CBI MARKET SURVEY

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

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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 Denmark. 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

- Denmark is a small-to-medium consumer of vegetable oils and fats (excluding olive oil), accounting for 3% of total EU25 consumption. Between 2001 and 2005, Danish consumption of vegetable oils and fats showed an average annual increase of 10%, amounting to 216 thousand tonnes in the latter year.
- Within the group of vegetable oils and fats (excluding olive oil), palm oil is the leading consumer product, accounting for 81% of total Danish consumption. In the review period, consumption of palm oil showed an annual average increase of 13%.
- The other leading vegetable oil product is palm kernel oil, accounting for 13% of total consumption, followed by sunflower oil (3%) and coconut oil (3%).
- According to data from the International Olive Oil Council, Denmark is a small consumer of olive oil, with consumption amounting to 1.9 thousand tonnes in 2006. Consumption is expected to increase to 2.0 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 (2006), no crushing of the selected oil seeds takes place in Denmark.
- FAOSTAT data reveal that Denmark is a small-to-medium consumer of sesame seeds, accounting for 3% of total EU25 consumption. In 2005, consumption of sesame seeds amounted to 2.5 thousand tonnes, representing an annual average decrease of 4% since 2001.
- Furthermore, FAO also reports consumption of sesame seed in Denmark in 2005, amounting to 2.5 thousand tonnes.

Production

Vegetable oils and fats

- Between 2001 and 2005, Danish production of vegetable oils and fats decreased from 11 thousand tonnes to zero tonnes (Fediol 2006).
- According to the International Olive Oil Council, no production of olive oil takes place in Denmark.

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

Opportunities and threats
- In 2005, no production of the selected vegetable oils and fats took place in Denmark. Therefore, Denmark needs to import large amounts to satisfy domestic demand.
- During the review period, Danish consumption of vegetable oils and fats shows a relatively strong annual average increase.
- Within the group of vegetable oils and fats, consumption of palm oil shows a particularly strong annual increase. This could offer interesting opportunities for developing country suppliers, as palm oil is produced almost entirely in developing countries.
- Between 2001 and 2005, consumption of oil seed in Denmark decreased from 24 thousand tonnes to zero tonnes in the latter year, which could be a threat to developing countries.
- Just like in other Scandinavian countries, Denmark is a country where the interest in organic and natural products is strong and increasing.
- 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 Denmark 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). Compared to other Nordic EU members like Sweden and Finland, Denmark sources a more substantial part of vegetable oils & fats and oil seeds directly in 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 Denmark are:
- Cargill Scandinavia (http://www.cargill.com/)
- Dragsbatk Margarinefabrik A/S (http://www.dragsbaek.dk/)
- Vejle Margarinefabrikk (http://www.margarine.dk/)
- Svansa Food A/S (http://www.svansoe.com/Default.aspx)
- AarhusKarlshamn AB (http://www.aak.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
- Denmark is a relatively small importer of vegetable oils and fats, accounting for 2% of total EU25 imports.
- In 2005, Denmark imported € 129 million / 242 thousand tonnes of vegetable oils and fats, representing an average annual increase of 13% in terms of value and 11% in terms of volume since 2001.
- In 2005, developing countries supplied 59% of all Danish imports. Malaysia is by far the largest supplier of vegetable oils and fats with a market share of 49%. Other relatively important suppliers are Indonesia and India, with market shares of 7% and 3% respectively. Imports in value terms from developing countries increased by an annual average rate of 16% in the period reviewed, amounting to € 76 million in 2005.
- Within the group of vegetable oils and fats, palm oil is by far the leading import product with a market share of almost 60%, followed by coconut oil (19%), olive oil (10%), cocoa butter, oil and fat (7%) and sunflower oil (6%).

Oil seeds
- Denmark is a relatively small importer of oil seeds in the EU25, accounting for a market share of 1%.
- In 2005, Denmark imported € 10 million / 20 thousand tonnes of oil seeds, representing an average annual decrease of 11% in terms of value and 20% in terms of volume since 2001.
- In 2005, developing countries supplied 27% of all Danish imports. Imports in value terms from developing countries increased by an annual average rate of 10%, amounting to € 2.8 million in 2005.
- Within the group of oil seeds, sunflower seed is by far the leading import product, representing a market share of 77%, followed by sesame seed (19%) and palm nuts and kernels (4%).

Exports

Vegetable oils and fats
- Denmark is a negligible exporter of vegetable oils and fats, accounting for only 0.3% of total EU25 exports.
- In 2005, Denmark exported € 16 million / 31 thousand tonnes of vegetable oils and fats, representing an average annual decrease of 1% in terms of value and an annual average increase of 10% in terms of volume since 2001.

Oil seeds
- Denmark is a very small exporter of oil seeds by EU standards, accounting for 0.4% of total EU25 exports.
- In 2005, Denmark exported € 1.6 million / 1.4 thousand tonnes of oil seeds, representing an average annual decrease of 2% in terms of value and 8% in terms of volume since 2001.

Opportunities and threats
- Palm oil is an important product in Denmark, and imports are increasing at a strong pace. Since a large part of imports (almost 75% of the value) is supplied directly by developing countries, palm oil could offer interesting opportunities fro developing country suppliers.

- On the other hand, palm oil production is mostly in the hand of large multinational corporations, which could be a threat to small- or medium-sized developing country producers.
- 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 also became clear in Chapter 3 of this survey, palm oil is becoming increasingly popular in the Denmark 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 surveys covering the EU market for vegetable oils and fats (including oil seeds) or consult ADOP (Association of Danish Oil Processors): http://www.aarhusunited.com/

5 Market access requirements

As a manufacturer in a developing country preparing to access Denmark, you should be aware of the market access requirements of your trading partners and the Danish government.
For information on legislative and non-legislative requirements, go to 'Search CBI database' at http://www.cbi.eu/marketinfo, select vegetable oils & fats and Denmark 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 Denmark, visit the following websites:

Trade Associations
- ADOP (Association of Danish Oil Processors): http://www.aarhusunited.com/
- FødevareIndustrien (FI): http://fi.di.dk/

Trade press
- Levnedsmiddelavisen http://www.levnedsmiddelavisen.dk/
- Levnedsmiddelblades http://www.techmedia.dk/blade/LMB.asp
- NNF Arbejderen http://www.nnf.dk/default.asp?mId=53&aId=72

Trade fairs
- Foodexpo, Herning: http://www.messecenter.dk/
- Foodpharmatech - International Trade Fair for the Machinery, Packaging and Ingredients for the Food and Pharma Industry Herning: http://www.messecenter.dk/
- National Agricultural Show Herning: http://www.messecenter.dk/

Other
- A possible source of cultural specifics in Denmark: http://www.cba.uni.edu/buscomm/InternationalBusComm/world/europe/scandinavia/scandinavia.html and http://www.kwintessential.co.uk/resources/global-etiquette/denmark-country-profile.html

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