CBI MARKET SURVEY

THE VEGETABLE OILS AND FATS (INCLUDING OILS SEEDS) MARKET IN BELGIUM

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Introduction

This CBI market survey gives exporters in developing countries information on some main developments in the vegetable oils & fats and oil seed market in Belgium. The information is complementary to the information provided in the CBI market survey 'The vegetable oils and fats market (including oil seeds) in the EU', which covers the EU in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from http://www.cbi.eu/marketinfo.

1 Market description: consumption and production

Consumption

Vegetable oils and fats

- Belgium is a medium-sized consumer of vegetable oils and fats, accounting for 7% of total EU25 consumption (Fediol, 2006). Between 2001 and 2005, Belgian consumption of vegetable oils and fats showed an annual average increase of 13%, amounting to 591 thousand tonnes in the latter year.
- Within the group of vegetable oils and fats, palm oil is, by far, the leading consumer product, accounting for 58% of total Belgium consumption. Sunflower oil is another relatively important consumer product, accounting for 20% of Belgium consumption. In the review period, consumption of palm oil showed an annual average increase of 16%.
- Other vegetable oils consumed in Belgium are coconut oil (12% of total oil consumption), palm kernel oil (9%) and groundnut oil (1%).
- Belgium is a small consumer of olive oil, accounting for 0.7% of total EU25 consumption. In the review period, Belgium olive oil consumption shows a small annual average decrease of 0.6%, amounting to 12.4 thousand tonnes in 2006. The International Olive Oil Council expects consumption to remain stable at 12.4 thousand tonnes for 2007.
- Trends influencing the market for vegetable oils and fats, including oil seeds, are health concerns (causing, among others, a shift away from fatty acids and hydrogenated fats towards more unsaturated fats), increasing demand for bio fuels and a growing interest in sustainably produced (i.e. organic) vegetable oils and fats. All these factors are expected to further boost future demand for the products discussed. For more information on trends in vegetable oils & fats and oil seeds, please refer to the CBI survey covering the EU market.

Oil seeds

- According to Fediol, no crushing of the selected oil seeds took place in Belgium in 2005. Between 2001 and 2003, crushing – which consisted completely of sunflower seeds - decreased from 83 thousand tonnes to 32 thousand tonnes.
- FAOSTAT reports consumption of palm kernels in Belgium in 2005, amounting to 148 thousand tonnes.

Production

Vegetable oils and fats

- Between 2001 and 2005, production of vegetable oils and fats in Belgium decreased from 33 thousand tonnes to zero tonnes in the latter year.
- According to the International Olive Oil Council, no data exist on olive oil production in Belgium.

Oil seeds

- Because of climatic conditions, production of oil seeds included in this survey is very limited in Belgium. According to Fediol, no production of the selected oil seeds takes place in Belgium.

Opportunities and threats

- In 2005, no production of vegetable oils and fats (excluding oil seeds) took place within Belgium. Therefore, Belgium needs to import large amounts to satisfy domestic demand.
- Furthermore, consumption of vegetable oils and fats shows a relatively strong annual average increase.
- During the review period, consumption of oil seeds in Belgium decreased from 83 thousand tonnes to zero tonnes in 2005, which could be a threat for oil seed suppliers to Belgium.
- Please refer to Chapter 7 of the survey covering the EU market for general opportunities and threats in the EU.

2 Trade channels for market entry

The distribution of vegetable oils & fats and oil seeds in Belgium does not differ substantially from the distribution as described in the CBI survey covering the EU market for vegetable oil and fats (including oil seeds). Although Belgium is a relatively small EU member country, it plays a noteworthy role in the EU trade of the goods discussed. The trade channels for Belgium deviate to some degree from that structure as the largest share of vegetable oils & fats and oil a seed is imported from neighbouring EU member countries like The Netherlands and France, instead of directly from developing countries. Please refer to the EU survey for a more comprehensive explanation of the main trade channels in the EU.

Vegetable oils and their raw materials can be traded directly from the source to the European processing industry or through one or more traders (agents, exporters, importers etc.). In general, large volumes go straight from producer to processor, while suppliers of smaller volumes may opt to use agents, brokers or importers.

The margins charged by the different intermediaries in the vegetable oil and oil seed trade are influenced by many different factors like the type of product, current and expected prices, cost of refining, availability, processing possibilities, etc. All these factors make it extremely difficult to provide information on typical margins in the trade of vegetable oils and fats and oil seeds.

Interesting companies in Belgium are:

- Vandemoortele Lipids & Dough (http://www.vdmlipidsanddough.com/nl/home.htm)
- Cargill (http://www.cargill.com/)
- Fuij Oil Europe NV http://www.fujioil.co.jp/fujioil_e/index/index.html
- Mosselman (http://www.mosselman.be/)
- Nichefoods (http://www.nichefoods.com/)

Good sources for finding companies working in the vegetable oils and fats (including oil seeds) market are:

- Members list of the EU Oil and Protein-meal Industry (Fediol): http://www.fediol.be/
- Food world: http://www.thefoodworld.com (an extensive online food business directory, with full EU coverage. Please look under the categories: 'Oilseeds, Oilseed Products,' 'Vegetable Oils and Fats,' and 'Olives, Olive Oil')
- Europages: http://www.europages.com (online business directory, with full EU coverage. 'Oils and fats, edible' are a separate product group, falling under the category of 'Food & related products.)

Online market places such as the below are also useful:

- Agronetwork.com: http://www.agronetwork.com/global
- Organic Trade Services: http://www.organicts.com (also offering organic industry news)
- IngrIDnet: http://www.ingridnet.com (for ingredient suppliers)

3 Trade: imports and exports

Imports

Vegetable oils and fats

- Belgium is the 6th leading EU importer of vegetable oils and fats, accounting for 8% of total EU25 imports.
- In 2005, Belgium imported € 676 million / 825 thousand tonnes of vegetable oils and fats, representing an average annual increase of 13% in terms of value and 9% in terms of volume since 2001.
- In 2005, developing countries supplied 14% of all Belgian imports. Indonesia and Malaysia are the largest suppliers of vegetable oils and fats to Belgium, having market shares of 5% and 3% respectively. Imports in value from developing countries increased by an annual average rate of 2% in the period reviewed, amounting to € 95 million in 2005.
- Within the group of vegetable oils and fats, cocoa butter, palm oil and sunflower oil are the leading import products, with market shares of 33%, 24%, and 21% respectively. All three products showed an annual average increase within the period reviewed.

Oil seeds

- Belgium is a small importer of oil seeds in the EU25 with a total market share of 4%.
- In 2005, Belgium imported € 30 million / 83 thousand tonnes of oil seeds, representing an average annual decrease of 8% in terms of value and an average annual increase of 15% in terms of volume since 2001.
- In 2005, developing countries supplied 62% of all Belgian imports. Imports from developing countries remained stable in the period reviewed, amounting to € 18 million / 55 thousand tonnes in 2005.
- Within the group of oil seeds, copra and sunflower seeds are by far the leading import products, representing market shares of 40% and 37% respectively.

Exports

Vegetable oils and fats

- Belgium is a relatively small exporter of vegetable oils and fats, accounting for 3% of total EU25 exports.
- In 2005, Belgium exported € 165 million / 188 thousand tonnes of vegetable oils and fats, representing an average annual increase of 3% in terms of value and an average annual decrease of 2% in terms of volume since 2001.

Oil seeds

- Belgium is a small exporter of oil seeds within the EU, accounting for 4% of total EU25 exports.
- In 2005, Belgium exported € 14 million / 42 thousand tonnes of oil seeds, representing an average annual decrease of 2% in terms of value and 7% in terms of volume since 2001.

Opportunities and threats

- Developing countries supply only around 15% of Belgian vegetable oils and fats imports, which is very low compared to the EU average (45%).
- Developing country suppliers may still find opportunities in the supply of coconut oil and groundnut oil, both of which are sourced for a large part in developing countries (68% and 47% of the import values respectively).
- Developing countries play a more prominent role in the supply of oil seeds, accounting for 62% of supplies. This is relatively high by EU standards (36%).

- Copra is for 100% supplied by developing countries and therefore an interesting product. Other interesting oil seeds products for developing countries are sesame seed and safflower seed, for both of which about 60% of the import values are supplied to Belgium by these countries.
- Please refer to Chapter 7 of the survey covering the EU market for general opportunities and threats in the EU.

Useful sources
- EU Expanding Exports Helpdesk - http://export-help.cec.eu.int/
- Eurostat – official statistical office of the EU - http://epp.eurostat.cec.eu.int

4 Price developments

The Chicago Board of Trade is the most important market for several vegetable oils and oil seeds. Prices established at this exchange largely determine prices for these and related products all over the world.
Due to improved technology, different vegetable oil products are substitutable: this has a major impact on price settings. For example, as mentioned in Chapter 2 of this survey, palm oil is becoming increasingly popular in the food industry and, consequently the price rises.

Some other factors also influence prices of vegetable oils and oil seeds:
- The climatic conditions.
- Increasing demand for bio-fuels.
- Increased demand for vegetable oils and fats, due to improved welfare world wide.
- Driven by health concerns, the substitution of animal fat to the advantage of vegetable oils and fats.

With regard to oil seeds, in general, the prices of large volumes of oil 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. Furthermore, the price of the oil seeds is heavily dependent on their quality. Oil seeds are traded by standard contracts, in which the price for a particular quality is stated.

For information on prices for vegetable oils & fats and oil seeds, please refer to the CBI survey covering the EU market for vegetable oils and fats (including oil seeds), or consult FBVO – FBGH (Federatie van Belgische Fabrikanten van Vetten en Oliën): Tel: +32 (0)2 771 53 30, Email: fbvo@fediol.be

5 Market access requirements

As a manufacturer in a developing country preparing to access Belgium, you should be aware of the market access requirements of your trading partners and the Belgian government.
For information on legislative and non-legislative requirements, go to 'Search CBI database' at http://www.cbi.eu/marketinfo, select vegetable oils and fats and Belgium in the category search, click on the search button and click on market access requirements.

Detailed information on packaging can be found at the website of ITC on export packaging: http://www.intracen.org/ep/packaging/packit.htm

Information on tariffs and quota can be found at http://export-help.cec.eu.int/

6 Doing business

Information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) and cultural differences can be found in CBI's export manuals 'Export Planner', 'Your image builder' and 'Exporting to the EU'. These can be downloaded from http://www.cbi.eu/marketinfo - go to search publications. For more information on doing business in Belgium, visit the following websites:

Trade Associations
- UCOGRAS: mailto:ucogras@imexgra.org
- FBVO – FBGH (Federatie van Belgische Fabrikanten van Vetten en Oliën, Fédération des Fabricants Belges de Matières Grasses et Huiles) : mailto:fbvo@fediol.be
- Belgian Federation for food supplements, dietary and organic products (Naredi): http://www.naredi.be
- Food Industry Federation / Fédération de l'Industrie Alimentaire - Federatie Voedingsindustrie (FEVIA): http://www.fevia.be
- National Federation of Processors and Distributors of Organic Products (PROBILA-UNITRAB): http://www.probila-unitrab.be/
- Bioforum – umbrella organisation for the organic sector: http://www.bioforum.be/

Trade press
- Horecamagazine: http://www.horecamagazine.be/nl/index.php
- Wervel Food Magazine: http://www.wervel.be/component/option,com_frontpage/Itemid,1/lang,/

Trade fairs
- Agriflanders - Flemish agriculture and horticulture fair: http://www.flexpo.be/
- PPT Food - Belgian Food and Drink industry expo, process, packaging, traceability, technology: http://www.flexpo.be/

Other
- A possible source of cultural specifics in Belgium: http://www.kwintessential.co.uk/resources/global-etiquette/belgium-country-profile.html

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