

CBI MARKET SURVEY

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

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Report summary

This CBI market survey discusses the following highlights for the vegetable oils and fats (including oil seeds) market in the United Kingdom:

- With a total of 817 million tonnes in 2005, the United Kingdom is the fifth leading EU consumer of vegetable oils and fats (excluding olive oil), accounting for 10% of total EU25 consumption. The consumption of olive oil is relatively low, amounting to 50.4 thousand tonnes in 2006.
- Consumption of the selected oil seeds in the United Kingdom is negligible.
- Production of the selected vegetable oils as well as oil seeds in the United Kingdom is negligible as well.
- With imports amounting to € 779 million / 994 thousand tonnes in 2005, the United Kingdom represents one of the leading EU importers of vegetable oils and fats. In the same year, oil seed imports amounted to 109.5 thousand tonnes, representing a value of € 40.9 million.
- Developing countries play an important role in the supply of vegetable oils & fats and particularly in the supply of oil seeds, accounting for 39% and 54% of the import value respectively.

This survey provides exporters of vegetable oils and fats and/or oil seeds with sector-specific market information related to gaining access to the United Kingdom. By focusing on a specific country, this survey provides additional information, complementary to the more general information and data provided in the CBI market survey 'The vegetable oils and fats (including oil seeds) market in the EU', which covers the EU market 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***

The United Kingdom is the 5th largest consumer of vegetable oils and fats (excluding olive oil), accounting for 10% of total EU25 consumption. Between 2001 and 2005, consumption of vegetable oils and fats in the United Kingdom of vegetable oils and fats showed a small average annual decrease of 1%, amounting to 817 thousand tonnes in 2005.

Within the group of vegetable oils and fats (excluding olive oil), palm oil is, by far, the leading consumer product, accounting for 79% of total consumption in the United Kingdom. During the review period, consumption of palm oil was erratic, representing a small annual average increase of 2%.

The United Kingdom is a relatively small consumer of olive oil, accounting for 3% of total EU25 consumption in 2005. Olive oil consumption in the United Kingdom is highly erratic, with a strong increase between 2002 and 2004 (from 26 thousand tonnes to 72 thousand tonnes), but a sharp decline between 2004 and 2006, amounting to 50.4 thousand tonnes in the latter year. The International Olive Oil Council expects olive oil consumption in the United Kingdom to increase to 55 thousand tonnes for 2007.

According to SCOPA, the main market segments for vegetable oils and fats in the United Kingdom are the traditional food markets and the bio diesel sector. Organic vegetable oils and fats are mainly used in liquid cooking oils, personal care products and a small amount in catering, biscuits, snacks, etc.

According to industry sources, there is a trend of a growing demand for palm oil in the UK. Like in other European countries, palm oil is used for the growing bio fuel sector. Another trend in the UK observed by some industry sources is the shift away from trans-fatty acids and hydrogenated fats, towards more unsaturated fats. This shift is closely linked to consumer health concerns. Finally, the demand for organic products in the United Kingdom is quite slack or only a small rise can be observed.

Table 1.1 Consumption of vegetable oils and fats, including olive oil, in the United Kingdom, 2001-2006, in 1,000 tonnes

	2001	2003	2005	Average annual % change
Total vegetable oils and fats	840	954	817	-1%
Palm oil	605	738	647	2%
Palmkernel oil	64	78	68	2%
Sunflower oil	130	96	67	-15%
Coconut oil	33	34	29	-3%
Groundnut oil	8	8	6	-7%
	2002	2004	2006	Average annual % change
Olive oil*	26	72	50	19%

* Source for olive oil: International Olive Oil Council (2007)
Source: Fediol (2006)

Oil seeds

Consumption of oil seeds in the United Kingdom is almost negligible and even decreased from 12 thousand tonnes in 2001 to no consumption at all in 2005 (Fediol 2006).

According to FAOSTAT data, the United Kingdom is the third leading consumer of sesame seeds, accounting for 12% of total EU25 consumption. In 2005, consumption of sesame seeds amounted to 10.7 thousand tonnes, representing an average annual decrease of 11% since 2001.

Table 1.2 Consumption of oil seeds in the United Kingdom, 2001-2005, in 1,000 tonnes

	2001	2003	2005	Average annual % change
Total oils seeds	12	4	0	-100%
Groundnuts	9	1	-	-100%
Sunflower seeds	2	3	-	-100%
Copra	1	-	-	-100%
Sesame seeds*	17.2	15.6	10.7	-11%

*Source for sesame seed: FAOSTAT (2007)
Source: Fediol (2006)

Production

Vegetable oils and fats

Between 2001 and 2005, production of vegetable oils and fats in the United Kingdom decreased from 6 thousand tonnes to no production at all. In 2001, groundnut oil was the leading product produced in the United Kingdom.

According to the International Olive Oil Council, no production of olive oil takes place in the United Kingdom.

Oil seeds

According to Fediol and FAOSTAT, no production of the selected oil seeds takes place within the United Kingdom.

Opportunities and threats

- The United Kingdom is the 5th leading EU consumer of vegetable oils and fats, of which the consumption shows a small decrease by an annual rate of 1%. However, the consumption pattern in the United Kingdom between 2001 and 2005 is erratic and shows an increase between 2003 and 2005. This, in combination with the fact that no production of vegetable oils and fats takes place within the United Kingdom, means that it could be an interesting market for exporters in developing countries.
- Based on consumption patterns in the United Kingdom, the main important vegetable oil offering opportunities for developing country exporters is palm oil. Industry sources confirm that palm oil offers good opportunities for suppliers in developing countries.
- Industry sources mention niche markets as opportunities for exporters of vegetable oils in developing countries.
- The United Kingdom is becoming an unattractive market for the selected oil seeds, since consumption decreased to negligible in the review period.
- Exporters should note that a development or trend can be an opportunity for one exporter, while posing a threat to other exporters. Exporters should therefore analyse if the developments and trends discussed so far provide opportunities or threats depending on their specific situation.
- Please refer to Chapter 7 of the CBI survey covering the EU market for an example of such an analysis.

Useful sources

- The EU Oil and Protein-meal Industry (Fediol): <http://www.fediol.be/>
- The International Olive Oil Council (IOOC): <http://www.internationaloliveoil.org/>
- Interactive European Network for Industrial Crops and their Applications (IENICA): <http://www.ienica.net/>
- FAO's statistical database FAOSTAT: <http://faostat.fao.org>
- Oil World: <http://www.oilworld.biz>

2 Trade channels for market entry

Trade channels

The trade in vegetable oils and fats (including oil seeds) takes place on the international scene. Hence the trade structure for these goods in United Kingdom does not differ from the structure as described in the CBI survey covering the EU market for vegetable oil and fats (including oil seeds). Please refer to the EU survey for a more comprehensive discussion on the main trade channels in the EU.

The Chicago Board of Trade is the central meeting-point for traders in vegetable oils and fats, and their raw materials like oil seeds. Developments here determine the markets vegetable oils and fats as well as oil seeds world wide.

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.). Rotterdam is the main trading centre for the EU vegetable oils and fats trade and, by far, the leading supplier to the United Kingdom.

A producer of vegetable oils and oil seeds can choose from a number of distribution channel options available, depending on the requirements of the downstream companies. In general, large volumes go straight from producer to processor, while suppliers of smaller volumes may opt to use agents, brokers or importers.

According to industry sources, there are strong contacts between the final processing industry in the UK and refiners in Asia. The contact between refiners in Asia and the final processing industry is sometimes linked through intermediaries, like brokers. Interesting companies for organic vegetable oils and fats are in general only those which are SCOPA members. There are specialised distributors of organics in the UK like for example Harley Foods, Tel: +44 01900 823037.

Interesting companies in the UK are:

- Aarhuskarlshamn <http://www.aarhuskarlshamn.com/>
- ADM Pura Ltd <http://www.admworld.com/>
- Cargill PLC <http://www.cargill.com/>
- Loders Croklaan <http://www.croklaan.com/>
- AAK UK LTD www.aak.com/uk

Price structure

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.

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 goods, 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.

Regarding organic vegetable oils / oil seeds, there is a price mark-up attached to the product, which is also paid to the exporter. As the organically certified vegetable oils and oil seeds may be traded in relatively smaller quantities, there can be an additional cost incurred by the importer.

Selecting a suitable trading partner

Finding a trade partner in the UK should not deviate from the general EU method as described in the CBI market survey covering the EU market. Buyers and suppliers often find each other through existing contacts. If the exporter can not rely on existing contacts, new contacts need to be made. Contact details can be found at <http://www.yell.com> or through the UK Chamber of Commerce.

Establishing contact through export directories, or directly through contacting interesting companies you encounter, can also be useful. Traders also fulfil an important function in market linking, while websites offer another opportunity to find trade partners. According to industry sources, direct contact is the best way to establish relationships with interesting companies in the UK.

On-line company databases for finding companies working in the vegetable oils and fats (including oil seeds) market are:

- SCOPA (Seed Crushers and Oil Processors' Association): <http://www.scopa.org.uk/>

- 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'.)

Business-to-business sources include the following;

- Agronetwork.com (<http://www.agronetwork.com/global/>)
- Organic Trade Services (<http://www.organicts.com/>) (also offering organic industry news)
- The site <http://www.ingridnet.com> is a marketing instrument for companies supplying ingredients to, among others, food industries. The database includes contact details of 15,000 ingredient suppliers.

Another way to get in touch with the appropriate contacts is trade fairs. The BioFach trade fair is of special importance for organic vegetable oils and fats, whereas Anuga (<http://www.anuga.com/>), SIAL (<http://www.sial.fr/>) and FI Europe (<http://europe2007.fi-events.com/>) are of principal importance for conventional products. Participating or visiting trade fairs is also very useful for price benchmarking, establishing quality requirements and looking at what 'extras' your competitors offer.

3 Trade: imports and exports

Imports

Total imports

Vegetable oils and fats

The United Kingdom is the 5th leading EU importer of vegetable oils and fats in the EU, with a market share of 10%. Between 2001 and 2005, UK imports of vegetable oils and fats increased by an annual average growth rate of 11%, amounting to € 779 million / 994 thousand tonnes in the latter year. Total volume of vegetable oils and fats increased by an annual average rate of only 1% between 2001 and 2005.

The Netherlands is the leading supplier of vegetable oils and fats to the United Kingdom, accounting for 20% of total import value in 2005, followed by Papua New Guinea (9%). Although The Netherlands is listed as a leading supplier, this mainly concerns re-exports previously imported from (in most cases) developing countries. In 2005, developing countries supplied 39% of all UK imports, which is somewhat below the EU average (45%). In 2005, total supply by developing countries amounted to € 306 million / 650 thousand tonnes, representing an average annual increase of 12% in value and of 3% in volume since 2001.

Oil seeds

The United Kingdom is the 5th largest EU importer of oil seeds as well, holding a market share of 5% of total EU25 value imports. Between 2001 and 2005, total UK oil seeds imports showed an annual average increase of 15%, amounting to € 40.9 million in the latter year. The total volume of oil seeds increased by an average annual rate of 12%, amounting to 109 thousand tonnes in 2005.

China is the leading supplier of oil seeds to the United Kingdom, accounting for 23% of total import value in 2005, followed by The Netherlands and India. In 2005, developing countries together supplied 54% of the import value, which was well above the EU average (36%). Since 2001, oil seeds supplied by developing countries increased by an average annual rate of about 16% in both value and volume, amounting to € 22 million / 69 thousand tonnes in 2005.

*Imports by product group**Vegetable oils and fats*

Within the group of vegetable oils and fats, palm oil, cocoa butter and olive oil are the three main import products, with market shares of 32%, 27% and 22% respectively. Between 2001 and 2005, all three products showed an annual average increase of imports, the strongest increase in imports being cocoa butter with an annual average rate of 22%. However, only the increase of palm oil was realised mostly to the benefit of developing country suppliers, whereas the other increases were mainly supplied by other countries.

Palm oil is the most important product for developing country suppliers, since 80% of this product is sourced in these countries. Furthermore, coconut oil (72%) and sesame oil (62%) are relatively important products for developing countries as well.

Oil seeds

Within the group of oil seeds, sunflower seed is by far the leading product imported into the UK, holding a market share of 64%. Since 2001, imports of sunflower seeds showed an average annual increase of 25% in value and of 20% in volume, amounting to € 26 million / 53 thousand tonnes in 2005.

A second relatively import product within the group of oil seeds is sesame seeds with a market share of 21% of total UK imports of oil seeds. Since 2001, UK imports of sesame seeds showed a small average annual decrease of 1% in value and an average annual increase of 1% in volume, reaching € 8.5 million / 7.6 thousand tonnes in 2005.

Furthermore, sesame seed is a relatively important oil seed product for developing country suppliers, since 86% of UK imports is sourced in these countries. Safflower seed (64%) and sunflower seed (47%) are other relatively important products for developing country suppliers as well.

**Table 3.1 Imports by and leading suppliers to the United Kingdom
2001 - 2005, share in % of value**

Product	2001 € mln	2003 € mln	2005 € mln	Leading suppliers in 2005 Share in %	Share (%)
Total vegetable oils and fats	315	348	471	Intra - EU: The Netherlands (20%), Spain (9%), Italy (9%), France (8%), Germany (5%), Belgium (4%)	61%
	6.8	7.7	1.8	Extra - EU ex. DC*: -	0.2%
	195	286	306	DC*: Papua New Guinea (9%), Malaysia (8%), Indonesia (7%), Colombia (5%), Brazil (2%), Cote d'Ivoire (1%), Mexico (1%), Ghana (1%), Nigeria (1%)	39%
Palm oil	55	83	49	Intra - EU: The Netherlands (13%), Germany (6%)	20%
	0.1	0.1	0.01	Extra - EU ex. DC*: -	0%
	138	199	196	DC*: Papua New Guinea (24%), Malaysia (17%), Indonesia (16%), Colombia (15%), Brazil (5%) Ecuador (1%)	80%
Cocoa butter, fat and oil	72	62	151	Intra - EU: The Netherlands (44%), France (15%), Denmark (10%), Spain (2%)	72%
	0	3.9	0.04	Extra - EU ex. DC*: -	0%
	23	47	59	DC*: Malaysia (7%), Cote d'Ivoire (4%), Mexico (4%), Ghana (4%), Nigeria (4%), Brazil (2%), Indonesia (1%)	28%
Olive oil	88	115	167	Intra - EU: Italy (43%), Spain (40%), Greece (6%), Belgium (5%), France (3%), Germany (2%)	99.6%
	0.01	0.3	0.3	Extra - EU ex. DC*: -	0.1%

Product	2001 € mln	2003 € mln	2005 € mln	Leading suppliers in 2005 Share in %	Share (%)
	0.06	0.1	0.5	DC*: -	0.3%
Sunflower– seed and safflower oil	87	67	82	Intra - EU: The Netherlands (27%), France (26%), Belgium (19%), Germany (18%), Ireland (2%)	91%
	4.1	0.05	0.1	Extra - EU ex. DC*: -	0%
	0.3	1.3	7.2	DC*: Ukraine (5%), Argentina (3%)	8%
Coconut oil	9.1	13	15	Intra - EU: The Netherlands (16%), Germany (11%)	28%
	0.4	0.3	0.2	Extra - EU ex. DC*: -	0%
	29	35	38	DC*: Papua New Guinea (26%), Indonesia (26%), Malaysia (9%), Colombia (5%), Ecuador (3%), Vanuatu (2%)	72%
Sesame oil	1.5	0.9	1.4	Intra - EU: The Netherlands (18%), France (2%), Spain (1%)	21%
	1.9	1.7	1.1	Extra - EU ex. DC*: Singapore (9%), Hong Kong (5%), USA (2%)	17%
	3.0	2.8	4.1	DC*: China (28%), Mexico (25%), Malaysia (4%), Nicaragua (3%)	62%
Groundnut oil	2.5	6.9	5.1	Intra - EU: Belgium (59%), France (24%), The Netherlands (6%)	91%
	0.04	1.2	0.05	Extra - EU ex. DC*: -	0%
	1.0	1.9	0.5	DC*: Senegal (8%)	9%
Total oil seeds	5.8	6.5	14	Intra - EU: The Netherlands (13%), Italy (9%), France (5%), Hungary (3%), Germany (1%)	34%
	6.1	7.2	5.2	Extra - EU ex. DC*: USA (9%), Canada (2%), Bulgaria (1%)	13%
	12	13	22	DC*: China (23%), India (10%), Guatemala (6%), Argentina (4%), Venezuela (3%), Indonesia (2%), Malaysia (2%), Egypt (1%)	54%
Sunflower seeds	4.0	4.3	9.0	Intra - EU: The Netherlands (17%), France (7%), Hungary (5%), Germany (2%), Italy (1%)	35%
	5.2	5.8	5.0	Extra - EU ex. DC*: USA (14%), France (7%), Hungary (5%), Germany (2%), Italy (1%)	18%
	1.4	6.1	12	DC*: China (36%), Argentina (5%), India (3%), Egypt (2%)	47%
Sesame seeds	0.4	0.5	1.1	Intra - EU: The Netherlands (5%), Cyprus (3%), France (1%) Italy (1%)	13%
	0.4	0.1	0.2	Extra - EU ex. DC*: -	1%
	7.8	5.5	7.3	DC*: India (32%), Guatemala (29%), Venezuela (16%), Nicaragua (3%), Lebanon (3%), China(3%)	86%
Palm nuts and kernels	1.0	1.5	3.5	Intra - EU: Italy (55%), The Netherlands (6%), Ireland (1%)	63%
	0.1	1.3	0	Extra - EU ex. DC*: -	0%
	1.7	0.6	2.0	DC*: Indonesia (17%), Malaysia (14%), Argentina (4%), Nigeria (2%)	37%
Safflower seeds	0.03	0.1	0.1	Intra - EU: The Netherlands (16%), Belgium (3%)	19%
	0.3	0	0.1	Extra - EU ex. DC*: Australia (12%), Canada (5%)	17%
	0	0.5	0.4	DC*: India (58%), Argentina (4%), China (1%)	64%
Copra	0.4	0.02	0	Intra - EU: -	0%
	0	0	0	Extra - EU ex. DC*: -	0%
	0	0.1	0.05	DC*: India (58%), Sri Lanka (42%)	100%

Source: Eurostat (2006)

*Developing Countries

Note: In 2005, Bulgaria and Romania were not yet part of the European Union and are, therefore, listed under 'Extra EU excl. DC'

Exports

Vegetable oils and fats

The UK is a small exporter of vegetable oils and fats in the EU, accounting for less than 2% of total EU exports. Exports of vegetable oils and fats by the UK increased by 14% annually in value terms and decreased by 6% annually in volume terms in the period reviewed. In 2005, total exports amounted to € 106 million / 65 thousand tonnes. Exports are mainly oriented to EU countries, especially Germany and Ireland and, to a lesser extent, to The Netherlands, Belgium and France.

Oil seeds

The UK is only a small exporter of oil seeds in the EU, accountable for 0.8% of all EU oil seed exports. Since 2001, oil seeds exports by the UK increased by 14% annually in value terms and 16% annually in volume terms in the period revised, amounting to € 3.2 million / 2 thousand tonnes in 2005. Exports are mainly oriented to EU countries, especially Ireland and, to a much lesser extent, France and The Netherlands.

Opportunities and threats

- The United Kingdom is one of the leading EU importers of vegetable oils & fats and oil seeds, with imports increasing at a relatively strong pace.
- Developing countries play a less than (EU) average role in the supply of vegetable oils and fats to the United Kingdom.
- Most interesting vegetable oils for developing country suppliers are palm oil, coconut oil, and sesame oil, as between 62% and 80% of the import values of these oils are sourced directly in developing countries.
- With respect to oil seed, developing countries also play a more pronounced role in the supply to the United Kingdom.
- Sesame seeds and safflower seed are relatively the most interesting oil seeds, since 86% and 64% respectively of the imported values of these seeds are directly supplied by developing countries. Although a very small oil seed product in absolute terms, copra could also offer interesting opportunities, since the entire import value is sourced in developing countries
- Exporters should note that a development or trend can be an opportunity for one exporter, while posing a threat to other exporters. Exporters should therefore analyse if the developments and trends discussed so far provide opportunities or threats depending on their specific situation.
- Please refer to Chapter 7 of the CBI survey covering the EU market for an example of such an analysis.

Useful sources

- EU Expanding Exports Helpdesk
<http://export-help.cec.eu.int/> → go to: trade statistics
- Eurostat – official statistical office of the EU
<http://epp.eurostat.cec.eu.int> → go to 'themes' on the left side of the home page
→ go to 'external trade' → go to 'data – full view' → go to 'external trade - detailed data'
- The EU Oil and Protein-meal Industry (Fediol): <http://www.fediol.be/>
- The International Olive Oil Council (IOOC): <http://www.internationaloliveoil.org/>
- FAO's statistical database FAOSTAT: <http://faostat.fao.org>

4 Price developments

As already mentioned, developments on the Chicago exchange are leading indicators in the price setting of the different vegetable oils world-wide, while Kuala Lumpur (Malaysia) is the main exchange market for palm oil.

Due to improved technology, different vegetable oil products are substitutable: this has a major impact on price settings. For example, palm oil is becoming increasingly popular in the food industry and, consequently, the price rises. Furthermore, according to UK industry sources, an increase in the prices for crude oils can be observed, which will result in higher prices for products vegetable oils and fats.

Other factors also influence prices of vegetable oils and oil seeds:

- The climatic conditions.
- Increasing demand for bio-fuels.
- Increasing welfare in the world, and in the new EU member states in particular, leading to increased demand for vegetable oils and fats and a switch in consumption to more luxurious and expensive oils.
- Decline in the consumption of animal fat to the advantage of vegetable oils and fats, which offer healthier alternatives.
- Quantities of vegetable oils and oil seeds in stocks. Higher stock generally lead to lower or at least stable prices.
- Due to the resistance to genetically modified soy bean among EU consumers, many European food-processing companies switched to the use of other oils and oil seeds, making these products scarcer.

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. Therefore, it is essential to have continuous access to up-to-date price information. 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.

Interesting sources for price information are listed in 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 the United Kingdom, you should be aware of the market access requirements of your trading partners and the UK government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns. You need to comply with EU legislation and have to be aware of the additional non-legislative requirements that your trading partners in the EU might request.

For information on legislative and non-legislative requirements, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select vegetable oils & fats and United Kingdom in the category search, click on the search button and click on market access requirements.

Additional information on packaging, marking and labelling for the UK market can be found at the SCOPA Code of Practice for The Transport of Edible Oils and Fats:
<http://www.scopa.org.uk/PDF%20files/SCOPAcop.pdf>

Additional 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

General 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) can be found in CBI's export manuals 'Export Planner' and 'Your image builder'. Furthermore cultural awareness is a critical skill in securing success as an exporter.

Information on cultural differences in the EU can be found in chapter 3 of CBI's export manual 'Exporting to the EU'. These manuals can be downloaded from <http://www.cbi.eu/marketinfo> - go to search publications.

According to industry sources, the best way to meet interesting companies in the UK is through direct contact.

Reaching an agreement with your trade partner

If there is no existing contract between the buyer and the supplier, the first step in establishing trade is to make a quotation including information about quality, price, volume, terms of sale, delivery dates, etc. As in the rest of Europe, custom-made offers are most common in the UK, as products and application differs. Therefore, common practices as detailed in the 'Export Planner' and 'Your image builder' apply.

Suppliers and importer are free to negotiate and agree whether quotations and subsequent trade are based on FOB, CIF or CFR prices and which terms of payments are used. The most commonly used terms of payment in the vegetable oils & fat and oil seed trade are the *Letter of Credit* (L/C) and *Cash Against Documents* (CAD).

The final order is preceded by an analysis of the sample provided by the exporter. After approval of the sample, shipment and import formalities need to be arranged according to the agreement between the trade partners.

Internet provides many sources on business practices and culture, such as

<http://www.communicaid.com/british-business-culture.asp>

Please keep in mind that this pages only gives general remarks. Therefore, when conducting business, use your intuition and an understanding attitude.

Sales promotion

Common practices of trade promotion in the United Kingdom do not deviate considerably from other European countries. In general, good care should be taken of existing contacts through prompt, constant and reliable communication. Letters of inquiry should always be replied to. Essential tools are detailed and up-to-date customer database and websites proposing well-defined products, competitive advantages (e.g. USP, quality, cost reduction and delivery reliability) and client references to facilitate building trust.

Please refer to CBI's *Export planner* and *Your image builder* for more information on this subject.

Assistance with market entry can also be sought through local business support organisations, import promotion organisations such as CBI and branch organisations focussing on vegetable oils & fats and oil seeds, or the (organic) food sector. Interesting *trade associations* in the United Kingdom are:

- SCOPA (Seed Crushers and Oil Processors' Association): <http://www.scopa.org.uk/>
- Food and Drink Federation <http://www.fdf.org.uk/>

Trade press can function as a means for gaining insight into market developments and competition, but can also have a promotional function. This concerns finding potentially interesting companies, as well as promotion of your own activities and products. Major trade press of EU-wide significance is mentioned in the CBI document 'From survey to success:

guidelines for exporting vegetable oils and fats (including oil seeds) to the EU'. Trade press of particular interest in the United Kingdom is 'Efoodpantry.com' (<http://www.efoodpantry.com/>) and 'The Food Magazine' (<http://www.foodcomm.org.uk/fmag.htm>)

Trade fairs offer companies in developing countries the opportunity to establish contacts and a trustworthy image through several participations, to promote their products and conduct EU market orientation. Major fairs of EU-wide significance are mentioned in the CBI document 'From survey to success: guidelines for exporting vegetable oils and fats (including oil seeds) to the EU'. Interesting Trade Fairs in the United Kingdom are World Food Market (http://tradeshow.alibaba.com/trade_shows/1941/World_Food_Market.html), Food & Drink Expo Birmingham (<http://www.foodanddrinkexpo.co.uk/>), IFE- International Food and Drink Exhibition London (<http://www.ife.co.uk/>).

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

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