

## CBI MARKET SURVEY

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

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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 Slovenia. 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***

- Slovenia is a relatively minor consumer of vegetable oils and fats. According to Fediol (2006), consumption of sunflower oil and palm oil in 2005 amounted to 13 thousand tonnes and 3 thousand tonnes respectively.
- Olive oil consumption is also low, with consumption amounting to 1.5 thousand tonnes in 2006 (International Olive Oils Council, 2006). Consumption is expected to increase to 1.6 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 discussed products. 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 takes place in Slovenia.
- FAOSTAT data indicate that Slovenia is a small consumer of sesame seeds, with consumption amounting to 50 tonnes in 2005.
- Furthermore, FAO also reports consumption of sunflower seeds in Slovenia, amounting to 21.2 thousand tonnes in 2005.

**Production*****Vegetable oils and fats***

- According to Fediol (2006), no production of vegetable oils and fats takes place in Slovenia.
- Olive oil production is also low, with production amounting to 0.4 thousand tonnes in 2006 (International Olive Oils Council, 2006). Consumption is expected to remain stable in 2007.

***Oil seeds***

- According to FAOstat data a very small production of sunflower seed takes place in Slovenia, amounting to 0.09 thousand tonnes in 2005.

### Opportunities and threats

- Between 2001 and 2005, consumption of vegetable oils and fats in Slovenia increased from 0 to 16 thousand tonnes in the latter year.
- Only a very small production of vegetable oils and fats takes place in Slovenia. Furthermore, Slovenia imports large amounts of vegetable oils and fats from intra-EU25 countries, particularly Hungary which therefore could be a threat to producers in developing countries.
- Within the group of vegetable oils and fats, consumption of sunflower oil showed the strongest average annual increase in Slovenia.
- 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 Slovenia 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 Slovenia deviate to some degree from that structure as a more substantial part of 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.

There are not many companies in Slovenia involved in vegetable oils and fats. An interesting (large) company is Tovarna olja Gea d.d. (manufacturer, <http://www.gea.si>). In 2004, this company merged with another large oil company in Slovenia, Oljarica.

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

- 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.organictrades.com> (also offering organic industry news)
- Ingridnet: <http://www.ingridnet.com> (for ingredient suppliers)

## 3 Trade: imports and exports

### Imports

#### *Vegetable oils and fats*

- Slovenia is a relatively small importer of vegetable oils and fats, accounting for 0.2% of total EU25 imports.

- In 2005, Slovenia imported € 15 million / 18 thousand tonnes of vegetable oils and fats, representing an average annual increase of 1% in terms of value and an annual average decrease of 5% in terms of volume since 2001.
- In 2005, developing countries supplied 11% of all Slovenian imports. Total imports in value terms from developing countries decreased by an annual average rate of 27% in the period reviewed amounting to € 1.7 million in 2005.
- Hungary is the leading supplier, accounting for one third of the total import value, followed by Italy (12%), The Netherlands (12%) and Spain (12%).
- Within the group of vegetable oils and fats, sunflower seed is by far the leading import product with a market share of 58%. With a market share of 24%, olive oil is another major import product.

#### ***Oil seeds***

- Slovenia is a negligible importer of oil seeds in the EU25, accounting for 0.1% of total EU25 imports.
- In 2005, Slovenia imported € 0.9 thousand / 1.5 thousand tonnes of oils seeds representing an average annual increase of 9% in terms of value and 14% in volume since 2001.
- In 2005, developing countries supplied 2% of all Slovenian imports. Imports from developing countries decreased drastically by an annual average rate of 46% in the period reviewed amounting to € 0.02 million in 2005.
- Within the group of oil seeds, sunflower seed is by far the leading import product representing a market share of 78%. Furthermore, sesame seed is a major import product with a market share of 22%.

#### **Exports**

##### ***Vegetable oils and fats***

- Slovenia is a relatively small exporter of vegetable oils and fats, accountable for 0.01% of total EU25 exports.
- In 2005, Slovenia exported € 0.8 million / 1.1 thousand tonnes of vegetable oils and fats representing an average annual decrease of 15% in terms of value and an annual average decrease of 16% in volume since 2001.

##### ***Oil seeds***

- Slovenia is a negligible exporter of oil seeds, accounting for 0.01% of total EU25 exports.
- In 2005, Slovenia exported € 0.02 million / 0.02 thousand tonnes of oil seeds representing a strong average annual increase of 103% in value terms and 150% in volume terms since 2001.

#### **Opportunities and threats**

- Slovenia does not seem to be an interesting market for developing country suppliers of vegetable oils & fats and oil seeds, since imports of these products into Slovenia are relatively small.
- Moreover, developing countries play only a minor role in the supply.
- 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).

## 5 Market access requirements

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

### *Trade Associations*

- Chamber of Commerce and Industry of Slovenia / Gospodarska Zbornica Slovenije (GZS): <http://www.gzs.si/>, Affiliate Food Industries Association of Slovenia: [zivilska.ind@gzs.si](mailto:zivilska.ind@gzs.si)

### *Trade fair organisers*

- Narava – Zdravje: <http://www.ljubljanafair.com/>

No trade press of interest was encountered in Slovenia

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

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