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DIPO

The Danish Import Promotion Office DIPO operates in accordance with an agreement between the Danish Chamber of Commerce and The Danish International Development Assistance, DANIDA. The office is situated in the Danish Chamber of Commerce but is financed by DANIDA.

The aim of DIPO is to provide service to exporters in the developing countries in their endeavours to enter the Danish market. The office can assist with market information and with establishing contact to Danish importers. Business offers are published free of charge at DIPO's website (www.dipo.dk) and/or directly mediated by email to the relevant Danish importers.

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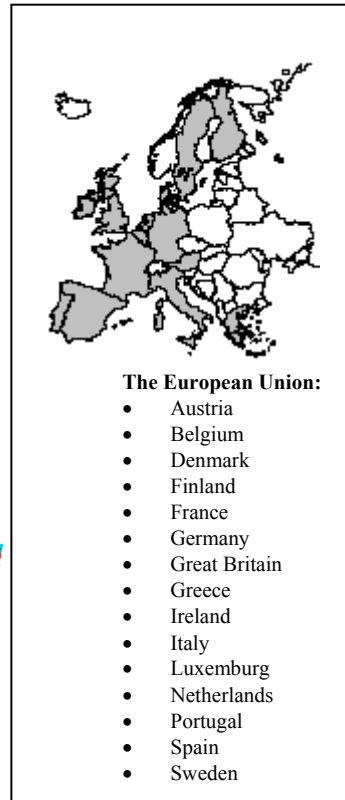
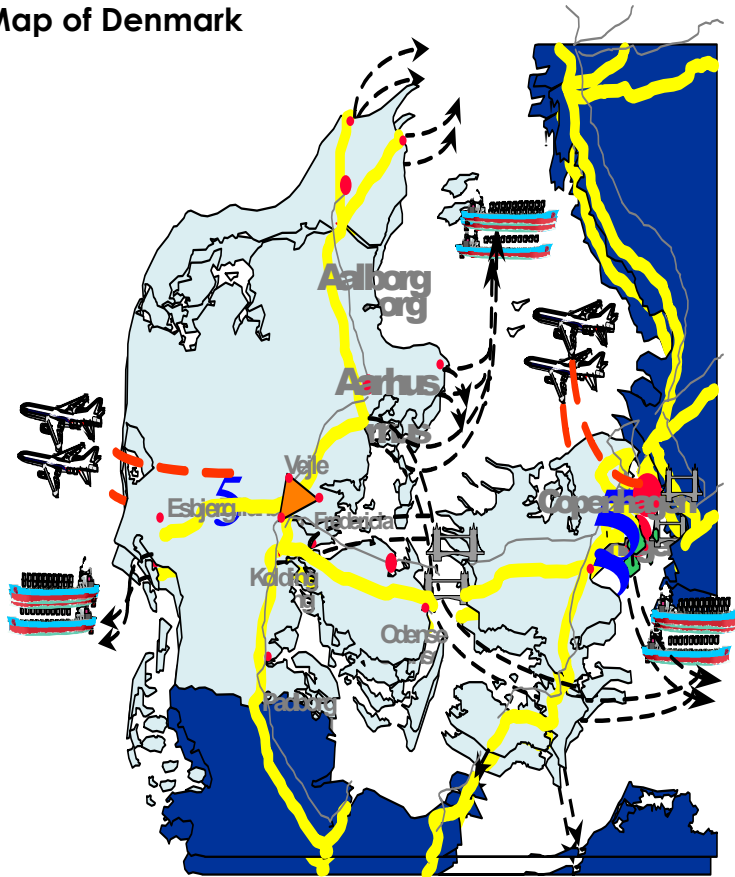
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Map of Denmark



Facts about Denmark

Area: 43,095 sq. kilometers	Other Large Cities:
Population: 5.4 million	Aarhus: 500,000 inhabitants
Capital: Copenhagen: 1.5 million inhabitants	Odense: 200,000 inhabitants
Language: Danish	Aalborg: 160,000 inhabitants
Government: Democracy	Distances
GDP (2000): DKK 1,188,196 million	Copenhagen – Aarhus: 300 kilometers
GDP per capita (2002): DKK 220,975	Copenhagen – Odense: 165 kilometers
Currency: Krone, DKK (1 DKK = 100 øre)	Copenhagen – Aalborg: 400 kilometers
Denmark has not adopted the common currency EURO	Public Holidays, 2003:
Exchange Rate, US\$: 1 US\$ = 6.63 DKK	New Year's Day
January 1 st	(July 7 th † 2003)
Maundy Thursday	April 17 th
Time Zone: Central European Time Zone	Good Friday
April 18 th	
One hour ahead of GMT	Easter Monday
April 20 th	
Business Hours: Monday to Friday	Prayer Day
9.00 a.m. to 5.00 p.m.	Ascension Day
May 29 th	May 16 th
Weight and Measures: The Metric System	Constitution Day
Climate: 4 seasons: spring, summer,	Whitsunday
	June 5 th
	June 8 th + 9 th

1. Introduction to Denmark

Standard of Living

With a high GDP per capita as well as a highly prioritized welfare system, the Danish standard of living is among the highest in the world. Income is evenly distributed among the population and, normally, both men and women work full time.

Membership of the EU

As a member of the EU, Denmark enjoys open market access to the other EU countries. Within the EU a Customs Union has been formed, allowing goods to move freely across borders without customs or taxes. For non-EU countries, however, specific rules apply (please refer to chapter 7 "Customs Duty and Import Regulations").

Denmark also enjoys membership of international organizations such as the OECD and the WTO and is traditionally striving to actively remove obstacles to free trade within these frameworks.

General Trade Figures

The Danish economy is highly dependent on trade with other countries due to the country's size and location in one of the world's most dynamic regions.

More than two thirds of the Danish foreign trade is carried out with other EU countries. With regards to total imports to Denmark (only goods) in 2002, imports from other EU countries accounted for 71.8 percent. Other European countries accounted for 12.9 percent, Asia accounted for 8.5 percent, the Americas for 6.3 percent, and only 0.5 percent of total imports came from Africa.

Industrial Pattern

Small and medium sized companies characterize the Danish industry. Compared to other industrialized countries, even the largest Danish companies are -with few exceptions- only medium sized.

Except for heavy industries such as mining, car and plane industries etc., practically all business sectors exist in Denmark. Due to an increasing specialization, division of tasks, and seasonality, however, a large range of products is also imported to Denmark. The Danish industry is mainly constituted of light manufacturing and reprocessing, and production is often characterized by a high degree of specialization in a particular, well-defined field. Products, which have made Denmark known internationally, are primarily meat and dairy products, pharmaceuticals, furniture, beer, electronic products and advanced metal industry.

Infrastructure

The Danish infrastructure is highly developed. The road network is of high standard, the railway system connects almost every town with more than 10,000 inhabitants, there are many easily accessible, harbours, and Denmark has several domestic airports. Copenhagen Airport is the largest airport in Northern Europe being served by most international carriers. Ferries, tunnels and a number of bridges interconnect the islands of Denmark and, furthermore, a bridge connects Denmark to Sweden (see map on page 3).

Means of communication are excellent as well. The postal service is efficient and reliable, and telephone, fax service and email are available throughout the country.

Climate

The Danish climate consists of four seasons: spring, summer, autumn and winter. The average temperature in July ranges from 12 to 20 degrees Celsius, opposed to the average temperature of January, which ranges from -3 to +2 degrees Celsius. Some snow can be expected from December to March, and rainfall is common with about 700 mm precipitation annually.

Households

No exact numbers for household spending on spices and herbs exist for the Danish market, but approximately 11.5 percent of total household income is spent on food and food products.

2. Market Definition

This market survey covers spices and herbs:

- **Spices:** pepper, paprika, capsicum, caraway, anise, vanilla, cinnamon, cloves, nutmeg, mace, cardamoms, fennel seeds, coriander, cumin, caraway, juniper berries, ginger, saffron, turmeric, curry, and other spices
- **Herbs:** Parsley, marjoram, oregano, thyme, bay leaves, rosemary, basil, mint, savoury, dill, tarragon, sage, and other herbs

In order to avoid misunderstandings the classification of spices in this market survey will be based on the Combined Nomenclature.

The Combined Nomenclature (CN) is the 8-digit trade classification system used by the European Union for tariff purposes. The system is directly linked to the 6-digit Harmonized System (HS) used by the vast majority of trading nations throughout the world. The CN codes that will be used in this market brief are:

CN Code	Description
0904	Pepper of the genus Piper; dried or crushed or ground fruits of the genus Capsicum or of the genus Pimenta
0905	Vanilla
0906	Cinnamon and cinnamon-tree flowers
0907	Cloves (whole fruit, cloves and stems)
0908	Nutmeg, mace and cardamoms
0909	Seeds of anise, badian, fennel, coriander, cumin or caraway; juniper berries
0910	Ginger, saffron, turmeric (curcuma), thyme, bay leaves, curry and other spices

When exporting to countries within the EU, it is necessary to state the exact CN number of the specific type of spice or herb. More information and details on the Combined Nomenclature is available on http://europa.eu.int/comm/taxation_customs.

3. Market Analysis

Market Size

In this section the size of the Danish market for spices and herbs is estimated. The section includes all categories of spices and herbs (CN Codes 09.04-09.10) described in the previous chapter "Market Definition".

In the following two tables, the market size from 1998 to 2002 is calculated. The first table applies monetary values (Danish Kroner) while the value of the second table is in kilos. The reason for this division is that the two means of measurement do not always go together as prices of spices and herbs can fluctuate significantly making an estimation based on a single value less precise.

For both tables, the formula applied in order to calculate the market size is the following:

$$\text{Market size} = \text{Domestic production} + \text{Imports} - \text{Exports}$$

Market Size, Developments 1998-2002 (DKK)					
	1998	1999	2000	2001	2002
Imports*	123,046,684	152,675,662	145,573,472	125,033,830	138,841,070
Exports*	34,955,096	44,518,081	62,592,876	63,623,221	113,820,037
Own production*	5,713,000	9,750,000	10,528,000	16,174,000	16,919,000
Market size	93,804,588	117,907,581	93,508,596	77,584,609	41,940,033
Index (1998 = 100)	100	126	100	83	45

Source: Statistics of Denmark

*Current prices

As the table shows, the market size fluctuated significantly in the four-year period. The value of imports fluctuated between DKK123 million and DKK152 million; exports had an upward trend with an almost doubling of exports from 2001 to 2002, while domestic production was also characterized by growth with a triple increase in value from 1998 to 2002. The drastic increase in exports in 2002 is due to a cross border merger between one of the largest Danish companies in the spice business and its Swedish counterpart creating more movement of goods between the two countries than previously. Except from the peak in 1999, market size has been more than halved since 1998. Although this could seem depressing, the fact is that the decline in market size is due to the above-mentioned increase in exports, while imports are still considerably larger now than in 1998. Thus, from a foreign exporter's point of view, the declining total market for spices and herbs in Denmark should not cause any concern.

The market size can also be estimated in quantity, which is shown below.

Market Size, Developments 1998-2002 (Kilos)					
	1998	1999	2000	2001	2002
Imports	5,191,686	5,481,161	4,633,807	4,561,802	4,914,662
Exports	777,996	1,429,383	1,930,462	2,310,673	4,682,035
Own production	101,674	152,139	128,717	120,616	204,185
Market size	4,515,364	4,203,917	2,832,062	2,371,745	436,812

Index (1998 = 100)	=	100	93	63	53	10
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Source: Statistics of Denmark

The numbers and results of this table are somewhat different from those of the previous table. When estimated in kilos, imports have slightly decreased since 1998, which –compared to the same figures measured in DKK– shows an opposite trend. This indicates that prices on spices and herbs have risen during the last four years, since lesser quantities are worth more DKK. In the section 'Largest Export Groups' price developments for the spices and herbs will be explained further. Otherwise, the trends in the two tables are rather similar with highly increasing exports and a larger domestic production.

Countries with Exports of Spices and Herbs to Denmark

Most trade with spices and herbs takes place *within* the European Union. Although the table below only takes into account the ten countries with most exports of spices and herbs to Denmark, and not the entire EU, the pattern is obvious: The EU countries listed in the table (Germany, the Netherlands, Sweden, France, the UK, and Spain) share 76 percent of the market for total exports of spices and herbs to Denmark. With the inclusion of Hungary into the EU in 2004, the share will increase to 78 percent. Nonetheless, this figure should not be interpreted as if non-EU countries do not enjoy large exports to the EU. Most spices are produced in the developing world and thereafter shipped to large distribution centres in the EU, particularly in Germany and the Netherlands, and then re-exported to other EU-countries, including Denmark. In the last column, which shows how the exports to Denmark have developed over the last three years, the Dutch increase of 44 percent proves this country's increasing importance as a centre of distribution to other EU countries. For more information on the opportunities of the German and the Dutch market see www.gtz.de and www.cbi.nl respectively.

Countries with Largest Exports of Spices and Herbs to Denmark, 2000 – 2002 (DKK)

Country	2000	2001	2002	% Change*
Germany	46,132,660	43,155,988	48,820,727	6
The Netherlands	17,054,367	19,400,845	24,580,714	44
Sweden	17,634,960	15,117,351	20,434,168	16
India	10,232,503	11,083,419	9,435,174	-8
France	5,146,213	3,143,979	5,492,631	7
Indonesia	15,074,443	4,791,782	4,439,292	-71
United Kingdom	6,017,900	6,419,938	3,395,871	-44
Spain	2,845,844	4,103,732	3,306,317	16
Thailand	867,678	1,998,545	3,112,134	259
Hungary	2,587,088	1,726,568	2,228,741	-14
Total	123,593,656	110,942,147	125,245,769	1
Total World	145,573,472	125,033,830	138,841,070	-5
% of World Exports	85	89	90	

* Change in percentage between 2000 and 2002

Source: Statistics of Denmark

Three developing countries are represented in the top ten table, namely India, Indonesia, and Thailand. India takes a fourth place with exports close to DKK 10 million, but the country's exports have declined by 8 percent over the last three years. The situation is much worse for Indonesia with a decline in exports of 71 percent. In 2000 Indonesia was ranked four among the largest exporters and with exports 50 percent larger than India. In 2002 Indonesia must be content with a sixth place. Thailand on the other hand has witnessed a 259 percent increase in exports since 2000. Thailand is still, however, a relatively small exporter compared to India and Indonesia. The reason behind these developments may be price fluctuations, bad harvests, and trade diversion towards importing more from other EU countries rather than importing directly from the developing countries. Importing from other EU countries may be more feasible for Danish importers since the authorities have already approved these spices, and furthermore Danish importers often request rather small shipments, making it inappropriate to import directly from the developing countries.

Since the European countries weigh most in the table above, the following table presents the developing countries with largest exports of spices and herbs to Denmark. This part will also describe the composition of the exports from the individual developing countries.

Developing Countries with Most Exports to Denmark, 2000 – 2002 (DKK)				
Country	2000	2001	2002	% Change*
India	10,232,503	11,083,419	9,435,174	-8
Indonesia	15,074,443	4,791,782	4,439,292	-71
Thailand	867,678	1,998,545	3,112,134	259
China	1,804,048	749,125	1,065,172	-41
Vietnam	4,656,405	127,634	805,527	-83
Guatemala	1,016,726	533,243	496,800	-51
Fr. Polynesia	0	295,232	400,417	not possible
Total	33,651,803	19,578,980	19,754,516	-41
Total World	145,573,472	125,033,830	138,841,070	-5
% of World Exports	23	16	14	

* Change in percentage between 2000 and 2002

Source: Statistics of Denmark

The table shows that the market share of the developing countries has been declining during the last three years, from 23 percent in 2000 to only 14 percent in 2002. The reason behind the fall in the market share of developing countries may be that increasingly more spices are imported from the hubs in Germany and the Netherlands instead of being imported directly from the producing countries.

Except from the three largest exporters (India, Indonesia, and Thailand), only China and Vietnam have enjoyed fairly stable exports to Denmark. Vietnam had a large shipment of pepper in 2000, which explains the relatively high figure in that particular year. Although Guatemala and French Polynesia are also presented on the list, the exports from these two countries are usually in the form of one-off shipments.

Below, the exports of all the developing countries that exported spices and herbs to Denmark in 2002 are summarized:

- **India's** exports of spices to Denmark in 2002 consisted of pepper, ginger, thyme, turmeric, curry, seeds of cumin, seeds of fennel, and juniper berries
- **Indonesia** exported mostly pepper, but also cinnamon and cloves

- **Thailand** exported coriander, pimento, pepper, ginger, curry, anis, cinnamon, cloves, mixed spices, and other spices
- **China** exported pepper, pimento, cloves, ginger, and other spices
- **Guatemala** had one shipment of Cardamoms in 2002
- **French Polynesia** exported vanilla
- **Madagascar** exported cloves and pepper worth DKK 328,571
- **Pakistan** exported curry, ginger, caraway, coriander, pepper, mixed, and other spices worth DKK 304,954
- **Sri Lanka** exported curry, cinnamon, and pepper worth DKK 265,208
- **Brazil** exported pepper worth DKK 204,064
- **Lebanon** exported thyme, pepper, mixed and other spices worth DKK 135,162
- **Egypt** exported pepper, coriander worth DKK 116,322
- **Tonga** exported vanilla worth DKK 39,204
- **Syria** exported thyme, mixed, and other spices worth DKK 22,601
- **Malaysia** exported pepper worth DKK 14,109
- **Philippines** exported other spices worth DKK 12,104
- Finally, **Bahamas** exported thyme worth DKK 4,000

In conclusion, although many developing countries export spices to Denmark, the value of most of these exports is rather low and many of these trade operations are either irregular or one-off shipments. Factors that may explain the low rate of imports from developing countries may be, among other things, bad harvests, price fluctuations, local political instability, and natural catastrophes.

Types of Spices and Herbs Imported by Denmark

All the different types of spices and herbs that were imported by Denmark in 2002 are presented in the table below. The table shows the spices and herbs categorized according to their respective the CN codes.

All Imports of Spices and Herbs in 2002, DKK

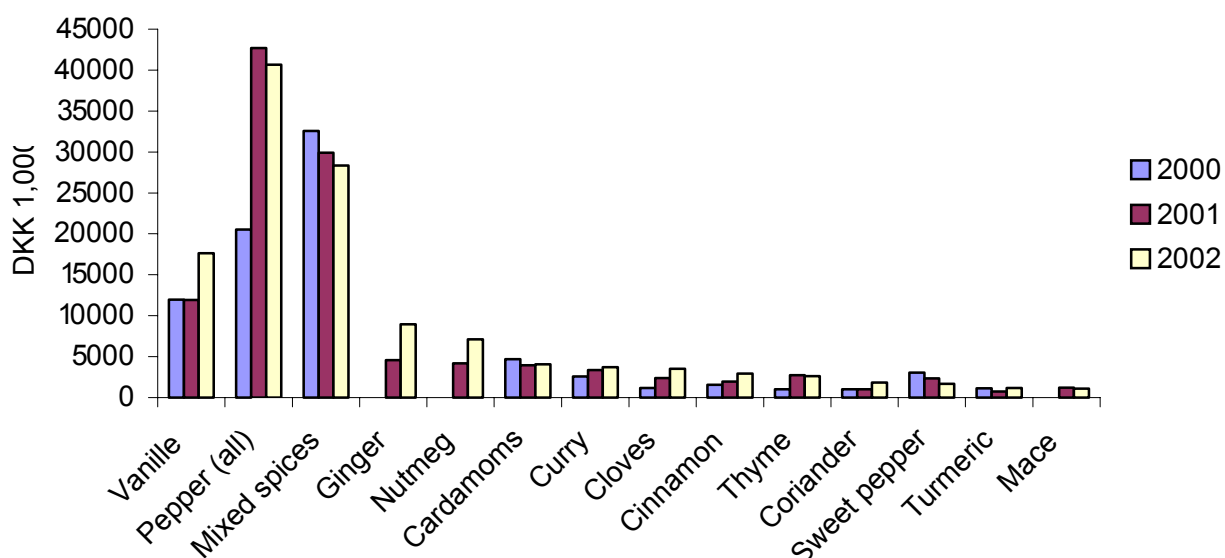
Product description	CN code	Value in DKK	Volume in kilos
Vanilla	09050000	18,311,932	51,901
Pepper of the genus Piper; dried or crushed or ground fruits of the genus Capsicum or of the genus Pimenta, crushed or ground	09042090	17,534,238	628,363
Mixed spices: Ginger, saffron, turmeric (curcuma), thyme, bay leaves, curry and other spices, crushed or ground	09109999	15,319,127	510,112
Pepper of the genus Piper; dried or crushed or ground fruits of the genus Capsicum or of the genus Pimenta, neither crushed nor ground	09041100	13,191,997	723,432
Mixed spices: Ginger, saffron, turmeric (curcuma), thyme, bay leaves, curry and other spices, crushed or ground	09109190	11,742,536	314,613
Ginger	09101000	8,930,971	850,763
Pepper of the genus Piper; dried or crushed or ground fruits of the genus Capsicum or of the genus Pimenta, crushed or ground	09041200	8,057,225	280,787
Nutmeg	09081000	7,038,494	120,937
Cardamoms	09083000	3,954,701	69,000
Curry	09105000	3,761,644	195,479

Cloves (whole fruit, cloves and stems)	09070000	3,431,469	68,751
Cinnamon and cinnamon-tree flowers, crushed or ground	09062000	2,886,034	207,117
Thyme, neither crushed nor ground	09104013	2,557,611	27,690
Seeds of coriander	09092000	1,857,419	87,225
Sweet peppers, neither crushed nor ground	09042010	1,672,540	38,177
Pepper of the genus Piper; dried or crushed or ground fruits of the genus Capsicum or of the genus Pimenta, neither crushed nor ground	09042030	1,444,071	49,048
Mixed spices: Ginger, saffron, turmeric (curcuma), thyme, bay leaves, curry and other spices, mixtures, neither crushed nor ground	09109110	1,175,178	84,833
Turmeric (curcuma)	09103000	1,170,887	152,686
Mace	09082000	1,101,560	18,565

Source: Statistics of Denmark

Vanilla tops the list of the spices imported into Denmark. However, if all the different categories are added together pepper is by far the spice, which Denmark imports most of. If all the categories of pepper in the table are added up, imports of pepper amount to more than DKK 40 million, which is more than twice the value of vanilla. Among the developing countries that directly contributed to the imports of pepper into Denmark, and not via third countries such as the Netherlands or Germany, were India, Indonesia, Thailand, China, Madagascar, Pakistan, Sri Lanka, Brazil, Lebanon, Egypt and Malaysia, while French Polynesia and Tonga were the only developing countries that exported vanilla directly to Denmark in 2002. Another important category was mixed spices (ginger, saffron, turmeric (curcuma), thyme, bay leaves, curry and other spices), which together accounted for more than DKK 28 million. In the figure below, the development in imports over the last three years is displayed.

Imports of spices and herbs, 2000-2002



The figure confirms the fact that pepper, vanilla, and mixed spices are by far the most important spices on the Danish market. The value of the imports of vanilla has risen in 2002, which can be attributed price increases, while the market for pepper and mixed spices has decreased slightly over the last two years. A single trend cannot be derived with regards to the development in imports of the other spices; for half of the spices there has been an increase in the imports while the opposite goes for the other half. All in all, the Danish market for imports of spices and herbs fluctuates steadily between DKK125 and DKK150 million per year.

4. Trends

Based on a number of interviews with Danish importers and manufacturers of spices, three trends concerning the consumption of spices on the Danish market can be identified.

Ethnic food

First of all, in recent years Danish consumers have taken an increasing interest in so-called "ethnic food", meaning that dishes from especially India, East Asia as well as from Latin America and the Mediterranean countries have gained ground in Denmark. This tendency, for example, is reflected in the growth and number of ethnic restaurants in Denmark; in the types of products that the food industry is producing; in the increasing variety of spices and ingredients for these types of food found on the shelves in Danish supermarkets; as well as in the rise in numbers of television cookery programmes and recipes in magazines promoting the cuisines of nationalities other than Danish.

The increasing interest in these international cuisines means that spices not traditionally used in the Danish cuisine are gaining ground on the Danish market. This means that a move away from the traditional spice and herb mixtures can be seen towards a greater demand for new combinations and spice mixes that can be used when preparing food relating to any of the above-mentioned cuisines.

Some Danish importers of spices predict that Moroccan or North African dishes will be the next food trend on the Danish market.

Private labels

Second of all, there is an increasing interest in the production of private labels of spices demanded from the food industry, catering firms as well as from retailers. Manufacturers of spices experience an increasing demand from these players in having different custom-made blends of spices produced according to these players' specific needs and line of business.

Organic spices and herbs

Finally, an increasing interest in organic food on the Danish market has been noticeably over the last decade, which has a positive spill over effect on the demand and consumption of organic spices and herbs. Especially, in the Danish food industry producers of organic meat and cheese products demand organic spices for their production of purely organic food and dishes.

However, foreign exporters interested in this particular market should be aware that the demand for organic spices in Denmark has remained stable over a longer period of time and moreover, the market for organic spices is still relatively low, constituting approximately less than two percent of the total market for spices in Denmark.

5. Commercial Practice

Due to the increasing use of the Internet, Danish importers of spices and herbs receive many offers on a daily basis from foreign suppliers who wish to do business in Denmark. Therefore, a foreign exporter of spices and herbs must be aware that a Danish importer can pick and choose among many uninvited offers from qualified suppliers. The new supplier will often have to replace an already existing relationship with competent suppliers and therefore, the first impression and the first contact is of great importance to the subsequent success of entry into the Danish market.

Contacting the Importer

First step is to send a business offer containing a precise product description along with brochures or perhaps samples. Price should also be introduced as close to the best price possible. It is of vital importance that contact details such as phone and fax number and e-mail address are stated correctly as inaccurate information will give a bad first impression and might cause the importer to immediately lose interest in the product. Some importers also stress that fast communication through e-mails is important as well as having an English-speaking staff.

It should never be assumed that the Danish importer will follow up on the business offer – the follow up is always expected to be made by the exporter. A follow up call will give an idea of the need and purchase pattern of the Danish importer, which can help evaluate the compatibility of the product.

Meeting with the Importer

Personal contact established through a business visit is also important sometimes. Danish importers travel widely and most likely will also at some point in time want to visit the supplier for an inspection of the location and facilities.

If the product is of relevance to the importer's line of business, it will normally not be a problem to set up meetings directly. Danish business people are generally result oriented and well versed within their particular field. Therefore, it is advisable to be well prepared and ready to respond to very direct questions about quality, prices, quantities and deliveries.

It is often said that Danes are informal, which is true to some extent. The informality does not, however, apply to being careless in respecting appointments.

Delivery

Once a business deal has been settled, it is important that the condition of the products corresponds to that agreed with the importer. For example, if samples of spices have been sent to the Danish importer, the quality of the delivery must of course correspond to the same quality as the samples introduced. For example, many Danish importers stress that the foreign exporter should clean the spices and herbs for pebbles, soil and other impurities before the shipment leaves the country.

If the business relationship is new, the Danish importer might want to have samples of the spices taken from the shipment before it is sent off to its final destination in order to make sure that the quality of the shipment corresponds to the quality agreed upon. These samples are usually not collected by the Danish importer himself, but taken care of by professional organisations operating internationally.

Reliability concerning delivery time is another important factor in the business relationship with a Danish importer and therefore it is of paramount importance that the exporter states the realistic delivery time right from the very beginning of a new co-operation. The tolerance towards delay and products which do not live up to agreements is very limited and may lead to orders being cancelled.

Ethics and Codes of Conduct

Over the last decade, consumers in Denmark have increasingly paid more attention to the ethical conduct of business, which has given rise to the term "political consumers." This term implies that there is a strong tendency towards Danish consumers placing greater demand on Danish importers and manufacturers. They must be able to guarantee that the products imported from developing countries have not been subject to, for example, child labour, has caused pollution or otherwise harmed the environment when produced. Therefore, by getting involved with Danish importers suppliers from developing countries may be asked to sign a contract or statement guaranteeing that the production is carried out without violating the above mentioned issues.

Furthermore, bribery is almost non-existent in Denmark. Recent studies have shown that Denmark is at the bottom of the list of countries in which bribery or corruption is found.

The Danish legal, regulatory and accounting systems for the business sector can be described as transparent and consistent with EU directives.

Visitor's Visa

For visitors from overseas countries a visa is usually required to visit Denmark. A letter of invitation from the Danish business partner will often help in obtaining the visa. The exporter must apply for a visa at the Danish Embassy or Consulate in the home country. The visa issued will usually be for entry into the Schengen Area as a whole.

6. Distribution

Danish Importers of Spices and Herbs

The market for spices and herbs in Denmark can be characterized as buyer's market as Danish importers can pick and chose from many uninvited offers from foreign exporters all over the world who want to gain foothold in Denmark.

In Denmark, the market for spices is characterized by oligopoly, meaning that few dominant players hold the majority of the market share. Danish importers of spices generally focus on supplying either the food industry and the catering sector or supplying different types of retailers. Supply to the food industry and catering sector is mainly taken care of by 6-7 dominant Danish importers that hold approximately 90 percent of the total market share for this segment whereas supply to the retail sector is dominated by 2-3 large Danish importers.

The large Danish importers of spices and herbs often have their own production facilities where the spices and herbs are being cleaned, processed, grinded and packed before the final spice products are sent out to the end users. Usually, spices are imported whole and ungrounded into Denmark. After importation the spices are cleaned mechanically by the Danish importer in order to sort out pebbles and other impurities from the spices and thereafter treated with some kind of specialised thermotherapy or high-pressure steam treatment in order to eliminate bacteria and spores. Today, fumigation and irradiation are more seldom used to process spices and herbs.

As it is also reflected in the statistics in chapter 3, spices and herbs are not always imported directly to Denmark from the countries of origin, but imported through either Germany or the Netherlands, which are the two main destinations for spices and herbs being imported into the EU markets. Being the hub for spices in the EU some Danish importers also choose to source from these two countries or act as agents on the Danish market for German and/or Dutch importers.

As it is the case in the rest of the EU, the industrial sector in Denmark is by far the largest consumer of spices and herbs as spices are used particularly in the processing of meat, fish, canned products, sauces, soups, bakery goods and so on. It is estimated that approximately 65 – 70 percent of total spice consumption on the Danish market is related to the industrial sector. The catering sector buys approximately 10 – 15 percent of all spices on the Danish market whereas the retail sector consumes approximately 15 – 20 percent of total spices.

Similar for all three markets is that many of the costumers are becoming increasingly interested in purchasing blends of spices and herbs from the Danish importers that have been customized to their specific need. This means that Danish importers often put great effort into developing new products and concepts for their different groups of customers in order to meet their special kinds of requirements.

Prices and Mark-ups

The price structure of the spices or herbs naturally varies depending on the spices or herbs in question. The margins charged by the different intermediaries in the trade are also influenced by different factors such as the current and expected future harvest situation, the availability

of the spice, the level of demand, the trend in prices etc. Therefore, it is very difficult to state the exact margins for the different groups of spice importers, but the following numbers can be given as a general and roughly estimated guideline on the mark-up added to the purchasing price by each intermediary:

- Agents: 2 – 5 percent
- Importers/ processors: 30 – 60 percent
- Retailers: 50 – 300 percent

Success Factors

The different importers of spices and herbs on the Danish market already have a wide net of suppliers with whom they have had close co-operation for several years. Danish importers emphasize long-lasting business relationships with the foreign suppliers as it takes a long time to build up the necessary trust and to ensure that the quality of the spices and herbs lives up to expectations. This, however, does not mean that they are not open to new suppliers. Often the enquiries from potential suppliers are kept in the importer's database for a possible future business contact. Please refer to chapter 5 "Commercial Practice" on how to contact Danish importers.

Danish importers of spices and herbs often stress the combination of price and quality. This, however, does not mean that a low price is the most important factor for the purchasing decision - a reasonable price combined with a product of high quality is just as important. Generally, the main quality factors considered for spices and herbs are appearance, flavour, aroma, colour, volatile oil content and cleanliness of the products.

In general it can be stated that living up to delivery time and agreements regarding quality, price and quantity is of paramount importance if successful cooperation should be established with Danish importers of spices and herbs. In other words: normal standards of good business behaviour are strongly encouraged.

As it is the case in many different business relationships mutual trust and reliability between the exporter and importer of spices and herbs are also of paramount importance if a fruitful relationship should be established. Many Danish importers stress the importance of a foreign exporter being certified (for example ISO certification or following an approved HACCP system (Hazard Analysis and Critical Control Point, see for example: <http://vm.cfsan.fda.gov/~lrd/haccp.html>)) or being highly recommended by other customers in Denmark or Europe. Some Danish importers also see a membership of ESA, the European Spice Association, or ASTA, the American Spice Trade Association, as an indicator of the foreign supplier's professionalism and trustworthiness. Therefore, if the foreign exporter of spices and herbs can refer to any of the above-mentioned factors this should be communicated to the Danish importer targeted as it can heighten the possibility of getting the attention of the importers. This type of communication effort will help the professional and qualified spice exporter to stand out from the crowd.

If the foreign exporter is dealing with organic spices and herbs, the producer of organic products must be subject to control from government authorities and hold the proper documentation and certification for being an organic producer. For more information on rules and regulation, see also the internet site: http://europa.eu.int/smartapi/cgi/sga_doc?smartapi!celexapi!prod!CELEXnumdoc&lg=EN&numdoc=31991R2092&model=guichett

In order to get the attention of the Danish importers it is important that the exporter is able to actively and professionally communicate what his competencies are and being able to deliver samples of the spices or herbs sold. Another way of getting the attention of Danish importers is to visit or exhibit at trade fairs. Most Danish importers visit different trade fairs all over the world to meet with potential suppliers and to get an impression of the possibilities in the market. As close, personal relationships are often stressed within the spice industry, this is a very good way to meet potential business partners for both importers and suppliers and moreover, the foreign supplier has the best possible opportunity to show the Danish importer his products and skills. Please refer to chapter 8 "Trade Fairs".

Source: Interviews with selected Danish importers

7. Customs Duty and Import Regulations

EU Trade Agreements and GSP

As a member of the EU, Denmark follows the rules and regulations and applies the Common Customs tariff of the EU. An extended set of trade agreements between the EU and the non-EU countries represent a complex set of exceptions to the general rules.

The EU grants a non-reciprocal trade preference to all developing countries. Under the General System of Preference (GSP) Least Developed Countries (LDC)* are granted duty free imports into the EU of all goods except from arms and ammunition as well as rice, sugar and bananas. Countries under the special program to fight narcotics also enjoy duty free access to the EU markets. (Please refer to Appendix 1)

Moreover, the EU has also entered into separate agreements with different groups of countries in order for them to enjoy duty-free access for selected products into the EU, for example the ACP (African, Caribbean and Pacific) countries and the OCT (Overseas Countries and Territories).

*Classified by the OECD Development Assistance Committee, DAC. See www.oecd.org

Documentation

In order to obtain preferential customs treatment when importing to the EU, it has to be documented that the product originates in a country, which has a preferential agreement with the EU. In order to claim GSP-status, a GSP certificate of origin (Form A), signed and stamped by the authorities in the exporting country, must accompany the products. The certificate is valid for 10 months.

It is the responsibility of the exporter to ensure that these requirements are met. It is very important to have settled all documents, as prior to importation of the product, the Community Customs administration will verify that the goods satisfy the rules of origin. If the goods are not entitled to preferential treatment, the importer becomes liable for duty at full rate.

For full customs clearance, a customs declaration form must also be filled out with information about the importer, the customs value, the tariff position number etc.

Rates of Duty

The rates for import duties as of January 2003 are shown in the following table. These rates of duty cover the sub-categories within the CN-numbers 0904 to 0910 and apply to all countries, which are not subject to preferential trade.

Rates of Duty, January 2003		
	CN- Number	Rate of Duty, %
Pepper	0904 11	0
Pepper, ground	0904 12	4
Sweet peppers	0904 20 10	9.6
Dried capsicum	0904 20 30	0
Paprika powder	0904 20 90	5
Vanilla	0905	6
Cinnamon	0906	0
Cloves	0907	8
Nutmeg	0908 10 10	0
Mace	0908 10 20	0
Cardamom	0908 30 00	0
Anis / badian seeds	0909 10 10	0
Coriander seeds	0909 20 00	0
Cumin seeds	0909 30	0
Caraway seeds	0909 40	0
Fennel seeds, juniper	0909 50	0
Ginger	0910 10	0
Saffron, whole	0910 20 10	0
Saffron, ground	0910 20 90	8.5
Turmeric	0910 30 00	0
Wild thyme	0910 40 11	0
Other thyme	0910 40 13	7
Thyme, ground	0910 40 19	8.5
Bay leaves	0910 40 90	7
Curry	0910 50 00	0
Mixtures, whole	0910 91 10	0
Mixtures, ground	0910 91 90	12.5
Other spices, fenugreek	0910 99 10	0
Other spices, whole	0910 99 91	0
Other spices, ground	0910 99 99	12.5

Source: Customs & Excise, Denmark

However, special rates of duty apply to countries under the GSP scheme. Countries, which are classified as least developed countries as well as countries included in the special program to fight narcotics, all enjoy duty free entry of their spices and herbs to the European market. For other developing countries it is possible to obtain a reduction of the normal duty rate. Please refer to appendix 1 for a list of countries eligible for preferential treatment.

In the case of Brazil, the above-mentioned rules do not apply with regards to spices as Brazil does not benefit from the preferential treatment, but has to pay duty at full rate.

It must be stressed, though, that rules and regulations regarding duty are sometimes changed. It is therefore advisable to always check the rate of duty in the individual case, based on the product and the country of origin. GSP duty rates should, for example, be checked with your local customs authorities or the EU database on import regulations: http://europa.eu.int/comm/taxation_customs.

Value Added Tax –VAT

The Danish VAT constitutes 25 percent and is among the highest rates within the EU. The 25 percent VAT is levied on all sales, regardless of product type, country of origin etc. Consequently, the high tax rate will in the end influence the retail prices and the consumers' desire and ability to purchase the product.

Regulations

As spices and herbs are primarily added to food products in order to influence taste, strict rules and regulations are laid down with regard to the handling and condition of spices and herbs in order to avoid contamination of the food products to which spices and herbs are added. Especially, two types of food legislations laid down by the EU Commission are relevant to exporters of spices and herbs:

- Directive 93/43/EEC deals with general rules for food hygiene stating explicitly that food products cannot be sold in the EU if they are not safe and moreover, the regulation also emphasizes that it should always be possible to trace the origin of the food product.
- Regulation EC 178/2002 known as the General Food Law, adopted in 2002, deals with the general requirements and principles of food legislation in the EU. As this regulation will only come into force by January 2005, the exportation of spices and herbs to Denmark –or another EU country– should then continue to comply with the rules of the particular country.

In general, the admissible levels of pesticides and herbicides allowed in products are strict and different means of severe testing procedures are carried out in order to detect microbiological contamination. The EU has set standards for the maximum level of different toxins being present in spices (such as aflatoxin and ochratoxin), and strict control is carried out in order to ensure the absence of salmonella in the spices and herbs imported into the EU.

Irradiation of spices and herbs are allowed in order to sterilise the products, but in case that this practise is used, spices and herbs must be especially marked, showing that these products have been treated by irradiation or ionisation.

If spices and herbs are genetically manipulated, EU authorities must approve these products before they can be sold on the EU markets, including the Danish market. Moreover, genetically manipulated spices and herbs must be especially marked, informing consumers that the products are genetically manipulated.

For an elaboration of the different types of regulations, the following internet sites could be helpful:

For information on EU directives and regulations:

<http://europa.eu.int/eur-lex/en/search/index.html>

For information on different aspects of EU food safety regulations:

http://europa.eu.int/comm/food/index_en.html

Packaging and labelling

Packaging is essential for the spices and herbs to reach Denmark in good condition. Spices and herbs are required to be packed in clean and hygienic materials, which should be of such quality that the contact between the spices and herbs and the packaging material is not harmful to the products. Moreover, the packaging materials used should also protect the spices and herbs from moisture and loss of essential oils. Normally, the spices are exported in jute or sisal sacks of variable size.

With regards to the labelling of the products, it should always be possible to trace the spices and herbs back to the foreign producer and exporter of the products. As a minimum, labels should therefore contain information about the country of origin, the date, month, year of packaging as well as the name of the producer and exporter of the spices and herbs.

However, the requirements regarding packaging and labelling should always be agreed upon and specified in the contract between the exporter and the Danish importer in order to meet expectations and to comply with EU regulations.

8. Trade Fairs

Participating in international trade fairs is an important activity in order to create contact to future business partners. Before exhibiting it is often advisable to participate in the fair as a visitor. A well-prepared and properly executed visit to a trade fair can constitute a very cost-effective market research. At the fair it is possible to meet both future competitors and potential customers.

If you choose to exhibit in a trade fair it is important to know in advance who the target groups of the fair are. Moreover, relevant Danish importers should be contacted prior to the trade fair in order to set up meetings during the fair, as some of these importers are likely to exhibit themselves. By looking at the list of exhibiting companies printed in trade fair catalogues from previous years it is possible to get a fair impression of which companies to contact in order to set up meetings (The catalogue can often be obtained by contacting the trade fair organizers or via the Internet). Some of these companies might not have time for meetings during the fair if they are exhibiting themselves and therefore it is important to allow yourself to stay a few days after the fair in order to conduct these meetings.

One trade fair for spices and herbs held in Denmark is the **International Food Fair of Scandinavia**, which is held in Copenhagen every year. The next International Food Fair of Scandinavia is to take place March 23rd – 26th 2004.

Besides the fair held in Denmark a number of important international trade fairs for spices and herbs are held in the EU. Danish companies frequently visit fairs outside Denmark, and therefore visiting these also represents a possibility for meeting Danish importers.

In order to ensure the best possible match between your products and the target group of the fair it is highly recommendable to investigate a fair closely before contemplating a visit. Information on the different fairs is available on the internet: www.phone-fax.com/index2.htm

Trade Fairs in the EU		
Name	Where	When
Anuga	Cologne, Germany	11 – 15 October 2003
SIAL	Paris, France	12 – 17 October 2004
Food Ingredients Europe	Frankfurt, Germany	18 – 20 November 2003
Alimentaria	Barcelona, Spain	8 – 12 March 2004

9. Important Addresses

DIPO (The Danish Import Promotion Office for Products from Developing Countries)/The Danish Chamber of Commerce

Boersen

DK -1217 Copenhagen K

Phone: +45 33 95 05 00

Fax: +45 33 12 05 25

E-mail: dipo@hts.dk

www.dipo.dk

Danish Ministry of Foreign Affairs

Asiatisk Plads 2

DK- 1448 Copenhagen K

Phone: +45 33 92 00 00

Fax: +45 33 12 37 78

E-mail: um@um.dk

www.um.dk

Statistics of Denmark

Sejrøgade 11

DK -2100 Copenhagen Ø

Phone: +45 39 17 39 17,

Fax: +45 39 17 39 99,

E-mail: dst@dst.dk

The Danish Customs Authority

Østbanegade 123

DK -2100 Copenhagen Ø

Phone: +45 35 29 73 00

Fax: +45 35 43 47 20

www.toldskat.dk

The Danish Veterinary and Food Administration

Mørkhøj Bygade 19

DK -2860 Søborg

Phone: +45 33 95 60 00

Fax: +45 33 95 60 01

E-mail: fdir@fdir.dk

www.foedevaredirektoratet.dk

Spices and Herbs Trade Fair in Denmark and the EU:

International Food Fair of Scandinavia

Bella Center A/S
Center Boulevard 5
DK -2300 Copenhagen S
Phone: +45 32 52 88 11
Fax: +45 32 51 96 36
E-mail: bc@bellacenter.dk
www.bellacenter.dk

Anuga

Messeplatz 1
D-5000 Köln, Germany
Phone: +49 221 821-0
Fax: +49 221 821-3410
info@koelnmesse.de
www.koelnmesse.de

SIAL

39, Rue de la Bienfaisance
75008 Paris, France
Phone: +33 1 4289 4687
Fax: +33 1 4289 4694
www.sial.fr

Alimentaria

Ronda Universidad 14, 4 A
08007 Barcelona, Spain
Phone: +34 93 4520722
Fax: +34 93 4516637
www.alimentaria.com

Appendix 1

Preferential Trade Agreements	
Classification	Country
Least Developed Countries	Afghanistan, Angola, Bangladesh, Burkina Faso, Burundi, Benin, Bhutan, Chad, The Democratic Republic of Congo, The Republic of Central Africa, Cap Verde, Djibouti, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Cambodia, Kiribati, Comoro, Laos, Liberia, Madagascar, Myanmar*, Mongolia, Montserrat, Maldives, Malawi, Mozambique, Niger, Nepal, Rwanda, Solomon Islands, Sierra Leone, Sudan, Senegal, Somalia, São Tomé and Príncipe, Togo, Tuvalu, Tanzania, Uganda, Vanuatu, Samoa, Yemen, Zambia
Other Developing Countries	Albania, Algeria, Antigua and Barbuda, Argentina, Armenia, Azerbaijan, Bahrain, Barbados, Belize, Bolivia, Bosnia-Herzegovina, Botswana, Brazil, Cameroon, Chile, China, Colombia, Cook Islands, Costa Rica, Côte D'Ivoire, Croatia, Cuba, Dominica, The Dominican Republic, Ecuador, Egypt, El Salvador, Fiji, Gabon, Ghana, Georgia, Grenada, Guatemala, Guyana, Haiti, Honduras, India, Indonesia, Iran, Jamaica, Jordan, Kazakhstan, Kenya, Korea (North), Kyrgyzstan, Lebanon, Macedonia, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Micronesia, Moldavia, Mongolia, Morocco, Namibia, Nauru, Nicaragua, Nigeria, Niue, Oman, Pakistan, Palau Islands, Panama, Papua New Guinea, Paraguay, Peru, Philippines, R.P. Congo, Saudi Arabia, Seychelles, Slovenia, South Africa, Sri Lanka, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Surinam, Syria, Swaziland, Tajikistan, Thailand, Tonga, Tunisia, Turkey, Turkmenistan, Tuvalu, Uruguay, Uzbekistan, Venezuela, Vietnam, Yugoslavia, Zimbabwe
Countries under the special program to fight narcotics	Bolivia, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Peru, Venezuela, Pakistan
ACP Countries	Angola, Antigua and Barbuda, Bahamas, Barbados, Belize, Benin, Botswana, Burkina Faso, Burundi, Cabo Verde, Cameroon, Chad, Comoro, Congo, D.R. Congo, Cook Islands, Côte D'Ivoire, Djibouti, Dominica, Eritrea, Ethiopia, Fiji, Gabon, Gambia, Ghana, Grenada, Guinea, Guinea Equatorial, Guinea-Bissau, Guyana, Haiti, Jamaica, Kenya, Kiribati, Lesotho, Liberia, Madagascar, Malawi, Mali, Marshall Islands, Mauritania, Mauritius, Micronesia, Mozambique, Namibia, Nauru, Niger, Nigeria, Niue, Palau, Papua New Guinea, Dominican Republic, Rwanda, São Tomé and Príncipe, Senegal, Seychelles, Sierra Leone, Solomon Islands, Somalia, South Africa, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Sudan, Suriname, Swaziland, Tanzania, Togo, Tonga, Trinidad and Tobago, Tuvalu, Uganda, Vanuatu, Western Samoa, Zambia, Zimbabwe
OCT Territories	Anguilla, Aruba, British Antarctic Territory, British territories in the Indian Ocean, British Virgin Islands, Cayman Islands, Falkland Islands, French Polynesia, Greenland, Mayotte, Montserrat, New Caledonia, Pitcairn, St Helena, St Pierre and Miquelon,

South Georgia and the South Sandwich Islands, The Dutch Antilles, Wallis and Futuna Islands,

*Myanmar is currently excluded from the EU's General System of Preference

Source: Customs & Excise, Denmark

Appendix 2

Abbreviations Used in this Market Survey

- ACP countries: American, Caribbean, African Countries
- ASTA: The American Spice Trade Association
- CN: Combined Nomenclature
- EBA: Everything But Arms initiative
- ESA: The European Spice Association
- EU: European Union
- GSP: Generalized System of Preference
- HACCP System: Hazard Analysis and Critical Control Point
- HS: Harmonized System
- LDC: Least Developed Countries
- OCT: Overseas Countries and Territories
- OECD: Organisation for Economic Co-operation and Development
- VAT: Value Added Tax