

CBI MARKET SURVEY

THE VEGETABLE OILS AND FATS (INCLUDING OIL SEEDS)
MARKET IN CYPRUS

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

1 Market description: consumption and production**Consumption*****Vegetable oils and fats***

- According to Fediol (2006), Cyprus is a negligible consumer of vegetable oils and fats (excluding olive oil), with consumption amounting to only 9 thousand tonnes in 2005.
- According to data from the International Olive Oil Council, Cyprus is also a minor consumer of olive oil, with consumption amounting to 8 thousand tonnes in 2006. Consumption is expected to remain at 8 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

- Fediol (2006) does not record any consumption of the selected oil seeds in Cyprus.
- According to FAO data, consumption of sesame seeds in Cyprus amounted to 1.7 thousand tonnes in 2005, representing an annual average decrease of 4% since 2001.
- Furthermore, FAO also reports consumption of sunflower seeds in Cyprus in 2005, amounting to 15 thousand tonnes.

Production***Vegetable oils and fats***

- According to Fediol (2006), no production of vegetable oils and fats takes place in Cyprus.
- According to data from the International Olive Oil Council, Cyprus is a small producer of olive oil, with production amounting to 8.0 thousand tonnes in 2006. Consumption is expected to increase to 8.1 thousand tonnes for 2007.

Oil seeds

- According to Fediol, no production of the selected oil seeds takes place in Cyprus.

Opportunities and threats

- No production of the selected vegetable oils and fats takes place in Cyprus, which means that the country needs to import these products to meet domestic demand.

- Furthermore, Cypriot consumption of vegetable oils & fats and oil seeds seems so minimal, that it does not seem to be a particularly interesting market for developing country suppliers.
- 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 Cyprus 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). However, a more substantial part of Cypriot vegetable oils & fats and oil seeds is imported from other EU countries, 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 Cyprus are:

- Ambrosia oils (<http://www.ambrosia.com.cy/>).
- Eleourgia Petteimeride Ltd (<http://www.amathusoil.com/>)
- Novel Agro Ltd (<http://www.oliveoil.com.cy/>)

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/>

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

- Cyprus is a negligible importer of vegetable oils and fats, accounting for 0.1% of total EU25 imports.
- In 2005, Cyprus imported € 8 million / 11 thousand tonnes of vegetable oils and fats, representing an average annual increase of 6% in terms of value and 2% in terms of volume since 2001.
- In 2005, developing countries supplied 16% of all imports into Cyprus. Imports from developing countries decreased by an annual average rate of 25% in the period reviewed amounting to € 1.2 million in 2005.
- Within the group of vegetable oils and fats, sunflower seed is by far the leading import product with a market share of 85% of the total import value, followed by olive oil (7%), palm oil (4%) and cocoa butter oil and fats (2%).

Oil seeds

- Cyprus is a negligible importer of oil seeds in the EU25, with a total market share of 0.2%.
- In 2005, Cyprus imported € 1.7 million / 2.0 thousand tonnes of oil seeds, representing an average annual decrease of 6% in terms of value and 16% in terms of volume since 2001.
- In 2005, developing countries supplied 96% of all imports by Cyprus. Imports in value from developing countries showed an annual average decrease of 3% in the period reviewed, amounting to € 1.7 million in 2005.
- Within the group of oil seeds, sesame seed is by far the leading import product with a market share of 97%.

Exports**Vegetable oils and fats**

- Cyprus is a negligible exporter of vegetable oils and fats, accounting for 0.04% of total EU25 exports.
- In 2005, Cyprus exported € 2.1 million / 2.0 thousand tonnes of oil seeds, representing an average annual decrease of 1% in terms of value and 8% in terms of volume since 2001.

Oil seeds

- Cypriot exports of oil seeds are negligible.
- According to Eurostat, no export of oil seeds by Cyprus was recorded in 2005. In 2003, Cyprus exported only € 41,000 / 44 tonnes of oil seeds, representing an average annual increase of 5% in value and 28% in volume.

Opportunities and threats

- Cypriot imports of vegetable oils & fats and oil seeds are extremely minimal, making the country, in fact, an unattractive market for developing country suppliers.
- Moreover, developing countries play a minor role in the supply of vegetable oils and fats.
- The only product which might offer some opportunities is sesame, which is almost entirely supplied by developing 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. Some other factors also influencing prices of vegetable oils and oil seeds are:

- 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).

5 Market access requirements

As a manufacturer in a developing country preparing to access Cyprus, you should be aware of the market access requirements of your trading partners and the Cypriot 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 Cyprus 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 Cyprus, visit the following websites:

Trade fairs

- Agrifair – International Agricultural Fair Nicosia: <http://www.csfa.org.cy/>

Other

- A possible source of cultural specifics in Cyprus:
<http://www.kwintessential.co.uk/resources/global-etiquette/cyprus-country-profile.html>

There are no relevant trade associations or trade press in this sector in Cyprus.

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

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