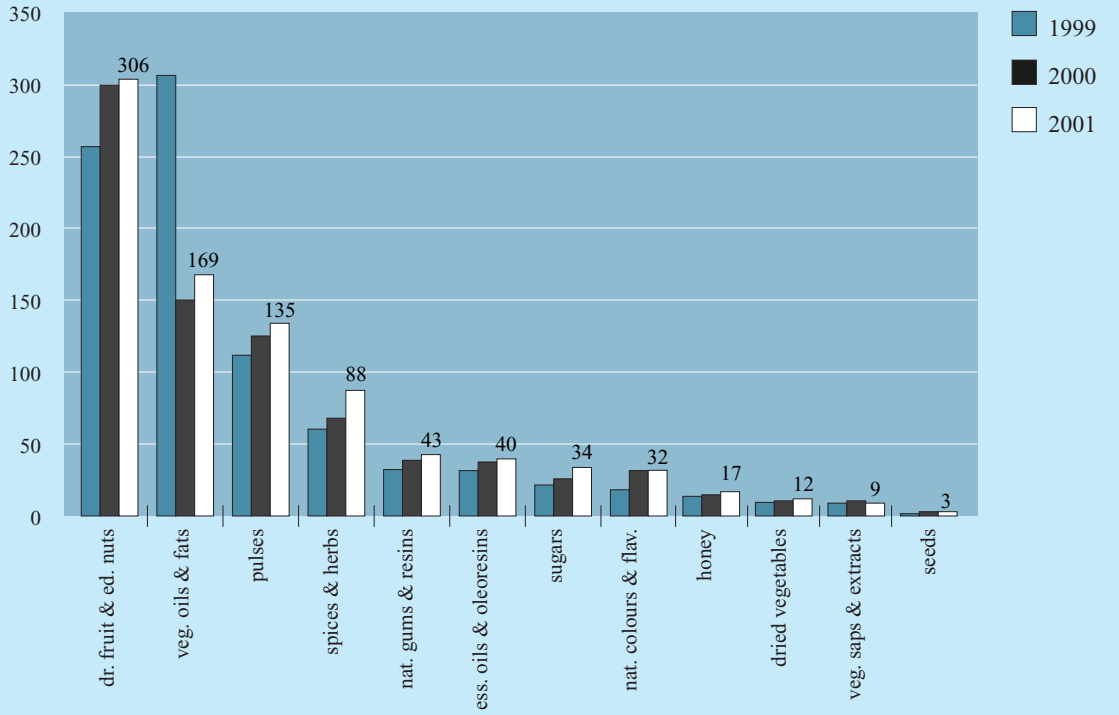
Spain represents the leading EU importer of pulses, accounting for a quarter of the total value imported by EU member countries in 2001. As from 1999, the Spanish imports of vegetable oils & fats decreased considerably, making dried fruit & edible nuts the leading product group imported into Spain.

Most remarkable about Figure 5.6 is that the imported values of nearly all product groups increased between 1999 and 2001, in some cases even considerably. The only exceptions were the imports of vegetable oils & fats and vegetable saps & extracts, both of which decreased in terms of value during the same period.

5.2 Imports by product group

Figure 5.7 shows an overview of EU imports and developments, over the last three years, of products falling under the broad-based product groups indicated in Section 1.1. Please refer to Appendix 2 for detailed trade data for these product groups.

Figure 5.6 Imports of ingredients for food products into Spain, 1999-2001, € million

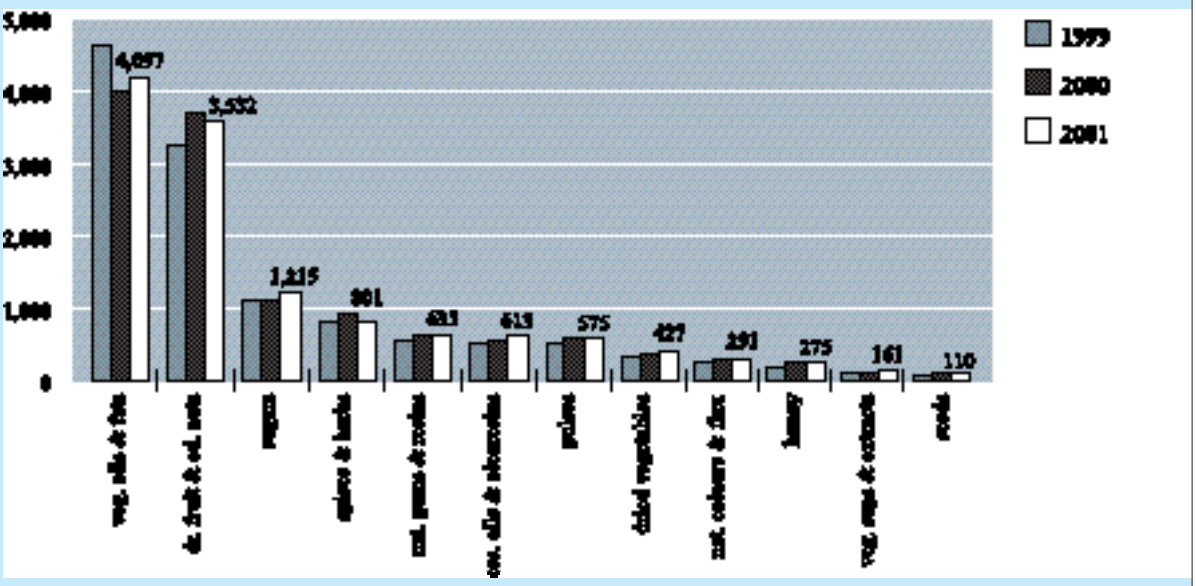


Source: Eurostat (2002)

The leading suppliers to Spain (share of total year 2001 imports in terms of value) of:

dried fruit & ed. nuts	→	USA (46%), Iran (13%), China (7%), Turkey (7%), France (5%), India (4%)
veg. oils & fats	→	India (42%), Malaysia (13%), Turkey (11%), Greece (8%), Italy (6%), Tunisia (4%)
pulses	→	Mexico (32%), Argentina (19%), Canada (14%), USA (13%), UK (10%), France (3%)
spices & herbs	→	South Africa (22%), Iran (21%), Peru (17%), Zimbabwe (7%), France (5%), Indonesia (2%)
natural gums & resins	→	China (49%), France (14%), Denmark (7%), Italy (6%), India (3%), Germany (3%)
ess. oils & oleoresins	→	China (24%), France (13%), USA (13%), India (11%), Brazil (5%), Indonesia (4%)
sugars	→	Pakistan (21%), Portugal (16%), Egypt (13%), France (11%), Iran (7%), Malawi (6%)
nat. colours & flav.	→	India (32%), Mexico (20%), France (12%), Germany (6%), China (5%), Peru (4%)
honey	→	China (42%), Argentina (24%), Germany (8%), Cuba (5%), France (5%), Portugal (4%)
dried vegetables	→	Germany (20%), Portugal (20%), France (19%), China (16%), The Netherlands (8%)
veg. saps & extracts	→	France (25%), Germany (24%), China (16%), USA (9%), Brazil (6%), UK (5%)
seeds	→	Guatemala (19%), India (19%), The Netherlands (17%), Turkey (15%), UK (11%), Mexico (11%)

Figure 5.7 Imports by EU member countries of ingredients for food products, 1999-2001, € million



Source: Eurostat (2002)

Vegetable oils & fats

Between 1999 and 2001, imports of vegetable oils & fats by EU member countries decreased by 13 percent in terms of value, amounting to € 4.1 billion in the latter year. In terms of volume, imports increased by almost 30 percent during the same period, amounting 6.1 million tonnes.

Italy was the leading EU importer, accounting for 27 percent of the total imported value in 2001. Other leading EU importers were Germany (18%), The Netherlands (14%), France (11%) and the UK (11%).

In 2001, olive oil was the leading imported product group in terms of value, whereas palm oil was the leading imported product group in terms of volume. After decreasing by 16 percent in value and by 7 percent in volume between 1999 and 2000, olive oil imports then increased by 10 percent in value and by 18 percent in volume, amounting to € 1.5 billion / 783 thousand tonnes in 2001. Palm oil imports also first decreased in terms of value, after which increasing to € 1.2 billion tonnes in 2001. In terms of volume, imports increased continuously between 1999 and 2001, reaching 3.5 million tonnes in the latter year.

Table 5.2 Imports of vegetable oils & fats by EU member countries, by product group, 1999-2001, € million / thousand tonnes

	1999		2000		2001	
	value	volume	value	volume	value	volume
Total	4,700	4,740	3,996	4,964	4,097	6,051
Intra EU	2,520	1,572	2,214	1,637	2,311	1,826
Extra EU	2,181	3,169	1,782	3,327	1,786	4,226
Developing countries	2,146	3,127	1,744	3,271	1,761	4,199
olive oil	1,648	713	1,378	665	1,521	783
palm oil	1,190	2,456	1,049	2,669	1,219	3,518
cocoa butter, fat & oil	945	290	729	280	719	300
coconut oil	839	1,214	772	1,287	559	1,384
other oil from olives	64	63	53	58	64	61
sesame oil	14	5	15	5	15	5

Source: Eurostat (2002)

The leading suppliers (share of total 2001 imports in terms of value) to the EU of:

olive oil	→ Spain (49%), Greece (17%), Italy (16%), Tunisia (9%), Turkey (5%), Germany (1%)
palm oil	→ Malaysia (35%), Indonesia (27%), The Netherlands (16%), Papua New Guinea (8%)
cocoa butter, fat & oil	→ The Netherlands (52%), France (13%), Côte d'Ivoire (11%), Ghana (4%), Malaysia (3%)
coconut oil	→ Indonesia (39%), Philippines (32%), The Netherlands (10%), Malaysia (7%), Papua New Guinea (3%)
other oil from olives	→ Greece (35%), Italy (20%), Germany (13%), Spain (13%), The Netherlands (3%)
sesame oil	→ The Netherlands (20%), China (18%), Singapore (15%), Germany (9%), UK (8%)
total veg. oils & fats	→ **Spain (19%), The Netherlands (16%), Indonesia (14%), Malaysia (12%), Italy (7%)**

For more information on coconut oil and cocoa butter, fat & oil, please also refer to the separate EU Market Survey *"Natural Ingredients for Cosmetics"*.

In 2000, 45 percent of the total imported value was supplied extra-EU, mainly by Indonesia and Malaysia. Moroccan supplies of olive oil decreased from € 20 million / 10,782 tonnes in 1999 to € 0.2 million / 75 tonnes in 2001. Mediterranean EU member states, like Spain, Greece and Italy, were particularly strong in the supply of olive oil.

Please note that although The Netherlands is a leading supplier of palm oil, coconut oil and butter, the basic materials for these products (e.g. cocoa beans) are imported from developing countries. The Netherlands also serves as a major re-exporter of these vegetable oils & fats.

Opportunities for exporters in developing countries of vegetable oils & fats lie in the following fields:

- Organic oils and fats.
- Specialised vegetable oils and fats for niche markets (castor oil, shea butter, sweet almond oil).
- Main products: palm oil, coconut oil and palm kernel oil.

Dried fruit and edible nuts

Demand for luxury nuts is growing fast in most markets, stimulated by the fall in import prices and the resulting lower retail prices for consumers. Luxury nuts such as pine nuts, cashew nuts, and almonds are also increasingly used in foods like salads or are chosen as a meat substitute, especially by an increasing number of vegetarians. New variations of coated groundnuts and coated luxury nuts will be introduced by packers to stimulate impulse purchases, while industrial applications like luxury nut oils or the use of groundnuts in sauces or in bird food may give additional opportunities for exporters of edible nuts. The growing concern about health is also closely related to the consumer's ability to deal with a busier life style. This has led to an expansion in the sale and variety of breakfast cereals, healthy or "energy boosting" chocolate snacks and muesli crunches, which are individually packed and which are being launched as modern, healthy, ready-to-eat products. This development will have a positive effect on the market for dried fruit.

Total imports of dried fruit & edible nuts by EU member countries amounted to € 3.5 billion / 1.9 million tonnes in 2001, representing an increase by 8 percent in value and by 7 percent in volume since 1999. About 21 percent of the total imported value consisted of dried fruit, while the remaining part (79%) consisted of edible nuts.

Germany was the leading EU importer of dried fruit & edible nuts in 2001, accounting for 27 percent of the total imported value, followed by The Netherlands (13%), the UK (13%), France (12%) and Italy (10%).

Important products within the dried fruit category were sultanas, prunes, dates and other dried grapes, together accounting for 72 percent of the total imported value of dried fruit in 2001.

Groundnuts, hazelnuts and almonds were the leading edible nut products imported by EU member countries, together accounting for more than 60 percent of the total imported value in 2001. Other important products were pistachios (11%), cashew nuts (9%) and walnuts (8%).

In 2001, 80 percent of the imported value of dried fruit and 73 percent of the imported value of edible nuts was supplied by countries outside the EU. The USA and Turkey were, by far, the leading suppliers of dried fruit & edible nuts, together accounting for nearly half of the total imported value in 2001.

For more detailed trade data on dried fruit products, please refer to the separate EU Market Survey *"Preserved Fruit and Vegetables."*

Table 5.3 **Imports of dried fruit and edible nuts by EU member countries, by product group, 1999-2001, € million / thousand tonnes**

	1999		2000		2001	
	value	**volume**	**value**	**volume**	**value**	**volume**
Total dr. fruit & ed. nuts	3,255	1,759	3,611	1,840	3,532	1,877
Intra EU	832	403	945	426	903	399
Extra EU	2,423	1,356	2,666	1,414	2,629	1,479
Developing countries	1,555	941	1,683	942	1,736	1,093
dried fruit	755	496	790	493	730	503
sultanas	229	208	246	212	194	208
prunes	98	53	120	57	124	57
dates	107	60	116	61	108	61
other dried grapes	114	71	109	68	98	70
figs	67	40	67	36	65	34
apricots	72	30	66	30	56	37
other dried fruit	31	14	26	11	40	15
apples	28	12	30	11	30	11
peaches & nectarines	5	3	5	3	6	4
pears	4	3	4	3	6	4
papayas	1	0.5	1	0.4	1	0.4
tamarind fruit	1	1	1	1	1	1
edible nuts	2,500	1,264	2,821	1,347	2,802	1,375
groundnuts	472	553	572	603	593	611
hazelnuts	512	149	540	156	569	176
almonds	552	174	561	185	562	189
pistachios	261	82	305	75	302	79
cashew nuts	243	45	310	51	260	51
walnuts	186	86	225	84	238	83
desiccated coconuts	82	74	84	78	62	74
pine nuts	48	14	44	15	45	12
chestnuts	32	29	44	33	40	34
macadamia nuts	15	2	18	2	32	4
brazil nuts	32	13	41	17	32	14
areca, cola & pecan nuts	28	5	39	7	29	5
other nuts	21	7	23	9	21	8
fresh coconuts	17	31	16	32	17	35
mixtures	0.2	0.1	0.2	0.1	0.2	0.1

Source: Eurostat (2002)

Opportunities for exporters in developing countries of dried fruit & edible nuts lie in the following fields:

- Fast food and snack segment, using large amounts of edible nuts & dried fruit.
- Luxury nuts like pine nuts, cashew nuts and pistachios.
- Main dried fruit & edible nuts supplied by developing countries: sultanas, dates, apricots, and figs.

The leading suppliers (share of total 2001 imports in terms of value) to the EU of:

groundnuts	→	China (23%), Argentina (22%), The Netherlands (16%), USA (14%), Germany (5%)
hazelnuts	→	Turkey (80%), Italy (6%), Germany (3%), France (2%), The Netherlands (2%)
almonds	→	USA (65%), Spain (22%), Germany (3%), Belgium (2%), Italy (2%), UK (2%)
pistachios	→	Iran (45%), USA (21%), Germany (19%), Turkey (4%), Belgium (3%), UK (2%)
cashew nuts	→	India (58%), Vietnam (14%), The Netherlands (10%), UK (7%), Brazil (4%), Belgium (3%)
walnuts	→	USA (44%), France (14%), India (8%), Moldova (7%), China (5%), Romania (3%)
desicc. coconuts	→	Indonesia (28%), Sri Lanka (23%), Philippines (20%), Côte d'Ivoire (7%), The Netherlands (6%)
pine nuts	→	China (32%), Spain (18%), Portugal (13%), Pakistan (12%), Germany (10%)
chestnuts	→	Italy (32%), Spain (23%), Portugal (17%), France (12%), Turkey (9%), The Netherlands (2%)
macadamia nuts	→	Australia (42%), Belgium (17%), South Africa (14%), The Netherlands (6%), Germany (5%)
brazil nuts	→	Bolivia (48%), Brazil (22%), UK (8%), The Netherlands (7%), France (5%), Italy (3%)
areca, cola & pecan nuts	→	USA (76%), The Netherlands (12%), South Africa (3%), France (2%), Côte d'Ivoire (1%)
other nuts	→	The Netherlands (29%), Germany (13%), Italy (13%), Australia (11%), France (6%), China (6%)
fresh coconuts	→	The Netherlands (19%), Dominican Republic (17%), Sri Lanka (16910%), Côte d'Ivoire (13%)
mixtures	→	Germany (27%), Austria (25%), The Netherlands (13%), Sri Lanka (10%), Italy (9%)
edible nuts	→	**USA (23%), Turkey (17%), India (6%), The Netherlands (6%), China (6%), Spain (6%)**
dried fruit	→	**Turkey (34%), USA (21%), Tunisia (7%), France (6%), Chile (4%), Germany (3%)**
total dried fruit & edible nuts	→	**USA (23%), Turkey (21%), The Netherlands (5%), China (5%), India (4%), Spain (5%)**

Sugars

In 2001, imports of sugars by EU member countries amounted to € 1.2 billion / 4.7 million tonnes, representing an increase of 10 percent in value and 4 percent in volume compared to the preceding year. The UK accounted for 60 percent of the total imported value, followed by Portugal (12%), France (7%) and The Netherlands (6%).

In 2001, cane sugar accounted for 77 percent of the total imported value of sugars but less than 40 percent of the imported volume, amounting to € 939 million / 1.8 million tonnes. The remaining shares consisted of cane molasses, which amounted to € 275 million / 3 million tonnes. This suggests that cane sugar has a far higher average import price than cane molasses.

In 2001, about 90 percent of year sugar imports in terms of value (84 percent in terms of volume) originated extra-EU. Although Pakistan supplied only 10 percent of the total imported value, in terms of volume it accounted for a quarter of the total imported volume of sugars. Hence Pakistan exports low value molasses.

Table 5.4 Imports of sugars by EU member countries, by product group, 1999-2001, € million / thousand tonnes

	1999		2000		2001	
	value	volume	value	volume	value	volume
Total sugars	1,101	4,607	1,101	4,554	1,215	4,743
Intra EU	48	246	84	451	107	779
Extra EU	1,053	4,361	1,018	4,103	1,107	3,964
Developing countries	1,024	3,997	988	3,833	1,082	3,772
cane sugar	951	1,852	901	1,748	939	1,793
cane molasses	151	2,755	200	2,805	275	2,951

Source: Eurostat (2002)

The leading suppliers (share of total 2001 imports in terms of value) to the EU of:

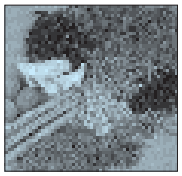
cane sugar	→	Mauritius (31%), Guyana (11%), Swaziland (10%), Fiji (10%), Jamaica (8%), Zimbabwe (4%)
cane molasses	→	Pakistan (35%), The Netherlands (14%), India (11%), Egypt (7%), Sudan (5%), USA (5%)
total sugars	→	**Mauritius (24%), Pakistan (10%), Guyana (9%), Swaziland (8%), Fiji (8%), Jamaica (8%)**

Opportunities for exporters in developing countries of sugars lie in the following fields:

- Exotic sugars like mascobade, jaggery and palm sugar.
- Organically grown sugar, particularly organic cane sugar.

Spices and herbs

After an increase 12 percent between 1999 and 2000, the imported value of spices & herbs by EU member countries decreased by 7 percent, amounting to just over € 800 million in 2001. In terms of volume, imports increased by 13 percent during the survey period, reaching 289 thousand tonnes in 2001.



In 2001, Germany was the leading importer, accounting for 22 percent of the total imported value by EU member countries, followed by The Netherlands (18%), France (14%), the UK (13%) and Spain (11%).

The leading imported product among spices & herbs was pepper, accounting for a quarter of the total imported value in 2001. Other important products were paprika (19%), vanilla (12%), mixtures (6%), other spices (6%), nutmeg (6%), saffron (4%) and ginger (4%).

Spices & herbs were mainly supplied by non-EU countries. In 2001, 64 percent of imports by EU member states was supplied by non-EU countries, of which 90 percent originated in developing countries. The Netherlands, Indonesia and Germany were the leading supplying countries, together accounting for 30 percent of the total imported value in 2001. Please note, however, that the reason why The Netherlands and Germany are high on the list, is that they re-export large amounts of their imports.

Table 5.5 Imports of spices and herbs by EU member countries, by product group, 1999-2001, € million / thousand tonnes

	1999		2000		2001	
	value	volume	value	volume	value	volume
Total spices & herbs	769	255	862	263	801	289
Intra EU	286	82	311	88	284	94
Extra EU	484	173	551	175	516	195
Developing countries	434	149	500	148	467	171
pepper	335	69	329	67	196	71
paprika	110	56	127	54	154	78
vanilla	31	2	50	2	94	2
mixtures	41	14	46	15	49	16
other spices	39	14	39	16	47	18
nutmeg	41	9	58	9	45	7
saffron	32	0.3	33	0.4	34	0
ginger	28	21	34	25	30	26
cardamoms	10	2	20	2	21	2
cumin	10	7	19	8	19	7
cinnamon	21	15	19	13	17	12
cloves	5	3	11	3	17	4
curry	7	4	9	4	11	5
mace	13	2	14	1	10	1
anise / badian	7	3	7	3	9	3
fennel / juniper	11	7	11	8	9	7
thyme	7	3	8	4	9	4
coriander	7	13	8	15	9	12
caraway	5	5	7	7	8	6
turmeric	7	6	7	7	7	7
bay leaves	3	1	4	1	4	1

Source: Eurostat (2002)

The leading suppliers (share of total 2001 imports in terms of value) to the EU of:

pepper	→	Indonesia (27%), The Netherlands (18%), Brazil (11%), India (9%), Vietnam (8%), Germany (7%)
paprika	→	South Africa (13%), Spain (12%), Peru (10%), Brazil (8%), China (6%), Hungary (6%)
vanilla	→	Madagascar (54%), Comoros (16%), France (10%), Germany (8%), USA (2%), Indonesia (2%)
mixtures	→	Germany (27%), The Netherlands (23%), France (16%), Tunisia (6%), Belgium (6%), UK (4%)
other spices	→	Germany (29%), France (10%), The Netherlands (10%), UK (9%), Israel (7%), Thailand (6%)
nutmeg	→	Indonesia (33%), The Netherlands (27%), Grenada (23%), Belgium (4%), Germany (4%)
saffron	→	Iran (75%), Spain (13%), Greece (6%), France (4%), Germany (1%), Belgium (1%)
ginger	→	China (23%), Thailand (17%), Brazil (17%), The Netherlands (14%), Nigeria (6%), UK (5%)
cardamoms	→	Guatemala (58%), India (8%), The Netherlands (7%), UK (7%), Germany (4%), Colombia (3%)
cumin	→	Syria (30%), India (26%), Turkey (15%), Iran (9%), The Netherlands (6%), Germany (2%)
cinnamon	→	Indonesia (31%), Sri Lanka (24%), The Netherlands (19%), Germany (4%), France (3%)
cloves	→	Madagascar (28%), The Netherlands (20%), Comoros (18%), Indonesia (8%), Germany (4%)
curry	→	India (34%), UK (22%), Germany (6%), Thailand (5%), The Netherlands (5%), Sri Lanka (5%)
mace	→	Indonesia (56%), The Netherlands (14%), Grenada (12%), Germany (3%), France (3%)
anise / badian	→	China (27%), Turkey (26%), Vietnam (23%), Spain (5%), The Netherlands (4%), Germany (4%)
fennel / juniper	→	Germany (17%), Turkey (13%), China (10%), Macedonia (9%), France (9%), Egypt (8%)
thyme	→	Poland (24%), Germany (12%), Belgium (11%), UK (10%), Spain (10%), Israel (8%)
coriander	→	India (15%), The Netherlands (14%), Bulgaria (12%), Egypt (9%), Germany (6%), Russia (6%)
caraway	→	The Netherlands (24%), Poland (16%), Germany (11%), Czech Rep. (6%), Finland (6%)
turmeric	→	India (76%), The Netherlands (10%), Germany (3%), UK (2%), Peru (2%)
bay leaves	→	Turkey (69%), Germany (14%), France (5%), The Netherlands (5%), USA (1%)
total spices & herbs	→	**The Netherlands (11%), Indonesia (10%), Germany (8%), Madagascar (7%), India (6%), Brazil (5%), France (5%)**

Opportunities for exporters in developing countries of spices & herbs lie in the following fields:

- Ready-to-use segments, like pizzas, sauces and other convenience food.
- Health food sector, for example, organic spices & herbs and herbal teas.
- New authentic varieties of mixed spices and herbs, like pimento, chillies, allspice (Jamaican pepper) etc.

Natural gums and resins

As from 1999, imports of natural gums & resins by EU member countries increased by 11 percent in value and by 16 percent in volume, amounting to € 635 million in 475 thousand tonnes in 2001.

Germany was the leading EU importer of natural gums & resins, accounted for 21 percent of the imported value in 2001. The other leading importers were France (17), The Netherlands (11%), the UK (11%), and Denmark (10%). Of these EU member states, only The Netherlands and Denmark continuously increased their imports (in value) between 1999 and 2001.

The leading product groups were other vegetable mucilages/thickeners and gum rosin, together accounting for more than half of the total imported value. The imports of nearly all product groups increased during the survey period, in terms of value as well as volume.

More than 60 percent of the 2001 imported value originated outside the EU, mainly supplied by China, the Philippines and India. China and the Philippines managed to increase their supplies (in value) of natural gums & resins to the EU between 1999 and 2001.

Opportunities for exporters in developing countries of natural gums & resins can be found in modified starches, carrageenan, pectin, agar-agar, alginates, guar gum, locust bean gum and xanthan gum as replacements for gelatine. The leading suppliers of most of these replacers are western countries. However, there are also minor developing country producers, which may take advantage of the change in the market.

Table 5.6 Imports of natural gums & resins by EU member countries, by product group, 1999-2001, € million / thousand tonnes

	1999		2000		2001	
	value	volume	value	volume	value	volume
Total gums & resins	573	410	635	453	635	475
Intra EU	235	111	240	118	238	111
Extra EU	337	299	394	335	397	364
Developing countries	295	280	343	316	334	339
other vegetable gum	165	40	181	42	196	47
gum rosin	120	200	132	213	143	230
guar gum	90	40	91	47	73	50
natural gum arabic	45	36	56	42	58	42
locust bean gum	52	10	50	10	55	10
nat. gums, res. & bals.	46	34	57	33	51	30
rosin & resin acid	25	37	31	48	29	46
agar-agar	27	2	30	2	22	2
manioc starch	4	10	6	16	8	19

Source: Eurostat (2002)

The leading suppliers (share of total 2001 imports in terms of value) to the EU of:

other vegetable gum	→	Philippines (22%), Denmark (12%), Norway (10%), France (9%), Germany (7%)
gum rosin	→	China (72%), The Netherlands (6%), Brazil (6%), Portugal (6%), Indonesia (5%)
guar gum	→	India (39%), USA (11%), France (7%), Germany (7%), Pakistan (7%)
nat. gum arabic	→	Sudan (40%), France (21%), Chad (13%), Nigeria (6%), Germany (5%), UK (5%)
locust bean gum	→	Spain (32%), Morocco (25%), Portugal (10%), Italy (7%), France (6%), Germany (4%)
nat. gums, res. & bals.	→	Brazil (13%), India (13%), UK (10%), Iran (9%), Germany (7%), Indonesia (6%)
rosin & resin acid	→	Finland (14%), The Netherlands (13%), Norway (13%), Italy (13%), Russia (11%)
agar-agar	→	Morocco (38%), Spain (14%), Germany (7%), China (6%), Chile (5%), France (5%)
manioc starch	→	Thailand (70%), UK (14%), Germany (5%), The Netherlands (5%), Canada (2%)
total gums & resins	→	**China (18%), Philippines (7%), India (7%), France (7%), Germany (5%), Spain (5%)**

Essential oils and oleoresins

In 2001, imports of essential oils & oleoresins by EU member countries amounted to € 613 million / 67 thousand tonnes, representing an increase of 11 percent in value and 9 percent in volume since 1999. France and the UK were, by far, the leading EU importers of essential oils and oleoresins, accounting for over half of the total imported value in 2001. Other leading importers were Germany (15%), The Netherlands (9%) and Spain (7%). Going by import data, it is clear that France imports high value items whereas the UK, Germany and The Netherlands are relatively more involved in lower-value commodity trade such as citrus oil.

Essential oils other than those of citrus fruit were the leading product group imported by EU member countries, followed by essential oils of citrus fruit and resinoids & extracted oleoresins. The first group was the only one, which continuously increased in both value and volume during the survey period.

For more import details on essential oils, please refer to the EU Market Survey *"Natural Ingredients for Cosmetics"*.

More than 65 percent of the imported value of essential oils and oleoresins in 2001 was supplied by countries outside the EU, primarily by the USA (mainly citrus oil).

Opportunities for exporters in developing countries of essential oils & oleoresins lie in the following fields:

- Species sensitive to environmental factors, such as tropical plants (spices, ginger, cananga, vetiver), even if the climate is not a real protection against competition.
- Trees in the wild, which can abundantly be found in developing countries (cinnamon, camphor, sandalwood).
- Wild plants, which could be easily cultivated in, industrialised countries, but for which wild harvesting remains more profitable than the cultivation (Artemisia sp., rosemary).
- Crops for which the cultivation and harvest is more profitable in developing countries (jasmine, tuberose, basil, Mentha arvensis).

Table 5.7 Imports of essential oils & oleoresins by EU member countries, by product group, 1999-2001, € million / thousand tonnes

	1999		2000		2001	
	value	volume	value	volume	value	volume
Total ess. oils & oleoresins	550	62	587	62	613	67
Intra EU	210	18	222	20	211	17
Extra EU	340	44	365	42	402	50
Developing countries	189	33	214	30	244	36
ess. oils other than of citrus fruit	351	23	372	23	394	24
ess. oils of citrus fruit	119	23	119	20	127	24
resinoids & extr. oleoresins	81	16	96	19	92	20

Source: Eurostat (2002)

The leading suppliers (share of total 2001 imports in terms of value) to the EU of:

ess. oils other than of citrus fruit	→	USA (22%), China (13%), France (12%), India (7%), UK (7%), Indonesia (6%), Spain (3%)
ess. oils of citrus fruit	→	Italy (16%), USA (15%), Argentina (15%), Brazil (13%), UK (8%), Germany (6%)
resinoids & extr. oleoresins	→	Ireland (20%), USA (13%), France (12%), India (11%), Germany (6%), Spain (6%)
total	→	**USA (19%), France (10%), China (9%), UK (6%), India (6%), Brazil (4%)**

Pulses

In terms of value, imports of pulses increased by 14 percent since 1999, amounting to € 575 million in 2001. In terms of volume, total imports of pulses by EU member countries remained fairly stable since 1999, amounting to slightly over 1 million tonnes in 2001. In 2001, Spain was the leading EU importer of pulses, accounting for a quarter of the total imported value, followed by Italy (23%), the UK (16%) and France (12%). The first two countries increased their imported values considerably between 1999 and 2001.

Although the imports of kidney beans by EU member states slightly decreased in 2000, it remained the leading product group, accounting for almost half of the total imported value of pulses. Chickpeas are becoming increasingly popular in the EU, as the imports of this product increased considerably, in value as well as in volume.

In 2001, the EU member states supplied about 17 percent of the total imported value of pulses, while the remainder was mainly supplied by North American countries.

The EU import market for pulses has showed continued growth in recent years. Opportunities exist for new suppliers who can provide consistent shipments of high quality and/or speciality products.

Table 5.8 Imports of pulses by EU member countries, by product group, 1999-2001, € million / thousand tonnes

	1999		2000		2001	
	value	volume	value	volume	value	volume
Total pulses	505	1,053	569	1,053	575	1,069
Intra EU	93	311	98	307	100	295
Extra EU	412	743	471	746	475	773
Developing countries	187	311	214	300	242	353
kidney beans	256	389	261	381	256	390
chickpeas	69	111	101	130	109	144
lentils	73	173	95	194	85	184
broad & horse beans	50	275	45	230	54	241
other beans	36	52	37	53	37	47
black & green grams	10	18	16	23	22	29
other leguminous veg.	8	31	11	39	10	31
small red beans	4	4	3	4	4	4

Source: Eurostat (2002)

The leading suppliers (share of total 2001 imports in terms of value) to the EU of:

kidney beans	→	Canada (27%), Argentina (20%), USA (18%), China (15%), The Netherlands (6%)
chickpeas	→	Mexico (61%), Canada (13%), Turkey (9%), USA (5%), Australia (3%), India (2%)
lentils	→	Canada (52%), USA (17%), Turkey (11%), China (5%), Australia (2%), Germany (2%)
broad & horse beans	→	UK (54%), France (24%), Australia (4%), Egypt (2%), Germany (2%), Turkey (2%)
other beans	→	USA (19%), Argentina (17%), China (17%), Canada (12%), The Netherlands (5%)
black & green grams	→	China (38%), USA (13%), Canada (10%), Myanmar (10%), Australia (6%), India (4%)
other legumin. veg.	→	France (31%), UK (15%), The Netherlands (9%), Germany (8%), USA (5%), India (4%)
small red beans	→	USA (33%), China (10%), Argentina (10%), Turkey (8%), Italy (7%), Canada (6%)
total pulses	→	**Canada (23%), USA (13%), Mexico (12%), China (10%), Argentina (10%), UK (6%)**

Dried vegetables

Between 1999 and 2001, imports of dried vegetables by EU member countries increased by 14 percent in value and by almost 30 percent in volume, reaching € 427 million / 181 thousand tonnes in the latter year. Germany was the leading EU importer, accounting for 29 percent of the imported value in 2001, followed by Italy (14%), the UK (14%), The Netherlands (13%) and France (12%). Particularly The Netherlands increased its imports considerably during the survey period, in both terms of value and volume.

Other vegetables & mixtures of vegetables was the leading product group imported by EU member countries in 2001, accounting for one third of the total dried vegetable imports (in value), followed by mushrooms & truffles (26%), onions (24%) and tomatoes (12%).

For more information on dried vegetables, please refer to the EU Market Survey *"Preserved Fruit and Vegetables"*.

Countries other than the EU member states supplied almost half of the imported value in 2001, of which developing countries accounted for 70 percent.

Opportunities for exporters in developing countries of dried vegetables lie in the following fields:

- The dried soup and ready meals industry segments
- Main dried vegetables supplied by developing countries: mushroom, truffles, onions, mixtures of vegetables, and tomatoes

Table 5.9 Imports of dried vegetables by EU member countries, by product group, 1999-2001, € million / thousand tonnes

	1999		2000		2001	
	value	volume	value	volume	value	volume
Total dried vegetables	373	140	405	169	427	181
Intra EU	173	67	190	88	205	106
Extra EU	201	73	214	82	222	74
Developing countries	130	48	148	58	140	50
other veg. & mixtures of veg.121	50	134	66	140	63	
mushrooms & truffles	101	8	107	10	110	8
onions	96	51	95	50	101	50
tomatoes	32	11	43	20	49	28
carrots	13	9	15	11	13	9
potatoes	8	11	7	11	9	13
sweet corn	3	1	3	1	5	9

Source: Eurostat (2002)

The leading suppliers (share of total 2001 imports in terms of value) to the EU of:

other veg. & mixt. of veg.	→	Germany (18%), China (15%), France (13%), The Netherlands (9%), Belgium (5%), USA (5%)
mushrooms & truffles	→	China (33%), Yugoslavia Fed. Rep. (12%), Romania (8%), Germany (7%), Bulgaria (6%)
onions	→	USA (26%), France (21%), Egypt (12%), India (8%), Germany (7%), The Netherlands (6%)
tomatoes	→	Spain (21%), Turkey (18%), Italy (13%), Portugal (10%), Greece (9%), France (9%)
carrots	→	Poland (37%), France (18%), Germany (17%), The Netherlands (13%), China (3%), UK (2%)
sweet corn	→	Portugal (43%), France (16%), Ireland (10%), USA (7%), Germany (6%), The Netherlands (5%)
potatoes	→	The Netherlands (53%), Germany (23%), Sweden (6%), Belgium (6%), France (4%), UK (2%)
total dried vegetables	→	**China (14%), France (12%), Germany (11%), USA (8%), The Netherlands (7%), Italy (4%)**

Natural food colours and flavours

As from 1999, imports of natural food colours & flavours by EU member countries increased by 20 percent in value, amounting to € 291 million in 2001. According to the Eurostat data, imports in terms of volume increased from 28 thousand tonnes in 1999 to 93 thousand tonnes in 2001, mainly caused by increasing imported volumes of menthol and vanillin. These data are, however highly questionable, since experts have not witnessed increased traded volumes in line with stable traded values.

Germany, the leading EU importer of natural colours and flavours, accounted for 20 percent of the imported value in 2001. The other leading importers were the UK (17%), France (13%), Spain (11%) and Italy (8%).

During the survey period 1999 - 2001, the imports of colouring matter of vegetable or animal origin by EU member countries increased by 25 percent in value and by 16 percent in volume, reaching € 10 million / 20.5 thousand tonnes in 2001. For more information on this product group, please refer to the EU Market Survey *"Natural Ingredients for Cosmetics"*.

In 2001, almost half (47 percent) of the total imported value of natural food colours and flavours originated outside the EU.

The European food colour and flavour industry is largely in the hands of multinational corporations, which often have better technological knowledge of production, greater volumes of production, more modern equipment, etc. Therefore, opportunities for exporters in developing countries of natural colours & flavours lie mostly in the supply of raw or semi-processed materials.

Table 5.10 Imports of natural colours & flavours by EU member countries, by product group, 1999-2001, € million / thousand tonnes

	1999		2000		2001	
	value	**volume**	**value**	**volume**	**value**	**volume**
Total colours & flavours	243	28	288	32	291	93
Intra EU	136	17	152	19	153	80
Extra EU	107	11	136	13	138	13
Developing countries	68	8	84	9	88	9
colouring matter	136	18	170	22	170	21
menthol	63	5	66	5	64	38
vanillin	43	5	52	5	56	35

Source: Eurostat (2002)

The leading suppliers (share of total 2001 imports in terms of value) to the EU of:

colouring matter	→	Spain (12%), France (11%), India (9%), Peru (8%), The Netherlands (8%), Germany (8%)
menthol	→	India (34%), Germany (28%), China (12%), UK (11%), Singapore (4%)
vanillin	→	France (28%), USA (19%), Norway (15%), China (13%), Sweden (5%), Germany (5%)
total colours & flavours	→	**India (13%), France (12%), Germany (12%), Spain (7%), USA (7%), UK (6%)**

Honey

As from 1999, imports of honey by EU member states increased by 13 percent in terms of value, reaching € 275 million in 2001. In terms of volume, honey imports remained fairly stable amounting to almost 200 thousand tonnes in 2001. In January 2002, the European Commission decided to ban honey imports from China, the world's biggest honey exporter. This was decided after a mission from the EU's Food and Veterinary Office (FVO), which revealed serious deficiencies in the Chinese residue control system. Importers have found it difficult to fill the gap and, currently, honey prices are rising and in some cases they have doubled. Other countries are also suffering poor seasons, so the worldwide shortage of honey is continuing.

Germany was by far the leading EU importer of honey, accounting for 45 percent of the total imported value in 2001. Other major EU importers were the UK (12%), France (9%), Italy (6%), Spain (6%) and Belgium (6%). Particularly Germany and the UK increased their imports considerably in terms of value during the survey period.

About 72 percent of the imported value in 2001 was supplied by countries outside the EU, of which almost 75 percent originated in developing countries. Eastern European countries played a relatively important role in the supply of honey.

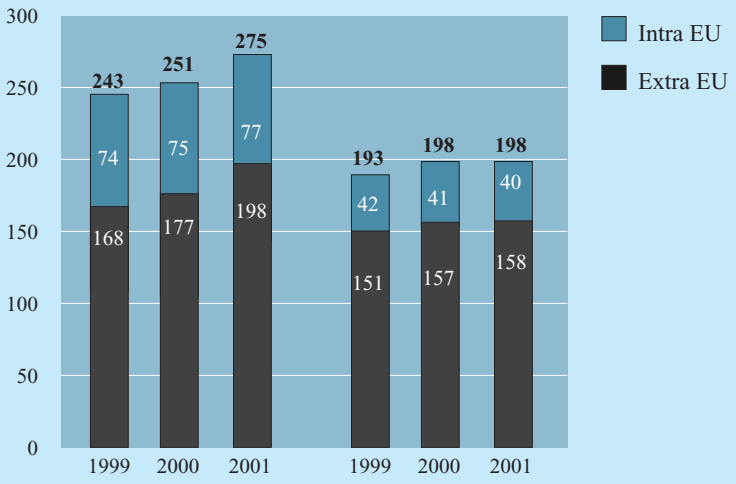
The leading suppliers (share of total 2001 imports in terms of value) of honey to the EU:

→ Argentina (20%), China (13%), Germany (12%), Mexico (9%), Hungary (7%), Spain (4%), Belgium (4%), Romania (4%)

Opportunities for exporters in developing countries of honey lie in the following fields:

- Organic honey. Although still a small segment, the market for organic ingredients is expected to grow substantially in the coming years.
- Special honey. Ethnic minorities EU form an increasing part of the EU population. They may prefer their own country-special honey types, like dark amber 'medicinal' honey or bitter honey.

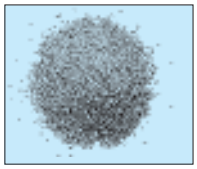
Figure 5.8 Total honey imports by EU member countries, 1999-2001, value in € 1000 / volume in tonnes



Source: Eurostat (2002)

Seeds

Several developing countries benefit from the climatic, agricultural and logistical conditions necessary to the development of the seed sector and exports. This is the case, for example, for sesame seed in Ethiopia, Eritrea, Tanzania, Uganda and Burkina Faso, for cottonseed in Sudan, Ethiopia, Mali, Guinea or Burkina Faso, for edible groundnuts in Gambia, Central African Republic and Mali, and for shea nuts in Burkina Faso and Mali. However, for strategic reasons or because of existent constraints, some of the developing countries quoted here may not be the leading exporters of the crops mentioned. Other advantages existing at the moment in selected developing countries include the low land costs, the low pest pressure and the availability of relatively low cost labour resources, as oil crop cultivation and harvesting are labour-intensive.



Since 1999, imports of seeds by EU member countries increased by 13 percent in value and by 14 percent in volume, amounting to € 101 million / 137 thousand tonnes in 2000. These increases were mainly caused by higher imports of shea nuts (karite nuts) from Ghana, which increased from € 1.4 million / 7.9 thousand tonnes in 2000 to € 9 million / 38.4 thousand tonnes in 2001.

In the same year, The Netherlands and Germany were the leading EU importers of seeds, together accounting for almost half of the imported value in 2001, followed by the UK (17%), Greece (14%), France (6%) and Sweden (5%). Between 1999 and 2001, the UK and Sweden doubled their imported value of seeds.

Sesame seed was, by far, the leading seed imported by EU member countries, accounting for 81 of seed imports (in value) by EU member countries.

In 2001, about 84 percent of the imported value of seeds originated outside the EU, almost entirely supplied by developing countries.

Exporters in developing countries of seeds can find opportunities in niche markets for high quality sesame seed, sesame oils or shea nuts and shea butter, as these markets are rapidly growing in EU countries.

The leading suppliers (share of total 2001 imports in terms of value) to the EU of:

sesame seeds	→	India (39%), Sudan (15%), The Netherlands (10%), Guatemala (8%), Mexico (3%)
shea nuts	→	Ghana (57%), Benin (22%), Burkina Faso (18%), Nigeria (2%)
castor oil seeds	→	India (99%), Belgium (1%)
palm nuts & kernels	→	Malaysia (27%), Indonesia (23%), Italy (13%), Spain (9%), Ireland (6%), China (5%)
total seeds	→	**India (39%), Sudan (12%), The Netherlands (8%), Guatemala (6%), Ghana (5%)**

Table 5.11 Imports of seeds by EU member countries, by product group, 1999-2001, € million / thousand tonnes

	1999		2000		2001	
	value	volume	value	volume	value	volume
Total seeds	91	133	111	140	110	184
Intra EU	20	25	18	21	17	22
Extra EU	72	108	92	119	93	162
Developing countries	69	105	90	118	91	161
sesame seeds	79	82	99	98	89	97
shea nuts	1.6	8	1.4	8	9	38
castor oil seeds	8	19	8	17	8	19
palm nuts & kernels	3	23	2.4	17	4	30

Source: Eurostat (2002)

Vegetable saps and extracts
In 2001, imports of vegetable saps & extracts by EU member countries amounted to € 161.5 million / 27.8 thousand tonnes, which represented a total increase by 16 percent in value and by 4 percent in volume since 1999. Germany was the leading EU importer, accounting for nearly 30 percent of the total imported value in 2001, followed by France (17%, the UK (13%), Italy (9%), and The Netherlands (8%).

Saps and extracts of quassia amara, aloes, manna and others, "other saps and extracts," amounted to € 112 million / 18 thousand tonnes in 2001. In the same year, liquorice was the second leading product group imported by EU member countries, reaching € 40 / 10 thousand tonnes. Please note that imports of vanilla oleoresin more than doubled, in both terms of value and volume, between 2000 and 2001.
In 2001, almost 60 percent of the imported value of vegetable saps & extracts originated outside the EU. The USA was, by far, the leading supplier to the EU.

Vegetable saps & extracts can be used as colours and flavours in several food products. For more information on market opportunities for vegetable saps & extracts, please refer to the texts for natural colours & flavours and essential oils & oleoresins.

5.3 The role of the developing countries

Table 5.13 summarises the imported values and volumes of food ingredients - and the leading subgroups - originating in developing countries during 1999-2001. Although vegetable oils & fats imports supplied by developing countries decreased considerably between 1999 and 2001, it remained the leading product group supplied by developing countries in absolute terms. Other product groups, which are important in absolute terms for developing countries, are dried fruit & edible nuts, sugars, spices & herbs and natural gums & resins.

The leading suppliers (share of total 2001 imports in terms of value) to the EU of:

liquorice sap & extr.	→	USA (34%), France (20%), Iran (12%), China (11%), Israel (8%), Germany (4%)
other saps & extr.	→	USA (18%), The Netherlands (15%), France (11%), Switzerland (9%), Germany (9%)
vanilla oleoresin	→	Madagascar (57%), USA (28%), The Netherlands (4%), Switzerland (3%), UK (3%)
total saps & extracts	→	**USA (22%), France (13%), The Netherlands (11%), Germany (8%), Switzerland (7%)**

Table 5.12 Imports of vegetable saps and extracts by EU member countries, by product group, 1999-2001, € million / thousand tonnes

	1999		2000		2001	
	value	volume	value	volume	value	volume
Total saps & extracts	139	27	150	29	161	28
Intra EU	62	7	59	8	68	10
Extra EU	78	19	91	21	93	18
Developing countries	27	12	36	14	34	12
other saps & extracts	106	18	111	19	112	18
liquorice sap & extract	30	9	35	9	40	10
vanilla oleoresin	4	0.1	4	0.1	10	0.2

Source: Eurostat (2002)

Table 5.13 EU imports of food ingredients originating in developing countries, 1999-2001, € 1,000,000 / 1,000 tonnes

	1999		2000		2001	
	value	**volume**	**value**	**volume**	**value**	**volume**
Vegetable oils & fats	2,146	3,127	1,744	3,271	1,761	4,199
palm oil	813	1,829	712	1,982	880	2,768
coconut oil	673	986	638	1,093	464	1,211
olive oil	412	218	198	107	216	130
cocoa butter, fat & oil	237	83	189	84	193	86
other veg. oils & fats	11	12	7	5	8	5
Dried fruit & ed. nuts	1,575	958	1,709	965	1,736	1,093
Dried fruit	431	321	457	324	398	332
sultanas	179	167	197	173	154	172
dates	66	45	75	47	67	46
figs	54	33	56	31	50	27
apricots	60	26	55	26	46	33
other dried fruit	72	48	75	47	80	53
Edible nuts	1,144	638	1,253	641	1,338	761
hazelnuts	398	114	418	119	469	145
groundnuts	227	321	255	315	331	405
cashew nuts	193	34	232	38	201	40
pistachios	142	47	151	38	150	41
walnuts	38	14	47	14	57	16
desiccated coconuts	66	60	69	66	50	62
other edible nuts	81	47	81	50	80	52
Sugars	1,024	3,997	988	3,833	1,082	3,772
cane sugar	906	1,781	834	1,631	883	1,719
cane molasses	118	2,216	154	2,202	199	2,053
Spices & herbs	434	149	500	148	467	171
pepper	218	46	219	45	123	49
paprika	55	33	66	30	90	46
vanilla	19	1	34	1	71	1
nutmeg	24	5	35	5	26	4
saffron	21	0	24	0	25	0
ginger	19	16	22	19	22	1
other spices & herbs	78	48	100	49	109	49
Natural gums & resins	295	280	343	316	334	339
gum rosin	91	160	107	179	119	198
other vegetable gum	64	19	77	21	77	23
natural gum arabic	24	27	33	30	36	33
guar gum	52	30	53	36	36	38
other nat. gums & resins	63	45	73	50	66	47
Ess. oils & oleoresins	189	33	214	30	244	36
ess. oils other than of citrus	135	13	153	12	169	13
ess. oils of citrus fruit	41	15	42	12	53	16
resinoids & extr. oleores.	13	5	19	6	22	7
Pulses	187	311	214	300	242	353
kidney beans	93	153	97	146	109	173
chickpeas	57	90	68	81	78	98
other beans	15	25	18	25	18	26
lentils	10	22	16	28	15	27

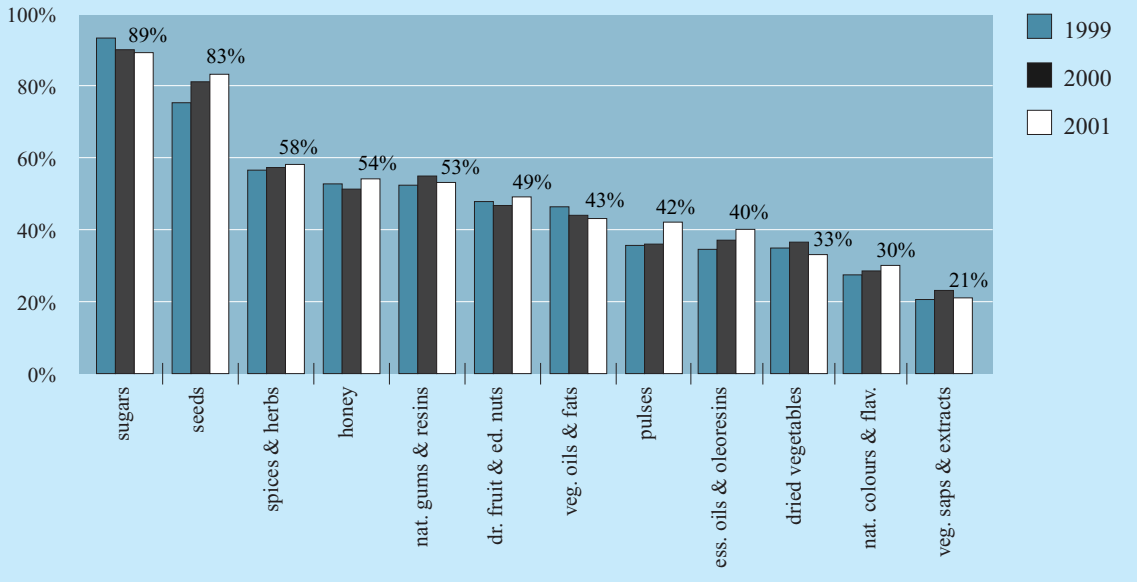
continued

continue

black & green grams	4	6	9	11	13	15
other pulses	7	16	6	9	9	14
Honey	126	122	128	120	148	127
Dried vegetables	130	48	148	58	14050	
mushrooms & truffles	63	5	73	5	62	5
other veg. & mixtures of veg.	31	25	38	34	37	25
onions	25	14	24	14	27	15
tomatoes	9	3	11	413	4	
other dried vegetables	1	2	1	1	1	1
Seeds	69	105	90	118	91	161
sesame seeds	58	63	80	81	73	82
shea nuts	2	8	1	6	9	37
castor oil seeds	8	19	8	17	8	19
palm nuts & kernels	1	15	1	13	224	
Nat. colours & flavours	68	8	84	9	88	9
colouring matter	32	5	45	6	51	6
menthol	29	2	32	2	30	2
vanillin	7	1	7	1	7	1
Vegetable saps & extracts	27	12	36	14	34	12
other saps & extracts	19	10	23	11	18	9
liquorice sap & extract	6	3	9	4	10	3
vanilla oleoresin	3	0	3	0	6	0

Source: Eurostat (2002)

Figure 5.9 Share of EU imports of food ingredients supplied by developing countries, 1999- 2001, % of imported value



Source: Eurostat (2002)

Figure 5.9 shows the shares of developing countries in EU imports and the development over the last three years of the selected food ingredients. Regarding these ingredients, developing countries were particularly strong suppliers of sugars, seeds, spices & herbs, honey and natural gums & resins. In 2001, developing countries supplied over 50 percent of the imports (in value) by EU member countries of these products.

China, Indonesia, India, Argentina, Iran, and Turkey are among the leading developing countries supplying the EU with ingredients for food products, although other developing countries, like Mauritius and Mexico, are particularly strong in the supply of some specific food ingredients.

Leading developing country suppliers of ingredients for food products (share in % of total value supplied by developing countries in 2001)

sugars	→	Mauritius (27%), Pakistan (11%), Guyana (10%), Swaziland (9%), Fiji (9%), Jamaica (7%)
seeds	→	India (47%), Sudan (15%), Guatemala (8%), Ghana (6%), Burkina Faso (4%), Mexico (3%)
spices & herbs	→	Indonesia (18%), Madagascar (12%), India (10%), Brazil (9%), Iran (6%), China (5%)
honey	→	Argentina (37%), China (23%), Mexico (18%), Uruguay (5%), Cuba (5%), Chile (4%)
natural gums & resins	→	China (33%), Philippines (13%), India (13%), Sudan (7%), Morocco (7%), Indonesia (6%)
dried fruit & ed. nuts	→	Turkey (42%), China (10%), India (10%), Iran (9%), Argentina (8%), Tunisia (3%)
veg. oils & fats	→	Indonesia (32%), Malaysia (28%), Philippines (10%), Tunisia (8%), Papua New Guinea (7%)
pulses	→	Mexico (27%), China (24%), Argentina (23%), Turkey (10%), India (2%)
ess. oils & oleoresins	→	China (21%), India (16%), Brazil (10%), Indonesia (10%), Argentina (8%), Morocco (5%)
dried vegetables	→	China (43%), Turkey (11%), Egypt (10%), Yugoslavia Fed. Rep. (10%), India (9%), Peru (3%)
nat. colours & flavours	→	India (43%), China (20%), Peru (15%), Mexico (10%), South Africa (2%), Brazil (2%)
veg. saps & extracts	→	China (23%), India (21%), Madagascar (16%), Brazil (14%), Iran (14%), Turkmenistan (2%)

Source: Eurostat (2002)

6 EXPORTS

The EU export data must be interpreted and used with caution. The Netherlands, for example, is listed as a leading exporter of vegetable oils and fats. It must be realised, however, that a substantial amount of these products is imported, further processed and re-exported at a higher value. Moreover, not all of the products falling in the main groups are used for the production of food products. Therefore, it is not particularly worthwhile to add up the export figures for the respective product groups with a view to obtaining an overall figure for exports of ingredients for food products.

Figure 6.1 shows an overview of EU imports and developments, over the last three years, of products falling under the broad-based product groups indicated in Section 1.1. One of the most noticeable developments in the exports of ingredients for food products is that the exports by EU member countries of most product groups increased on average between 1999 and 2001. Please also note that the product group vegetable oils & fats takes up a relatively important place in the EU exports of food ingredients, while honey, sugars and seeds are only small product group.

Vegetable oils & fats

Although EU exports of vegetable oils & fats remained fairly stable in terms of value between 1999 and 2001, in terms of volume they increased by about 25 percent, amounting to € 3.2 billion / 2.3 million tonnes in 2001. About one third of the total exported value was directed to countries outside the EU.

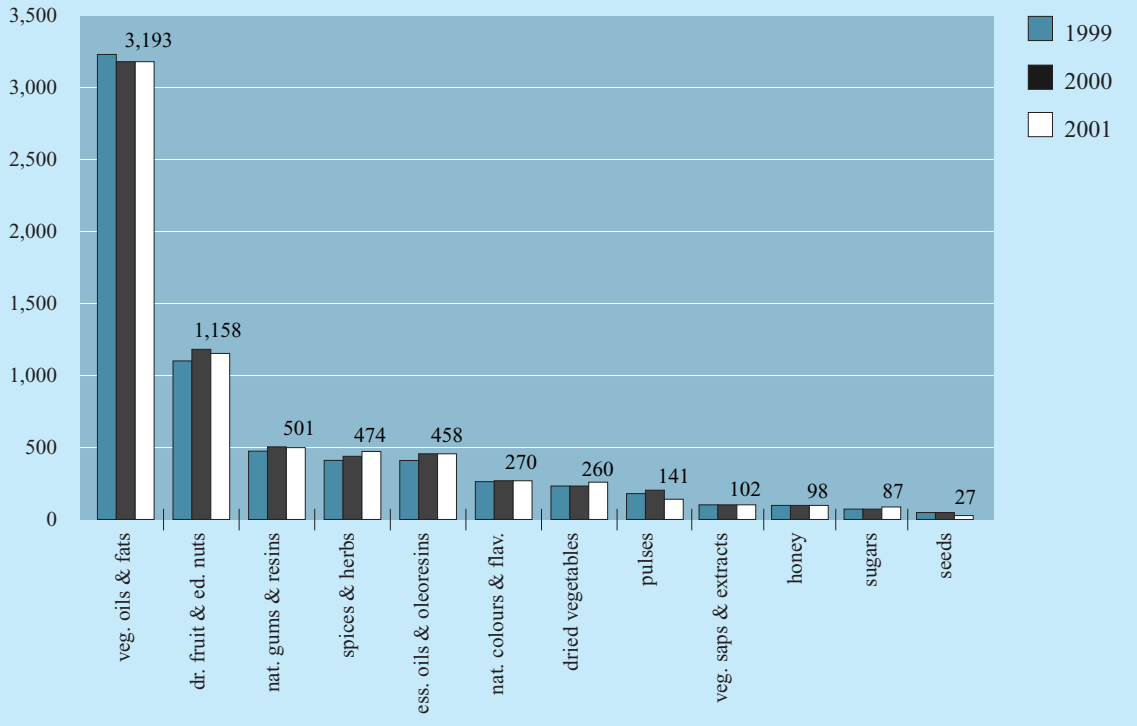
Leading EU exporters and destinations of vegetable oils & fats (share in EU value exports, 2001)

EU exporters	→	Spain (30%), Italy (25%), The Netherlands (23%), Greece (8%), France (6%), Germany (3%)
Destinations	→	Italy (21%), Germany (13%), USA (12%), France (9%), Belgium (7%), UK (6%), Japan (3%)

Dried fruit & edible nuts

As from 1999, EU exports of dried fruit & edible nuts increased by 8 percent in value, but decreased by 6 percent in volume, amounting to € 1.2 billion / 507 thousand tonnes in 2001. About 20 percent of the

Figure 6.1 Exports by EU member countries of ingredients for food products, 1999-2001, € 1,000,000



Source: Eurostat (2002)

exported value consisted of dried fruit, while the rest comprised edible nuts. Only 21 percent of exports (in value) was destined for countries other than the EU member states.

Leading EU exporters and destinations of dried fruit & edible nuts (share in EU value exports, 2001)

EU exporters	→	Spain (19%), The Netherlands (18%), France (15%), Germany (14%), Italy (13%), Belgium (6%)
Destinations	→	Germany (24%), France (14%), UK (8%), Italy (7%), Belgium (5%), The Netherlands (5%)

Natural gums & resins

In 2001, exports of natural gums & resins by EU member countries amounted to € 501 million / 163 thousand tonnes, which represented an increase of 4 percent in value but a decrease of 6 percent in volume since 1999. Half of the total exported value was directed to countries outside the EU.

Leading EU exporters and destinations of natural gums & resins (share in EU value exports, 2001)

EU exporters	→	France (23%), Denmark (14%), Spain (14%), Germany (11%), The Netherlands (9%), Italy (8%)
Destinations	→	Germany (11%), USA (10%), France (6%), UK (5%), Italy

Spices & herbs

Exports by EU member countries of spices & herbs increased by almost 20 percent in value between 1999 and 2001, amounting to € 474 million in the latter year. In terms of volume, exports decreased by more than 40 percent, amounting to 128 thousand tonnes in 2001. In the same year, 36 percent of the exports (in value) was destined for countries outside the EU.

Leading EU exporters and destinations of spices & herbs (share in EU value exports, 2001)

EU exporters	→	The Netherlands (25%), Spain (19%), Germany (18%), France (13%), UK (11%), Austria (4%)
Destinations	→	Germany (15%), UK (9%), France (8%), USA (7%), Belgium (6%), The Netherlands (6%)

Essential oils & oleoresins

In 2001, exports of essential oils & oleoresins by EU member states amounted to € 458 million / 35 thousand tonnes, representing an increase of 6 percent in value and 3 percent in volume since 1999. More than half of the total exported value in 2001 was directed to countries outside the EU, notably the USA and Japan.

Leading EU exporters and destinations of essential oils & oleoresins (share in EU value exports, 2001)

EU exporters	→	France (37%), UK (24%), Italy (10%), Germany (8%), Spain (7%), The Netherlands (7%)
Destinations	→	USA (16%), Germany (12%), Switzerland (8%), France (7%), Japan (7%), UK (6%)

Natural food colours & flavours

As from 1999, total EU exports of natural food colours & flavours increased by 18 percent in value and 11 percent in volume, amounting to over € 270 million / 28.4 thousand tonnes in 2001. More than 40 percent of the total value was exported to countries outside the EU.

Leading EU exporters and destinations of natural colours & flavours (share in EU value exports, 2001)

EU exporters	→	Germany (25%), Spain (20%), France (12%), Denmark (11%), The Netherlands (9%), UK (9%)
Destinations	→	Germany (10%), UK (8%), France (7%), USA (7%),

Dried vegetables

Exports of dried vegetables by EU member states increased by 11 percent in value and by 4 percent in volume since 1999, reaching € 260 million / 80 thousand tonnes in 2001. Almost a quarter of the exported value was directed to countries outside the EU.

Leading EU exporters and destinations of dried vegetables (share in EU value exports, 2001)

EU exporters	→	Germany (26%), France (22%), Italy (12%), The Netherlands (12%), Spain (7%), Belgium (5%)
Destinations	→	Germany (18%), UK (17%), France (11%), The Netherlands (11%), USA (5%), Austria (4%)

Pulses
After an increase of 7 percent in terms of value between 1999 and 2000, exports of pulses by EU member countries decreased by 13 percent, amounting to € 141 million in 2001. In terms of volume, pulse exports decreased by 30 percent between 1999 and 2001, amounting to 326 thousand tonnes. About one third of the total exported value was destined for countries outside the EU.

Leading EU exporters and destinations of pulses (share in EU value exports, 2001)

EU exporters	→	The Netherlands (26%), UK (23%), France (16%), Spain (9%), Belgium (8%), Italy (6%)
Destinations	→	Italy (16%), France (11%), Spain (11%), Germany (8%), Egypt (6%), The Netherlands (5%)

Vegetable saps and extracts
In year 2001, exports of vegetable saps & extracts by EU member countries amounted to almost € 102 million / 14 thousand tonnes, representing an increase of 8 percent in value and of 25 percent in volume compared to the preceding year. In the same year, 55 percent of the exported value was directed to countries outside the EU.

Leading EU exporters and destinations of vegetable saps & extracts (share in EU value exports, 2001)

EU exporters	→	Spain (39%), Germany (23%), France (12%), The Netherlands (6%), Italy (4%), UK (4%)
Destinations	→	Russia (17%), USA (12%), Germany (11%), The Netherlands

Honey
In 2001, honey exports by EU member countries amounted to € 98 million / 47 thousand tonnes. This represented a small decrease of 3 percent in value and 8 percent in volume compared to the previous year. Although honey exports by EU member states decreased by 12 percent in terms of value after 1999, in terms of volume they increased by 10 percent, amounting to € 89 million / 48 thousand tonnes in 2000. Less than 20 percent was directed extra-EU, mainly to Switzerland, Saudi Arabia and the USA.

Leading EU exporters and destinations of honey (share in EU value exports, 2001)

EU exporters	→	Germany (40%), Spain (17%), Belgium (11%), France (9%), Italy (9%), Denmark (5%)
Destinations	→	France (17%), The Netherlands (14%), Germany (12%), UK (6%), Belgium (6%), Austria (5%)

Sugars
Between 1999 and 2001, sugar exports by EU member countries increased by 20 percent in terms of value and by 8 percent in terms of volume, reaching € 87 million / 510 thousand tonnes in 2001. Only 7 percent of year 2000 exports (in value) was directed extra-EU.

Leading EU exporters and destinations of sugars (share in EU value exports, 2001)

EU exporters	→	The Netherlands (25%), France (21%), UK (20%), Belgium (14%), Germany (8%), Denmark (7%)
Destinations	→	UK (22%), France (16%), Germany (13%), Italy (9%), Belgium (8%),

Seeds
Between 1999 and 2001, seed exports by EU member states increased by 9 percent in both terms of value and volume, amounting to € 27 million / 25 thousand tonnes in 2001. Almost one third of the exports (in value) went to countries other than the EU member states.

Leading EU exporters and destinations of seeds (share in EU value exports, 2001)

EU exporters	→	The Netherlands (66%), Germany (11%), UK (6%), Greece (5%), Sweden (4%), Spain (3%)
Destinations	→	Germany (22%), USA (14%), France (13%), Italy (5%), Spain (5%), Belgium (4%)

7 TRADE STRUCTURE

7.1 EU trade channels

A large part of the food ingredients used in the EU food industry is imported. These products are often repacked or processed for re-exports.

Food ingredients can reach their final destination by passing through different trade channels. The selection of the trade channel and the trade partner depends on the product and services to be delivered by the potential trade partner. By selecting one specific channel and trade partner, other trade partners are often automatically included. It is important that the exporter is aware of the different channels in the market. Some producers will bargain directly with the major end users. Other producers will sell by means of independent traders (importers) or sales agents.

Nevertheless, the following major business partners can be distinguished for exporters of most food ingredients for industrial use:

Agents/brokers
Agents and brokers are independent persons or companies who/which negotiate and settle business on the instructions of their principals and act as intermediary between buyer and seller. An agent operates on behalf of a particular buyer or seller, whereas a broker is not tied to an individual buyer or seller. None of them buys and sells on their own account, but works on a commission basis. Agents and brokers often play an important role because of their extensive knowledge of the field. Even importers tend to use brokers.

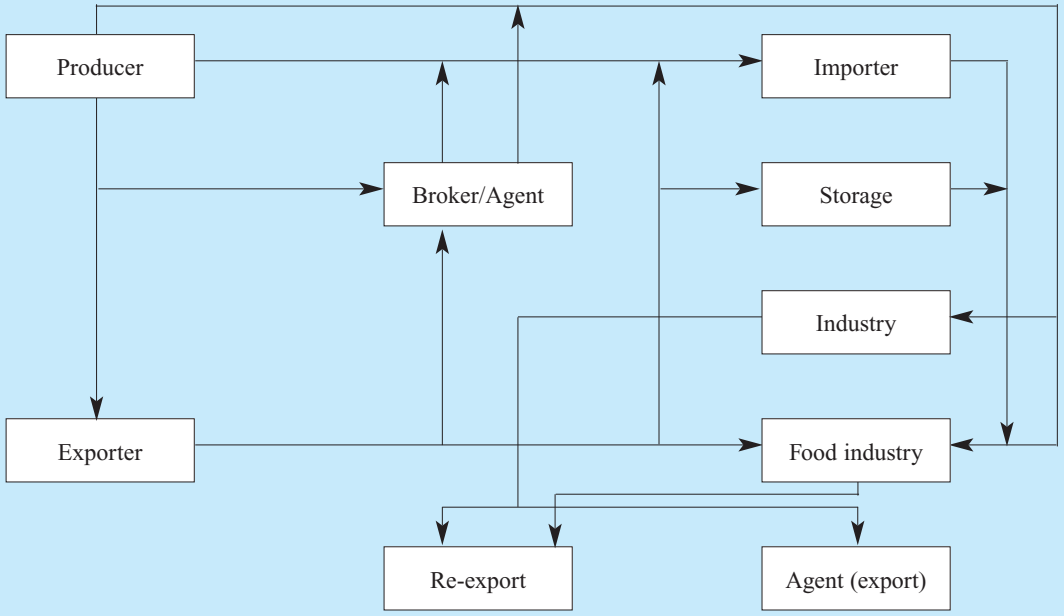
Importers
Importers buy and sell food ingredients on their own account, mainly to the food industry and re-exporters. Importers take 'long' or 'short' positions in the market depending on their expectations of future price trends. If an importer sells 'short', he is contracting to sell products, which he does not yet possess, while taking a 'long' position means that he has unsold products in his trading account.

Processing industry (processing importer)
Processing manufacturers/processing importers buy raw materials and semi-finished products in order to process them further, with the goal of selling these to the end-product manufacturers. For example, in the case of dried vegetables the processing importers clean, grade, reduce the humidity content and bacteria count before selling to the food industry. The processing manufacturers purchase food ingredients either directly or from importers or through the services of an agent. Specialised ingredients processing industries supply semi-manufactured products to the bakery, dairy and ice-cream industry.

End-product manufacturers
Some end-product manufacturers who need large quantities (on a regular basis) of ingredients purchase their ingredients directly from producers abroad. However, most end-product manufacturers prefer to use importers or agents, as the latter offer a reference situated within their own country. Imported food ingredients needing further processing before use in the end product, are either bought from the processing industry/processing importers or processed by the end-product manufacturer himself.

The trade structure of the sub-markets varies by sector. However, strong compliance could be encountered, which is described in the following figure. In general, producers distribute their products through a trader/importer or an exporter. From there, food ingredients find their way to industries.

Figure 7.1 Distribution channels for ingredients for food products



Rotterdam (The Netherlands) is the main trading centre for the EU food ingredients trade. From here it is distributed by vessel, inland barge or truck to storage facilities and customers. Rotterdam is strategically located to serve continental EU countries with an enormous port, an excellent infrastructure, a multi-language business community and a well-established trading community.

Vegetable oils & fats

Trading in vegetable oils & fats is based on forward contracts (12 months) and spot contracts (3-4 months). Vegetable oils can also be exported unsold to, for instance, Rotterdam. On arrival, the oil is stored in tanks until a buyer is found. In this case, the buyer purchases the vegetable oil 'ex tank'. Forward trading on the major exchanges forms an important part in the buying and selling of vegetable oils. Developments on the Chicago exchange are leading indicators in the price setting of the different vegetable oils.

Traditional crushing and refining takes place at different locations, but the trend is to bring them closer together. Due to new technology, refiners can handle a variety of oils instead of just one. After refining, the vegetable oil is bottled for human consumption (cooking oil) or shipped in bulk to the final processing industry. The latter uses the refined oil in a variety of grocery, compound feed and technical products.

Rotterdam is the main trading centre for the EU vegetable oils and fats trade. From here it is distributed by vessel, inland barge or truck to storage facilities and customers. London is the second EU port for the import of vegetable oils and fats.

Dried fruit and edible nuts

Large packers and processors are increasingly buying dried fruits and edible nuts directly from producers and exporters in the countries of origin, although purchasing through importers is still important. This is especially true in the case of dried fruit, or where smaller quantities are involved and/or special packages are required. On the other hand, leading processors of peanuts usually import directly and, from time to time, use the services of a specialised importer who may, for instance, have special knowledge of the Chinese peanut trade. The major industries, which use dried fruits and edible nuts in many different forms, are those manufacturing breakfast cereals/muesli, confectionery, chocolate, bakery products, ice cream, desserts, health foods etc.

Sugars

The distribution channel for sugars shows about the same structure as that for honey. So please refer to the text on honey for more detailed information.

Spices and herbs

Spices and herbs normally have the same trade structure and distribution channels and very few traders deal exclusively in herbs. The bulk of the trade enters the EU through a small number of major brokers and trader/importers. In the past few years, direct trade between medium-sized and large producers / exporters in developing countries and grinders / manufacturers in

consuming markets has become more prevalent. Manufacturers / importers increasingly move away from dealing with many small growers, choosing instead choose to deal with whoever can give them a high quality, high volume, and consistent product. Typically the main parties involved in the distribution of spices and herbs are also given in Figure 7.1.

Although spices and herbs are traded in a variety of forms, it is estimated that 85 percent are marketed in the whole, unground state. The remainder is sold in ground form or as spiced essential oils and oleoresins. The only ground spices which are traded in any volume are paprika, curry powder and spice mixtures.

The largest user group of spices and herbs is the industrial sector in which the meat and food-processing industries take the largest volumes. Requirements are purchased either from blenders and packers or directly from importing/trading companies. Some industries have joint arrangements with producers to ensure regular supplies and maintain quality standards and specifications of the spices concerned.

Within the European spice and herb market, the German Fuchs is the market leader, holding 10 percent of the total market, followed by Unilever (9%) and Mc Cormick. By far the leading spices and herbs company world-wide is McCormick & Co, Inc., whose head office is in Hunt Valley, USA. This multinational company carries out "global sourcing" of spices and herbs by having subsidiary and/or affiliated companies in the countries of origin. McCormick has operations in several EU member countries.

Natural gums and resins

There are several trade channels with respect to the imports of natural gums and resins into The Netherlands and other EU countries. The EU industry imports directly from producers or merchants in developing countries or buys the gums or resins from an importer in the EU. The industry or importers may also buy the gums or resins from countries other than the producing countries.

The most favourable trade channel can vary according to source and product. The food industry prefers to purchase natural gums from well-known importers, because of two reasons. Firstly, the natural gums are only a small part of the cost price of the final product, which makes it too expensive for the food industry to import the gum directly from the country of origin. Secondly, importers have technical knowledge of the gums, so they will be able to give good advice and take care of the cumbersome negotiations and trade procedures. Some larger traders have their own production facilities in producing countries. Importers in The Netherlands generally import the products from well-known merchants in the country of origin. Some big importers import their products also from their own company in another country. The reasons why many importers do not directly buy from producers in developing countries are that they want to be sure of the quality and delivery time of the product, and that they want to have stock available 'on call', as well as larger orders, so as to reduce costs.

Transport from third countries mainly takes place by ship, then usually by truck within Europe.

Essential oils and oleoresins

For more details on the trade structure of essential oils, please also refer to CBI's EU Market Survey *"Natural Ingredients for Cosmetics"*.

The major part of the essential oils and oleoresins used in he EU is imported from abroad. The sale of essential oils and oleoresins can be affected by means of several trade channels as indicated by Figure 7.1. The selection of a trade channel and a trade partner depends on the product and on the services to be delivered by the trade partner. By selecting one specific channel, other channels are often automatically included. It is important that the exporter is aware of the different channels in the market. Some producers will bargain directly with the major end users. Other producers will sell by means of independent traders (importers) or through sales agents.

About 60 to 80 percent of the essential oil trade takes place directly from producers/exporters to the processing importers. An advantage of processing importers is that they can create a total flavour composition and give excellent services. This can bring about co-operation with the end-product manufacturers in the food industry.

Some of the end-product manufacturers, who need large quantities of essential oils, purchase the essential oils directly from the producer. Their senior purchasing staff frequently travels to negotiate direct agreements with producers/exporters. However, most end-product manufacturers do not often purchase essential oils directly from the producer so as to avoid the risks of deliveries of the wrong quantity or/and of bad quality. Critically, if end-users are unable to produce, owing to not being supplied with the right quantity or quality of oils, their image may be affected. Another advantage of not purchasing directly is the possibility of ordering smaller quantities.

The international trade in essential oils takes place on a large scale. Shipments may be diverted to neighbouring countries, and there is substantial re-export business. Most of the EU leading traders supply several countries. The re-exports are important as they can reduce the

effect of supply irregularities and domestic imbalances in supply and demand, caused by vagaries of climate, crop disease, inadvertent over-stocking or unexpected peaks in demand.

The structure of the oleoresin trade is generally simpler than the trade structure of essential oils. The main trade is directly between producer and user or intermediate processor.

Pulses
The major Netherlands importers of products of importance for developing countries have long-established contacts with exporters world-wide, besides which they make a large amount of their purchases via a broker or, after negotiation, with delegated agents of the exporting companies. The advantage for the importer of dealing through the broker is that the importer does not have direct contact with exporters and does not need to keep a check on the timely shipment of the pulses, etc. Especially when a trader is unknown, a broker will be used as an intermediary to diminish the risks involved. The broker draws up contracts for the buyer and the seller. The seller then ships the products to the importer.

The sector is not very transparent. In the Netherlands, for example, Barentz is an importer and supplier of speciality ingredients for various sectors. They offer kidney beans but they source these beans with yet another company in The Netherlands, i.e. Pelave Food Ingredients.

Dried vegetables
The same distribution channel as in the trade of dried fruit and edible nuts is applied to dried vegetables.

Natural food colours and flavours
Natural food colours and flavours have similar trade structures and distribution channels. Traders play an important role in supplying the food industry with natural colours and flavours, since they are usually highly specialised in the colour and flavour market. This specialisation is very important because the trade in colours and flavours involves many risks.

Honey
Honey producers trade drained honey in bulks either directly or through export co-operatives to importers and large refining and packing companies in The Netherlands, Germany and other EU countries. New small honey producers are advised to sell through a co-operative to meet the minimum quantity and quality standards required by EU importers. Please also refer to Figure 10.1 for an analysis of the honey value chain, which also includes the main distribution channels.

Seeds
The particular trade channel to be used depends on the size of the contract and the type of seed. Large volumes in general go straight from producer to processor. Suppliers of smaller volumes may opt to use one of the market entries:
- agents or brokers
- importers

Vegetable saps and extracts
The distribution structure for vegetable saps and extracts are similar to the structure for natural flavours and colours.

Changes in food trade structure
- The trend towards concentration has resulted in increased consolidation of food manufacturers and the ingredients supply base. Companies are becoming fewer and bigger with mergers and rationalisations prevailing in Europe, the US and the Antipodes, in particular the recent creation of a global dairy giant in New Zealand.
- Low food price inflation in most markets means that food companies are having to streamline operations and focus on enhanced cost competitiveness and efficiencies; many companies are reducing in-house R&D budgets and outsourcing much of their R&D requirements.
- Supplier rationalisation - as centralised purchasing increases in many companies, they are equally reducing the number of suppliers to a more manageable and profitable number and seeking long-term relationships with suppliers on a comparable scale.
- Manufacturers are increasingly buying ingredients, which have been taken further up the value chain and embarking more and more on strategic outsourcing partnerships with suppliers of ingredients and customised ingredients application systems, becoming in effect “assemblers” of finished products.
- Internationalisation of food markets and a greater pace of global activity has led to increased global sourcing of ingredients - which has resulted in food manufacturers becoming increasingly dependent on global food ingredient suppliers capable of delivering uniform products and technical services in all markets.
- As part of the internationalisation process, “regionalisation” and regional markets are increasingly taking the place of national markets to become the competitive marketplace unit.
- E-commerce in procurement, particularly for commodity products is set to become an increasing feature of the trade.
- Manufacturers have increasingly diverse product, processing and packaging requirements and require innovation and research into consumer buyer behaviour and changing expectations, demands and

palates. Shorter product life cycles also demand higher levels of new product development.
- Lead times, driven partly by 'every day picking', are becoming shorter, JIT (Just in Time) is increasingly prevalent among larger companies.
- Food safety concerns of consumers are leading to an increased demand for traceability of all ingredients and the provision of product assurances.
- The food industry more and more wants to buy not only a simple ingredient, but is asking for knowledge, detailed product specifications, application suggestions, support in R & D: i.e. buying a concept rather than an ingredient.

Implications for suppliers
- To meet the twin demands of scale and capability, suppliers will need to build scale through mergers, acquisitions or strategic alliances.
- Food ingredient suppliers need to fulfil and/or complement their customers' R&D function and develop knowledge and expertise in order to meet customer requirements. Suppliers also need to work more closely together for an effective and co-ordinated R&D effort in relation to new functionalities and to avoid duplication.
- Suppliers must move towards partnership arrangements with key customers and develop their knowledge of customers' strategies.
- As internationalisation continues, the location of buying power for products, which can be traded internationally, will centralise. Suppliers will have to develop new buyer relationships and a greater understanding of customer requirements.
- Suppliers need to develop added-value products and reduce dependence on commodity products.
- Innovation is the key to building sustainable competitive advantage for all suppliers.
- Suppliers must provide culinary and application support in R&D to promote new finished product concept developments with customers.
- Suppliers need to research how consumer trends relate to industry trends, e.g. the impact of on-line shopping, round the clock foodservice, 'street food' and how evolving consumer habits and life styles will drive change.
- Specific product categories are experiencing growth as a result of changing consumer trends, e.g. greater demand for strong flavours and spice consumption as consumers are exposed to a range of fusion flavours.
- The emphasis on food safety will require continuing developments in the areas of traceability, food safety assurance schemes, hygiene and training initiatives.

7.2 Distribution channels for developing country exporters

The most interesting distribution channels for developing country exporters of food ingredients for industrial use are importers/traders, although other distribution channels can be as interesting, depending on the product group. Importers not only have experience and knowledge of the international market, they also have strong relationships with suppliers and buyers all over the world. In regard to serving super-market organisations the importer will now more and more emphasise his function as co-ordinator of the stream of goods to final destinations. He has to play a more specialised role as quality controller and also as logistics service provider. Therefore, developing country exporters are advised to contact and co-operate with specialised importers for the distribution of their products. This applies especially to cases where it concerns speciality and off-season products.

Besides that, importers do not only focus on the demand of the home market. Because of their favourable, geographical location, many EU importers have the possibility to export imported products to all other European countries.

Honey producers in developing countries are advised to sell through export co-operatives or to contact agents and importer-packers in EU countries. They should send samples to potential trade partners in the EU, stating date of harvesting and the production area.

Developing-country exporters of organically grown products (see also Section 9.1.1 of this survey) can get themselves listed as suppliers on www.green-tradenet.de and on www.greentrade.net, two Internet site where suppliers and buyers of organic products come together on a market place. Suppliers can specify their offer and company name. Please refer to Appendix 3.6 for full contact details of Green Trade Net and GreenTrade.

The Internet site www.europages.com is another good source for finding contact details and information on the activities of importers. The most interesting contacts at Europages can be found under the category Agri-culture & Livestock and Food & Related Products. These, and other sources on which buyers and sellers can meet online, are listed below.

Trade fairs are also important meeting points for developing countries' exporters and EU importers. A trade fair is a good opportunity for personal contact between business partners. Please refer to Appendix 3.5 for contact details of trade fairs. More information on trade fairs is provided in Section 13.5 of the market survey.

Consumer-ready processed food products are imported and distributed by a large number of German importers and import agents. In addition to mutual advertising with importers and suppliers, individual country promotions in the German retail trade are organised to increase visibility and awareness of those products and, consequently, increase distribution. Such promotions in Germany are normally organised and sponsored (often also financed) by the foreign country's Embassy or other government representation, in close co-operation and co-ordination with local importers and the retail organisation.

Internet sites

online marketplace for organically grown products	www.green-tradenet.de
online marketplace for organically grown products	www.greentrade.net
online source of importers in the EU	www.europages.com
B2B marketplace for the food and agriculture industry	www.foodtrader.com
Agribuys	www.agribuys.com
FoodMarketExchange.com	www.foodmarketexchange.com

8 PRICES

8.1 Prices developments

The prices of food ingredients for industrial use can fluctuate widely depending on the raw material. In general, the prices of food ingredients for industrial use and the margins for the importers in the European Union depend on:

- The size of the order;
- Availability of the product;
- Quality of the product;
- The import prices;
- Costs of production (blending, refining, packaging, transporting);
- The length of the trade channel;
- The country of origin;
- The relationship between the business partners.

Vegetable oils & fats

The Chicago Board of Trade is the most important market for soybeans and oilseeds. Prices formed at this exchange largely influence prices for other crude oils and fats worldwide. Paris is the main exchange for rapeseed oil, while Kuala Lumpur is the main exchange for palm oil.

Due to improved technology, different vegetable oils & fats products are substitutable, which has a major impact on price settings.

Dried fruit and edible nuts

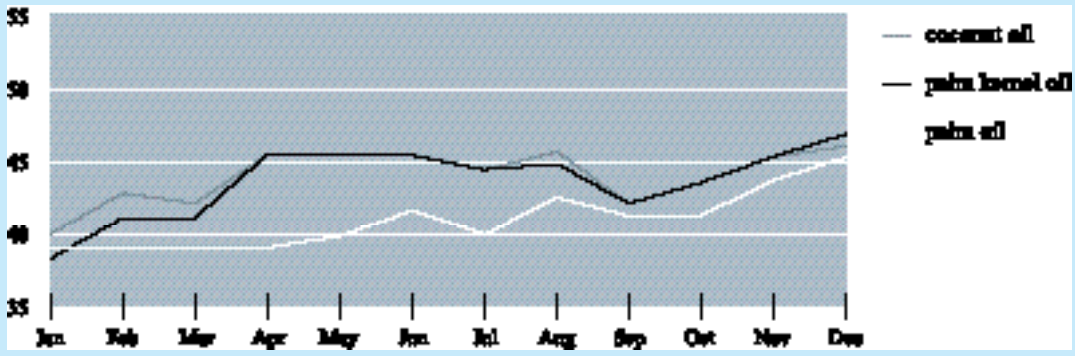
Domestic and import/export prices of dried fruits and nuts vary according to a number of factors, such as the type of product, its origin and the level of supply available on the world market. Because of the big variations in availability caused by changeable harvests, weather conditions or disasters (e.g. El Niño), changes in supply have a much larger effect on price levels than changes in demand. Most dried fruit and edible nuts have only one harvest per year and most products can be kept in dehydrated form for longer periods.

Prices are set on a global level and speculation based on forecasts for the coming harvest can cause rapid changes in prices. On the other hand, a drop in supply of one type of nut does not necessarily mean a price increase, if substitution by another type of nut is possible, which is often the case. Sometimes manufacturers switch to using more almonds instead of hazelnuts, when the hazelnut prices increase as a result of a shortage in supply.

Other factors which have a significant effect on prices are the exchange rate of the dollar; quality; grade; presentation (whole, shelled, pitted, broken, sliced etc.) and the method of drying/processing which has been used prior to export. The major origin country for a particular product often determines the basic reference price for that product worldwide. For example, the USA is the reference for groundnuts, Iran for pistachios, India and Brazil for cashew nuts, Turkey for hazelnuts, Sri Lanka for coconut and Thailand for papaya. Indications of the average annual import prices of some main product groups are given in Table 8.1.

In the case of luxury nuts, their high price compared to peanuts and to other savoury snacks, has been an obstacle for buying them on a regular basis. Prices of some popular luxury nuts (cashew nuts, pistachios, macadamia nuts) and nut mixtures have decreased recently slightly, so they have become affordable to a

Figure 8.1 Price developments of selected vegetable oils, January-December 2002, CIF Rotterdam in bulk, € per 100 kg,



Source: Commodity Board MVO (2003)

Table 8.1 Settlement/closing and high/low price of dried fruit and edible nuts, end of August 2003, US$ / £ per metric tonne

	Price	2003 High	2003 Low
DRIED FRUIT			
Sultanas			
Turkish specially cleaned standard No.9, cif UK-2001 (£)	670	690	605
Australian 5 Crown (where available), cif UK (£)	1,010	1,010	990
Greek type No. 2, cif UK (£)	610	610	570
Iran natur. sultanas (Gouchan), cif UK (£)	570	570	558
Currants			
Greek Vostizza, cif UK (£) 2003 crop	1,313	1,313	1,313
Greek Provinc., cif UK (£) 2003 crop	1,238	1,238	1,238
Apricots			
Turkish whole pitted No.4, cif UK (£) 2001 crop	1,435	2,150	1,435
Turkish whole pitted No.2, cif UK (£) 2001 crop	1,488	2,350	1,488
Turkey industr. Apricots Size 8, cif UK (£) 2001 crop	1,375	1,725	1,375
Dates			
Iranian pitted Sayer dates, cif UK (£)	563	563	563
EDIBLE NUTS			
Almonds			
23/25 US Non Pareil select cif European Main Ports (US$/mt)	4,500	4,500	4,250
US Standard run cif European Main Ports (US$/mt)	3,600	3,600	2,850
Hazelnut kernels			
Turkey Levants, ex store UK duty paid (£)			
Standard 1	1,550	1,680	1,550
Standard 2	1,500	1,600	1,500
Walnuts			
India, duty paid ex store UK (£)			
Light halves	3,300	3,300	3,300
Light broken	2,450	2,450	2,450
Pistachios			
Iran, 28/30 (raw in shell) - RPPC brand fot Hamburg (US$/mt)	3,100	3,150	3,100
Iran, 20/22 (raw in shell) - RPPC brand fot Hamburg (US$/mt)	3,500	3,700	3,400

cif: Cost, Insurance & Freight. This means that the exporter pays for the freight and the insurance.
Source: The Public Ledger (August 2003)

larger group of consumers. Consumers who are more interested in buying dried fruit as a specific ingredient for a recipe seem less concerned about prices. There is often little or no difference between retail prices for the same items within different supermarkets. At the open market, prices of fresh nuts are somewhat lower than at nut speciality shops and delicatessens.

The margins charged by different intermediaries in the dried fruit and edible nut trade are influenced by many different factors. These include the type of dried fruit or edible nut, 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. All these factors make it extremely difficult to provide information on typical margins in the trade. The

following represents very rough guidelines on the mark-up added to the buying price by each type of trader:

- **Agent/broker**: 1-3 percent
- **Importer/trader:** 5-10 percent
- **Processor/packer:** 15-25 percent, which includes packing but may be much higher depending on the costs of marketing (e.g. for a consumer retail brand)
- **Retailer:** 30-40 percent (excl. VAT).

Sugars

For years, the European Union has artificially protected the production of beet sugar in Europe. High import tariffs were imposed against the import of sugar coming from outside Europe. In contrast, the EU paid high minimum prices to sugar producers within the Union.

These prices were usually much higher than the world market's sugar price. On average, the EU sugar price has been about 2.5 times higher than the world market price. Payment of such high subsidies gradually fragments the EU.

The price of sugar on the world market fluctuates from month to month, because the world sugar market is "narrow": there are relatively few buyers and sellers. Changes in the "selling behaviour" of exporters therefore have a big impact on the sugar price. Price fluctuations are especially harmful for small-scale sugar farmers. Sudden decrease in prices will have a quick and considerably negative effect on farmers' incomes and work. Moreover, the EU dumps its surplus beet sugar at cheap prices on Southern markets.

Spices and herbs

In the past, speculation by major buyers has been a feature of the trade in spices. In the mid-1980s pepper prices reached a peak. These high prices encouraged additional planting by pepper growers, leading to an oversupply. There has been world-wide overproduction in recent years and a stagnating demand for many items in the spice range. Like many other products, spices and herbs are subject to the supply-demand mechanism, causing overproduction when prices increase, etc.

The price of herbs is rising as a result both of increased supply costs (production, processing, and freight) and increased demand. Unlike mint, parsley, oregano, thyme and sage, few herbs are in sufficient demand to encourage their widespread commercial cultivation. The cultivation of most herbs can be expanded fairly quickly. Therefore, even if supplies in the short term are relatively static (with generally only one harvest per year), they are much more elastic over the long term. It is unusual for the price of herbs to remain high for several successive seasons. Table 8.3 provides indications for market prices of selected spices and herbs.

Table 8.2 Opening/closing and high/low price of raw sugar and molasses, end of August 2003

	Closing price	2003 High	2003 Low
RAW SUGAR			
Futures CSCE, $ cent/lb (first column opening price)			
• Oct 2003	6.55	7.83	6.01
• Jan 2004	6.63	7.40	6.35
• Mar 2004	6.70	7.27	6.31
• May 2004	6.67	7.08	6.52
Physicals			
• ISO daily price ($ cent/lb)	6.55	9.37	6.34
• ISO 15-day moving average ($ cent/lb)	7.00	9.07	6.55
MOLASSES			
• cane cif North Europe ($/mt)	74.86	90.29	74.89
• beet cif North Europe ($/mt)	100.72	122.01	101.49

cif: cost, insurance and freight
CSCE: Coffee, Sugar and Cocoa Exchange
ISO: International Sugar Organisation
mt: metric ton
Source: The Public Ledger (August 2003)

Table 8.3 CIF and shipments quotes for selected spices on main European port basis, end of August 2003, US$ per tonne, unless otherwise stated

	Closing price	2003 High	2003 Low
SPICES			
Ginger			
• Nigeria split cif	1,400	1,400	1,150
• Cochin cif	1,400	1,400	1,350
• China whole cif	1,000	1,000	1,000
• China sliced cif	950	950	950
• China dry (bleached) cif	1,120	1,120	1,120
Nutmeg			
• Grenada c&f, 60/65s, Spot	7,500	7,800	7,500
• Grenada c&f, 60/65s, Shipment Jul 03/Dec 03	7,300	7,300	7,300
• Grenada c&f, 80s, Spot	7,300	7,600	7,300
• Grenada c&f, 80s, Shipment Jul 03/Dec 03	7,100	7,100	7,100
• Grenada c&f, 110s, Spot	7,100	7,400	7,100
• Grenada c&f, 110s, Shipment Jul 03/Dec 03	7,000	7,000	7,000
Saffron			
• Iranian c+f Europe Sargol $/kg Jan 02/Feb 02	430	430	430
• Iran c+f Europe Sargol	440	440	440
Vanilla			
• Madagascar type, extract grade, deliv. US ($/lb)	260	260	113
• Madagascar origin stand. grade, cif Europe ($/kg)	280	280	173

Source: Public Ledger (August 2003)

The margins charged by different intermediaries in the spice and herb 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. All these factors make it extremely difficult to provide information on typical margins in the trade. The following are very rough indications on the mark-up added to the buying price by each type of trader:

- **Agent/broker:** 2-5 percent
- **Importer/trader:** 10-15 percent
- **Grinder/processor/packer:** 15-25 percent, which includes packing but may be much higher depending on the costs of marketing (e.g. for a consumer retail spice brand)
- **Retailer:** 30-40 percent (excl. VAT).

Natural gums and resins

The price level of natural gums can vary widely, primarily influenced by the type and quality of the gums. In general, the buyer/importer is prepared to pay a higher price when the seller /producer can guarantee correct and constant quality. The quality of the gums is determined by:

- micro-biological aspects;
- viscosity and/or gelling capacity; i.e. degree of polymerisation
- colour;
- purity;
- odour.

The price of natural gums is also influenced by economic factors, based on supply and demand. Abundant supply will lead to lower prices. Factors of influence on supply and demand are:

- the size of the crop;
- the certainty of supply from the regular producing countries;
- speculation;
- substitute products like modified/synthetic gums.

Price differences among natural gums are caused by:

- the method of harvesting; labour intensive harvesting makes a gum more expensive;
- the method of growing locust bean gum means that it has to grow ten years before the first beans can be picked, which makes it more expensive than for instance guar gum, which can be harvested every year

- the effect of the gum in the final product (like viscosity or gel strength) xanthan; gum is more expensive, but not much of it is required, compared to other gums, to obtain the same effect.

In general, it can be said that the market for natural gums and resins is not easy to penetrate. Exact price information is difficult to obtain and that is why it is also difficult to determine margins. Margins commonly applied by importers in The Netherlands depend on:

- the relationship with the customer/client;
- the amount of the order;
- the treatment of the gums (purity, packaging, mixtures, standardisation, special drying, etc.).

the product, availability of the product, added value). A rough estimation shows that the margin for the importer varies between 3 and 5 percent. The brokers and dealers mostly get the same margin. Importers processing raw materials before further shipment to end-product manufacturers get higher margins as they add value to the product (by cleaning, filtering, and further refining of the oils).

For more price information for essential oils and oleoresins, please also refer to CBI's EU Market Survey *"Natural Ingredients for Cosmetics"*

Table 8.4 Settlement/closing and high/low price of gum arabic, end of August 2003, US$ per metric tonne

	Closing price	2003 High	2003 Low
GUM ARABIC			
Sudan Kordofan fob	1,650	1,700	1,650
Nigerian cleaned cif, main European port No. 1	1,150	1,500	1,150
Nigerian cleaned cif, main European port No. 2	750	1,000	750

Source: The Public Ledger (June 2003)

Essential oils and oleoresins

The prices of essential oils and oleoresins can fluctuate widely depending on the raw material of the oil. As also with flavours and colours, the price level of an essential oil is influenced by quality and economic factors.

In cases of bad weather (e.g. heavy rainfall), the prices increase. On some price lists, the difference between spot market and shipment market is made. On the spot market, the essential oils and oleoresins are delivered directly from the stocks held by dealers. On the shipment market, the essential oils and oleoresins have to be delivered from the country of origin. In general, the essential oils and oleoresins are cheaper on the spot market.

Another factor to be taken into account is the shelf life of certain oils, which can be stored for several years without any significant deterioration of the quality. However, stocks are usually dependent on production levels and demand. Many of the processing divisions or compounding houses hold large stocks so as to ensure sufficient supplies. Stocks are also maintained for speculative reasons that influence market prices.

The margins for the different intermediaries in the trade structure (importers, agent, etc.) are difficult to determine because they are influenced by many factors (size of the order, length of the trade channel, quality of

Pulses
Table 8.5 gives market prices for a number of selected products.

Table 8.5 Settlement/closing and high/low price of selected pulses, end of August 2003, US$ per metric tonne

	Closing price	2003 High	2003 Low
PULSES			
Beans			
Dark red kidney beans, UK recleaned polishes ex-store UK (£/mt)	630	630	630
Dark red kidney beans, No. 1 grade cif UK ($/mt)	800	800	800
Black eye beans, cif UK ($/mt)	900	900	900
Chickpeas			
Turkish 1%, recleaned, ex-store UK (£/mt)	650	650	590
Turkish 1%, cif UK ($/mt)	850	850	595

Source: The Public Ledger (June 2003)

Pulses are basic products and the markets for these products are very competitive. Therefore, the margins are not very high. The exact amounts are not known, but the margins for the retail trader are probably bigger than for the importer/wholesaler.

Dried vegetables
Domestic, import and export prices of vegetables are highly dependent on several factors, such as the type of the product, its origin and the total supply of the fresh products. The highly changeable harvests of vegetables are the major determinant of price fluctuations of dried vegetables. Prices of fresh products are set on a global level, and speculation on the harvests can cause rapid changes in the price level of dried vegetables.

Other factors that play a price-determining role:
- preservation method;
- correct and constant quality;
- size of the order;
- inflation and/or exchange rate,
- contract

Prices for dried vegetables vary considerably. Therefore, it is recommended to monitor world markets and price movements, in order to be able to set a realistic price.

The considerable fluctuation in prices is reflected in the margins, making it difficult to give an exact indication. Some general differences between the intermediaries can nevertheless be distinguished. Importers or repackers take more risks than agents, because of the fact that the preserved fruit and vegetables are temporarily in their possession. Their margins are therefore higher than the margins of agents.

For more detailed information, please refer to CBI's Market Survey "*Preserved Fruit and Vegetables*".

Natural colours and flavours
There are major differences in prices of natural food colours and flavours, depending on the raw material of the colour or flavour. Even the prices of one particular colour or flavour can fluctuate enormously. The price level is influenced by:
- **Quality factors**. The quality is determined by country of origin, the climate, the crop, the type of colour, the purity (colour grade), the state of microbiology, the odour and harvest situations.
- **Economic factors**. These factors are based on the demand and supply (the larger the supply, the lower the price). The supply depends on the size of the current crop, the carry-over from previous crops and the existence of synthetic substitutes.

The margins for the different intermediaries in the trade structure (importers, agents, etc.) are difficult to determine. This is caused by the fluctuating prices of the colours and flavours and, again, the closed market. A rough estimation shows that the margin for the importer varies from 3 to 5 percent. The brokers typically get the same margin. When producers deliver directly, they can obtain a higher margin.

Honey
Prices of honey fluctuate widely, depending on the following factors:
- Supply and demand.
- Quality and grade. Table grade honey (US grade A) fetches higher prices than industrial grade honey (US grade C or D).

- Colour. In general, light-coloured honeys bring the highest price, except for special honeys (dark amber or bitter).
- Composition.
- Character. Mild flavoured honeys are preferred, but characteristically flavoured honeys bring top
- Prices in some countries.
- Substitution products. Honey can be replaced, for example, by beet sugar syrup and corn syrup.
- Economic factors. Consumption in industrialised countries is influenced strongly by the prevailing economic situation, which affects demand for honey.

Margins for the trade depend very much on the country involved and on the supply and demand situation. As a rough indication, the margins for the different trade partners are as follows:

- **Importer:** 8-10 percent
- **Wholesaler:** 12-15 percent
- **Retailer:** 20-25 percent.

There are no official sources of processing information on honey. It is recommended that exporters consult with importers and packers in the EU countries in order to monitor changes in the prevailing prices.

Seeds
In general, the prices of large volumes of seeds depend on exchange rates, in which the value of the dollar is a dominant factor. Prices of most products are not fixed and may fluctuate strongly, depending on season and global yields. Therefore, it is essential to have continuous access to up-to-date price information. Furthermore, the price of the seeds is heavily dependent on their quality. Seeds are traded by standard contracts, in which the price for a particular quality is stated.

The margins charged by the different intermediaries in the seeds trade are influenced by many different factors. These include:
- Type of seed;
- Current and expected future harvest situation;
- Availability/number of sources for the particular product;
- Competitive edge (in terms of quality and demand on the market);
- Trend in prices; and
- Exchange rates.

All these factors make it extremely difficult to provide information on typical margins in the trade.

Vegetable saps and extracts
The above-mentioned product groups show the same characteristics as the product groups flavours & colours and essential oils. As mentioned under flavour and colours, there are major differences in prices, depending on the raw material. Even the prices of one particular vegetable sap or extract can fluctuate enormously. The price level is influenced by quality and economic factors.

The margins for the different intermediaries in the trade structure (importers, agents, etc.) are difficult to determine because they are influenced by size of orders, length of trade channel, quality of the product, availability of the product and added value.

8.2 Sources of price information

Vegetable oils & fats
Brokers and traders form the main source of price information, as they are in daily touch with the major trading centres around the world.

Two specialised trade magazines, *"Oil World"* and *"The Public Ledger's Commodity Week"* provide extensive price information on a weekly basis. Moreover, Reuters provide on-line price information. Full addresses and contact details are mentioned in Appendix 3.2.

Dried fruit and edible nuts
In general, exporters should receive regular information from their business partner in the EU countries. The best up-to-date information on dried fruit and edible

Table 8.6 Settlement/closing and high/low price for sesame seeds, end of August 2003, US$ per metric tonne

	Closing price	2003 High	2003 Low
SESAME SEEDS			
Guatemala hulled 99.9% purity ex-store (£p/lb)	56	56	56
Guatemala cif Europe ($/mt)	1,400	1,400	1,066
Nigerian natural 98% cleaned fob Lagos ($/mt)	900	900	780
Nigerian natural 99.95% cleaned ex-store UK (£/mt)	700	700	600
Indian natural cif Europe ($/mt)	900	900	535

Source: The Public Ledger (June 2003)

nuts can be obtained from the weekly *Public Ledger*. Also, major brokers and traders publish regular market reports to advise their customers about supply, demand and price developments.

It is essential that the exporter obtains regular information on prices and market trends. An on-line computer connection to all countries, through the Internet, makes it possible to follow the latest news and find the best offers on a daily basis. The Market News Service of the ITC (International Trade Centre, Geneva) is in direct contact with one central reception point in all supplying countries and publishes up-to-date price information in a regular bulletin, called *"Fresh Fruits and Vegetables"* in which some dried fruits (raisins, bananas, apricots) and coconuts are also covered. The MNS, also located in Geneva, collects the information by telephone, fax and e-mail. The information is gathered, analysed, and then transmitted immediately to all participating developing countries. Exporters who wish to subscribe to this service should contact the ITC. In order to obtain information on the MNS locally, exporters can contact either their export/trade promotion organisation or their exporters' association.

Sugars
The best up-to-date price information on sugars can be obtained from the weekly *Public Ledger*. For contact details, please refer to Appendix 3.2.

Spices and herbs
Price information on spices and herbs can be obtained from:
- ITC - International Trade Centre Market News Service (MNS), fortnightly bulletin
- The Public Ledger Weekly publication on commodities with overviews of global market prices
- International Pepper Community Publishes the Weekly Prices Bulletin

For contact details, please refer to Appendix 3.2.

Natural gums and resins
The most up-to-date price information can be obtained from importers. Prices will usually be quoted in US$ per kg or per tonne. Other sources of price information are international publications like *The Public Ledger*, the *Chemical Marketing Reporter* and the *Quarterly Review of Food Hydrocolloids* (for addresses see Appendix 3.2).

Essential oils and oleoresins
As prices of the raw materials used for obtaining essential oils can fluctuate strongly, it is important to have continuous access to up-to-date price information. The most up-to-date price information can be obtained from importers, brokers and agents, who publish regular market reports for their customers. They use these reports to inform their customers about crop production, demand and supply.

Other sources of price information are the following publications:
- *FAO Monthly Bulletin of Statistics;*
- *Foodnews;*
- *The Public Ledger;*
- *Oil World;*
- *Chemical Marketing Reporter.*

Another source of information on price is the *"Market News Services"* published by the International Trade Centre (ITC). This service has been established to assist exporters in developing countries to improve their export performance by providing them with up-to-date price information, trends, and supply and demand in importing markets.

Pulses
The addresses of the organisations mentioned below can be found in Appendix 3.2.

Brokers & importers
most up-to-date information

Public Ledger's Commodity Week
prices of maize, millet, lentils, beans and chickpeas

The Netherlands Main Commodity Board for Arable Farming
public source for prices in The Netherlands

Dried vegetables
Price information can be obtained from:
- The Public Ledger
- Foodnews
- Commodity Market Review
- Food Outlook

For contact details, please refer to Appendix 3.2.

Natural colours and flavours
General price information for natural food colours and flavours is hard to obtain, due to an extremely closed market. Prices of most products can fluctuate strongly. It is therefore essential to have continuous access to up-to-date price information. As a rule, the exporter receives this information through his business partner, insofar as he has no sales organisation or agency in the EU countries.

Honey
As prices of honey and beeswax can fluctuate strongly, it is important to have continuous access to up-to-date price information. This can be obtained from importers and agents, who publish regular market reports for their customers. They use these reports to inform their

customers about production, demand and supply.

Other sources of price information are the following publications:
- The Public Ledger.
- FAO Monthly Bulletin of Statistics;
- Foodnews.

For contact details, please refer to Appendix 3.2.

Seeds
There is the possibility for the exporter to obtain price information from various magazines, the most noteworthy ones being:
- *'Oil World';*
- *'The Public Ledger's Commodity Week'*: an international weekly publication covering trends and global market prices for many major commodities, including oil seeds like soy beans, rape seeds/canola, sunflower seeds, sesame seeds, linseed, copra etc.
- *'Foodnews'*: trade magazine, which publishes regular information on market trends and world prices.

The average prices for a year can also be obtained from:
- Netherlands Commodity Board for Margarine, Fats and Oils; and
- Netherlands Central Commodity Board for Arable Products, Section of Cereals, Seeds and Pulses.
- NOFOTA can provide the names of brokers able to give up-to-date price information.

For contact details of the above-mentioned organisations, please refer to Appendix 3.2.

Vegetable saps and extracts
One can refer to importers for price information. Another alternative is the Internet. In general, the Internet is a good source for obtaining an idea of retail prices for raw materials. For relevant Internet sites, please refer to Appendix 3.2 and Appendix 5.

9 EU MARKET ACCESS REQUIREMENTS

9.1 Non-tariff trade barriers

Since CBI's AccessGuide is an important instrument providing the greater part of the information described below, this chapter will only deal briefly with the relevant issues within this subject. References to relevant information sources will be made.

AccessGuide

AccessGuide is CBI's database dedicated to European non-tariff trade barriers, specially developed for companies and business support organisations in developing countries. Registered companies and organisations have unlimited access to AccessGuide information.

Exporters in developing countries wishing to penetrate the European Union should be aware of the many requirements of their trading partners and EU governments. Standards that are being developed through legislation, codes, markings, labels and certificates with respect to environment, safety, health, labour conditions and business ethics are gaining importance. Exporters need to comply with legislation in the EU and also have to be aware of the many market requirements. AccessGuide provides clear information on these standards and their implications.

For more information please refer to
www.cbi.nl/accessguide
For a complete overview of legislation on food products, go to Keyword search, type "accessguide legislation" and then select the product group of your interest.

During the last few years, several food scandals erupted in some EU countries: from mad cow's disease to dioxin in chicken meat. Consumers became increasingly concerned about food safety, leading to substantial decline in sales of products affected. In order to reassure consumers and restore confidence in food products, regulation on food products has become more stringent and increasingly complex.

In 2002, regulation EC 178/2002 has been adopted, laying down the general principles and requirements of food legislation, establishing the European Food Safety Authority and laying down procedures in matters of food safety. The regulation is commonly known as the General Food Law, and also includes provisions on the traceability of food (art. 18).

The core aspects of the General Food Law will take force in January 2005. In spite of efforts to harmonise national food laws, exporters should realise that differences still exist between EU member states until the General Food Law becomes effective in 2005. Their products should therefore continue to comply with the legislation of the separate EU member states.

The market access for food ingredients for industrial use is regulated through the EU basic regulation EC 1035/72, which stems from the Common Agricultural Policy to protect EU agricultural produce, producers and consumers.

General rules for food hygiene are laid down in the Directive 93/43/EEC. Hygiene is defined as all measures to ensure safety and wholesomeness of foodstuffs. The new regulation states explicitly that foodstuffs cannot be placed on the EU market if they are unsafe. This was, at least implicitly, already regulated through national food law, but now there is an EU-wide explicit regulation. Moreover, the regulation stipulates that it is necessary to establish a comprehensive system of traceability within food businesses. Due to increasing consumer attention for food safety, the industry had already started initiatives to pay attention to chain management and labelling systems with which products can be traced back to the grower. Now also legal measures have been taken by the European Commission to deal with the issue of food safety.

Moreover, there are regulations concerning packaging and labelling, products' composition, additives, contaminants, environments and for a number of product groups regulations concerning on the product itself.

Useful Internet sites

Integral text of the directives and regulations mentioned:
www.europa.eu.int/eur-lex/en/search.html
EU pesticide residue legislation:
http://europa.eu.int/comm/food/fs/ph_ps/pest/index_en.htm
EU regulations on pesticides and other contaminants:
www.useu.be/agri/pesticides.html

9.1.1 Quality and grading standards

Quality is the sum of all aspects of your product indicating that it is "fit for use ", complying with all legal and consumer requirements: product safety, taste, colour, structure, etc. The quality of your product has to be warranted by means of a quality control system: the complete set of measures, methods of sampling, control

and analysis including a registration system, necessary for monitoring the product quality. A quality control system is primarily the responsibility of the producer himself, but also has to comply with legal requirements and with product specifications required by buyers.

Two systems to demonstrate reliability of your quality control system are ISO 9000 and HACCP. Other regulations on food products are product regulations, labelling regulations, the approved additives regulation and the regulations concerning pesticide residues.

HACCP and ISO 9000
The need for good quality management takes on increasing importance in Europe. Two systems to demonstrate reliability of your quality control system are:
- HACCP
- ISO 9000.

Please refer to CBI's AccessGuide at www.cbi.nl/accessguide and to ISO's Internet site www.iso.ch for detailed and up-to-date information.

The Hazard Analysis Critical Control Point (HACCP) system is applicable to companies that process, treat, pack, transport, distribute or trade foodstuffs. Although exporters to the EU are not obliged to have an HACCP system and their system will not be subject to control by the food inspection service in the importing country, the fact that they have an approved HACCP system, or work following a similar principle of quality control, will be a very positive argument in export business. Importers sometimes even require exporters to work with HACCP.

The ISO 9000 standards provide a framework for standardising procedures and working methods, not only with regard to quality control but also to the entire organisation. This means that quality, health, safety and environmental management programmes become strongly interwoven with the overall ISO management plan. ISO 9000 does not specifically address product safety and quality, but it is a guarantee that you always do things the same way. One has to bear in mind that the decision to become ISO 9000 certified means a firm commitment, which will draw on the company's human and financial resources and which unavoidably will continuously add procedures and paper work. Nevertheless, manufacturers, which have obtained an ISO 9000 series certificate, possess an important asset. The certification may be a vital factor in the selection process applied by trade partners in Europe.

Product regulation
There are many product regulations on ingredients for food products. However, the regulations differ per product group. For detailed information, contact:
- Head Inspectorate for Health Protection in The Netherlands (see Appendix 3.6 of this survey).
- Your embassy in the EU member country.
- The embassy of the EU member country in your country.

Organic food
EU standards for organic food production and labelling are laid down in Council Regulation (EEC) 2092/91. This regulation and subsequent amendments establish the main principles for organic production at farm level and the rules that must be followed for the processing, sale and import of organic products from third (non-EU) countries. For more information, please refer to the CBI EU Market Survey *"Organic Food Products"* or to www.cbi.nl/accessguide

Novel food
Regulation (EC) 258/97 on Novel Foods and Novel Food Ingredients sets out rules for authorisation and labelling of GM food products and other categories of novel foods. This Directive indicates that food products are not allowed to be introduced in the market before going through an (expensive) procedure, in which should be shown that they are safe. Furthermore, the EU issued a separate labelling regulation for genetically modified foodstuffs, Regulation (EC) 1139/98. A growing share of food producers demand GMO-free raw materials, since an increasing number of consumers and chain stores do not choose to purchase food products that are genetically modified. The control of GMO-free product claims is expected to become stricter within the EU.

For further information, please refer to the document *"EU legislation: GMOs / novel foods"* which can be downloaded from the AccessGuide. For more information on the debate on GM, please also refer to www.gmpublicdebate.org

The Approved Additives regulation
The Approved Additives regulation governs the application of non-nutritive substances, which are allowed to be added to some or to all food products, to produce a certain effect. For certain groups of ingredients for food products, only specific additives with a maximum concentration may be applied. The regulations are based on Directive 95/2/EC on food additives other than colours and sweeteners, which is incorporated by all EU member states into their national legislation.

Furthermore, all authorised food additives have to fulfil purity criteria, which are set out in detail in three Commission Directives:

- Directive 95/31/EC as amended by Directive 98/66/EC and Directive 2000/51/EC for sweeteners;
- Directive 95/45/EC as amended by Directive 99/75/EC for colours;
- Directive 96/77/EC as amended by Directive 96/86/EC and Directive 2000/63/EC for additive other than colours and sweeteners.

With respect to flavouring substances, European Parliament and Council Regulation 2232/96/EC sets out the basic rules for the use of these substances in or on foodstuffs in the EU. Under this Regulation, the Member States have informed the Commission which flavouring substances are currently authorised for use in foodstuffs at their own national level. This information has been compiled by the Commission in a Register of about 2,800 substances, adopted as Commission Decision 1999/217/EC, and amended by Commission Decision 2000/489/EC. The Register forms the basis for a five-year evaluation programme of these flavouring substances. After completion of the evaluation programme, a Community-wide positive list of flavouring substances for use in foodstuffs will be established.

For further information on food additives and flavourings, please refer to the document *"EU legislation: Additives and flavourings in food"* which can be downloaded from the AccessGuide or to http://www.europa.eu.int/comm/food/fs/sfp/flav_index_en.html

The sections above deal with quality and grading standards of food ingredients in general. The following will specify standards for each product group under review.

Vegetable oils and fats
Individual EU countries do not have specific regulations apart from hygienic regulations, which are general in nature. Commission Regulation No 2568/91 regulates the characteristics of olive oil and olive-residue oil and the relevant methods of analysis. This includes a threshold limit for halogenated solvents of 0.2 mg/kg olive oil. Regulation (EC) No 258/97 relates to genetically modified organisms used in food. (In addition, Regulation 1139/98 and its amendments relate to products containing genetically modified soy/maize).

EU Directive 93/43/EC refers to the hygiene of products for food processing and is general in nature. EU Directive 9563 refers specifically to sea transport of oils and fats. EU Directive (EC)2991/94 concerns standards for spreadable fats (butter, margarine, dairy spreads, blended spreads etc.). This includes provisions for the use of the terms "reduced fat " and "low fat " or "light " for certain products.

The European Council Regulation 2375/2001 establishes a maximum level of dioxins (PCDDs + PCDFs) permitted in vegetable oils. The dioxin level is expressed in WHO toxic equivalent factors (TEFs) (0,75 pg WHO-PCDD/F-TEQ/g fat). This maximum level will be reviewed by the end of 2004.

The world-wide oils and fats trade has established its own set of grading and quality standards. These are laid down in a range of standard contracts issued by the Federation of Oils, Seeds and Fats Associations Ltd. (FOSFA) in London. Contracts include well-defined product descriptions for each type of product. These specifications include (depending on the type of vegetable oil) i.a.:
- Fatty acid composition per region and country of origin
- Iodine value per region and country of origin
- Tocopherols
- Sterol composition
- Enrichment factors
- Slip melting point
- Fatty acids at the 2-position %

It is recommended that exporters have samples tested prior to submitting offers. Further information can be obtained from FOSFA and your broker or trader. Examples of FOSFA contracts can be ordered from the organisation. A manual including all contracts is also available.
Contact details of FOSFA can be found in Appendix 3.3 of this survey.

Dried fruit and edible nuts
Excessive levels of aflatoxin in edible nuts can have serious consequences for human and animal health. The EU Commission in Brussels has stipulated in Directive 98/53/EC that three 10 kg samples must be taken and analysed when controlling the quality of bulk raw nuts. The total aflatoxin content of any of the samples must not exceed 4 (µg/kg - that is equivalent to a concentration of 4 (µg/kg for total aflatoxin or 2 (µg/kg for aflatoxin B1 in both the end product and in nuts destined for consumption without any further processing. The Commission also specified firm tolerance limits of 5 (µg/kg of aflatoxin B1 and 10 (µg/kg of total aflatoxins in raw product. If a higher level is found in any single sample, the whole consignment has to be rejected.

Many experts regard these limits and regulations as too strict and unrealistic. In their view, they bring no improvement in public health precautions and, by burdening the producers and users with high additional costs, are equivalent to a trade barrier for nut exporters to the EU. A number of developing country producers of groundnuts, pistachios and Brazil nuts experienced difficulties and increasing costs of production and

export to the EU countries after the introduction and adoption of the Directive.

It is expected that quality standards and import requirements in the EU will continue to be tightened. For exporters, this will require a high level of technical expertise in terms of production and post- harvest handling techniques. Nuts which do not meet the requirements of the edible nut market will often have to be crushed for oil production, resulting in a heavily discounted price. The reputation, not only of the exporter but also of the exporting country, can easily suffer in such cases. Importers will soon refuse to buy from countries whose performance in respect of quality is poor, even though the nuts may be offered at a discount.

The Economic Commission for Europe of the United Nations (UN/ECE) has established standards for the marketing and quality control of a number of nut products including cashews, hazelnuts, pine nuts, pistachio almonds, and walnuts. These standards are in line with the demands of EU countries and can be downloaded from www.unece.org/trade/agr/welcome.htm.

As from April 5, 2002, an EU wide maximum level of 10 (µg/kg applies for ochratoxin A in dried vine fruits (currants, raisins and sultanas). The maximum level is listed in the Commission Regulation 472 (16 March 2002). Sampling methods for ochratoxin A in foodstuffs, to be applied from February 28, 2003 onwards, were added in Commission Directive 2002/26/EC.

The Economic Commission for Europe of the United Nations (UN/ECE) has established standards for the marketing and quality control of a number of dried fruits, including dried apricots and dried figs. These standards are in line with the demands of EU countries and can be downloaded from www.unece.org/trade/agr/welcome.htm.

Sugars
Two Directives are of importance for sugars: 73/437/EC and 2001/111/EC. Regulations concerning the EU market organisation of sugar can be found at http://europa.eu.int/eur-lex/en/lif/reg/en_register_036060.html

For further details please refer also to the product profile on cane sugar in chapter 10.4.

Spices and herbs
The most popular specification for spices and herbs the world over is the "ASTA Cleanliness Specifications for Spices, Seeds and Herbs". The unified ASTA, USFDA Cleanliness Specifications for Spices, Seeds and Herbs was made effective at the beginning of 1990. Major producing countries have built up their facilities to meet the requirements as per ASTA Cleanliness Specification. The importing countries where they do not have specifications for spices, request the exporting countries to supply spices as per the ASTA Specification.

The European Spice Association (ESA), representing spice associations in EU countries, has developed an "ESA Contract" which indicates minimum quality standards for imported spices, methods of arbitration and enforcement procedures. The ESA specifications of quality minima for spices and herbs are the proposed legal minimum standards for selling into the EU. However, it must be emphasised that the quality requirements of traders in major northern European markets (Germany, The Netherlands, United Kingdom and France) are generally much stricter. For an overview of ESA specifications of and details on quality minima for spices and herbs, please refer to www.indianspices.com/html/s1490qua.htm

As from April 5, 2002, EU wide maximum levels apply for aflatoxin in the following spices *Capsicum spp, Piper spp*, nutmeg, ginger and turmeric. The maximum levels for aflatoxin are listed in Commission Regulation 472 (16 March 2002). The harmonised sampling plan for aflatoxins is published in Commission Directive 98/53/EC. Sampling methods for aflatoxin in spices, to be applied from February 28, 2003 onwards, were added in Commission Directive 2002/27/EC.

Natural gums and resins
Directive (95/2/EC) on Food Additives lists the permitted food additives in the European Union. The permitted food additives were assigned an E-number, after the EU's Scientific Committee on Food had designated them as safe on the basis of thorough toxicological evaluation. Starches (tapioca, sago and arrowroot) are considered as foods (not as food additives), and are generally permitted. Chemically modified starches however are considered not natural, have received E-numbers, and are subject to limits for application.

For further information on food additives and flavourings, please refer to the document *"EU legislation: Additives and flavourings in food"* which can be downloaded from the AccessGuide or to http://www.europa.eu.int/comm/food/fs/sfp/flav_index_en.html

The total quality of the product must be good and consistent. When doing business with suppliers, most European importers set demands on the following aspects regarding natural gums:

- micro-biological quality
- the colour of the product
- the odour of the product
- the absence of vermin in the product
- purity of the product
- viscosity of the product
- jellifying properties
- mesh size.

Resins are prescribed in a uniform set of colour grades. The product becomes darker when stored. There are no microbiological safety criteria for resins. Colour and softening point are usually sufficient indicators of quality to satisfy purchasers of rosin. The palest grades (X, WW, WG) are the most desirable. Rosin is a glass, rather than a crystalline solid, and the point at which it softens when heated is referred to as the softening point. A softening point in the range of 70-80 (C is usual, the higher end of the range representing the better quality.

Since rosin is an acidic material and the manufacture of downstream derivatives depends on its acid functionality, a high acid number (160-170) is also an indication of good quality.

Table 9.2 Commercial colour grades and trade names

Official grade letter	Popular name	Original trade designation
X	Extra Waterwhite	Extra
WW	Waterwhite	White
WG	Window Glass	Glass
N	Nancy	Extra pale
M	Mary	Pale
K	Kate	Low pale
I	Isaac	Good No. 1
H	Harry	No. 1
G	George	Low No. 1
F	Frank	Good No. 2
E	Edward	No. 2
D	Dolly	Good strained
B	Betsy	Common strained

Essential oils and oleoresins

Essential oils and oleoresins, which are used in foods as flavouring/colouring, have to conform to various requirements besides from the earlier mentioned requirements in this same chapter.

- Essential oils and oleoresins used in the food industry should not contain any element or substance in a toxicologically dangerous quantity.
- The use and the methods of production of flavourings, including physical processes or enzymatic or microbiological processes for the production of flavouring preparations and flavouring substances should be strictly and accurately defined.

Pulses

So far, there are no specific quality standards for pulses. Currently, there is a lack of agreement on nomenclature, or what to call various types and market classes of pulses. Moreover there is not a common approach for measuring quality. Both these issues create trade difficulties. The International Pulse Quality Committee is now trying to develop common, international standards for identification and testing of such pulse crops as peas, beans, lentils and chickpeas. Quality parameters include colour, size and shape, dehulling efficiency and cooking and canning quality. Representatives, however, only include western stakeholders. For more information please refer to the Canadian Grain Commission at www.cgc.ca

Legal requirements for pesticide residues are laid down for pulses. These requirements are too detailed to discuss in this survey but can be found at http://europa.eu.int/comm/food/fs/ph_ps/pest/09-99.pdf The issue of genetically manipulated foodstuffs also falls under EU quality standards.

Dried vegetables

The standards dealt with in the beginning of this chapter are applied to this product group. Please refer to the mentioned section for more information.

Natural colours and flavours

The quality of natural food colours and flavours is assessed by a buyer on the basis of a number of criteria. These are:

- Odour and flavour character / colour character and intensity;
- Physical properties and chemical composition;
- General purity and appearance;
- Toxicity;
- Stability;
- Uniformity of quality;
- Processability.

The relative significance of each of these criteria to a buyer will depend on the individual food flavour or colours and its intended end use.
There are different types of natural colorants among which are the colouring plant extracts. If an extract is selectively extracted (i.e. only the specific substance is isolated) it is defined as a colorant. Such a colorant is subject to legal measures. It is, for example, not allowed

to add colorants to some foodstuffs. If the other substances from the starting material are still included in the extract it is not defined as a colorant but as a plant extract. Such extracts are not subject to the legal measures for colorants. Hence, they do not have to be labelled on the end product as colorant.

The following Directives are relevant for natural colours and flavours:

- Directive 95/45/EC "Purity requirements for colourings"
- Directive 88/388/EC "Flavours for use in food products and raw materials for the preparation of flavours"
- Directive 88/344/EC "Extraction solvents"

Please refer to www.europa.eu.int/eur-lex/en/search.html for the integral text of these directives.

Quality control of flavour substances, as well as the products derived from them, comprises the comparison of sensory, analytical and if necessary microbiological data with standards and specifications. To a large extent these have been established in official specification collections (Pharmacopoeia, ISO).

ISO (International Organisation of Standardisation) uses standard specifications, which include a definition of the acceptable botanical source and processing method for the product, specifications for physico-chemical properties etc. A description of the colour and odour, and the analytical procedures to be used, are also part of the standard specifications. Addresses can be found in Appendix 3 of this survey.

Honey

In December 2001, Directive 74/409/EEC was recast in order to make rules on the conditions for the production and marketing of honey more accessible and bring them into line with general Community legislation on foodstuffs, particularly on labelling, contaminants and methods of analysis. The most important quality standards in the EU Directive 2001/110/EC, which will be effective as of August 2003, concern the composition of the honey. The major change compared with the previous Directive is the maximum level of hydroxymethlfurfural (HMF) content laid down for honeys from regions with tropical climate (see box below). For a complete overview of the quality standards, please refer to the relevant Directive at http://europa.eu.int/eur-lex/pri/en/oj/dat/2002/l_010/l_010200201120en00470052.pdf

Conditions governing honey are shown in the box below.

Conditions governing honey

A honey shall, as far as practicable, be free from organic or inorganic matter foreign to its composition, such as mould, insects, insect debris, brood or grains of sand, when the honey is marketed as such or is used in any product for human consumption.

Honey shall not:

- Have any foreign tastes or odours;
- Have begun to ferment or effervesce;
- Have been heated to such an extent that its natural enzymes are destroyed or made inactive;
- Have an artificially changed acidity.

Honey may under no circumstances contain substances in such quantity as to endanger human health.

Honey meeting the above conditional criteria and which has an HMF content of over 40 mg/kg may be used only for industrial application. This honey shall be labelled as *"baker's honey"* or *"industrial honey"*.

Honey standards and certificates

All honey imported into the EU will be tested for compliance with the quality standards required by law. Independent institutes execute official testing and analysis, though major importers have their own laboratories. A major honey-testing institute with international recognition is the Institut für Honiganalytik (Institute for Honey Analysis) in Bremen, Germany. Many German and Netherlands companies apply to this organisation for analysis of samples from each imported shipment of bulk honey and samples from their finished product, before final sale to consumers.

Exporters of honey to the EU should have at their disposal certificates from the recognised official organisation in their own country confirming the health of the bee population. Changes in the health or condition of the bees, such as affect the quality of the honey, should be notified to the importer.

Next to general quality characteristics, colour is the single most important aspect determining import and wholesale prices. The most important aspect of honey colour lies in its value for marketing and determination of its end use. Darker honeys, with the exception of special types of dark honey, are used more often for industrial application. Lighter honeys are used more for direct consumption.

Seeds
There are no fixed EU quality standards for the oil seeds. In practice, importers in The Netherlands have defined their own quality standards, and are willing to pay more for better quality. Shipments will usually be subject to FOSFA (Federation of Oils, Seeds and Fat Associations) rules. These will cover items such as sampling and analysis, insurance and claims arbitration. FOSFA is the major association in the oil seeds trade. It draws up contract terms for most of the oil seed commodities and these are periodically revised in order to ensure that they fully meet trade requirements. Please refer to Appendix 3.3 for contact details.

Oil seeds shipped to the EU are sold based on visual examinations of samples taken by a reputable agency, such as SGS (Société Générale de Surveillance), the world's largest international inspection, testing and verification organisation; address in Appendix 3. In addition, some importers have established their own contacts with laboratories, which analyse the physical characteristics of the seed and supply a quality certificate. Samples may be airmailed to potential buyers before final purchase agreements are approved. Sales and purchases are made by grade according to EU grading standards. The importer usually requests a guarantee against hidden quality defects to be included in the contract.

Specific contracts further determine the tolerance on quantity contracted, as well as packaging including marking and labelling. The quality is usually expressed in officially agreed grades and is determined at the loading port. It is guaranteed by an official certificate of quality, issued preferably by an inspector from an independent authority. Oil seed specifications define oil content percentages and types such as palmitic, oleic, linoleic, free fatty acid percentage, moisture content, and foreign matter admixture.

Legal requirements for pesticide residues are laid down for oilseeds. These requirements can be found at http://europa.eu.int/comm/food/fs/ph_ps/pest/09-99.pdf

Vegetable saps and extracts
There is no specific legislation for this product group. For the extracts, however, the permitted maximum quantities of solvents in foodstuffs as listed in Directive 88/344/EC are relevant. For details, please refer to the information under natural colours and flavours.

Other specifications
Besides the above-mentioned standards, which are initiated by the national government, the end-users have their own specifications, which should be met by the suppliers. These specifications vary from demands concerning colour, correct and constant quality, cleaning and grading, microbiological quality, to labelling, packaging, etc. Most of these specifications are the result of the stringent (health) regulations in European countries or, but in some cases, of higher quality demands set by the end-user rather than the government. Compliance with the quality standards demanded by the importer is essential, and failure to do so results in goods being refused or only accepted at considerably lower prices for further processing.

9.1.2 Trade related environment, social and health & safety issues

Environmental aspects of products have become a major issue in Europe in recent periods. Depending on the product group in question, environmental aspects may play a vital role in preparing for exports to the European market. Besides governmental actions (legislation and regulation), a strong consumer movement is noticeable in most EU member countries. Therefore, manufacturers have to view their products and production processes not just by looking at traditional aspects like price, quality, customer demands and standards, but also at the environmental aspects. It is the objective of this section to briefly highlight several aspects that currently play a major role in the EU. Exporters of food ingredients for industrial use must be aware of the health and environmental considerations of European customers and try to satisfy these customer needs by offering products which comply with both legislative and market requirements.

Financial instruments in the EU
Besides legislation, one of the instruments of the EU to promote environmentally sound products is the awarding of (tariff) preferences or the levying of so-called 'environmental taxes' on products. An example of preferential systems is the General System of Preferences (GSP) encouragement regime (see Section 9.2). For more details on GSP, please refer to CBI's Guide *"Exporting to the European Union"*. On the other hand, various financial instruments are being used in the EU to discourage the entrance of polluting products to the market. This happens through the establishment of specific taxes, like the so-called 'ecotax'. A complete list of environmental taxes in the European Union Member States, plus Norway and Switzerland can be found at www.europe.eu.int/comm/environment.

Sustainable development for businesses
Issues such as (environmental) Life Cycle Assessment (LCA) of products, Cleaner Production (CP) and Eco-design have all become important tools for companies to improve on the environmental performance of their products and production processes.

Environmental standards
The Ecolabelling procedures are purely aimed at the products and indicate that the product with a label has a

reduced impact on the environment. If a manufacturer wants to indicate to external parties that he is manufacturing in an environmentally sound way, then he can comply voluntarily with the following standards:
- ISO 14001
- EMAS.

EFSA
The increased attention for food safety has led to the establishment of the European Food Safety Authority (EFSA), which in fact is an umbrella organisation covering all National Food Safety Authorities in the member states. The primary responsibility of the Authority will be to provide independent scientific advice on matters with a direct or indirect impact on food safety. The Authority's main "customer" will be the Commission, but it will also be open to respond to scientific questions from the European Parliament and the Member States and it can also initiate assessments of risks to the food chain. The Authority will furthermore give scientific advice on non-food and feed and on nutrition in relation to Community legislation.

Social issues
With a growing social awareness in the EU, social issues are becoming increasingly important in international trade. But, occupational health and safety should not only be important with regard to demands on the EU market. The issue is also essential to attract better-motivated personnel with respect to productivity, product quality, and therefore, a better position on the trade market.

Social Accountability 8000 (SA8000) is a universal management system for companies seeking to guarantee the basic rights of their workers. The standard is applicable to all industries and is based on the international accepted ILO Conventions.

Health and safety issues
Not only the European Commission acknowledges the growing importance of health and safety issues, as can be discerned from several developments initiated by the demand side of the supply chain. With respect to the fresh produce sector, EurepGap is considered one of the most important of these initiatives. Other health and safety issues in the food ingredient sector are Phytosanitary regulations and plant protection, HACCP and ISO 9000. For more information concerning these issues, please refer to the AccessGuide.

Information
For detailed information about environmental aspects, social and safety & health issues relevant to trade, please check CBI's AccessGuide.

Useful Internet sites

EUR-LEX (official documents and legislation)	www.europa.int/eur-lex
Environment Directorate General	www.europe.eu.int/comm/environment
SKAL	www.skal.com
Max Havelaar Foundation	www.maxhavelaar.nl
Fairtrade Labelling Organisation	www.fairtrade.net
CBI	www.cbi.nl
AccessGuide	www.cbi.nl/accessguide

9.1.3 Packaging, marking and labelling

The labels on food ingredients for industrial use in the EU should include the following information (in English or in the language of the importing country):
- Product name
- Batch code/lot identification
- Name address of manufacturer/exporter
- Net weight
- Recommended storage conditions.

Environmental and fair trade labels
The hallmarks for environmentally sound products are normally referred to as Ecolabels. Such a hallmark indicates that the product (including its full manufacturing process) has a reduced impact on the environment when compared to similar products. Ecolabels have been developed at various levels. Examples are the EU Ecolabel, applicable throughout Europe, and national labels such as the Netherlands Milieukeur, the German Blue Angel and the Scandinavian White Swan. Participation in such an Ecolabel scheme is on a voluntary basis. In the case of food ingredients for industrial use, organic labelling indicates that the product has a reduced impact on the environment.

Organic labelling
In order to make agricultural products from organic sources easily recognisable to consumers, EU "organic" labels have been introduced. Organic production and labelling is covered by Council Regulation (EEC) No 2092/91 as a means of providing consumers with a guarantee of origin, preparation, processing, and packaging of products.

The EKO quality label is the label in The Netherlands that guarantees the organic origin and quality of agricultural products and food products. The organisation SKAL is the holder of the officially registered EKO quality symbol. Internationally, SKAL is a member of IFOAM (International Federation of Organic Agriculture Movements). It provides services in the field of inspection and certification, both nationally and internationally, acting as an independent

third party. Other important EU inspection organisations operating internationally include BCS and Naturland (Germany), Ecocert (Germany, France, Belgium, and Italy) the Soil Association (United Kingdom) and KRAV (Sweden).

For more information and contact details of above-mentioned organisations, please refer to CBI's Market Survey *"Organic Food Products"*.

Concerning the social aspects, care should be taken to provide at least the minimum requirements for labourers in a number of food industries in order to satisfy organic standards, as set out in the IFOAM Basic Standards. For more information, please refer to CBI's *"Exporting to the European Union"* and CBI's AccessGuide.

Fair trade labels
Fair trade organisations promote the development of self-reliance and empowerment, through establishing fair trade relations. Fairtrade Labelling Organisation International (FLO) is the umbrella organisation for 14 national fair trade organisations in the EU: Max Havelaar (The Netherlands, Belgium, France and Denmark), TransFair (Austria, Germany, Luxembourg and Italy), Fairtrade Foundation (UK and Ireland) and local organisations in Sweden and Finland.
The FLO started to operate under one logo, Fairtrade, as from January 2003.

Honey under the Fairtrade label is sold in Germany, The Netherlands, Finland, United Kingdom and Italy. These organisations have contracts with beekeepers in developing countries on the following conditions:
- Small-scale production. Beekeepers produce an average of 150 kg per annum. They mainly manage the bees themselves with the help of their families.
- Democratic organisation. The beekeepers' co-operative is independent, democratic and transparent.
- All honey is purchased directly from the beekeepers' co-operative by FLO accredited importers in the EU
- The beekeepers receive a guaranteed price for A- and B quality honey
- A premium is paid for organic honey
- Co-operatives can receive up to 60 percent of the purchase price before harvesting in order to prevent them for running up debts
- The Cupertino between the fairtrade organisations and the beekeepers is for the long term.

All the producer organisations are included in a register of producers. Importers of honey into the EU who want to sell under the Fairtrade label are only allowed to import honey from the beekeepers on the register of producers.
For more information please contact the Fairtrade Labelling Organisation on www.fairtrade.net

A number of food industries has a considerable demand for labour. The risk of unreasonable social treatment is especially high among seasonal and casual labourers. For this reason, in addition the complex low-price politics of the international global market hinder the objectives of reasonable social treatment considerably.

9.2 Tariffs and quota

In general, all goods, including food ingredients, entering the EU are subject to import duties. External trade conditions in the European Union are mostly determined by EU regulations. The level of tariffs depends on:
- The country of origin
- The product.

The GSP grants developing countries tariff preferences. In June 2001, the European Commission adopted a proposal for revision to the Generalised Scheme of Tariff Preferences (GSP) for the years 2002 to 2004. The regulation is designed to simplify the GSP regime and target the benefits more effectively. It also intends to improve the effectiveness of special incentives to promote core labour and environmental standards. The new Regulation complements and fully incorporates the recent "Everything But Arms" (EBA) initiative in favour of Least Developed Countries. In order to benefit from GSP treatment, exporters have to provide a 'Form A' certificate or EUR 1 certificate (ACP countries), which is issued by the appropriate authorities in the respective country.

For more information about Customs duties and GSP, please contact the European Commission or Customs in the country of destination. For contact details, please refer to www.wcoomd.org
The proposed GSP can be downloaded from:
http://europa.eu.int/comm/trade/miti/devel/ngsp_reg.htm
Information on the current applicable tariffs for products from your country can be found at the TARIC Database.

Useful Internet Sites

EU rules of origin for the GSP
http://europa.eu.int/comm./taxation_customs/customs/origin/gsp/index_en.htm

TARIC Database
http://europa.eu.int/comm/taxation_customs/dds/en/tarhome.htm

Market access database http://mkaccdb.eu.int

The trading environment for some ingredients for food products is liberal, but the more processed the product, the higher the tariff. Imports of food ingredients from a number of developing countries (see Annex 4 of Regulation 2820/98/EC) are subject to reductions on import duties under the GSP scheme. In order to benefit from GSP treatment, exporters have to provide a "Form A " certificate, which is issued by the appropriate authorities in the respective country. For up-to-date information on import tariffs please contact Customs in the country of destination.

Natural colours and flavours
Developing countries are exempted from import tariffs.

Vegetable oils and fats
Under the GSP scheme of the EU (Regulation 2820/98/EC), imports of animal and vegetable oils and fats from a number of developing countries are admitted at a reduced tariff of 15, 30, 65 or 100%, depending on the economic sensitivity of the products involved.

Dried fruit and edible nuts
The common import tariffs for most of the products in this group range between 0 and 8 percent. Only prunes (9.6%) and dried bananas (16%) are subject to higher tariffs.

Sugars
For years, the EU has artificially protected the production of beet sugar in Europe. High import tariffs were imposed on the import of sugar coming from outside Europe. In contrast, the EU paid high minimum prices to sugar producers within the Union. These prices were usually much higher than the global market's sugar price. On average, the EU sugar price has been about 2.5 times higher than the world market price.
However, nowadays import tariffs for sugars originating in developing countries are exempted.

Herbs and spices
A detailed overview is given in CBI's EU Market Survey "Herbs and Spices". In general, it could be said that regarding the herbs and spices, the tariff for developing countries could be found between 0 and 8.8, depending on the product being imported.

Natural gums and resins
Developing countries do not pay any import tariffs.

Essential oils and oleoresins
Developing countries do not pay any import tariffs.

Pulses
The general tariffs for most pulses lie between 0.7 and 1.5 percent, depending on the season. The tariff is only higher (3.8-4.1%) for broad & horse beans and the product group specified as "other " (HS code 0713.90). Imports of pulses from developing countries are free of import duties under the GSP scheme. In order to benefit from GSP treatment, exporters have to provide a "Form A " certificate, which is issued by the appropriate authorities in the respective country.

Dried vegetables
Common import tariffs for products falling under this heading are around 10-13%. Least developed countries do not pay any import tariffs.

Honey
The European Union applies the Common Customs Tariff to imports from non-EU sources. Imports of honey originating in ACP countries or in least developed countries (LDCs) are given import exemptions. However, this exemption only applies when consignments are accompanied by an official certificate of origin: Eur 1 for ACP and least developed countries, Form A for other developing countries.

Seeds
Developing countries do not pay any import tariffs.

Vegetable saps and extracts
Developing countries do not pay any import tariffs.

It should be noted that for exact and up-to-date information one should contact the local Chamber of Commerce or Trade Promotion Office. For useful Internet sites providing information on tariffs, one should refer to the following Internet sites:

Useful Internet Site

Netherlands Custom Services
www.douane.nl/taric-nl

Directorate General XXI
europa.eu.int/en/comm/dg21/publicat/databases/

Value Added Tax (VAT)
Harmonisation of VAT (tax levied at consumer sales' level) rates has not yet been achieved. Please refer to the Ministry of Finance of the respective country for specific information on the relevant rate applied to ingredients for food products. Current VAT rates can be checked at http://europa.eu.int/comm/taxation_customs/publications/info_doc/info_doc.htm

Part B
Export marketing guidelines: analysis and strategy

PART B

How do you get involved in the international marketplace? How much time and money will it take? Should you make exporting part of your business plan? These are common concerns of producers who realise the importance of international trade, but are not sure if exporting is for them. That is what Part B is all about: to help you to evaluate whether to get involved in international business, and learn how to go about exporting.

The first Chapters 10, 11 and 12 aim at assisting potential exporters in the **decision-making process** whether or not to export. By matching external opportunities and internal capabilities, the exporter will be able to identify suitable export products, target countries, market segments, and possible trade channels.

Subsequently, Chapter 13 provides sector specific knowledge and sources to enable the exporter to further investigate what to export, to which markets, through which channels, and at what prices. In other words, which **marketing tools** can be used to build a successful business relationship?

Keep in mind that the export marketing process is integrated; each individual part is inter-linked.

The information provided in the previous parts of this survey is an essential ingredient in conducting the analysis and formulating a clearly targeted export strategy. Where applicable, reference will be made to the concerning sections in Parts A and B.

For general information on export marketing and how to conduct market research, please refer to CBI's *"Export Planner"* and CBI's new manual on market research.

10 EXTERNAL ANALYSIS: MARKET AUDIT

10.1 Market developments and opportunities

As a first step towards the identification of the most suitable export markets for food ingredients, the exporter needs to research the importance of potential markets and understand the on-going developments that shape the market structure. This should be done by means of a systematic method of market research, involving a preliminary screening of potential markets followed by a more detailed assessment of the targeted markets.

Markets can be researched using primary or secondary data sources. Primary market research means collecting data directly from the foreign marketplace through interviews, surveys, and other direct contact with market participants. Primary research has the advantage of being tailor-made to meet your company's needs and provide answers to specific questions, but this data collection can be very time-consuming and expensive.

For a global scan of the market, most companies make use of secondary data sources such as trade statistics, to focus their marketing efforts. This type of research is a valuable and relatively easy first. Specific market developments as described in Chapters 3, 4, 5 and 6 of this market survey, for instance, can be used as a starting point for your export market research.

The EU Market Access Requirements, as described in Chapter 9 of this survey, indicate the product and packaging requirements with which you should comply in order to succeed in entering EU markets. For example, your products might have certain properties relevant to health aspects in food or you might be a supplier of year-round products. Health food is on the rise in the EU, while retailers look increasingly for year-round instead of seasonal products. In both examples your products might be well positioned to capture these trends.

Keep in mind that, already in the early stages of market research, it is important to focus on your product group. For instance, the market for a product group like pulses differs completely from the market characteristics of essential oils. There is no use putting effort into the analysis of the European market for all products if you are specialised in a certain product.

Results of the research inform the company of the largest markets for its product, the fastest growing markets, market trends and outlook, market conditions and practices, and competitors and their products. Based on all the information, a company must decide which markets are the most promising.

Some interesting segments for developing country exporters within the food ingredient sector are:

- Organic food ingredients, ranging from organic honey and cane sugar, to organic spices & herbs.
- Speciality ingredients, like shea butter, sweet almond oil, Mascobade (sugar) and Jaggery (sugar).
- Convenience or ready-to-use food items, using ingredients like dried fruit, edible nuts, spices and herbs, dried vegetables etc.
- High quality ingredients, like pulses and seeds.

Please also refer to Section 5.2 for more opportunities for developing country exporter per product group.

Furthermore, changes in the food manufacturing/ingredients industry are reflected in concentration, globalisation and partnerships. Technical innovation, necessitating a high level of spending on R&D, is seen as critical to compete successfully in the marketplace. Companies need to continually originate, formulate and bring new ingredients to the market quickly, while focusing on customers' applications and processes, investing in manufacturing capability, culinary resources, technical advances and sensory services to meet the demands of the market.

☛ Although it helps to look at the European market, exporters in developing countries should develop a marketing strategy aiming at markets at national, regional, and international level. While adopting this approach, developing country exporters will not be solely dependent on one market sector. In this way fluctuations in the international market can be buffered by demand in the national and regional market.

Questions that need to be answered:

- Market size: What is the (estimated) market size for your potential export products? Try first to focus on your product group, then on your specific products.
- Market developments: How has the total market volume developed during the last 3-5 years? If there is no information on a specific food ingredient, then try to obtain information on the development of the market for finished products.
- Imports: How have imports developed during the last 3-5 years?
- Are importers and potential business partners in the EU interested in new suppliers of your particular products?
- Price development: How have the prices of your product developed during the last few years? Again, there probably is no information on all specific products available.

Where to find information?

- ⓘ The market information described in **Part A of this market survey** can be very useful as a starting point for your export market research. Where applicable, the sources for this market information are also mentioned in the specific chapters.
- ⓘ For more general information, you can use the EU statistics bureau **Eurostat**: http://europa.eu.int/comm/eurostat
- ⓘ For a list of the European **national trade statistics bureaux**, please refer to the Eurostat Internet site.
- ⓘ In some cases, **trade associations** are able to assist you with more specific information on product trends. For a list of trade associations please refer to Appendix 3.3.
- ⓘ **Trade press**
  Useful sources for information on market developments are (international) trade magazines, which can be relevant for exporters who want to develop a better insight into the EU markets. Some of the most interesting magazines for exporters of food ingredients for industrial use are:
  - Food Management (Dutch language)
  - Foodnews (English language)
  - International Food Ingredients (English language)
  - Voedingsmiddelen Technologie (VMT) (Netherlands language)
  - Fruit World International (English, German, French language)
  - Food Engineering and Ingredients (English language)
  - The Public Ledger (English language)
  - Market News Service (English language)
  - Oil World (English language)

  Please refer to Appendix 3.2 and Appendix 3.5 for contact details of the publishers.
- ⓘ **Other relevant sources of information**: Most of the companies that use food ingredients acquire information on a species' traditional use and scientific validity through literature, database, intermediary suppliers, trade shows, and other outlets in their home countries. Raw material and bulk ingredient suppliers might promote new food ingredients to finished product manufacturer, or supply ingredients that manufacturers have identified through the literature as of possible interest.
- ⓘ Last but not least, **Internet** provides you easily more and more direct market information. In this survey several examples of useful Internet sites are given.

Market access requirements

Quality standards and other non-tariff barriers

Section 9.1 of this survey described a wide array of non-tariff barriers, which are applicable to exporters of food ingredients. It is important to determine which standards and regulations apply to your situation and your specific product (group). Not all standards are compulsory or widely recognised by your potential customers.

Keep in mind that regulations and standards can change from time to time. Therefore, it is recommended to check the up-to-date situations with importers or the relevant organisations.

Questions that an exporter should answer are:

- What standards are set on the quality of products?
- What standards on the quality of your company (ISO, HACCP, EurepGap)?
- To what degree do EU Directives apply to the products?
- To what degree does the Approved Additives Regulation apply to the products?
- What is the importance of environmentally sound production methods (organic production and Ecolabelling)?

Where to find information?

- ⓘ In Sections 9.1 of this survey, you can find information on quality standards; trade-related environmental, social and health & safety issues; and packaging, marking and labelling. This section also provides Internet-sites like CBI's AccessGuide, which can be of assistance in obtaining product specific information.
- ⓘ Other potentially useful information sources are colleague exporters and European importers.

Tariff barriers

In Section 9.2, current tariffs on imports of several food ingredients were dealt with. Exporters should not only look at the current tariff, but also consider whether the tariff will remain the same for the coming years. It is also important to bear in mind that changes in the level of import tariffs applicable to other countries may influence your competitive position.

Questions that an exporter should answer are:

- Are there import restrictions that limit sales opportunities?
- Which import tariffs apply to your export products? Please keep in mind that food ingredients capture a vast array of products to which different tariffs and restrictions might apply.

Where to find information?

ⓘ Refer to Section 9.2, for information on applied import tariffs. This section also provides Internet-sites that are helpful to find product specific information.

10.2 Competitive analysis

Generally, competitors and their pricing will have a direct effect on the potential of your trade opportunities. It is, therefore, important to learn more about your competitive environment.

The food ingredients sector is becoming increasingly a global business. Not only is food retailing characterised by concentration and consolidation, this trend also applies to the food processors. In the EU, companies like Unilever, Cadbury Schweppes and Danone have strong positions and brands in the EU markets, complemented by national brands. Their buying power is huge, enabling them to choose from a wide variety of ingredient suppliers worldwide.

As an initial step towards understanding your competition better, you should prepare a list of all the competition and then pinpoint who your main competitors are. To learn more about competition you can do secondary research study by asking customers and suppliers for their opinions. You can also prepare a list of your main competitors' strengths and weaknesses.

Suppliers of food ingredients in other developing countries also represent an important group of potential competitors. Analysing the import statistics as given in chapter 5 and in appendix 1, gives a good indication of the major supplying countries for a product group or individual products. It is important for the potential exporter to evaluate why these countries are major suppliers to the EU and more important whether you, as a potential exporter, can match or even surpass product quality, logistics and service. Furthermore, several weak points of ingredient producing companies in developing countries, that have to compete with better organised companies in the world are given in the internal analysis of Chapter 11.

Although price will always remain an important competitive tool, it is certainly not the only instrument to use as a competitive tool. The following instruments, as mentioned by leading importers of food ingredients in The Netherlands, are equally important:

- Consistent and high product quality according to specifications of importers and food processors
- Steady supply of products
- HACCP certified
- Reliability in supply and honouring agreements with EU trade partners
- Complete product specifications
- Good packaging
- Open communication
- Certification in the case of organic food ingredients

The major problems faced by importers in The Netherlands in importing food ingredients from developing countries are the following:

- Quality of shipment is not in line with samples sent
- Delayed delivery
- Exporters want to change agreed payment and delivery terms
- Pesticides exceed permissible limits
- Poor paperwork and inadequate communication

Constantly check with your customers and suppliers to see if they have heard of any new businesses. These sources may also give you some insight into where and how the competition is selling its products. Which trade channels are used by your competitors, and why?

In many cases, suppliers of food ingredients for industrial use in developing countries benefit from their climatic conditions, labour costs, costs of raw material, costs of land etc. This is often one of the most important factors that positively distinguish your company from competitors in other countries, particularly from competitors in Europe. Other positive factors are (often) low or zero import duties.

However, other factors can weaken your competitive position. European companies for instance have the advantage of being, both in a geographical and cultural context, close to their customers, which in general makes marketing of products and communication easier. Another major difference is the fact that processing technology and input is readily available to European companies.

☛ Please note that, although it is always good to observe your competitors, in case of food ingredients often a partnership between exporters is recommended. Because demand is larger than supply, exporters can together keep the prices high. Moreover, a partnership can lead to better logistic systems, better purchasing conditions for packaging, combined promotion actions, lobbying etc.

If the food-processing industry has taught the ingredient suppliers anything in the past years, it is that there is only enough room for a limited number of suppliers and, to succeed, one needs to be a technically knowledgeable partner. It is to be expected that the high investments in research and development of new products could constitute a problem for a developing country.

Important questions to be answered are:

- How many suppliers are currently active in the market?
- Who are your main competitors? What are their strengths and weaknesses compared to your company?
- To what degree is the sector in the target market supported by the local government?

10.3 Sales channel assessment

Based on the trade structure for food ingredients as described in chapter 7, the exporter should evaluate the different trade channels for his products and his company. Based on the characteristics of different types of trading partners, as mentioned below, and the capabilities of your company, the best option should be highlighted and considered.
The first step is to determine the mode of market entry into the EU:

Indirect exports to the EU
The company sells its products to a locally based export house or trading company, which takes care of all the export documentation and formalities. This option is suitable for small companies that cannot fill a full container load and that do not have the financial resources to set up an export department and to invest in EU market visits, participation in trade fairs, samples and brochures.

Advantages (especially for small companies):
- No need to invest in an export organisation
- Possibilities to supply smaller container loads (LCL) to local export intermediaries, who usually consolidate smaller shipments from several exporters in order to fill a full container load (FCL). This way, shipment costs can be reduced.
- Take advantage of the expertise and network of the export house or trading company.

Disadvantage:
- No direct contact with trade partners in the EU and therefore less knowledge about market developments.
- Lower margins

Direct exports to the EU
Here, the exporter chooses to export directly to a EU trade partner or partners. This option is suitable for larger size companies that can supply full container loads (FCL) and have the resources to set up an export department.

Advantages:
- Direct contact with EU trade partners, resulting in better information about market requirements and trends, price levels, supply and demand situations, etc.
- Shortening of the supply chain and better able to be part of an integrated chain.
- Better control over the products to final destinations

Disadvantage:
- In order to achieve better control over the products to final destinations, the company has to invest in an export organisation and reserve budgets for travelling to trade partners in the EU, so as to promote products.

When the producer has decided that direct exports are the best option, he then should decide on the type of trade partner in the EU. In evaluating the different options, the following should be considered:

→ Direct exports to food processing companies
Although exporting directly to food processing companies in the EU might seem a cost effective option, as middlemen are bypassed, the following pitfalls should be taken into account:
- Food processors often require DDP (Delivered, Duty Paid) delivery terms (Please refer to 13.4, *Handling the contract*). For exporters in developing countries this is almost impossible to organise, as they have no EU distribution structure to handle imports, pay clearing and transportation charges and pay VAT duties.
- Quality complaints are difficult to deal with, as the exporter usually does not have the means to check the shipment on the spot and to evaluate the complaints. The hiring of an independent quality surveyor is necessary to assess the damage.
- Food processors increasingly focus on their core task to produce and market food products. This means they do not concern themselves with import procedures, but require that suppliers deliver the goods anywhere in the EU at their warehouses.
- In case of payment problems, a partner in the EU country who speaks the language and understands the business culture is necessary for communicating with the right persons within food processing organisations, in order to settle the problem

→ Through importers
As importers buy the products, usually on FOB or CIF terms, their handling stretches from unloading and clearing in the port to final delivery to their customers. As food-processing companies increasingly work with Just-In-Time (JIT) deliveries, they leave the stock holding to their suppliers. The importer's role expands from purely importing and delivery to a logistic service provider, who can cater to the requirements of food processors in EU countries. He will adjust his assortment to the requirements of his customers and

provides services like cleaning, packing, stock keeping and order picking. In this respect, the importer performs a vital role in matching the requirements of food processors (a wide variety of ingredients in smaller quantities) to those of exporters (a limited range of ingredients in larger quantities).

→ Through agents

The use of agents can provide a good alternative for supplying directly to the food processing industry. The advantage of working with agents is that they know their market well, are familiar with business practices, know the buyers of food processing companies and generally have easy access to them to settle problems and promote exporter's products. Exporters in developing countries can still export directly to end customers, but are represented by knowledgeable partners in EU countries. As the exporter ships and invoices directly to EU customers, he can easily follow the performances of his products and obtains first hand-information about possible improvements.

In assessing the use of trade partners in the EU, the exporter should consider his internal capabilities for handling exports to EU countries. Direct exports to food-processing companies require a rather sophisticated export department, a minimum volume to ship and a strong financial position. At the other end of the spectrum, a locally based export house will be a good option for small companies with limited finances and only one or two products to sell.

Important questions to be answered are:

- Which potential sales channels exist?
- Which products do the different sales channels trade?
- What are the most important requirements of the identified sales channels? What are the conditions for an exporter to take part in a specific supply chain?
  - What quality standards do the sales channels demand?
  - What kind of packaging is used in the various sales channels?
  - What are the requirements concerning production process (approved additives, environmental, HACCP, etc.)?

Where to find information

- ⓘ Refer to Chapter 7 for information on potential sales channels.
- ⓘ To get in touch with an European partner (for a joint venture for example) it is recommended to contact a local embassy of the country you want to export, the local European delegation, a local Chamber of Commerce or Export Development Board. These organisations can also give you information on when trade delegations from the EU are visiting your country. Direct matchmaking is also possible through for example the CBI News Bulletin, in which you can offer products and proposals.
- ⓘ Section 13.2 of these marketing guidelines gives information on how to identify suitable business partners and how to further develop a business relationship.
- ⓘ Again, customers, importers or colleague exporters are useful information sources

10.4 Logistics

When transporting products overseas, the exporter ideally looks for the fastest and most efficient mode(s) of transportation that will deliver the product in perfect condition at the lowest possible costs. The actual selection will be a compromise among these factors.

In the case of food ingredients for industrial use, three types of international transportation can be recognised: ocean cargo, air cargo and truck cargo.

- Ocean transportation takes longer than airfreight, but the costs of transportation are usually lower. This kind of transportation is most suitable for dried raw materials and for a number of vegetable oils.
- The cost for moving products by air tends to be higher than the cost of ocean transportation. This type of transportation is used for value added products, such as essential oils and extracts.
- Truck cargo in the EU can only be used for imports from nearby located countries such as Turkey, Balkan and other countries in Eastern Europe, and Morocco. Different options of formats etc. exist for this method of cargo.

Freight rates also vary depending on the product being shipped, its value, level of service provided, destination, weight, and seasonal variations in demand for cargo space. Please pay attention to which system is being used: the metric system (used in most EU countries) or imperial system (used in the United Kingdom).

Freight forwarders

It is a good idea to use a freight forwarder to arrange transportation services on your behalf. They can

simplify the shipping process because they are familiar with import and export regulations. It is important to use a forwarder that is experienced in handling food ingredients or other perishables, as well as one that is experienced in the destination country. Freight forwarders can also assist you in handling all the documents. Freight forwarders are cost effective to use, because they can negotiate the best rates with airlines. They usually operate on a fee basis paid by the exporter, and these are part of the cost price.

Cold chain

Cold chain is required for a limited number of products (fresh herbs or other special plant material). Critical point of interest regarding transport, just as during storage, is proper refrigeration. In handling perishable products, maintaining a cold chain is a major logistical issue. It determines for a large part the quality of the product as it arrives at the destination. The saying is "one hour lost in departure to being refrigerated will be one day less for the sale in the destination". Check whether you and your freight forwarders are able to manage the cold chain. Make use of temperature recorders to check whether your products travel in optimal climatic conditions during their entire voyage. A reliable freight forwarder with a cold store at the airport or good management of the temperature in the containers is recommended to keep the cold chain in control.

Packaging

Packaging is used for hygienical purposes and to protect against mechanical damage. It is an essential factor in determining the product's quality. However, according to the way in which packaging sometimes is applied in developing countries, it can also be a risk to quality, due to bruising and less than optimum conditions of temperature.

The packaging has to satisfy conditions in the field of handling. The transportation volume must be as efficient as possible and a high level of uniformity is desirable. Packaging design should take the following into account:

- Proper storage and transport;
- Standard packaging sizes;
- Recyclable materials or two-way systems.

☛ In Section 9.1.3 several methods of packaging for different food ingredients are described. The exporter should always discuss the preferred type of packaging with his European trading partner or organisation.

Points of interest when choosing the right packaging:

Have your customers ever complained about the quality of your products?

Look for possible causes:

- ☐ Unsuitable packaging material (avoid unnecessary repacking by the customer)
- ☐ Insufficient cooling during transport
- ☐ Too many damaged boxes on arrival
- ☐ Differences in weight mentioned and real weight
- ☐ Other causes

In the case of marine transport, different kinds of products shipped together in one container should have compatible:

- ☐ Temperature needs
- ☐ Relative humidity needs
- ☐ Airflow characteristics

Does your importer use special transport packaging?

- → Perhaps you could use this special transport packaging as well? Using the wrong packaging size can have a negative effect on your business.
- → Maybe you could make use of the importer's packaging know-how.

Fully recyclable packages must be used when trading with certain business partners.

- → Colouring materials, used for printing, should not be harmful to the environment.
- → Do not use metal clips for the cartons.
- → Avoid waxed boxes or any combined packaging materials

Important logistic questions to be answered are:

- How often does the sales channel require delivery? What cycles of delivery does this channel require? Are you able to deliver this often?
- What lot sizes does this sales channel demand? What lot size are you able to produce?
- What formalities does the sales channel require to be handled by the exporter?
- What are the typical costs of logistics? (Check with freight forwarders)
- Is it profitable to co-operate with other exporters?

Where to find information:

- ⓘ Airfreight forwarders and air carriers are the best sources for obtaining freight rates. There are also companies that specialise in publishing air cargo tariffs. These publishing companies charge a fee for their services.
- ⓘ International Federation of Freight Forwarders Association (FIATA): http://www.fiata.com
- ⓘ Directory of Freight Forwarding Services: http://www.forwarders.com
- ⓘ International Air Transport Association (IATA): http://www.iata.org
- ⓘ Extensive lists of freight forwarders can be found at: http://www.cargoweb.nl and http://www.shipguide.com
- ⓘ Holland International Distribution Council (information on various aspects of using The Netherlands as a distribution centre for Europe; setting up a representative office, warehouse facilities and transport facilities, etc.): http://www.hidc.nl

10.5 Value chain

The value chain covers the full range of activities that are required to bring a product from its conception to its end use and beyond, such as research and development, raw material supply and all activities of production, marketing and sales to international buyers, and beyond that to disposal and recycling. Activities that comprise a value chain can be contained within a single company or divided over different companies, and can cover a single geographical location or spread over wider areas.

The value chain approach is a systematic approach for designing strategy with respect to buyer requirements and market conditions (market access regulations, standards and consumer preferences) that a company has to conform to in order to gain access to a market and be competitive.

The value chain approach builds upon sustainable supply chain management, by providing a framework to:

- Improve efficiencies within the existing supply chain (thereby enhancing sector competitiveness);
- Capture and retain a higher proportion of the product's final market value within the existing value chain;
- Increase the sector's value-added by establishing new value chains within the sector;
- Improve the sector's contribution to development objectives.

From a company perspective, the value chain approach offers more than theoretical concept. It is a very practical tool for analysing linkages in the supply chain and assessing potential for capturing, retaining and adding value to the company's product, keeping in mind its final user.

Guiding value chain analysis at company level

a. Try to note all the steps required to get from raw materials to end-users.
b. Make this list as detailed as possible since one of the objectives of value chain analysis is to understand where, when and how to simplify or adjust the chain.
c. Determine the value each step adds to the final product from the point of view of the end user.
d. Once this chain is clear you can explore avenues to increase your profitability as well as increase the benefits to the end user; for example:
   - Identify which steps can be combined to more efficiently add value;
   - Determine which steps are not adding any value but just adding costs;
   - Determine better communication flows in both directions to assist rapid change to market factors;
   - Determine your own "value niche" along this chain.

It is important to understand where you, as a producer or processor, fit into the supply chain, so as to ensure that the value you add continues to be important both for your direct customers, as well as your customers' customers. The value chain can be a useful tool to help in this process.

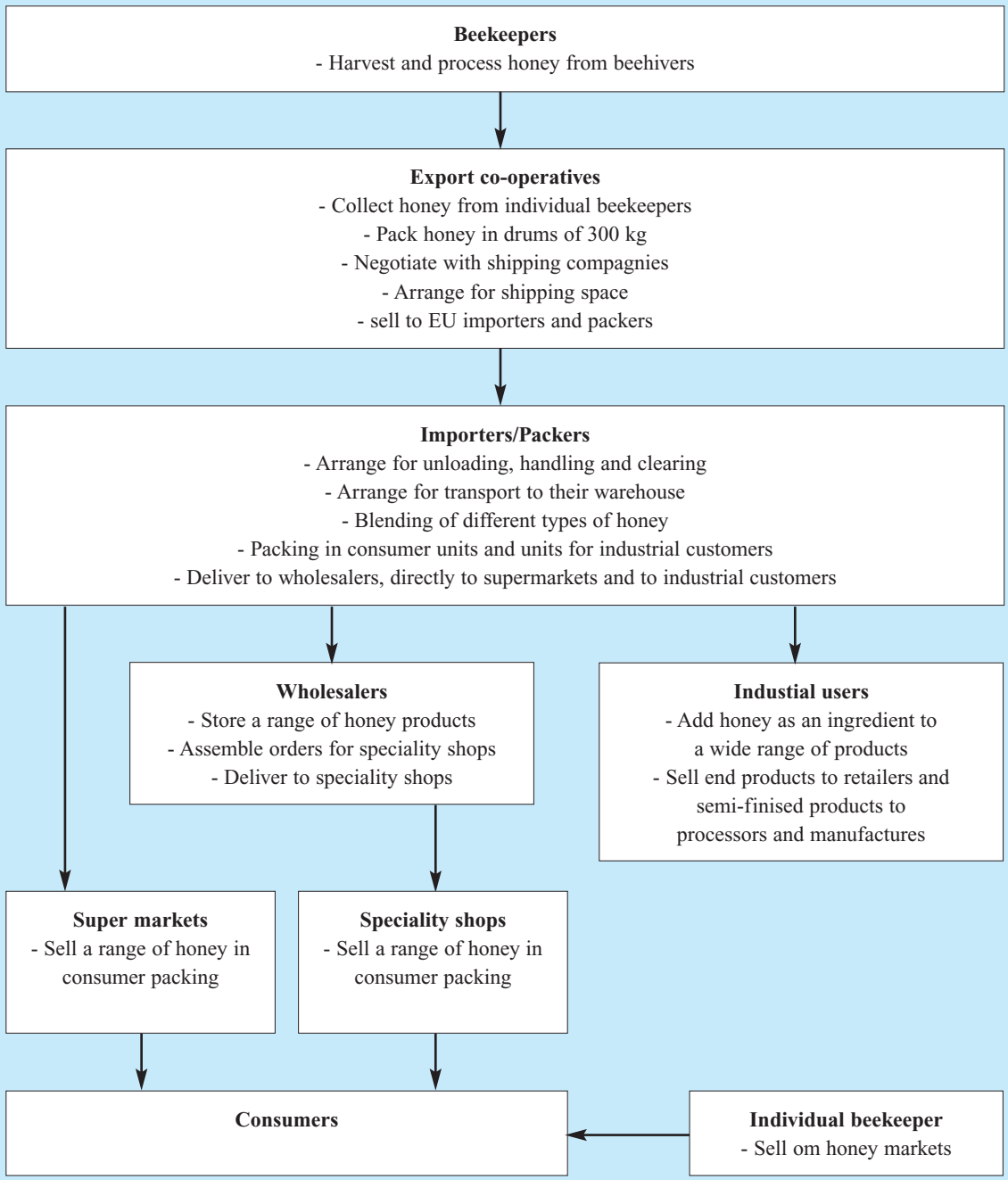
As an example, Figure 10.1 shows a value chain analysis for honey. Processors/importers in the EU set high standards in respect to exporters' logistical systems. Suppliers of honey and beeswax in developing countries who form partnerships with strong and well-organised shippers to EU countries are in a better position to meet the requirements of customers in the EU.

Critical factors for building a competitive advantage

The presentation of success stories by entrepreneurs in developing countries highlighted the following as critical factors for building a competitive advantage:

- Increasing the range of products and identifying market demands.
- Cost and price calculation on basis of a business plan.
- Putting the emphasis on the quality of the product, and exercising strong control on the tracking and tracing of products.
- Introducing the use of new technologies.
- Promoting involvement and loyalty of staff, as well as integration into the life of the local community.
- Co-operating with buyers, in order to obtain necessary pre-financing, technologies or packaging.
- Reducing the number of middlemen.

Figure 10.1 Value chain for honey



☛ Factors that contribute to success are: niche products for niche markets, moving up the value chain through R&D and processing, responding to the ever-rising demand from consumers for higher quality standards, or shortening the distribution chain to capture a greater market share.

Please also refer to Chapter 8 and Section 13.3 for information on developments of prices and price setting.

10.6 Product profiles

In this section, we give two examples of product profiles: desiccated coconut and cane sugar. These stand model for the product profiles the exporter should develop for his own (prospective) export products. By constructing an overview of their most important products, exporters are better able to determine which products to export to the EU.

PRODUCT PROFILE DESICCATED COCONUT

1. Product information:
Product name: Desiccated coconut
Main varieties: Cocos nucifera L.

2. Market requirements:

Quality standards: Compliance with European food safety standards
Average standard:
- colour: white
- flavour: typical sweet coconut
- texture: smooth, soft
- size: graded coarse, fine, medium
- oil content: 65 +/- 5%
- moisture: < 3%
- free fatty acid as oleic acid: < 0.2 %
- meeting general microbiological standard

Permitted food additives (to be declared!):
- ascorbic acid: QS
- potassium sorbate (as sorbic acid) < 1000 mg/kg
- sulphite (as sulphur dioxide) < 500 mg/kg

Minimum labelling on smallest unit of packaging
- product name
- identification (name and address) of supplier (producer, packer or vendor)
- name address of manufacturer/exporter
- net quantity kg
- storage life
- recommended storage conditions

Packaging: Bulk-packed, usually packaged in export carton boxes lined with polyethylene, containing two or four 5 kg boxes.

3. Market developments:

Harvest and processing according to growing area, demand throughout the year.

Average prices:
Ex store UK, closing price per August 2003, in £ per mt:
- Fine grade: 730
- Medium grade: 740

Sri Lanka (faq), C&F Europe ($):
- Fine grade: 1040
- Medium grade: 1080

Philippines (faq), C&F Europe ($): 895
Indonesia (faq), C&F Europe ($): 920

Market trends:
Desiccated coconut is popular for biscuits, cakes, chocolate, confectionery, ice cream, breakfast cereals, cereal bars and exotic food dishes. It may also be further processed by sweetening or toasting.

A wide range of coconut products is internationally traded. There are more than 50 unprocessed, semi-processed or processed coconut products entering the international markets in small and big quantities. Aside from copra and coconut oil, other exports, which have a significant volume, are desiccated coconut, copra meal, cocochemicals (fatty acids, fatty alcohol, methyl ether), shell charcoal and activated carbon, fibre products, coconut cream, milk, powder and nata de coco.

4. Main suppliers:

The leading supplying countries of desiccated coconut are:
- Indonesia,
- Sri Lanka,
- Philippines, and
- Côte d'Ivoire.

5. Quality improvement:
Harvesting: careful processing (cutting, drying) under adequate conditions, avoiding contamination, prevent high temperature
Packaging: adequate polyethylene bag-in-box
Storage: at ambient temperature, avoid high temperature
Transport: closed container, kept away from sun

PRODUCT PROFILE CANE SUGAR

1. Product information:
Product name: cane sugar

2. Market requirements:

Quality standards: Compliance with European food safety standards. For more information, please refer to Section 1.1.
EU directive on sugar 2001/111/EC
cane sugar unrefined:
- humidity < 1 % (average 0.6 %)
- mineral/ash < 1 % (average 0.4 %)

refined
- humidity < 0.1 % (average 0.05 %)
- mineral/ash < 0.05 % (average 0.05%)
- reducing sugar < 0.05%

Minimum labelling:
- product name
- identification (name and address) of supplier (producer, packer or vendor)
- name address of manufacturer/exporter
- net quantity kg
- storage life
- recommended storage conditions

Packaging:
Cane sugar sold in supermarkets is mostly sold in 1,000 grams packages of paper or plastic
The Netherlands only allows packages of 125g, 250g, 500g, 750g, 1kg, 1.5kg and more

3. Market developments:

Harvest and processing according to growing area, demand throughout the year.

Average prices:
CIF North Europe, closing price per August 2003 in $/mt: 79.54

Market trends:
Strong competition against (protected) domestic beet sugar production in EU countries, although for use at home by consumers there is specific interest in semi-refined cane sugar.
There is a growing demand for certified organic cane sugar.

4. Main suppliers:

The leading supplying countries of cane sugar are:
- Mauritius,
- Fiji,
- Guyana,
- Jamaica,
- Swaziland,
- Cuba, and
- Trinidad & Tobago.

5. Quality improvement:

Harvesting:
cane sugar is a bulk commodity where specific measures to improve quality are hardly possible, provided that adequate in-harvesting processing technology is applied.

11 INTERNAL ANALYSIS: COMPANY AUDIT

The internal analysis or company audit is a review of the company's strength and weaknesses in terms of all company resources such as export marketing capabilities, finance, personnel, internal organisation, management, infrastructure, etc. As a result of this internal analysis, you will be able to assess to which extent your company is able to take advantage of the opportunities identified in the former chapter. Furthermore, with a thorough understanding of your company's unique capabilities, you are able to invest in opportunities that exploit your strengths.

11.1 Product range

By reviewing the company's product range and product characteristics, the exporter will be able to match market opportunities with the company's products on offer. A product range can consist of several product groups (range width), each with several different products (range depth). Again, one product can consist of several varieties (see example).

Based on the product specifications required by EU trade partners, the exporter can determine to which items he should match his products and packaging according to the required specifications. In order to be attractive to potential trade partners in the EU, the exporter should consider not only to sell one product variety in one packing, but also to have a product range available matching the import requirements from EU partners.

An example of a product range can be seen in the following table:

Questions an exporter needs to answer:

- Which products are you currently producing? How comprehensive is your product range?
- Which products do you consider to be the main products you are specialised in?
- What new products would you be able to cultivate / produce?

11.2 Product standards, quality, USP and production capacity

As already mentioned in the Part A, food safety requirements are the leading drivers behind a whole range of product and packaging requirements. Based on these requirements, the exporter can determine to which extent he has to adapt his products, packaging and processing and the amount of investments necessary to export to EU countries.

USP

In understanding your own company, it could be very helpful to develop a *Unique Selling Proposition*, or USP. Your USP is what differentiates your product or service from your competitors. Your chances in the market may greatly increase when you have a USP.

There are two major benefits in developing the USP. Firstly, it clearly differentiates your business in the eyes of your current and potential customers or clients. Secondly, it focuses your staff on delivering the promise of the USP, thus helping to improve your internal performance.

Example of a company's product range

Product range (range width)	Products (range depth)	Varieties	Packaging
honey	crude or industrial honey	- forest honey - rock honey - bitter honey	steel drums of 210litres
Etc.			

When the company concentrates on one product (honey), but exports this product in many varieties, in different forms and in an extensive range of packaging, the product range in depth applies. Keep in mind that varieties are sometimes known under different trade names overseas.

What a USP could look like:

- One sentence.
- Clearly written, so that anyone can understand it.
- It should be believable.
- Composed of one benefit that is unique solely to your company or product.

How to develop your USP? Sit down with a notebook and:

☐ Brainstorm.
☐ List all the benefits your company or product can offer.
☐ Prioritise those benefits in order of what is the strongest, and most unique to your business.
☐ Write one sentence that conveys the first benefit on the list.

☛ Thinking about what happens with your export product, after the importer has received it, can help you bring to new ideas.

A USP usually does not refer to one single subject, but is a mix of different subjects to set the exporter apart from his competitors.
Examples of USPs for the food ingredient sector could be based on the following aspects:

→ Good price-quality ratio
→ Product specifications exceeding the requirements of trade partners
→ Consistent and high quality of products guaranteed by the exporter
→ Providing good service, for example
  - Replying within 24 hours to any question or request
  - Open communication
  - On-time delivery
  - Honouring agreements to the letter, even when they have financial implications.

Quality
Quality is probably the main competitive factor in every business. It is an absolute requirement for European importers to be supplied with food ingredients that comply with EU regulations. It is therefore obvious that it is also the key issue when looking for suppliers in developing countries.

☛ Products originating in developing countries should be produced hygienically and with care. Microbiological load should be minimised and the negative effect on ingredients in the course of cultivation, processing and storage should be limited.

Check your current quality standards with the voluntary and compulsory standards described in Section 9.1. Also refer to Chapters 9 and 10 for information on the importance of the various quality standards for your product-market combinations.

Questions an exporter needs to answer:

- What quality standards does your product and production process comply with?
- What is the general level of your product quality compared to other products in the identified market?
- In case environmental labelling could significantly improve the competitiveness of your export product, which one is the most interesting for your situation?

Production capacity
The foreign buyer is seldom looking for a 'spot' purchase. Instead, he is looking for a quality product at a fair price with continued availability. If you are merely seeking to market your sporadic surplus capacity, then the entry into the foreign trade market will probably be a disappointment. On the other hand, if the company is willing to devote even 10 percent of its production capacity to foreign markets and the servicing of these accounts, it can reasonably expect to build substantial and permanent trade in those markets suited to its products. Supplying the demanded volumes during the required periods can be an important competitive tool.

☛ However, keep in mind that often, the volume of the product marketed is not as important as a consistent and reliable supply of the actual product.

Questions that need to be answered:

- How efficiently is the present capacity being used?
- Will new export activity hurt domestic sales?
- Is it possible to expand your production capacity if necessary?
- What will be the cost of setting up additional production capacity?
- Is it possible to produce more efficiently and have less spoilage of raw material?
- What cycles of production apply to your products? Is there a seasonal emphasis and how does this match up to the demand in the target market?

11.3 Logistics

Logistics deal with all matters necessary to ensure a smooth flow of products from production to the final address in the country of destination. It is a good idea to use a freight forwarder to arrange transportation services on your behalf. They can simplify the shipping process because they are familiar with import and

export regulations. It is important to use a forwarder who is experienced in handling food ingredients, as well as one who is experienced in the destination country. Freight forwarders are cost-effective to use, because they can negotiate the best rates with airlines. They usually operate on a fee basis paid by the exporter, and this is are part of the cost price.

Based on the requirements of EU trade partners, assessment of the following subjects should be made:

- *Planning of production*
  Trade partners usually work with tight arrival schedules in order to deliver the products to their customers on an agreed date and time. It is therefore important to plan production well in advance to ensure the products are available in time for shipment.
- *Purchasing of ingredients and packing material*
  As part of the planning of production, EU trade partners might have special requirements for ingredients and packing material. For example, a certain type of export carton might be required. It is important that the exporter ensures that this type is available from his supplier.
- *Handling of export orders*
  The handling of export orders entails the internal logistics; from ordering ingredients and packing material, to production planning, inspection and obtaining of export documentation.
- *Export documentation* (certificates, packing lists, invoices, insurance certificates, etc.)
  Depending on the requirements of the EU trade partner, some export documentation like inspection and insurance certificates must be obtained from external organisations. Especially when dealing with government agencies, sufficient time should be allowed to procure the necessary documents.
- *Availability of containers and shipping space*
  During peak season, availability of containers and shipping space might be a problem. In order to meet the required shipping date, an exporter should assure himself that containers and shipping space are available on the required shipping date.
- *Agreements with transport providers to the port of shipment, shipping and Customs agents*
- *Pre-shipment inspection* (when required)
  Please refer to remarks under 'export documentation'.
- *Communication with trade partner in the EU*
  It is of utmost importance that exporters communicate immediately to their EU trade partners when certain requirements cannot be met. This will give the trade partner the opportunity to make alternative arrangements. Open and accurate information from the exporter is a vital tool in being a reliable trade partner for his EU counterpart.

11.4 Marketing and sales

In chapter 10.3 the market entry modes for direct or indirect exports are discussed. When a company decides on direct exports, it will be necessary to set up a commercial department to handle export activities to EU countries.
Marketing and sales form the commercial department responsible for all export activities to EU countries. Whether to employ different persons for marketing and sales depends entirely on the size of the company and the possibilities to invest in the commercial department. In order to assess marketing and sales functions as part of the internal analysis, the responsibilities of both functions are given below.

Marketing

- Familiar with all non-tariff and tariff barriers relevant to the export of the company's products to the EU
- Adjustment of products and packaging to EU requirements in co-operation with production and finance departments,
- Preparation of promotional material like brochures and product specifications
- Installation of communication tools like websites and e-mail
- Organisation of participation in EU trade fairs
- Carry out market research
- Preparation of MES and EMP
- The preparation of annual budgets in co-operation with sales and finance departments

Sales

- Selection of potential trade partners in the EU
- Contacts with trade partners
- Familiarity with all export documentation to ship products to EU markets
- Familiarity with sales contracts, payment and delivery terms
- Negotiation with trade partners in the EU
- Responsible for the margins made on exports to EU destinations
- Negotiations with logistic service suppliers (transporters, shipping agents, Customs agents, inspection bodies).

Although it appears from the above-mentioned description that different employees should occupy the two functions, a combination of both functions in one position is quite possible. Much depends on the capability of the employee, the complexity of the work, the number of export destinations and the selected trade partners in the EU. However, keep in mind that a serious export marketing campaign requires substantial management time to execute it properly. Therefore, the company needs to be realistic as to how much time can be devoted to export marketing.

Please refer to section 10.3 *Sales channel assessment*, where the different modes of market entry are described, together with the functions of different trade partners in the EU.

11.5 Financing

One of the most important subjects to assess in the internal analysis is the financial capability to commence exporting to EU countries. The company should not only have access to sufficient funds to invest in adaptation of products, packaging and possibly production equipment, but also the company's credit facilities should be large enough to cover extended payment terms.
Moreover, the company should have sufficient financial funds to withstand commercial risks (quality problems, non-payment, late delivery, etc.) that are often inherent to the start of exports to new destinations.

Local banking systems in developing countries are sometimes insufficient to handle exporting. It is therefore recommended to use an international bank, which is also located in the importing country. Moreover, this will also simplify the payments between you and your business partner. Each country has a list of their local banks with their corresponding banks in other countries or special relationships with financial institutes outside their country. Choosing the right bank can facilitate and speed up money transfers considerably.

Further reference is made to section 13.4 *Handling the contract*, where the different payment and delivery terms are discussed.

11.6 Capabilities

Apart from the subjects mentioned-above, the following capabilities should be assessed as part of the internal analysis.

Commitment to export
Knowledge of exporting food ingredients to EU countries is a basic requirement for a company. This knowledge does not only apply to technical matters regarding exports (documentation, export calculations, shipping possibilities, etc.) but also to knowledge about EU requirements and market developments relevant to food ingredients in the EU. This knowledge is necessary to negotiate with your trade partners in the EU at the same level.

It is important to consider whether or not the company has staff, which is able to sell and develop an international business. The company should be able to generate the physical and administrative infrastructure to deal with increased activities related to exporting -

Regarding the internal analysis, the following financial aspects should be assessed:

Investments
- Product development (adjustment of products to EU standards)
- Packaging
  - Adjustment of content
  - Adjustment of packing material
  - Packing for long-distance shipments
  - Labelling requirements (barcodes, information)
- Human resources (qualified export staff)
- Production equipment
- Certification (HACCP)
- Promotion (participation in EU trade fairs, travel to EU countries, brochures, etc.)

Payment terms
- Credit terms, for example payment 60 days after receipt of goods
- Local interest rates
- Bank charges, for example confirmation of Letter of Credit, handling of documents
- Non-payment risks, for example with 'open account' payment

Commercial risks
- Claims, for example in case of late delivery and quality problems
- Consignment shipping, for example selling price is below cost price
- Insurance premiums, for example credit insurance

Miscellaneous costs
- Export documentation
- Inspection certificates
- Stationery for export purposes
- Communication expenses

Questions that should be answered are:

- What kind of commitment is the top-level management willing to make to an export effort? How much senior management time should be allocated? How much could be allocated?
- What organisational structure is required to ensure that export sales are adequately serviced? Who will be responsible for the export activities (export department's organisation and staff)?
- What are the management's expectations of the effort?

not only in dealing with orders but also with processing Customs and shipping documentation. If this type of infrastructure is limited, then it is a weakness in developing sustained export activities.

Export experiences
It is important to learn from past experience. If the company has tried and failed to penetrate an export market previously, this can be analysed to determine where things went wrong.

Questions that should be answered are:

- In which countries has business already been conducted?
- From which countries have inquiries already been received?
- What general and specific lessons have been learned from past export experience?

Language skills
When dealing with European trade partners in the food ingredient business, English is the most used language. Although most European trade partners will not be native speakers themselves, the vast majority speaks English fluently. In almost all cases, foreign language skills, particularly English, are essential when entering the European market. When dealing with France, knowledge of the French language is a distinct advantage. If you can communicate in Spanish, you have a competitive advantage if you address the Spanish market.

On the few occasions when correspondence and documents in English will not suffice, exporters can usually find sources of translation capabilities for the more popular European languages. Language capability can be advantageous since it facilitates cultural and social relationships.

Questions that should be answered are:

- Which language skills are necessary when dealing with your selected markets?
- Which language capabilities are available within the export company?

12 DECISION MAKING

12.1 SWOT and situation analysis

Answers to the questions mentioned in Chapters 10 and 11 can help an exporter not only to decide whether or not to export but also determine what methods of exporting should be initially used.
A SWOT analysis can be used as a tool to analyse the identified opportunities and threats and the company's identified relative strengths and weaknesses. Carrying out an analysis using the SWOT framework helps an exporter to focus his activities into areas where he is strong and where the greatest opportunities lie. A SWOT analysis is just one of many good techniques that can help an exporter to build a strong competitive position for his organisation.

Questions that should be answered:

Strengths:
- What are your advantages?
- What do you do well?
- What relevant resources do you have?
- What do other people see as your strengths?

☛ Consider this from your own point of view and from the point of view of the people you deal with. Do not be modest, but be realistic. If you are having any difficulty with this, try writing down a list of your characteristics. Some of these will hopefully be strengths.

☛ In looking at your strengths, think about them in relation to your competitors. For example, if all your competitors provide high quality products, then a high quality production process is not a strength in the market, it is a necessity.

Weaknesses:
- What could you improve?
  What do you do badly?
  What should you avoid?

☛ Again, consider this from an internal and external basis: Do other people seem to perceive weaknesses that you do not see? Are your competitors doing any better than you? It is best to be realistic now, and face any unpleasant truths as soon as possible.

Opportunities:
- Where are the good opportunities awaiting you?
- What are the interesting trends you are aware of?
- Useful opportunities can come from such things as: changes in technology and markets on both a broad and narrow scale, changes in government policy related to your field, changes in social patterns, population profiles, lifestyle changes, etc.

☛ A useful approach to looking at opportunities is to look at your strengths and ask yourself whether these open up any opportunities. Alternatively, look at your weaknesses and ask yourself whether you could open up opportunities by eliminating the weaknesses.

Threats:
- What obstacles do you face?
- What is your competition doing?
- Are the required specifications for your job, products or services changing?
- Is changing technology threatening your position?
- Do you have bad debt or cash-flow problems?
- Could any of your weaknesses seriously threaten your business?

☛ Carrying out this analysis will often be illuminating - both in terms of pointing out what needs to be done, and in putting problems into perspective.

☛ You can also apply SWOT analysis to your competitors. This may produce some interesting insights.

☛ Simple rules for successful SWOT analysis

- Be realistic about the strengths and weaknesses of your organisation.
- Analysis should distinguish between where your organisation is today, and where it could be in the futures.
- Be specific. Avoid grey areas.
- Always analyse in context to your competition i.e. better then or worse than your competition.
- Keep your SWOT short and simple.

An example of a SWOT analysis for an exporter of food ingredients for industrial use in developing country is provided Table 12.1. It should be noted that this matrix should be treated as an example and that it should be adapted to the exporter's own situation.
Within the SWOT figure, a distinction can be made in the SWOT figure between internal factors (strengths and weaknesses) and external factors (opportunities and threats). Nevertheless, factors of sectoral and of company level are both found under the internal factors in this figure. For example, "lack of marketing knowledge" and "low level of organisation of the industry" are both internal factors, although the first is at company level and the latter at sectoral level.

Such an analysis should be adapted to your personal circumstances since the factors differ for each exporter in the world. While for one exporter of food ingredients "negotiation skills" is a weakness, for another exporter this problem does not exist.

Please note that also within a company a threat or weakness can change into an opportunity or strength. A good example concerning this matter is "technical trade barriers and new regulations imposed by the EU". The regulations can be a threshold for exporting to the EU. However, when an exporter has adapted the export product to EU standards, he will have access to the EU market. In this way, the factor of technical trade barriers can be seen as an opportunity instead of a threat.

Be aware that success in export is by no means guaranteed by taking into account all the factors mentioned so far. Your environment consists of other critical conditions and success factors, that are often more difficult to influence as an individual company, than changing for example internal factors. Some of the critical conditions such as low level of organisation in the industry and financing have already been included in the figure above. However, other factors (sector-specific) should also be included in the SWOT analysis, such as:

- Sector policies;
- Availability of sector/branch organisations;
- Clustering/co-operation within the sector, organisation of supply and production, value chain management (please also refer to Section 10.5);
- Know-how and technical assistance;
- Foreign trade assistance;
- Financing.

Table 12.1 Example of a SWOT analysis for exporters of food ingredients for industrial use in developing countries

INTERNAL FACTORS

Strengths	**Weaknesses**
• Access to natural resources	• Entrepreneurial capacity
• Low raw material prices	• Negotiation skills
• Low labour costs	• Language and communication
• Low or zero import duty in target markets	• Certification
• Long tradition in using ingredients	• Lack of marketing knowledge
• Human resources	• Lack of knowledge of supply
• Important contribution to the supply of national and regional consumer products	• Lack of information on regulations, prices etc
• Access to finance / banking systems	• Low level of organisation in the industry

EXTERNAL FACTORS

Opportunities	**Threats**
• Growing demand on the EU market for convenience and health food	• Entrance of East European countries to the EU
• Enlargement of EU	• Tariff barriers
• Increasing use of natural ingredients	• Technical trade barriers
• Potential of exotic and seasonal products	• High investments in R&D required
• Organic production and certification	• Sustainable use of the raw materials (biodiversity)
• Growing demand for value-added products	• Concentration and consolidation of buying power.

☛ Inquiring of local business support organisations or colleague exporters can be a good starting point in being aware of other critical conditions for successful exporting.

12.2 Strategic options & objectives

By conducting the external analysis (market audit) and internal analysis (company audit) (Chapters 10 and 11), you will be able to come to a decision whether or not to export.

- ☑ You have identified products suitable for export development. Also, you know what modifications, if any, must be made to adapt them to overseas markets.
- ☑ You know what countries and market segments you are going to target for sales development and/or co-operation agreements.
- ☑ You have identified the best sales channel (direct exporting or co-operation agreements).
- ☑ You know what special challenges pertain to the selected markets (competition, import controls etc.) and what strategies you will use to address them.

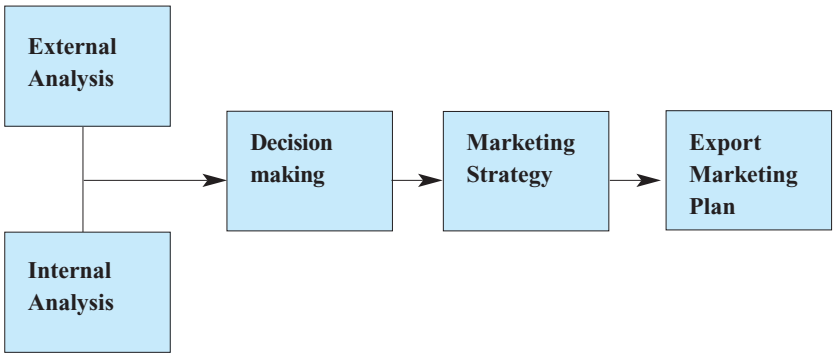
Once a company has determined that it has exportable products, it must still consider whether the development of an export business adheres to the company objectives. In order to arrive at this conclusion the management should ask itself the following questions:

- What does the company want to gain from exporting?
- Is the goal of exporting consistent with other company goals?
- Are the benefits worth the costs or would company resources be better spent developing new domestic business?

Companies can waste a lot of time and money attempting to enter markets which do not have potential or for which their product is not suitable. The market for food ingredients is very diverse: each market segment requires different product standards and a different approach. To be successful in export marketing, exporters need to focus on specific products and markets and be prepared to deal with all foreseeable situations. Therefore, several possible strategies have to be considered.

The figure below could be summarised in the following strategic steps:

- External analysis (market audit, Chapter 10) and internal analysis (company audit, Chapter 11)
- SWOT (Chapter 12)
- Decision making & formulation objectives (Chapter 12)
- Elements, which can be used as inputs for the Market Entry Strategy and Export Marketing Plan (Chapter 13).



☛ **Advantages and disadvantages of exporting**

Advantages

- enhance domestic competitiveness
- increase sales and profits
- gain global market share
- reduce dependence on existing markets
- exploit corporate technology and know-how
- extend the sales potential of existing products
- stabilise seasonal market fluctuations
- enhance potential for corporate expansion
- sell excess production capacity
- gain information on foreign competition

Disadvantages

- develop new promotional material
- subordinate short-term profits to long-term gains
- incur added administrative costs
- allocate personnel for travel
- wait longer for payments
- modify your product or packaging
- apply for additional financing
- obtain special export licenses

If you have come to the decision to export, the next phase of the export marketing process is to draw up an Export Marketing Plan (EMP), which defines a marketing strategy stating how the company is going to penetrate the identified market. The marketing strategy is designed around the information collected in the internal and external analysis and the marketing tools will be described in the following chapter.

☛ **An international business plan should define your company's:**

- Readiness to export
- Export pricing strategy
- Reason for exporting
- Potential export markets and customers
- Methods of foreign market entry
- Exporting costs and projected revenues
- Export financing alternatives
- Legal requirements
- Transportation method
- Overseas partnership and foreign investment capabilities
- Corporate commitment to the exporting process

Formulating an export marketing strategy based upon sound information and its proper assessment increases the chances that the best options will be selected, resources will be utilised effectively, and efforts will consequently be carried through to completion.

For assistance in writing an EMP and formulate answer on the questions asked in this chapter, please refer to the CBI's "*Export Planner*".

13 EXPORT MARKETING

Which marketing tools are available to you to help build up your export business? This Chapter will provide you with insights and give tips on how to make use of your marketing tools to promote the sales of your products and to build a favourable trade relationship.

13.1 Matching products and the product range

In the company audit (see Section 11.1), the exporter reviewed the company's product range and product characteristics. The aim of this review was to enable the exporter to match market opportunities with the company's products on offer. This review can also be used as a starting point for considering opportunities for improving the exporter's product range. This will enable the exporter to create more competitive products or product mixes.

In most cases, exporters will find out that the current product range does not match the demand of the identified market segments and sales channels. The cause of this mismatch can, for example, lie in the fact that currently produced varieties are outdated.

In the case of exporters who are looking for varieties to improve their product range, a couple of possible sources exist:

- ⓘ **Trade magazines**
- ⓘ Visiting **trade fairs** is also a good way of becoming informed about potentially interesting varieties.
- ⓘ From more **detailed trade statistics** (for instance auction sales), you can often determine which varieties are most popular in the target markets.

☛ Note that one of the most important issues in selecting new varieties is the question whether or not the variety can be successfully produced under your production circumstances.

13.2 Building up a relationship with a suitable trading partner

One of the most ominous obstacles for exporters can be the search to contact, attract and secure a good importer or trade partner. Many avenues are available for locating trade partners. You should employ any and all, which seem appropriate for your product-market combination.

How to find a potential trading partner
The main ways European importers use to look for new suppliers from developing countries are the following:

- Visiting the country in which one intends to set up/expand production capacity;
- Recommendation by someone he knows; and
- International trade fairs.

The best ways for exporters in developing countries to approach potential European customers are:

- Direct mail: You can write a letter (post, fax or e-mail) directly to a European company. Most companies will respond that they are not interested or that they already carry a competitive line. However, only a few positive replies are needed to continue your search and evaluation of prospective distributors.
- Personal visits: Once you have received a number of interested replies, plan a trip to that market. Additionally while travelling, stop in other potential markets to assess the situation as well as attempt to make contacts. Many times a personal visit will pay for itself in terms of the benefits gained.
- Invite EU importers or potential business partners to visit your company;
- Build a network in order to extend your contacts;
- Visit international trade fairs;

Also refer to the recently published CBI manual "*Your Image Builder*".

For European manufacturers, however, importing via large importers may be the most effective way to come in contact with suppliers of food ingredients. Large importers know the language of the region, they know all about logistics and transport tariffs (by sea and air) and they are familiar with the payment methods. Furthermore, they are constantly in contact with the producers in developing countries and they generally have their own personnel overseas or regular travel to suppliers, in order to guarantee constant quality and to coach local staff wherever necessary.

How to identify the most suitable trade partner?
Evaluate the potential trade partners on which you have obtained information, using the following criteria:

- ☐ Is the information complete? (full address, telephone / fax number, e-mail address, contact person)
- ☐ Is the importer active in the country you selected?
- ☐ What kind of trade relation is the potential trade partner interested in (arm's-length, co-operative agreement, joint-venture)? Does this correspond with your preferred type of relations?
- ☐ What is the position of the potential trade partner in the market?
- ☐ What is the financial status and credibility of the company?

Using these criteria, draw up a priority list of the contacts you have received.

Going by the priority list, you must identify the trade partners best matching your own company profile, product range and export strategy. Particularly in the case of future long-term close co-operation, it is important to gain a clear picture of the company you are dealing with and understand their business activities and business culture. In spite of all modern communication tools, the personal relationship with a trading partner often decides a durable co-operation.

Cultural differences

The single most common reason for export failure is inattention to cultural factors, a maxim frequently repeated in international business literature. People choose service providers and strategic business partners with whom they feel at ease, and this comfort level is dictated initially by cultural factors. National cultures are numerous, and subcultures are even more so. Increased travel has resulted in a large group of people socialised in more than one culture, and widespread television access gives exposure to different cultural values.

The factors that can affect cross-cultural business include:

- who speaks first
- material possessions
- attitude to God and nature
- family relationships
- decision-making time
- risk avoidance
- thought patterns
- competitiveness
- personal space
- short- and long-term planning
- social behaviour

For example in Germany, first names are reserved for family members and close friends. Moreover, in German business culture, it is not uncommon for colleagues who have worked together for years not to know each other's first names. Netherlands business partners, on the other hand, are more inclined to be informal and are quick to use first names.

☛ It is important to be aware of and deepen yourself in cultural differences between your country of origin and European countries. Please take note of the fact that, even great varieties in cultural behaviour exist between the EU countries themselves!

13.3 Drawing up an offer

After establishing contacts with potential trade partners in the EU, the exporter may be requested to make an offer to an importer or directly to a food processor. The preparation of an offer should be done with caution. An offer without escape clauses and which has been accepted by an EU trading partner is a legally binding document requiring the exporter to deliver, even when the trading conditions are unfavourable to him.

Before making an offer, the exporter should verify the following items:

- Reputation of trade partner
  Important to check whether the trade partner requesting an offer is well established and has a good reputation. Sources to check are:
  - Trade associations in the EU (see appendix 3.3)
  - Trade registers in the country of the trade partner, for example the Chamber of Commerce
  - Commercial organisations, which can supply company profiles like Dun & Bradstreet, Cofaz and Graydon. Although the provided information is extensive, reports from these organisations can be quite expensive.
- Rules, regulations and quality standards
  It is important to verify whether the exporter can comply with EU and national regulations on products and packaging and the specifications requested by the trade partner.

When making an offer, the following elements should be included:

- Date of quotation and reference number. This number can at a later stage be used on contracts, payment and shipping documents as easy reference to the consignment in question.
- Full names and addresses of both parties
- Product and product specifications
- Packaging specifications
- Quantity in kilograms, litres
- Price per kg/litre, currency and total amount
- Delivery terms (Incoterms 2000)
- Delivery period
- Payment terms
- Validity of the quotation. The period of validity depends very much on the volatility of market prices. In very volatile markets, the validity of the quotation might only be 24 hours.
- Waiver. A very important element of the quotation. The waiver gives the exporter an escape clause not to honour the quotation, even when accepted by the EU trade partner. An offer made without waiver and accepted by the buyer obliges the exporter to deliver the goods according to the quotation. A waiver in the offer is quite customary and can be worded as follows:

continue

continued

- This quote is subject to our confirmation
- This offer is without any obligations
- This offer is subject to confirmation by means of a sales contract

- Reference to the general sales conditions of the exporter. General sales conditions apply to all offers and contracts and stipulate items like:
  - Retention of title to the goods (in case of non-payment)
  - Product liability
  - Force majeur (when an exporter cannot supply due to circumstances beyond his control like strikes, fires, political unrest, perils of the sea)
  - Resolution of disputes
  - Delayed payment, late/non delivery
  - Inspection procedures
  - Exclusion of Value Added Taxes (VAT) in price quotations

  Please remember that the general sales conditions of an exporter might conflict with the general purchasing conditions of an importer.

Price setting

Although price is not the only marketing tool to export food ingredients to EU markets, it is certainly a very important one. Concentration of buying power, increasing supply and global sourcing of food ingredients put pressure on prices and margins throughout the value chain.

To establish an overseas price for food ingredients, you need to consider many of the same factors involved in pricing for the domestic market. These factors include competition; costs such as production, packaging, transportation and handling, promotion and selling expenses; the demand for your product or service and the maximum price, which the market is willing to pay.

In most cases, an exporter will have to follow market prices. However, in case of some products, like novelty products, you will be able to set your own export price. There are two common methods of calculating your price for exports:

- **Domestic Pricing** is a common but not necessarily accurate method of calculating prices for exports. This type of pricing uses the domestic price of the product as a base and adds export costs, including packaging, shipping and insurance. Because the domestic price already includes an allocation of domestic marketing costs, prices determined using this method might be too high to be competitive.
- **Incremental Cost Pricing** determines a basic unit cost that takes into account the costs of producing and selling products for export, and then adds a mark-up to arrive at the desired profit margin. To determine a price using this method, first, establish the "export base cost" by stripping profit mark-up and the cost of domestic selling. In addition to the base cost, include genuine export expenses (export overheads, special packing, shipping, port charges, insurance, overseas commissions, and allowance for sales promotion and advertising) and the unit price necessary to yield the desired profit margin.

How you price your product is worth a good deal of thought and effort since it directly affects your ability to make a profit. Take some time to research the following management questions:

Questions to ask when setting your price

How much does it cost to grow your product?

→ Production costs not only include costs for cultivating/collection, but also for packaging, distribution and promoting your products.

→ The costs of unsold products also should be included.

What are your profit goals?

→ A profit goal states how much a business should earn.

→ You can set the profit goal as a percentage (margin) above the product costs or set the total profit figure for the entire business.

→ A profit goal can guide decisions on the amount of produce you will grow and the price you will charge.

How will you market your product?

→ Are you producing food ingredients on a contract basis for a European manufacturer?

→ Do you sell your products on an arms-length basis to customers in Europe?

What price do competitors charge?

→ Try to gain an industry focus on your pricing by researching your competitor's price levels.

→ By walking through the steps indicated in Section 10.2 you will know the prices competitors charge and why they charge what they do. Use the competitive analysis to develop the upper limit of your price range. Be sure you compare your products to competitors.

→ If competition is intense, you should price at the lower end of the price range unless you can distinguish your product through quality or a unique selling feature.

What is the customer demand for my product?

→ How unique is your product?

→ To price according to demand you have to know more about the size and nature of your customer base and their feelings about pricing.

→ You will need to keep an eye on general market trends, particularly if your product range has many substitutions. See also Chapter 3.

☛ Understanding how to price your product is an essential step in developing your business. You must continually monitor your price including your costs of production, your competition and your customers and be prepared to make adjustments.

Below you find an overview of the way you can calculate the price of your export product.

Export price calculation

Total costs per unit
+ Profit
+ Commissions
+ Domestic banking fees
+ Palletisation / export packing
+ Freight forwarding and documentation fees
+ Other direct expenses related to special shipping requirements such as temperature recorder charges
= EXW price (Ex Works)
+ Inland transportation
= FAS price (Free Alongside Ship)
+ Terminal handling charges
= FOB price (Free On Board)
+ Ocean freight charges
+ Ancillary charges
= CFR price (Cost & Freight)
+ Insurance
= CIF price (Cost, Insurance, Freight)

13.4 Handling the contract

Once the offer has been accepted by the buyer and reconfirmed by the exporter, a sales contract will be prepared. When handling the contract, you should consider the terms and the fulfilment:

Contract terms
Terms of payment
There are various methods of receiving payment for your exports. The most commonly used terms in the food ingredients are documents against payments (D/P) and payments in advance.

- **Documents against payments**
  Also known as cash against documents (CAD). The buyer takes possession of the goods only after payment. Although this method is not very popular, it is very safe and the costs amount to one pro mille. One can also make use of a 'documents against acceptance of a bill of exchange'. However, the bill of exchange is not commonly used in the European Union and it does not guarantee that the bill will be paid; it is less secure than the D/P.
- **Payment in advance**
  This method is the most desirable from the seller's standpoint, because all risk is eliminated. While cash in advance may seem most advantageous to you, insisting on these terms may cost you sales. Just like domestic buyers, foreign buyers prefer greater security and better cash utilisation. Some buyers may also find this requirement insulting, especially if they are considered credit worthy in the eyes of the rest of the world. Advance (partial) payments and progressive payments may be more acceptable to a buyer, but even these terms can result in a loss of sales in a highly competitive market.

Most export shipments are partly pre-paid before the ingredients are shipped. Because collections from customers are more difficult overseas, it is recommended to get a minimum of 50 percent in advance. Once on-going business and trust is established, exporters should grant their foreign customers standard payment terms.

In the case of co-operation agreements with overseas companies, payment terms could also include periodical payments.

Terms of sale
Export terms of sale determine what costs are covered in the price of the cargo. They also indicate at what point ownership transfers to the buyer and at what point responsibility for the cargo is transferred. International commercial terms (Incoterms) provide "the international rules for the interpretation of trade terms." For more information on Incoterms, please refer to www.iccwbo.org/incoterms/preambles.asp

The most commonly used trade term is:
FOB (Free on Board)
Under this term, the seller quotes a price for goods that includes the cost of loading at the port of departure. The buyer arranges for transportation and insurance.

Other trade terms are:
- **DDP (Delivered Duty Paid)**
  DDP deliveries are arrival contracts: the exporter is fully responsible for the goods until they arrive at the warehouse of the trade partner anywhere in the EU.
- **CFR (Cost and Freight)**
  For shipments to designated overseas port of import, the seller quotes a price for the goods that includes the cost of transportation to the named point of debarkation. The buyer is responsible for the cost of insurance. This is referred to as C&F in the old Incoterms. The seller pays for the cost of unloading cargo at the port of destination, to the extent that they are included in the freight charges. If the charges are separate, they fall to the account of the buyer.

- **CIF (Cost, Insurance, Freight)**
  Under this term, for shipments to designated overseas port of import, the seller quotes a price for the goods, including insurance costs and all transportation and miscellaneous charges, to the point of debarkation from the vessel or aircraft. The seller pays for the cost of unloading cargo at the port of destination, to the extent that they are included in the freight charges. If the charges are separate, they fall to the account of the buyer.

Delivery terms in food ingredients depend largely on the type of trade partners in the EU: food-processing companies often demand Delivered Duty paid (DDP) delivery, while importers usually require Free on Board (FOB) or Cost, Insurance, Freight (CIF) deliveries. There is a large difference in DDP on the one hand and FOB and CIF deliveries on the other. As already mentioned, DDP deliveries are arrival contracts, while FOB and CIF are departure contracts. In the cases of FOB and CIF deliveries, the responsibility for the goods transfers from exporter to importer at the moment the goods pass the ship's rail at the port of departure.

Contract fulfilment
It is important that an exporter discusses the 'what ifs' with his trade partner: what if there is a problem with inspection, what if a claim is necessary because the airline mishandles the food ingredients, and what if your customer has a problem with product quality after arrival.

Important issues are:
- ☐ Procure the delivery documents in good time.
- ☐ If there is a supply agreement, comply strictly with all parts. If you cannot comply with any part of the agreement (e.g. delivery delays or quality problems), inform the customer clearly and in good time.
- ☐ Co-operate on a partnership basis and seek a common solution even if conflicts arise.
- ☐ Fulfilling the contract should have a high priority, particularly when delivering for the first time.

Other more practical questions that should be asked are:
- When is the shipment needed?
- Does the customer have a preferred freight carrier?
- Which airport (or ocean port) is most convenient?
- Does he have an agent to clear the shipment through Customs?
- Does the customer want to pay for the shipment to be insured?

13.5 Sales promotion

One of the major critical success factors for exporters of food ingredients to the European Union is attention to customer requirements and the ability to maintain good relationships with their European business partners. Sales promotion revolves around developing and expanding these customer relations and thereby maintaining and increasing sales volume.

Some tips for developing customer relations:
- Take good care of existing contacts. This includes for example expressions of thanks to business partners, regular information on the company developments like product range, quality improvements, etc.
- Always reply to a letter of inquiry. If you cannot supply this contact, say so, explaining that you will get in touch with him for the next campaign.

Communication
It is advisable to commence with communication measures, which only require a small amount of planning and co-ordinating, such as revising the company's standard printed matter:
- Standardise all printed paper used outside the company (letterheads, visiting cards, fax form, etc.)
- A brochure of your company (including photos of production sites and produce) can be useful for promoting new contacts and sales.

Constant, prompt and reliable communication is a vital prerequisite for maintaining a long-term business relationship with your customers. If possible, smaller firms should also try to be reachable by (mobile) phone at office hours.

Sales organisation
The term "sales organisation" refers to the organisational system that carries out the sales of the company's products. A sales organisation usually consists of back office and sales force.

As most sales are conducted by telephone, fax or e-mail, having well-functioning sales staff is an absolute precondition for successful market participation. This also applies to smaller company where one person has to take up different (sales) functions.

An essential tool used in sales is a detailed and up-to-date customer database. This database can vary from a simple collection of customer data sheets to an advanced customer relation management system. However, the customer database should at least contain the following information:
- Basic information on the customer: name, address, telephone numbers, etc.
- Changing data on the customer: data resulting from business activities with the customer, such as telephone calls, offers, sales information, etc.

The customer database should give the sales person a quick review of the most important customer information when making or answering a telephone call or planning a visit.

If possible, the database should be computerised, because this simplifies changes, updating, sorting and selection procedures, etc. If computerisation is not possible, the customer database should be on file cards (see example).

Example customer data sheet

General information

Company name:
Postal address:
Street address:
Country:
Telephone:
Fax:
E-mail:
Contact name:

Customer no.:
First contact date: _ _ / _ _ / _ _ _ _
Customer class*: ☐ A ☐ B ☐ C ☐ D
Customer type: *(importer, manufacturer, agent)*
Other info:

Sales information

Sales realised: (last year)
Sales planned: (this year)
etc..

Contact record

No. 1 Contact date: _ _ / _ _ / _ _
Contact type: *(telephone, visit, fax, etc.)*
Information:

No. 2 Contact date: _ _ / _ _ / _ _
Contact type: *(telephone, visit, fax, etc.)*
Information:

No. 3 Contact date: _ _ / _ _ / _ _
Contact type: *(telephone, visit, fax, etc.)*
Information:

* Classify your customers by importance to your company (sales, quality of relation, etc.)

Internet

As a source of information and means of communication, Internet is generally considered to have many opportunities for companies in developing countries. The main advantages of the Internet are:

- Low cost of communication;
- Fast delivery of information;
- Independence of distance and timeline;
- Multimedia possibilities.

Besides one-to-one communication through the use of E-mail, Internet offers opportunities for presentations, (market) research, distribution, sales and logistical improvements. If your target group consists of importers/growers in overseas countries, you can advertise for (new) customers on your Internet site, showing your company, product range and indicating the production circumstances.

Trade fairs

Visiting or even participating in a trade fair abroad can be an efficient tool for communicating with prospective customers. It provides more facilities for bringing across the message than any other trade promotional tool. It can also be an important source of information on market developments, production techniques and interesting varieties.

Important motives for companies visiting European trade fairs are:

- Establishing contacts with potential customers;
- Orientation on the European market;
- Gathering information on specific subjects;

Although significant costs are involved, actually participating in a trade fair could be interesting for a number of companies to meet, for example, European companies interested in setting up production facilities

in tropical regions. One of the major advantages of participating yourself in a trade fair is the ability to present your company and products in a more extensive way (3-D presentation, company video, and product displays).

Trade fairs are organised in many European Union countries. The most relevant fairs for exporters of food ingredients for industrial use are listed in the box below. The contact addresses of these and other trade fairs are listed in Appendix 3.4.

For additional information on trade fair participation, please refer to CBI's Handbook "*Your show master - a guide for selection, preparation and participation in trade fairs*" and to the CBI manual "*Your image builder*".

Assistance with market entry

Local business support organisations

Before approaching organisations abroad, an exporter should first check with local business support organisations (trade promotion organisations, Chambers of Commerce, etc.) and foreign representatives in his or her country.

Import Promotion Organisations

In most EU countries, there are organisations that promote imports from developing countries through specific export promotion activities:

- They supply information on: statistics and other information on national markets, regular news bulletins, importer databases, and market opportunities;
- Individual assistance is offered: management training, testing products by display and adaptation services; and
- They can establish contacts: collective trade fair participation and selling missions.

Branch organisations

As is probably the case in your own country, in most European countries, producers, wholesalers and often retailers are also organised in so-called branch organisations. These organisations can be of use to new exporters to the EU.

Information how to reach these organisations can be found in Appendix 3.3.

Trade fairs	Where?	When?	What?
Alimentaria	Barcelona, Spain	biennial, 8-12 March 2004	International food and beverages exhibition
Anuga	Cologne, Germany	biennial, 11-15 October 2003	One of the leading trade fairs for the food and beverage industry world-wide
BioFach	Nuremberg, Germany	annual, 19-22 February 2004	Organic and natural products and relevant services
IFE	London, UK	biennial, 23-26 March 2003	International food and drink exhibition
IPA	Paris, France	biennial, 22-26 November 2004	Non-alcohol beverages, spices, oils and edible fats condiments
ISM	Cologne, Germany	annual, 1-4 February 2004	International sweets fair
FI Europe	London, UK	biennial, 2005	Food products, product development and quality control
Natural Products Europe	Amsterdam, The Netherlands	annual, 16-17 June 2004	Organic and natural products and food supplement industries
Sana	Milan, Italy	annual, 9-12 September 2004	Natural nutrition, health, and the environment.
SIAL	Paris, France	biennial, 17-21 October 2004	Trade exhibition for the food industry

Appendices

APPENDIX 1 DETAILED HS CODES

HS code	VEGETABLE OILS & FATS
1509	olive oil, raw and processed
1510	other oil, raw and processed, exclusively derived from olives
1511	palm oil, raw and processed
1513	coconut oil, raw and processed, not chemically modified
1515 50	sesame oil, raw and processed
1804	cocoa butter, fat and oil
	DRIED FRUIT AND EDIBLE NUTS
	dried fruit
0804 10 00	dates (fresh and dried)
0804 20 90	figs
0806 20 12/92	sultanas
0806 20 18/98	other dried grapes
0813 10 00	apricots
0813 20 00	prunes
0813 30 00	apples
0813 40 10	peaches, including nectarines
0813 40 30	pears
0813 40 50	papayas
0813 40 60	tamarind fruit
0813 40 70/95	other dried fruit
	edible nuts
1202 10 90	groundnuts (in shell)
1202 20 00	groundnuts (shelled)
2008 11 92/ 11 96	roasted groundnuts
0801 11	desiccated coconuts
0801 19	fresh coconuts
0801 21/22	Brazil nuts (para nuts / amazonia nuts)
0801 31/32	cashew nuts
0802 11 10/12 10	almonds, bitter
0802 11 90/12 90	almonds, sweet
0802 21/22	hazelnuts
0802 31/32	walnuts
0802 40	chestnuts
0802 50	pistachios
0802 90 10/20/30	areca, cola and pecan nuts
0802 90 50	pine nuts
0802 90 60	macadamia (Australian) nuts
0802 90 85	other nuts
0813 50 31	mixtures exclusively of coconuts, cashew nuts, Brazil nuts, areca “betel” nuts, cola nuts and macadamia nuts
	SUGARS
1701 11	raw cane sugar
1703 10	cane molasses resulting from the extraction or refining of sugar

continued

continue

	SPICES AND HERBS
0904 11	pepper of the genus Piper, whole (black/white)
0904 12	pepper of the genus Piper, crushed or ground (black/white)
0904 2010	dried paprika (sweet peppers) of the genus Capsicum or Pimenta, whole
0904 20 31/35/39	dried fruits of the genus Capsicum or Pimenta , whole (red/green peppers and chillies)
0904 20 90	paprika powder of the genus Capsicum or Pimenta
0905	vanilla
0906	cinnamon and cinnamon-tree flowers
0907	cloves: whole fruit and stems
0908 10	nutmeg
0908 20	mace
0908 30	cardamoms
0909 10	anise or badian seeds
0909 20	coriander seeds
0909 30	cumin seeds
0909 40	caraway seeds
0909 50	fennel or juniper seeds
0910 10	ginger
0910 20	saffron
0910 30	turmeric - curcuma
0910 4011/13/19	thyme
0910 4090	bay leaves
0910 50	curry
0910 91	mixtures of two or more of the products of different headings
0910 99	other spices
	NATURAL GUMS AND RESINS
1108 14	manioc starch
1301 20	natural gum arabic
1301 90	natural gums, resins, gum-resins and balsams (excl. gum arabic)
1302 31	agar-agar, whether or not modified
1302 32 10	mucilages and thickeners of locust beans or bean seeds, whether or not modified
1302 32 90	mucilages and thickeners of guar seeds, whether or not modified
1302 39	mucilages and thickeners derived from vegetable products (excl. 1302 31/32)
3806 10 10	gum rosin (colofonium)
3806 10 90	rosin and resin acids (excl. those obtained from fresh oleoresins)
	ESSENTIAL OILS AND OLEORESINS
	essential oils of citrus fruit
3301 11	bergamot oil
3301 12	orange
3301 13	lemon
3301 14	lime
3301 19	other citrus fruits
	essential oils other than those of citrus fruit
3301 21	geranium
3301 22	jasmine
3301 23	lavender
3301 24	peppermint
3301 25	other mints
3301 26	vetiver
3301 29	other essential oils (not included clove, niaouli and ylang-ylang oils)

continued

continue

	resinoids and extracted oleoresins
3301 30	resinoids
3301 90 21	extracted oleoresins of liquorice and hops
3301 90 29	extracted oleoresins of pyrethrum or of the roots of plants containing rotenone
3301 90 31	other extracted oleoresins (medicinal)
3301 90 39	extracted oleoresins of quassia wood, aloe, manna and other plants
3301 90 90	others
	PULSES
0713 20	chickpeas
0713 31	black & green grams
0713 32	small red beans
0713 33	kidney beans, including white pea beans
0713 39	other beans
0713 40	lentils
0713 50	broad and horse beans
0713 90	other leguminous vegetables
0712	**DRIED VEGETABLES**
0712 20 00	onions
0712 30 00	mushrooms and truffles
0712 90 05	potatoes
0712 90 19	sweet corn
0712 90 30	tomatoes
0712 90 50	carrots
0712 90 90	other vegetables and mixtures of vegetables
	NATURAL COLOURS AND FLAVOURS
	natural food colours
3203 00	colouring matter of vegetable or animal origin
	natural food flavours
2906 11	menthol
2912 41	vanillin
	HONEY
0409 00 00	natural honey
	SEEDS
1207 10 90	palm nuts and kernels (excl. for sowing)
1207 30 90	castor oil seeds (excl. for sowing)
1207 40 90	sesamum seeds (excl. for sowing)
1207 92 90	shea nuts ‘karite nuts’ (excl. for sowing)
	VEGETABLE SAPS AND EXTRACTS
1302 12	liquorice sap and extract
1302 19 05	vanilla oleoresin
1302 19 10/98/99	other saps and extracts

APPENDIX 2 DETAILED IMPORT/EXPORT STATISTICS

The source of the data presented below is Eurostat COMEXT 2002.

IMPORTS

Imports of VEGETABLE OILS & FATS by EU member countries, by EU importer and by country of origin, 1999-2001, € 1,000 / tonnes

	1999		2000		2001	
	value	volume	value	volume	value	volume
Total	**4,700,290**	**4,740,437**	**3,996,122**	**4,963,930**	**4,097,279**	**6,051,363**
Intra EU	**2,519,740**	**1,571,648**	**2,214,332**	**1,636,667**	**2,311,047**	**1,825,629**
Extra EU	**2,180,550**	**3,168,789**	**1,781,790**	**3,327,263**	**1,786,232**	**4,225,734**
Developing countries	**2,146,015**	**3,127,350**	**1,743,766**	**3,271,260**	**1,761,063**	**4,198,886**
Top 5 EU importers						
Italy	1,109,278	734,989	1,017,825	801,823	1,103,745	923,882
Germany	871,554	945,522	814,442	1,127,840	727,285	1,256,813
The Netherlands	654,712	1,054,918	476,058	934,294	560,301	1,431,231
France	524,586	327,481	408,305	310,663	461,771	468,380
United Kingdom	494,990	689,374	431,062	732,590	432,095	803,419
Top 5 suppliers						
Spain	486,423	200,927	668,165	352,002	787,316	455,828
The Netherlands	817,059	739,975	637,776	708,083	643,355	752,230
Indonesia	626,671	1,233,117	677,779	1,541,158	563,177	1,665,676
Malaysia	460,159	871,885	369,403	847,722	489,876	1,387,666
Italy	290,015	119,807	272,416	126,752	281,898	133,570
Developing countries						
Philippines	163,311	238,182	165,618	295,728	181,768	480,978
Tunisia	284,416	151,162	187,623	103,587	143,374	85,569
Papua New Guinea	170,465	305,394	127,219	300,325	118,156	376,188
Côte d'Ivoire	127,623	96,749	79,943	58,564	86,701	46,947
Turkey	118,829	67,104	20,924	9,701	86,195	51,523
Ghana	46,626	33,468	40,515	32,738	30,726	15,468
Brazil	31,984	22,285	16,307	23,190	15,849	31,769
Colombia	15,494	26,518	5,773	11,856	11,512	27,298
Nigeria	26,245	11,966	18,775	11,356	10,807	5,061
China	4,207	1,664	2,658	1,046	3,418	1,401

Imports of DRIED FRUIT AND EDIBLE NUTS by EU member countries, by EU importer and by country of origin, 1999-2001, € 1,000 / tonnes

	1999		2000		2001	
	value	volume	value	volume	value	volume
Total	**3,254,916**	**1,759,149**	**3,611,212**	**1,839,790**	**3,531,520**	**1,877,480**
Intra EU	**832,364**	**402,872**	**945,190**	**425,885**	**902,939**	**398,849**
Extra EU	**2,422,552**	**1,356,277**	**2,666,022**	**1,413,905**	**2,628,581**	**1,478,631**
Developing countries	**1,555,049**	**940,902**	**1,683,260**	**941,838**	**1,735,913**	**1,092,839**

Top 5 EU importers						
Germany	926,501	447,318	1,032,706	485,157	944,397	423,226
The Netherlands	414,796	276,706	457,377	287,093	474,801	348,526
United Kingdom	452,694	306,716	469,287	291,568	451,431	311,911
France	390,340	197,584	434,398	206,386	431,627	209,534
Italy	331,450	159,785	367,714	164,167	364,077	174,929
Top 5 suppliers						
USA	775,140	363,448	877,897	416,612	796,081	348,027
Turkey	668,225	328,524	691,224	333,550	725,103	378,784
The Netherlands	168,287	122,931	194,215	128,841	188,224	121,568
China	118,023	129,856	155,886	169,964	175,951	187,687
India	190,469	50,153	207,456	44,061	175,555	42,266
Developing countries						
Iran	159,345	70,113	167,741	60,313	154,710	60,357
Argentina	121,075	166,627	101,574	111,234	140,988	152,301
Tunisia	43,810	22,338	51,577	26,502	48,104	27,844
South Africa	38,868	25,377	36,562	22,583	43,127	34,727
Chile	33,908	17,267	32,411	14,587	38,392	17,642
Vietnam	8,248	1,455	28,789	4,578	35,707	7,046
Brazil	18,970	7,784	28,547	12,533	20,877	12,010

Imports of SUGARS by EU member countries, by EU importer and by country of origin, 1999-2001, € 1,000 / tonnes

	1999		2000		2001	
	value	**volume**	**value**	**volume**	**value**	**volume**
Total	**1,101,303**	**4,607,037**	**1,101,323**	**4,553,741**	**1,214,663**	**4,743,417**
Intra EU	**47,856**	**246,432**	**83,582**	**450,931**	**107,192**	**778,934**
Extra EU	**1,053,447**	**4,360,605**	**1,017,741**	**4,102,810**	**1,107,471**	**3,964,483**
Developing countries	**1,023,876**	**3,996,767**	**987,736**	**3,832,907**	**1,081,703**	**3,771,809**
Top 5 EU importers						
United Kingdom	690,757	1,690,803	681,706	1,730,455	728,787	1,878,156
Portugal	138,337	364,049	136,305	359,164	146,930	373,475
France	96,112	497,409	74,591	429,880	80,287	492,142
The Netherlands	39,058	605,220	50,445	616,217	67,605	665,775
Finland	29,805	64,381	23,007	51,891	36,782	76,759
Top 5 suppliers						
Mauritius	282,152	582,668	224,285	449,017	293,767	546,979
Pakistan	58,865	1,147,564	69,749	1,028,575	118,610	1,194,751
Guyana	117,072	246,280	118,399	238,317	105,503	205,297
Swaziland	89,941	177,869	80,629	156,288	97,175	185,357
Fiji	121,275	238,731	120,330	234,579	94,994	182,899
Developing countries						
Jamaica	85,069	166,341	82,727	162,035	79,725	157,095
Zimbabwe	35,044	72,145	23,414	46,221	36,159	75,408
India	4,616	10,422	21,660	294,494	33,593	332,203
Barbados	26,82	50,592	28,030	54,775	25,972	49,343
Trinidad and Tobago	29,534	57,225	32,210	64,213	25,961	50,781
Cuba	32,552	151,309	37,073	187,219	23,383	59,182
Belize	30,845	79,627	25,547	55,690	22,814	45,110

Brazil	13,781	32,084	17,040	41,511	21,380	53,197
Egypt	15,763	288,329	14,118	179,167	20,305	213,146
Malawi	16,422	28,529	19,150	33,518	18,636	30,904

Imports of SPICES AND HERBS by EU member countries, by EU importer and by country of origin, 1999-2001, € 1,000 / tonnes

	1999		2000		2001	
	value	**volume**	**value**	**volume**	**value**	**volume**
Total	**769,367**	**254,771**	**861,758**	**262,956**	**800,659**	**289,147**
Intra EU	**285,803**	**81,503**	**311,099**	**87,809**	**284,402**	**94,264**
Extra EU	**483,564**	**173,268**	**550,659**	**175,147**	**516,257**	**194,883**
Developing countries	**434,443**	**149,332**	**500,159**	**147,904**	**466,942**	**171,148**
Top 5 EU importers						
Germany	190,323	59,744	201,151	60,360	176,054	61,185
The Netherlands	163,260	57,101	178,599	60,294	141,649	65,470
France	92,628	25,151	109,277	25,103	111,094	24,064
United Kingdom	83,911	37,877	104,662	41,726	106,348	45,392
Spain	63,475	25,799	67,875	20,808	87,963	35,058
Top 5 suppliers						
The Netherlands	113,260	32,189	119,264	30,702	91,572	30,938
Indonesia	108,134	27,291	143,149	32,997	83,512	31,249
Germany	66,669	19,091	70,133	21,325	67,750	19,416
Madagascar	19,928	2,656	34,836	2,650	57,935	2,374
India	59,003	26,432	61,992	25,808	46,560	24,737
Developing countries						
Brazil	41,403	14,356	36,800	12,568	40,305	20,954
Iran	22,948	1,550	25,423	947	27,509	1,354
China	19,009	8,787	18,601	11,027	21,898	15,111
South Africa	8,148	6,221	6,854	3,463	21,302	12,474
Vietnam	27,378	7,317	32,985	7,422	19,549	8,943
Comoros	3,744	615	5,811	785	17,930	530
Turkey	14,929	6,645	17,681	6,997	15,871	6,919
Peru	966	667	5,605	2,706	14,969	7,872
Guatemala	6,466	1,118	11,469	1,105	13,441	1,267
Grenada	10,227	1,962	10,947	1,364	11,657	1,829

Imports of NATURAL GUMS AND RESINS by EU member countries, by EU importer and by country of origin, 1999-2001, € 1,000 / tonnes

	1999		2000		2001	
	value	**volume**	**value**	**volume**	**value**	**volume**
Total	**572,648**	**410,331**	**634,559**	**452,958**	**634,881**	**475,106**
Intra EU	**235,403**	**111,271**	**240,262**	**117,514**	**237,696**	**110,973**
Extra EU	**337,245**	**299,060**	**394,297**	**335,444**	**397,185**	**364,133**
Developing countries	**295,166**	**280,240**	**342,727**	**316,116**	**333,932**	**338,904**

Top 5 EU importers						
Germany	133,903	102,090	146,490	111,796	135,234	101,462
France	99,016	66,855	112,942	79,734	110,704	80,678
The Netherlands	58,445	68,053	65,084	77,868	68,234	84,284
United Kingdom	80,125	37,122	79,721	33,015	68,118	29,891
Denmark	43,951	8,919	50,105	9,275	63,111	11,607
Top 5 suppliers						
China	76,690	130,687	96,256	153,768	111,140	174,969
Philippines	41,638	9,134	44,220	8,109	44,921	8,614
India	51,072	32,575	57,382	40,326	43,770	43,827
France	40,619	10,577	39,910	9,544	42,707	10,373
Germany	29,403	18,727	31,606	19,105	34,677	20,868
Developing countries						
Sudan	16,523	18,429	21,572	18,203	23,735	19,819
Morocco	22,763	3,532	23,302	3,206	22,708	2,846
Indonesia	15,077	15,749	25,103	22,225	19,425	19,440
Brazil	18,883	33,912	17,076	29,240	16,087	26,328
Chile	10,044	1,250	11,695	1,230	9,970	1,095
Chad	4,920	5,809	5,433	6,853	7,368	8,246
Pakistan	12,668	7,200	10,071	6,628	6,087	6,514
Thailand	3,183	8,578	4,673	14,149	5,557	16,391

Imports of ESSENTIAL OILS AND OLEORESINS by EU member countries, by EU importer and by country of origin, 1999-2001, € 1,000 / tonnes

	1999		2000		2001	
	value	**volume**	**value**	**volume**	**value**	**volume**
Total	**550,344**	**61,549**	**586,878**	**62,208**	**613,116**	**67,113**
Intra EU	**210,208**	**17,537**	**221,935**	**19,885**	**210,746**	**16,806**
Extra EU	**340,136**	**44,012**	**364,943**	**42,323**	**402,370**	**50,307**
Developing countries	**188,889**	**33,152**	**213,732**	**30,443**	**244,153**	**36,109**
Top 5 EU importers						
France	144,781	9,344	160,284	8,354	165,790	8,056
United Kingdom	140,545	16,240	134,593	15,007	144,366	17,019
Germany	83,080	11,970	88,420	13,447	91,184	13,958
The Netherlands	40,596	9,638	50,337	8,707	54,804	10,866
Spain	34,327	5,003	38,913	5,487	40,303	6,078
Top 5 suppliers						
USA	112,038	6,612	110,475	6,216	117,429	7,509
France	63,380	2,906	66,938	4,374	61,228	2,782
China	37,617	6,938	46,597	6,968	52,466	7,314
United Kingdom	33,201	2,739	40,400	2,695	39,548	2,401
India	27,745	2,446	34,525	2,445	38,284	2,707
Developing countries						
Brazil	14,053	16,073	20,649	13,133	24,571	18,462
Indonesia	22,247	986	18,313	881	23,856	1,036
Argentina	20,665	1,391	14,187	850	20,025	1,153
Morocco	8,096	573	9,865	871	11,347	826
Turkey	6,928	48	8,990	395	9,343	119

Egypt	6,528	94	8,762	107	8,820	94
Mexico	5,613	389	6,372	423	7,606	489
Madagascar	5,154	1,028	7,030	867	7,401	708

Imports of PULSES by EU member countries, by EU importer and by country of origin, 1999-2001, € 1,000 / tonnes

	1999		2000		2001	
	value	**volume**	**value**	**volume**	**value**	**volume**
Total	**504,970**	**1,053,403**	**568,931**	**1,053,338**	**575,444**	**1,068,619**
Intra EU	**93,437**	**310,641**	**98,289**	**307,281**	**100,312**	**295,401**
Extra EU	**411,533**	**742,762**	**470,642**	**746,057**	**475,132**	**773,218**
Developing countries	**186,577**	**311,218**	**214,050**	**299,792**	**242,412**	**352,729**
Top 5 EU importers						
Spain	109,887	249,429	128,364	233,714	135,485	244,580
Italy	111,573	321,572	122,791	300,794	131,297	316,844
United Kingdom	91,723	156,215	94,422	150,240	90,645	151,296
France	63,269	101,850	69,534	107,104	67,939	103,063
The Netherlands	30,746	62,579	34,111	66,539	38,875	67,610
Top 5 suppliers						
Canada	105,749	211,997	138,669	256,324	133,981	260,457
USA	92,689	150,343	97,611	146,850	77,638	122,051
Mexico	45,379	70,162	59,407	70,321	66,519	80,888
China	35,477	71,482	41,019	67,965	59,235	103,213
Argentina	47,756	77,890	60,122	88,763	56,886	84,206
Developing countries						
Turkey	23,101	33,265	22,182	26,370	23,965	33,169
India	1,862	3,353	4,362	5,894	5,722	7,012
Ethiopia	5,711	12,646	4,622	10,304	4,629	11,551
Chile	1,537	1,292	2,961	1,908	3,964	2,690
Madagascar	3,622	6,993	2,786	5,600	3,340	5,883
Peru	6,582	8,359	3,803	5,351	3,153	4,086
Myanmar	3,461	7,014	1,858	3,016	3,062	4,595
Tanzania	4,145	5,516	1,985	2,311	3,034	3,312

Imports of DRIED VEGETABLES by EU member countries, by EU importer and by country of origin, 1999-2001, € 1,000 / tonnes

	1999		2000		2001	
	value	**volume**	**value**	**volume**	**value**	**volume**
Total	**373,302**	**139,841**	**404,708**	**169,405**	**426,796**	**180,661**
Intra EU	**172,735**	**66,851**	**190,405**	**87,611**	**204,948**	**106,476**
Extra EU	**200,567**	**72,990**	**214,303**	**81,794**	**221,848**	**74,185**
Developing countries	**129,767**	**47,936**	**148,236**	**58,442**	**140,312**	**49,981**
Top 5 EU importers						
Germany	103,920	40,400	114,307	42,513	123,159	44,301
Italy	52,700	9,665	49,437	8,850	60,917	11,299
United Kingdom	62,172	27,412	70,158	39,015	59,985	29,334

The Netherlands	36,568	19,434	43,358	27,721	55,615	38,067
France	50,955	13,313	57,013	15,286	52,467	14,526
Top 5 suppliers						
China	56,269	25,348	75,504	34,643	60,463	25,366
France	49,999	20,918	54,162	20,983	52,857	19,417
Germany	39,524	11,982	39,450	12,682	45,406	13,258
USA	39,719	15,375	37,745	13,741	35,727	12,764
The Netherlands	27,746	15,689	35,320	24,936	28,778	26,745
Developing countries						
Turkey	11,462	3,009	12,689	3,428	15,103	4,628
Egypt	13,761	7,771	15,937	9,290	14,708	8,127
Yugoslavia Fed. Rep.	11,809	725	10,625	658	13,651	951
India	12,524	5,757	11,442	5,384	12,294	5,239
Peru	3,616	293	3,607	237	4,859	274
Syria	563	281	625	334	3,045	1,723

Imports of NATURAL COLOURS AND FLAVOURS by EU member countries, by EU importer and by country of origin, 1999-2001, € 1,000 / tonnes

	1999		2000		2001	
	value	**volume**	**value**	**volume**	**value**	**volume**
Total	**242,619**	**27,572**	**287,950**	**32,236**	**290,665**	**93,413**
Intra EU	**136,036**	**16,506**	**151,774**	**19,398**	**152,804**	**80,184**
Extra EU	**106,583**	**11,066**	**136,176**	**12,838**	**137,861**	**13,229**
Developing countries	**68,319**	**7,814**	**83,812**	**8,598**	**88,402**	**9,126**
Top 5 EU importers						
Germany	51,649	5,643	58,576	5,742	57,653	5,948
United Kingdom	46,490	5,885	51,225	5,590	49,328	38,013
France	34,471	3,235	42,578	4,308	39,074	3,519
Spain	17,526	2,425	31,052	4,204	31,786	3,220
Italy	19,838	2,887	23,434	3,708	23,840	3,704
Top 5 suppliers						
India	25,259	1,984	31,184	1,944	37,790	2,474
France	34,156	5,708	38,603	6,809	35,934	34,638
Germany	30,238	3,409	33,103	3,327	33,994	36,612
Spain	20,675	1,942	20,920	2,805	20,620	2,293
USA	11,030	1,374	19,540	2,126	19,810	1,733
Developing countries						
China	16,837	2,285	21,681	2,902	18,005	2,526
Peru	9,467	940	11,419	1,389	13,667	1,839
Mexico	8,037	2,024	9,786	1,728	8,661	1,461
South Africa	1,428	89	1,915	64	1,910	66
Brazil	869	98	1,817	190	1,633	186
Kenya	937	79	918	40	1,237	45
Malaysia	527	3	1,035	6	1,007	5

Imports of HONEY by EU member countries, by EU importer and by country of origin, 1999-2001,
€ 1,000 / tonnes

	1999		2000		2001	
	value	volume	value	volume	value	volume
Total	**242,570**	**192,960**	**251,393**	**197,502**	**275,176**	**197,862**
Intra EU	**74,084**	**41,618**	**74,878**	**40,762**	**76,925**	**39,897**
Extra EU	**168,486**	**151,342**	**176,515**	**156,740**	**198,251**	**157,965**
Developing countries	**126,190**	**121,834**	**127,832**	**119,751**	**147,679**	**127,018**
Top 5 EU importers						
Germany	108,093	90,960	115,607	95,621	123,641	92,201
United Kingdom	24,964	22,903	25,691	22,615	32,795	26,155
France	24,181	15,358	23,472	15,693	25,292	15,554
Italy	15,671	12,479	16,297	12,506	16,831	11,961
Spain	13,040	13,333	14,190	13,236	16,581	14,756
Top 5 suppliers						
Argentina	47,037	45,386	46,410	42,577	53,927	46,508
China	29,531	34,995	27,408	33,574	34,427	36,729
Germany	30,227	17,962	30,408	16,724	32,127	16,754
Mexico	22,066	19,097	26,636	21,477	25,919	17,695
Hungary	13,305	8,014	15,548	11,018	17,953	10,344
Developing countries						
Uruguay	7,004	6,875	4,223	4,074	7,684	6,688
Cuba	4,823	4,204	6,002	5,494	6,710	5,840
Chile	3,035	2,516	3,693	3,013	6,021	4,459
Turkey	6,652	3,298	5,972	2,977	4,977	2,697
India	1,352	1,394	2,486	2,262	1,852	1,533
El Salvador	1,788	1,500	1,231	978	1,479	1,100

Imports of SEEDS by EU member countries, by EU importer and by country of origin, 1999-2001,
€ 1,000 / tonnes

	1999		2000		2001	
	value	volume	value	volume	value	volume
Total	**91,263**	**132,823**	**110,731**	**139,810**	**109,913**	**183,995**
Intra EU	**19,666**	**24,577**	**18,482**	**20,500**	**17,231**	**21,680**
Extra EU	**71,597**	**108,246**	**92,249**	**119,310**	**92,682**	**162,315**
Developing countries	**68,879**	**105,098**	**90,446**	**117,793**	**91,373**	**161,115**
Top 5 EU importers						
The Netherlands	23,230	34,477	27,674	32,233	25,571	31,973
Germany	25,835	36,574	27,824	35,917	25,440	37,458
United Kingdom	9,590	27,292	11,516	21,032	18,143	59,856
Greece	12,396	14,925	17,803	19,556	15,256	18,602
France	5,077	4,525	5,572	4,674	6,234	6,123
Top 5 suppliers						
India	29,164	41,336	37,714	48,278	42,491	61,904
Sudan	15,822	21,370	23,743	27,922	13,440	16,279
The Netherlands	10,030	13,530	10,164	9,174	8,997	9,222
Guatemala	6,625	4,948	9,039	5,938	7,132	4,892
Ghana	1,254	6,262	683	3,169	5,131	23,237

Developing countries						
Burkina Faso	1,334	1,731	1,281	1,521	3,504	7,511
Mexico	1,830	1,445	2,281	1,553	2,926	1,954
Venezuela	3,526	3,141	2,958	2,109	2,051	1,634
Benin	124	322	703	2,928	1,985	7,450
Ethiopia	559	695	568	585	1,951	2,242
China	1,187	1,251	1,661	1,400	1,918	1,468
Nigeria	2,205	17,583	2,928	6,467	1,431	2,718

Imports of VEGETABLE SAPS AND EXTRACTS by EU member countries, by EU importer and by country of origin, 1999-2001, € 1,000 / tonnes

	1999		2000		2001	
	value	**volume**	**value**	**volume**	**value**	**volume**
Total	**139,378**	**26,645**	**149,986**	**28,812**	**161,485**	**27,776**
Intra EU	**61,837**	**7,194**	**58,938**	**7,770**	**68,145**	**9,795**
Extra EU	**77,541**	**19,451**	**91,048**	**21,042**	**93,340**	**17,981**
Developing countries	**27,312**	**12,309**	**35,544**	**14,480**	**33,813**	**12,198**
Top 5 EU importers						
Germany	28,358	4,199	34,434	5,304	47,123	5,496
France	28,742	2,779	27,105	3,083	27,629	2,358
United Kingdom	21,803	7,273	22,783	8,618	21,173	7,498
Italy	15,713	1,698	16,605	1,970	14,227	1,904
The Netherlands	9,914	2,180	11,880	2,022	13,278	2,283
Top 5 suppliers						
USA	28,481	4,591	32,994	4,291	36,267	4,045
France	17,437	2,800	18,143	2,535	20,472	2,887
The Netherlands	4,016	467	5,470	611	18,171	902
Germany	10,212	1,514	11,741	1,873	12,298	2,507
Switzerland	11,160	461	11,132	443	11,867	552
Developing countries						
China	3,768	873	6,739	1,597	7,691	1,479
India	8,419	661	8,774	948	7,235	846
Madagascar	2,751	86	2,547	52	5,512	45
Brazil	3,695	5,550	5,929	7,587	4,828	5,530
Iran	3,897	1,663	4,222	1,675	4,729	1,702
Turkmenistan	242	92	847	291	746	241

EXPORTS

Exports of by EU member countries of product groups falling under ingredients for food products, 1999-2001, € 1,000 / tonnes

	1999		2000		2001	
	value	volume	value	volume	value	volume
Vegetable oils & fats	3,240,623	1,810,826	3,200,321	1,950,211	3,192,948	2,252,012
Dried fruit & edible nuts	1,074,564	538,115	1,167,893	518,844	1,157,946	506,931
Natural gums & resins	483,423	173,936	507,369	171,058	500,729	163,216
Spices & herbs	397,364	226,090	451,182	124,745	473,652	128,315
Essential oils & oleoresins	431,526	33,930	445,591	33,157	457,906	35,047
Natural colours & flavours	228,710	25,554	259,677	28,024	269,824	28,412
Dried vegetables	234,887	76,740	233,762	73,277	260,002	79,504
Pulses	151,689	466,251	162,632	398,651	141,173	325,947
Vegetable saps & extracts	100,568	10,765	94,486	11,269	101,578	14,057
Honey	92,036	46,242	101,061	51,140	97,819	47,230
Sugars	72,980	471,420	74,064	370,137	87,419	510,444
Seeds	29,566	27,095	30,556	26,890	26,880	24,603

APPENDIX 3 USEFUL ADDRESSES

3.1 Standards organisations

INTERNATIONAL
International Standardisation Institute (ISO)
E-mail: central@iso.org
Internet: www.iso.org

UN/ECE
Trade Division - Agricultural Standards Unit
E-mail: info.ece@unece.org
Internet: www.unece.org

Joint FAO/WHO Food Standards Programme
CODEX ALIMENTARIUS COMMISSION ESN Division
E-mail: fao-hq@fao.org
Internet: www.fao.org

EUROPEAN UNION
Comité Européen de Normalisation (CEN)
European Normalisation Committee
E-mail: infodesk@cenorm.be
Internet: www.cenorm.be

SGS European Quality Certification Institute E.E.S.V.
E-mail: sgs.nl@sgs.com
Internet: www.sgs.nl

FRANCE
Association Française de Normalisation (AFNOR)
E-mail: norminfo@afnor.fr
Internet: www.afnor.fr

GERMANY
Deutsches Institut für Normung eV (DIN)
E-mail: postmaster@din.de
Internet: www.din.de

ITALY
Ente Nazionale Italiano di Unificazione (UNI)
E-mail: uni@uni.com
Internet: www.unicei.it

THE NETHERLANDS
Nederlands Normalisatie Instituut (NNI)
E-mail: info@nni.nl
Internet: www.nni.nl

UNITED KINGDOM
British Standards Institution (BSI)
E-mail: info@ bsi-global.com
Internet: www.bsi-global.com

3.2 Sources of price information

INTERNATIONAL
FAO (Food and Agriculture Organization)
Publisher of 'Commodity and Market Review', and 'Food Outlook'
E-mail: publication-sales@FAO.org
Internet: www.fao.org

International Trade Centre (ITC)
Publisher of 'Market News Service for Services'
E-mail: itcreg@intracen.org
Internet: www.intracen.org

GERMANY
Ista Mielke GmbH
Publisher of 'Oil World'
E-mail: info@oilworld.de
Internet: www.oilworld.de

INDONESIA
International Pepper Community
Publisher of 'Weekly Prices Bulletin'
E-mail: ipc@indo.net.id
Internet: www.ipcnet.org

THE NETHERLANDS
Productschap voor Margarine, Vetten en Oliën (MVO)
Commodity Board for Margarine, Fats and Oils
E-mail: info@mvo.nl
Internet: www.mvo.nl

Productschap voor granen, zaden en peulvruchten
Commodity Board for Arable Products
E-mail: gzp@hpa.agro.nl
Internet: www.gzp.nl

UNITED KINGDOM
Agra Europe Ltd.
Publisher of 'The Public Ledger' and 'Foodnews'
E-mail: marketing@public-ledger.com / marketing@agra-net.com
Internet: www.public-ledger.com / www.agra-net.com

USA
IMR International
Publisher of 'Quartely Review of Food Hydrocolloids'
E-mail: dseisun@hydocolloid.com
Internet: www.hydrocolloid.com

3.3 Trade associations

INTERNATIONAL

FOSFA (Federation of Oils, Seeds and Fats Associations Ltd.)
E-mail: contact@fosfa.org
Internet: www.fosfa.org

IFEAT (International Federation of Essential Oils and Aroma Trade)
E-mail: IFEATAdministrator@fdf.org.uk
Internet: www.ifeat.org

INC (International Nut Council)
E-mail: inc@treenuts.org
Internet: www.inc.treenuts.org

IOFI (International Organisation Flavour Industry)
Telephone: +41 (0)223 213 548
Fax: +41 (0)227 811 860
E-mail: ifra@dial.eunet.ch

ISA (International Sweeteners Association)
E-mail: contact@isabru.org
Internet: www.sweeteners.org

EUROPEAN UNION

CEFS (European Committee of Sugar Producers)
E-mail: info@cefs.org
Internet: www.cefs.org

CIAA (Confederation of the Food and Drink Industries in the EU)
E-mail: ciaa@ciaa.be
Internet: www.ciaa.be

EFFA (European Flavour and Fragrances Association)
Telephone: +32 (0)2 2389905
Fax: +32 (0)2 2300265
E-mail: effa@pophost.eunet.be

ELC (Federation of European Food Additives and Food Enzymes Industries)
E-mail: dionne.heijnen@ecco.be
Internet: www.elc-eu.org

FEDIOL (Federation of Seed Crushers and Oil Processors)
E-mail: fediol@fediol.be
Internet: www.fediol.be

FEEDM (Federation of European Honey Importers and Packers)
E-mail: info@waren-verein.de
Internet: www.warenverein.de

FRUCOM (Der Hamburger Börse e.V.)
National association for foreign and wholesale trade of food products
E-mail: info@waren-verein.de
Internet: www.warenverein.de

AUSTRIA

Fachverband der Nahrungs-und-Genussmittel-Industrie
E-mail: fiaa@dielebensmittel.at
Internet: www.dielebensmittel.at

BELGIUM

A VISPA Section Spices
Telephone: +32 (0)2 743 8741
Fax: +32 (0)2 736 8175
E-mail: atispa.vived@sia-dvi.be

HARRPA ((European) Hydro-carbon and Rosin Resin Producers Association)
E-mail: csu@cefic.be
Internet: www.cefic.org

DENMARK

ADOP (Association of Danish Oil Processors)
Telephone: +45 (0)8612 6066
Fax: +45 (0)8931 0101
E-mail: aro@posg4.gele.dk

FINLAND

Finnish Food and Drink Industries' Federation (FFDIF)
E-mail: info@etl.fi
Internet: www.etl.fi

FRANCE

COVIB (Syndicat National des Transformateurs de Poivres, Epices, Aromats et Vanille)
Telephone: +33 (0)1 5342 23380
Fax: +33 (0)1 534 23381
E-mail: covib@wanadoo.fr

FEDHUIL (Fédération Nationale de Huileries Métropolitaines et Industries Dérivées)
Telephone: +33 (0)1406 94898
Fax: +33 (0)1472 33884

SGFHTF (Syndicat Général des Fabricants d'Huile et de Tourteaux de France)
Telephone: +33 (0)1 46372206
Fax: +33 (0)1 46371560
E-mail: huileries@fncg.fr

UNAF (Union Nationale de l'Apiculture Française)
E-mail: unaf@wanadoo.fr
Internet: www.unaf.net

GERMANY

GROFOR (Deutscher Verband des Grosshandels mit Ölen, Fetter und Ölrohstoffen)
E-mail: info@grofor.de
Internet: www.grofor.de

Verband Deutscher Ölmühlen
Association of German Oil Manufacturers
E-mail: info@oelmuehlen.de
Internet: www.oelmuehlen.de

Verband der Deutschen Essenzenindustrie E.V.
E-mail: vddei-vdrh@t-online.de
Internet: www.aromenhaus.de

Verein der Getreidehändler der Hamburger Börse e. V.
E-mail: info@vdg-ev.de
Internet: www.vdg-ev.de

VDC
Organisation of Bulk and Foreign trade Companies involved with Drugs and Chemicals e.V.
E-mail: vdc@wga-hh.de
Internet: www.wga-hh.de/vdc.html

ITALY

AIIPA (Associazione Italiana Industrie Prodotti Alimentari)
E-mail: info@aiipa.it
Internet: www.aiipa.it

ANEIOA (Associazione Nazionale Esportori Importatori Ortofrutticolli e Agrumarie)
E-mail: aneioarm@tin.it
Internet: www.aneioa.it

ASSITOL (Associazione Italiana dell Industria Olearia)
E-mail: assitol.it@oil.it
Internet: www.federalimentare.it/docassitol.html

Associazione GRANARIA di Milano
E-mail: greataria@granariamilano.it
Internet: www.granariamilano.org

Federazione Nazionale del Commercio Oleano
Address: Via della Concie 20, I-00154 Rome, Italy
Telephone: +39 06 5754201
Fax: +39 06 5781813

SWEDEN

Foreningen Svenska Kryddtillverkare
E-mail: svenska.i.varlden@sviv.se
Internet: www.sviv.se

THE NETHERLANDS

Dutch Peanut Council
E-mail: dpc@wispa.nl
Internet: www.dutchpeanut.nl

HPA (Hoofdproductschap Akkerbouw)
Main Commodity Board for Arable Farming
E-mail: hpa@hpa.agro.nl
Internet: www.akkerbouw.com

NEA (Vereniging van Geur- en Smaakstoffenfabrikanten)
Dutch Association for Flavour and Fragrance Manufacturers
E-mail: secretariaat@nea-nederland.nl
Internet: www.nea-nederland.nl

Nederlandse Vereniging voor de Handel in Gedroogde zuidvruchten, specerijen en aanverwante artikelen
The Netherlands Dried Fruit Trade Association
E-mail: secretariaat@nzv.org.nl
Internet: www.zuidvruchten.nl

NOFOTA
Netherlands Oils, Fats & Oil seeds Trade Association
E-mail: info@nofota.com
Internet: www.nofota.com

MVO (Productschap voor Margarine, Vetten en Oliën)
Commodity Board for Margarine, Fats and Oils
E-mail: info@mvo.nl
Internet: www.mvo.nl

Productschap Tuinbouw
Commodity Board for Horticulture, including pulses
E-mail: pt@tuinbouw.nl
Internet: www.tuinbouw.nl

Productschap voor Groenten en Fruit
The Community Board for Fruits and Vegetables
E-mail: info@bedrijfschap.com
Internet: www.bedrijfschap.com

VERNOF (Vereniging Nederlandse Fabrikanten van Eetbare Olien en Vetten)
Association of Dutch Seed Crushers and Oil Processors
Telephone: +31 (0)70 3905263
Fax: +31 (0)70 3191329
E-mail: secretariaat@vernof.nl

UNITED KINGDOM

British Honey Importers and Packers Association
E-mail: info@honeyassociation.com
Internet: www.honeyassociation.com

FAIA (Food Additives and Ingredients Association)
Food Additives and Ingredients Association
Address: 10 Whitchurch Close, Maidstone, Kent ME16 8UR, United Kingdom
Internet: www.faia.org.uk

FDF (Food and Drink Federation)
E-mail: generalenquiries@fdf.org.uk
Internet: www.fdf.org.uk

National Dried Fruit Association
E-mail: ndfta@adfe.demon.co.uk
Internet: www.driedfruit-info.com

SCOPA (Seed Crushers and Oil Processors' Association)
Telephone: +44 (0)20 78362460
Fax: +44 (0)20 7879 57 35
E-mail: angela.bowden@fdf.org.uk

Seasoning and Spice Association
Telephone: +44 (0)20 7836 2460
Fax: +44 (0)20 7836 058
E-mail: mcosta@fdf.org.uk

3.4 Trade fair organisers

Alimentaria
E-mail: alimentaria@alimentaria.com
Internet: www.alimentaria.com

ANUGA
E-mail: anuga@koelnmesse.de
Internet: www.anuga.de

Bio Fach (certified organic products)
Ökowelt TMBH
E-mail: info@biofach.de
Internet: www.biofach.de

Food Ingredients Europe
Miller Freeman BV
alternate with ***Health Ingredients Europe***
E-mail: fi@unmf.com
Internet: www.fi-events.com

IFE
Email: ife@freshrm.co.uk
Internet: www.ife.co.uk

IPA
Internet: www.ipa-web.com

ISM (Internationale Süßwaren-Messe)
Internet: www.ism-cologne.de

Natural Products Europe
New Hope International Media Ltd.
Internet: www.expoeurope.com

Salon International de L'Alimentation (SIAL)
E-mail: sial@sial.fr
Internet: www.sial.fr

SANA
Fiere e Comunicazioni
E-mail: info@sana.it
Internet: www.sana.it

3.5 Trade press

Food Management
(Dutch language)
E-mail: VMT@keesing.nl
Internet: www.vmt.nl

Foodnews
(English language)
E-mail: marketing@agra-net.com
Internet: www.agra-net.com

International Food Ingredients
(English language)
Internet: www.ifi-online.com

Voedingsmiddelen Technologie (VMT)
(Dutch language)
E-mail: VMT@keesing.nl
Internet: www.vmt.nl

Fruit World International
(English, German, French language)
E-mail: sups@agropress.com
Internet: www.agropress.com

Food Engineering and Ingredients
(English language)
E-mail: info@foodinternational.net
Internet: www.fei-online.com

3.6 Other useful addresses

INTERNATIONAL
International Chamber of Commerce
E-mail: icc@iccwbo.org
Internet: www.iccwbo.org

IFOAM
International Federation of Organic Agriculture Movements
E-mail: headoffice@ifoam.org
Internet: www.ifoam.org

EUROPE
European Food Safety Authority (EFSA)
Internet: www.efsa.eu.int

GreenTrade
(Online directory of buyers and sellers of organic products)
E-mail: info@greentrade.net
Internet: www.greentrade.net

Green Trade Net
(E-commerce of organic products)
E-mail: info@green-tradenet.de
Internet: www.green-tradenet.de

TransFair International
Fair trade organisation
E-mail: info@transfair.org
Internet: www.transfair.org

GERMANY
BCS ÖKO-GARANTIE GMBH
Contact point for organic certification
E-mail: info@bcs-oeko.de
Internet: www.bcs-oeko.de

Ecocert
Contact point for organic certification
E-mail: info@ecocert.de
Internet: www.ecocert.de

GTZ Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH
Service enterprise for development cooperation
E-mail: postmaster@gtz.de
Internet: www.gtz.de

Naturland Verband für naturgemäßen Landbau e.V
Germany's Naturland association for organic agriculture
E-mail: naturland@naturland.de
Internet: www.naturland.de

Deutsches Tiefkühlinstitut e.V.
Email: infos@tiefkuehlinstitut.de
Internet: www.tiefkuehlinstitut.de

FRANCE
Ecocert
Contact point for organic certification
E-mail: info@ecocert.fr
Internet: www.ecocert.fr

THE NETHERLANDS
CBI/Accesguide
CBI's database on European non-tariff trade barriers
Email: accessguide@cbi.nl
Internet: www.cbi.nl/accessguide

The Ministry of Public Health, Welfare and Sports
Netherlands food inspection service
E-mail: ad@kvw.nl
Internet: www.keuringsdienstvanwaren.nl

SKAL
Internationally operating organisation, inspecting and certifying sustainable agricultural production methods and products
E-mail: info@skal.com
Internet: www.skal.com

Stichting Max Havelaar
Max Havelaar Foundation, fair trade organisation
E-mail: maxhavelaar@maxhavelaar.nl
Internet: www.maxhavelaar.nl

UNITED KINGDOM
Soil Association
IFOAM accredited contact point for organic certification
E-mail: info@soilassociation.org
Internet: www.soilassociation.org

APPENDIX 4 LIST OF DEVELOPING COUNTRIES

The list of developing countries as applied in this market survey, is the OECD DAC list of countries receiving Official Development Assistance (Part I). The list used is the one as at 1/1/2003.

Afghanistan
Albania
Algeria
Angola
Anguilla
Antigua and Barbuda
Argentina
Armenia
Azerbaijan
Bahrain
Bangladesh
Barbados
Belize
Benin
Bhutan
Bolivia
Bosnia & Herzegovina
Botswana
Brazil
Burkina Faso
Burundi
Cambodia
Cameroon
Cape Verde
Central African rep.
Chad
Chile
China
Colombia
Comoros
Congo, Dem. Rep
Congo, Rep
Cook Islands
Costa Rica
Côte d'Ivoire
Croatia
Cuba
Djibouti
Dominica
Dominican republic
Ecuador
Egypt
El Salvador
Equatorial Guinea
Eritrea
Ethiopia
Fiji
Gabon
Gambia
Georgia
Ghana
Grenada
Guatemala
Guinea
Guinea-Bissau
Guyana
Haiti
Honduras
India
Indonesia
Iran
Iraq
Jamaica
Jordan
Kazakstan
Kenya
Kiribati
Korea, Rep. of
Kyrghyz Rep.
Laos
Lebanon
Lesotho
Liberia
Macedonia
Madagascar
Malawi
Malaysia
Maldives
Mali
Marshall Islands
Mauritania
Mauritius
Mayotte
Mexico
Micronesia, Fed. States
Moldova
Mongolia
Montserrat
Morocco
Mozambique
Myanmar
Namibia
Nauru
Nepal
Nicaragua
Niger
Nigeria
Niue
Oman
Pakistan
Palau Islands
Palestinian Admin. Areas
Panama
Papua New Guinea
Paraguay
Peru
Philippines
Rwanda
Samoa
São Tomé & Principe
Saudi Arabia
Senegal
Seychelles
Sierra Leone
Solomon Islands
Somalia
South Africa
Sri Lanka
St. Helena
St. Kitts-Nevis
St. Lucia
St. Vincent and Grenadines
Sudan
Surinam
Swaziland
Syria
Tajikistan
Tanzania
Thailand
Timor, East
Togo
Tokelau
Tonga
Trinidad & Tobago
Tunisia
Turkey
Turkmenistan
Turks & Caicos Islands
Tuvalu
Uganda
Uruguay
Uzbekistan
Vanuatu
Venezuela
Vietnam
Wallis & Futuna
Yemen
Yugoslavia, Fed. Rep.
Zambia
Zimbabwe

Note: Eurostat figures do not include figures for St. Kitts-Nevis

APPENDIX 5 USEFUL INTERNET SITES

www.naturalhub.com/
The site provides general information about several natural food products and directories of sources of these products.

www.preparedfoods.com/archives/2002/2002_1/0102development.htm
An article by the magazine Prepared Foods in which top R&D and marketing experts from food companies discuss what ingredients are and will be a part of their formulation priorities.

www.foodingredientsonline.com/
A portal site including information where you can sign up for a free newsletter, see current headlines and find information on market research reports.

www.foodingredientsfirst.com/
Food Ingredients First.com is a portal for unique content on food & beverage development. It focuses on the technical challenges of combining ingredients in the product development process. It covers key successful new product concepts from around the world with extensive illustrations and supplier information.

www.ifis.org/index.html
This is the site of the International Food Information service.

Food-specific directory sites
There are several directory sites on the Internet devoted specifically to food-related topics. Some sites contain a broad range of information from commercial and non-commercial sources, and examples of these include: the Food Resource (www.orst.edu/food-resource/index.html), and the Food and Nutrition Internet Index (FNII; www.fnii.ifis.org). These sites contain information on some or all of the following: businesses, professional and trade associations, conferences and exhibitions, food science research articles, lists of university research departments and institutions, newsgroups, recipes, regulatory information, food safety information, and so on. Other directory sites have a similar information content, but a more commercial bias. These include: Bob Messenger's Food Trends Newsletter (www.foodtrends.com), the Internet Food Channel (www.foodchannel.com), the Thought4Food site (www.thought4food.com), and Dotfood, the Miller Freeman directory site (www.dotfood.com). Another interesting Internet site offers you a lot of useful information on speciality foods including daily recipes, masterclasses and a directory of thousands of producers, wholesalers, retailers and services suppliers (www.foodfirst.co.uk). Finally, there are also directory sites, which deal with only specific areas within the food industry. Examples includes the Food Info Net (www.foodinfonet.com/ingredient.htm), which is contains information on over 1,000 ingredients companies, searchable by product, trade name, country, etc.

Government sites
Governments have a duty to provide information; thus many governmental sites (denoted by the suffix '.gov') not only describe their structure and function, but also are a rich source of advisory and scientific information. Sites worthy of particular mention include the FDA Center for Food Safety and Applied Nutrition (www.fda.gov), the Index of Food and Nutrition Internet Resources (www.nal.usda.gov/fnic), the UK Department for Environment
Food and Rural Affairs site (www.defra.gov.uk) and the US Patent Office site (www.uspto.gov).

Patents, standards and other legislation information
In addition to the US government patent site mentioned above, other patent information is available on the web from numerous national government sites, international sites, e.g. the European Patent Office (www.epo.co.at/epo/online/index.htm), and from various fee-charging commercial companies such as MicroPatent (www.micropatent.com), which allows access to the front pages of US, EPO and PCT (world) patents for a small charge. Legislative information is also available from many sources, and just three examples are David Jukes' European food legislation site, providing summaries of existing and proposed legislation (www.fst.rdg.ac.uk/foodlaw/index.htm) and the IFT (Institute of Food Technologists) site which covers state and federal US legislation, including food law (www.ift.org/divisions/food_law/jumpmain.htm). Information on standards can be accessed at the ISO (International Standards Organization) site (www.iso.ch) and Codex Alimentarius on the Food and Agriculture Organization site (www.fao.org).

CBI: YOUR EUROPEAN PARTNER FOR THE EUROPEAN MARKET

The CBI (Centre for the Promotion of Imports from developing countries) is an agency of the Dutch Ministry of Foreign Affairs. The CBI was established in 1971. The CBI's mission is to contribute to the economic development of developing countries by strengthening the competitiveness of companies from these countries on the EU market. The CBI considers social values and compliance with the most relevant environmental requirements to be an integral part of its policy and activities.

CBI offers various programmes and services to its target groups:

Market information
A wide variety of tools to keep exporters and Business Support Organisations (BSOs) in developing countries in step with the very latest development on the EU market.
These include market surveys and strategic marketing guides for more than 40 product groups, manuals on export planning and other topics, fashion and interior forecasts and the CBI News Bulletin, a bi-monthly magazine. This information can also be obtained from our website at www.cbi.nl For all information on non-tariff trade barriers in the EU CBI has a special database, AccessGuide, at www.cbi.nl/accessguide
And finally CBI's Business Centre is offering free office facilities, including telephones, computers, internet and copiers for eligible exporters and BSOs. Market reports, international trade magazines, cd-roms and much more can be consulted in the information section of the business centre.

Company matching
The company matching programme links well-versed suppliers in developing countries to reliable importing companies in the EU and vice versa. The online matching database contains profiles of hundreds of CBI-audited and assisted exporters in developing countries that are ready to enter into various forms of business relationships with companies in the EU, as well as many EU companies interested in importing or other forms of partnerships such as subcontracting or private labelling.

Export development programmes (EDPs)
EDPs are designed to assist entrepreneurs in developing countries in entering and succeeding on the EU market and/or in consolidating or expanding their existing market share. Selected participants receive individual support over a number of years by means of on site consultancy, training schemes, trade fair participation, business-to-business activities and general export market entry support. Key elements usually include technical assistance in fields such as product adaptation, improving production, implementing regulations and standards and export marketing and management assistance.

Training programmes
Training programmes for exporters and BSOs on, among others, general export marketing and management; trade promotion; management of international trade fair participations and developing client-oriented market information systems. The duration of the training programmes vary between two days and two weeks and are organized in Rotterdam or on location in developing countries.

BSO development programme
Institutional support for capacity building for selected business support organisations.
The programme is tailored to the specific needs of participating BSOs and can include train-the-trainer assistance, market information systems support and staff training. CBI's role is advisory and facilitative.

Please write to us in English, the working language of the CBI.

Centre for the Promotion of Imports from developing countries
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