

CBI MARKET SURVEY

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

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Introduction

This CBI market survey gives exporters in developing countries information on some main developments in the vegetable oils & fats market in Portugal. 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***

- Portugal is a relatively small consumer of vegetable oils and fats (excluding olive oil), accounting for 2% of total EU25 consumption (Fediol 2006).
- Between 2001 and 2003, Portuguese consumption of vegetable oils and fats decreased by an average annual rate of 7%, while between 2003 and 2005, consumption increased by an average annual 9%, amounting to 160 thousand tonnes in the latter year.
- Within the group of vegetable oils and fats (excluding olive oil), sunflower oil is the leading consumer product, accounting for 73% of total Portuguese consumption. Another important consumer product is palm oil, accounting for 26% of total Portuguese consumption.
- Portugal is the fifth leading consumer of olive oil. However, it only accounts for 4% of total EU25 olive oil consumption since the leading consumers of olive oil are Italy, Spain and Greece. Between 2002 and 2006, Portuguese olive oil consumption showed a small average increase of 3%, amounting to 70 thousand tonnes in 2006. The International Olive Oil Council expects olive oil consumption to remain stable at 70 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

- Portugal is a medium sized consumer of oil seeds, accounting for 7% of total EU25 oil seed consumption. Between 2001 and 2005, Portuguese consumption of oil seeds increased by an annual average rate of 5%, amounting to 290 thousand tonnes in the latter year.
- Within the group of oil seeds, sunflower seed is the main consumer product (289 thousand tonnes).
- Furthermore, FOASTAT (2006) reports a dramatic drop in the consumption of sesame seed in Portugal, showing 30 tonnes in 2005, down from 1,220 tonnes in 2001.

Production***Vegetable oils and fats***

- Portugal is a medium sized producer of vegetable oils and fats (excluding olive oil), accounting for 7% of total EU25 production.

- Within the group of vegetable oils and fats, sunflower oil is the main product produced in Portugal. Between 2001 and 2005, sunflower production in Portugal showed an annual average increase of 2%, amounting to 115 thousand tonnes in the latter year.
- According to The International Olive Oil Council, Portugal is the fourth leading producer of olive oil in the EU25. However, Portugal only accounts for 1.5% of total EU25 production since Spain, Italy and Greece are the leading producers. In 2006, total olive oil production amounted to 29 thousand. The International Olive Oil Council expects production to increase to 35 thousand tonnes for 2007.

Oil seeds

- Portugal is a small producer of sunflower seed, accounting for 0.8% of total EU25 production. In 2005, 32 thousand tonnes of sunflower seeds were produced in Portugal, representing an annual average decrease of 16% during the review period.

Opportunities and threats

- During the review period, Portuguese consumption of sunflower seed increased, while its production decreased considerably. Since production of oil seeds in Portugal is small and decreasing, this could offer an opportunity for producers in developing countries.
- 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 Portugal 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, the trade channels for Portugal deviate to some degree from that structure the lion's share of vegetable oils & fats and oil seed is imported from Spain (olive oil) instead of 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 Portugal are mostly involved in olive oil:

- Azeol (import-export of several vegetable oils <http://www.azeol.pt>)
- Cargill Portugal (<http://www.cargill.com/worldwide/portugal.htm>).

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

- Members list of the Portuguese Olive Oil Association: <http://www.casadoazeite.pt/lista.asp>
- 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.organictrds.com> (also offering organic industry news)
- Ingridnet: <http://www.ingridnet.com> (for ingredient suppliers)

3 Trade: imports and exports

Imports

Vegetable oils and fats

- Portugal is a small-to-medium importer of vegetable oils and fats, accounting for 3% of total EU25 imports.
- In 2005, Portugal imported € 215 million / 145 thousand tonnes of vegetable oils and fats, representing an average annual increase of 14% in terms of value and 3% in terms of volume since 2001.
- In 2005, developing countries supplied 9.5% of all Portuguese imports (in value), which is very low compared to the EU average (45%).
- The majority of imports originates in Spain (almost 90% of the import value). Indonesia, Malaysia and Morocco are noteworthy developing country suppliers with market shares of 4%, 3% and 2% respectively. Total imports from developing countries increased by, an annual average rate of 20% in the period reviewed amounting to € 20 million in 2005.
- Within the group of vegetable oils and fats, olive oil is by far the leading import product, accounting for 78% of the total import value, followed by sunflower oil (12%), and palm oil (8%).

Oil seeds

- Portugal is a relatively small importer of oil seeds, accounting for 0.9% of total EU25 imports.
- In 2005, Portugal imported € 6.7 million / 25 thousand tonnes of oil seeds representing an average annual decrease of 38% in terms of value and 39% in volume since 2001.
- In 2005, developing countries supplied 7% of all Portuguese imports. Imports from developing countries decreased drastically by an annual average rate of 64% in the period reviewed amounting to € 0.4 million in 2005.
- Within the group of oil seeds, sunflower seed is by far the leading import product representing a market share of 92%, followed by safflower seed (5%).

Exports

Vegetable oils and fats

- Portugal is a relatively small exporter of vegetable oils and fats, accountable for 2% of total EU25 exports.
- In 2005, Portugal exported € 89 million / 41 thousand tonnes of vegetable oils and fats representing an average annual increase of 6% in terms of value and an annual average decrease of 4% in volume since 2001.
- The lion's share of the export value (87%) consists of olive oil.

Oil seeds

- Portugal is a negligible exporter of oil seeds, accountable for 0.01% of total EU25 exports.
- In 2005, Portugal exported € 0.05 million / 0.2 thousand tonnes of oil seeds, representing an average annual decrease of 56% in terms of value and 53% in volume since 2001.

Opportunities and threats

- Portuguese imports of vegetable oils and fats are still relatively low by EU standards. Moreover, developing countries play only a minor role in the supply (9% compared to 45% for total EU25). On the other hand, imports are increasing at a rapid pace, which could offer some interesting opportunities for developing country exporters.

- With respect to oil seeds, imports have been decreasing and developing countries only play a minor role in the supply. This limits the opportunities for developing countries wanting to export to Portugal.
- 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. A number of other factors 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 Portugal, you should be aware of the market access requirements of your trading partners and the government of Portugal. For information on legislative and non-legislative requirements, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select vegetable oils & fats and Portugal 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 Portugal, visit the following websites:

Trade Associations

- Portuguese Olive Oil Association: <http://www.casadoazeite.pt/>
- Federation of Portuguese Agro-Industries / Federação das Industrias Portuguesas Agro-alimentares (FIPA): <http://www.fipa.pt>
- Portuguese Industry Association / Confederação da Industria Portuguesa (CIP): <http://www.cip.org.pt>
- Agrobio - the first organic farming association in Portugal: <http://www.agrobio.pt>

Trade fairs

- Alimentaria Lisboa: <http://www.alimentaria-lisboa.com>
- Alimentacao: <http://www.alimentacao.exponor.pt>

Other

- A source of cultural specifics in Portugal is:
<http://www.kwintessential.co.uk/resources/global-etiquette/portugal.html>

No trade press of interest was encountered in Portugal

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

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