

CBI MARKET SURVEY

The fresh fruit and vegetables market in Lithuania

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Introduction

This CBI market survey provides exporters in developing countries (DCs) with information on the main developments in the fresh fruit and vegetables market in Lithuania. The information is complementary to the information provided in the CBI market survey, 'The fresh fruit and vegetables 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**

In 2007, apparent consumption¹ of fresh fruit was 93 thousand tonnes and of fresh vegetables 232 thousand tonnes. With a share of 0.2% of fruit consumption and 0.4% of vegetables consumption in the EU, Lithuania is one of the smallest markets. Between 2002 and 2007, fruit consumption decreased 60%, an average of -17% per year, while consumption of fresh vegetables decreased 26% (-6% per year). With 27 kg per person, fresh fruit consumption is far below the EU average of 94 kg. Per capita consumption of fresh vegetables was 69 kg, far below the EU average (120 kg).

Industrial demand forms a substantial share of the apparent consumption, but the food industry is mainly supplied by domestic production. Industrial demand for fresh fruit and vegetables from DCs is small.

The average annual growth rate of the GDP was 8.4% between 2002 and 2007, which is much higher than the EU rate of 2.4%. Based on an extrapolation of trends, consumption volume of fresh fruit and vegetables will not increase much further, but sales value will increase.

Trends in consumption

In addition to general consumer trends, such as those relating to health, convenience and pleasure, described in the CBI market survey 'The fresh fruit and vegetables market in the EU', the following trends are specifically relevant for Lithuania:

- Discount stores are gaining popularity which price-conscious Lithuanians, who like the low costs alternatives to convenience stores.
- A large group of consumers prefer shopping at convenience stores, not in the least due to the trend towards busier lifestyles.
- There is growing demand for luxury fresh fruit and vegetable products, sales of pre-cut and pre-packed vegetables but it may not grow as quickly as in the past few years.
- The market for organic food products is small compared to other EU countries.
- The standard of living is increasing in Lithuania, which results in a stronger demand for high-quality and luxury food products. These are now more readily accepted, whereas previously, they would have been considered superfluous.

¹ Calculation based on data from Eurostat (2007, 2008) and the Food and Agriculture Organisation (FAO) (2008). Apparent consumption is calculated as production plus imports minus exports and includes industrial and consumer demand. Grape production is not included in the figure, since it is mainly used for production of wine. Imports and exports of grapes, however, used primarily as table grapes, are included.

Production

In 2007, Lithuania produced 55 thousand tonnes of **fresh fruit** (excluding grapes), accounting for 0.1% of EU production. It is the ninth smallest EU producer. Apples are the most important fruit crop, accounting for 74% of total fruit production, followed by strawberries (9%), currants (8%) and pears (4%). Between 2002 and 2007, total production decreased 57%, equal to an average annual change of -15%.

Production of **fresh vegetables** amounted to 250 thousand tonnes, less than 1% of the total EU production. Main crops produced by Lithuania are cabbages and brassicas (other than cauliflower and broccoli) (37% of the production volume in 2007), carrots (25%), miscellaneous vegetables (23%), onions (7%), and cucumbers and gherkins (3%). Between 2002 and 2007, vegetable production fluctuated, with an overall decrease of 14% (-3% annually) (FAO, 2008).

Most of Lithuanian agricultural production is destined for the domestic market. Industrial demand for fresh fruit and vegetables is small. For an overview of the main players in the food processing industry for DC exporters, please refer to the CBI market survey 'The preserved fruit and vegetables market in Lithuania', which can be downloaded from <http://www.cbi.eu/marketinfo>.

Trends in production

- Overall production of fresh fruit and vegetables is decreasing. Weather conditions during the growing season strongly influence the volume of fruit and vegetable production.
- Production of all major product groups including cabbages, onions and miscellaneous vegetables.
- The production of carrots and turnips and mushrooms increased.
- Organic agriculture in Lithuania is small but growing.
- General production trends are described in the CBI market survey 'The fresh fruit and vegetables market in the EU'.

Opportunities and threats

- ± Consumption volumes of fresh fruit and vegetables decreased. However, sales value is increasing.
- + Due to growing demand for luxury and high-quality products, imports will remain necessary, especially for products such as tropical fruits.
- ± Lithuanians greatly appreciate traditional and local food products, especially vegetables and meat. This preference limits the offer of exotic fruits, but Lithuanians are becoming more familiar with eating exotic fruits, and thus consumption is expected to grow.

For more information on opportunities and threats, see Chapter 7 of the CBI market survey 'The fresh fruit and vegetables market in the EU'.

2 Trade channels for market entry

Fresh fruit and vegetables are sold through hypermarkets, supermarkets, discount stores and traditional food stores. The number of larger supermarket chains is growing across Lithuania. This growth occurs at the expense of independent food stores. Convenience stores and discounters are also gaining market share. The largest multiple retailers are:

- VP Market – <http://www.vpmarket.lt>;
- Palink (no website available);
- Rimi - <http://www.rimi.lt>;
- Norfos Mazmena – <http://www.norfa.lt>;
- Aibes Mazmena – <http://www.aibe.lt>.

The best way of entering the Lithuanian market is through importers or agents specialised in fresh fruit and vegetables, who may be independent or related to supermarket chains. In general retailers buy their fresh fruit and vegetables from importers or preferred suppliers.

Supermarkets either have their own import facilities or imports are organised by the parent company. Exporters, who cannot meet the high volume demands from large purchasing organisations, should search for specialised importers. To find a Lithuanian business partner or to get information on importers, you may contact:

- Lithuanian Food Exporters – <http://www.litfood-fair.com>;
- Business Lithuania – <http://www.businesslithuania.lt>.

Margins vary greatly depending on the type and quality of product, the distribution channel, the continual changes in supply and demand and resulting price fluctuations. It is estimated that European importers on average apply a trade margin of 5-10%. More information on margins can be found in section 3.2 of the CBI market survey 'The fresh fruit and vegetables market in the EU'. More information on the market for food in Lithuania can be found at:

- <http://www.researchandmarkets.com>;
- <http://www.just-food.com>;
- <http://www.businessmonitor.com>.

3 Trade: imports and exports

Imports

In 2007, Lithuania imported 340 thousand tonnes of **fresh fruit**, with a value of €199 million (Eurostat, 2007, 2008). With 1% of the total EU import value of fresh fruit, Lithuania is one of the smaller importers. This is somewhat higher than its share in the EU population of 0.7%. Imports consisted of apples, pears and quinces (38% of the import value in 2007), citrus fruit (18%), berries and other fruits (11%), grapes (10%), bananas (9%), stone fruit (9%), melons (3%), and exotic fruits (7%). Between 2003 and 2007, total imports increased 256% in value and 163% in volume. The average annual change of the import value was 37%, high above the EU average of 4.9%. Poland is the main supplier to Lithuania, with 36% of total import value in 2007, followed by the Netherlands (15%), Italy (12%), Spain (10%) and Germany (7%).

DCs accounted for 10% of the import value in 2007, below the EU average of 37%. Between 2003 and 2007, imports from DCs decreased 24% in value and 45% in volume. DCs are clearly losing market share: imports from other EU countries more than five folded in value and tripled in volume, and imports from other countries outside the EU also increased. The most important products imported from DCs are oranges (27% of the import value in 2007), cranberries (22%), mandarins (16%), grapes (11%), lemons (8%) and grapefruit (4%). Belarus is the main supplier among the DCs with 2% of total import value, supplying mainly berries. It is followed by Morocco (2%, mainly citrus fruit). Between 2003 and 2007, imports from DCs of mandarins, grapes, grapefruit, bananas, and watermelons decreased in value and volume. Imports of oranges, lemons, cranberries and cherries increased, with the latter two showing above average growth rates.

A major part of the Lithuanian demand for products from DCs is supplied through other EU countries. Typically, bananas and other exotics are procured from Germany, Poland, Belgium and the Netherlands.

In 2007, Lithuania imported 118 thousand tonnes of **fresh vegetables**, with a value of €83 million (Eurostat, 2007, 2008). Lithuania accounts for 0.7% of the total EU import value of fresh vegetables and is the ninth smallest importer. Imports consisted of tomatoes (33% of the import value in 2007), miscellaneous vegetables (27%), brassicas (14%), cucumbers and gherkins (9%), alliaceous vegetables (8%), edible roots (5%), lettuce and chicory (3%) and peas and beans (0.1%). Between 2003 and 2007, total imports increased 203% in value and 249% in volume. The average annual change of the import value was 32%, far above the EU average of 6%. Poland is the main supplier to Lithuania, with 37% of total import value in 2007, followed by the Netherlands (27%), Spain (17%), Russia (8%), and Italy (2%).

DCs accounted for only 4% of the import value of fresh vegetables in 2007, below the EU average of 13%. Imports from DCs increased 174% in value and 54% in volume compared to 2003. This is lower, however, than the growth in imports from other EU countries (+341% in value and +294% in volume).

The most important products imported from DCs are miscellaneous mushrooms² (74% of the import value in 2007), tomatoes (10%), onions (7%), miscellaneous cabbages (5%), cucumbers (3%) and sweet peppers (1%). Belarus is the main supplier among the DCs (2% of total import value, mainly miscellaneous vegetables), followed by Ukraine (1%, mainly alliacious vegetables). Between 2003 and 2007, imports from DCs of sweet peppers, garlic and beans decreased in value and volume. Imports from DCs of miscellaneous mushrooms and onions showed above-average growth. Part of the Lithuanian demand for products from DCs is supplied by other EU countries.

Exports

In 2007, Lithuania exported 302 thousand tonnes of **fresh fruit**, with a value of €165 million (Eurostat, 2007, 2008). This is 1.5% of the total EU export value. Between 2003 and 2007, exports increased by over 4000% in value and 2000% in volume. Exports consisted of apples, pears and quinces (54% of total export value in 2007), berries and other minor fruit (12%), citrus fruit (10%), stone fruit (9%), grapes (7%), exotic fruit (4%), bananas (3%) and melons (1%). Russia is the main destination, with 81% of the export value, followed by Estonia (6%), Poland (5%), Latvia (4%), and Belarus (3%). Between 2003 and 2007, exports of apples, pears and quinces, stone fruits and exotics showed higher than overall growth rates. Lithuania is a small re-exporter of fresh fruit originating from DCs, mainly to Russia.

In 2007, Lithuania exported 135 thousand tonnes of **fresh vegetables**, with a value of €118 million (Eurostat, 2007, 2008). This is 1% of the total EU export value. Between 2003 and 2007, exports increased strongly in value and volume. Exports consisted of miscellaneous vegetables (52% of total export value in 2007), tomatoes (21%), brassicas (11%), cucumbers and gherkins (5%), lettuce and chicory (4%), edible roots (4%), alliacious vegetables (3%), and peas and beans (less than 1%). Russia is the main destination, with 72% of the export value, followed by Germany (7%), Estonia (5%) and Latvia (5%). Based on the import and export data, Lithuania is not an important re-exporter of fresh vegetables, but it may re-export small volumes of fresh vegetables from DCs, mainly bananas and some exotic fruits.

Opportunities and threats

- + Lithuania's overall imports of fresh fruit and vegetables increased quickly at an average 37% per year in value for fresh fruits, and an average 32% per year for vegetables. The average growth in volume was lower for fruit but higher for vegetables.
- ± Imports from DCs of fresh fruit are decreasing but those of vegetables are increasing.
- + Best opportunities for exporters from DCs lie in miscellaneous mushrooms, tomatoes and onions.
- Imports of fresh fruits and vegetables from DCs are below the EU average, hence DCs are not in pace with overall EU developments. Lithuania's imports from other EU countries are growing faster.

Exporters from DCs who want to access the Lithuanian market, are advised to look at those EU countries that supply fresh fruit and vegetables to Lithuania, in addition to looking for Lithuanian importers. The main Lithuanian trading partners that re-export products from DCs are the Netherlands, Poland and Spain. For more information on opportunities and threats, see Chapter 7 of the CBI market survey 'The fresh fruit and vegetables market in the EU'.

Useful sources

- EU Expanding Exports Helpdesk – <http://exporthelp.europa.eu>;
- Eurostat – official statistical office of the EU – <http://epp.eurostat.ec.europa.eu>;

² Mushrooms other than truffles and Agaricus mushrooms

- Understanding eurostat: Quick guide to easy comext → http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20080117.pdf.

4 Price developments

The CBI market survey 'The fresh fruit and vegetables market in the EU' gives information on price levels of fresh fruit and vegetables in the EU. Prices in the Lithuanian market will not differ much from the EU level. Prices of fresh fruit and vegetables are the result of negotiations between the seller and the buyer. In the negotiation process, many factors influence the final price. Exporters are advised to closely monitor market and price developments in their specific product categories, in order to quote realistic prices.

More detailed information on prices in Lithuania may be obtained from:

- Statistics Office Lithuania – <http://www.stat.gov.lt/en>;
- Importers and agents are other valuable sources of information.

5 Market access requirements

Manufacturers in DCs preparing to access markets in Lithuania should be aware of the market access requirements of the Lithuanian and EU governments and of potential trading partners. For information on legislative and non-legislative requirements, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select the market sector and Lithuania in the category search, click on the search button and click on market access requirements.

Detailed information on packaging can be found on the International Trade Centre (ITC) website on export packaging: <http://www.intracen.org/ep/packit.htm>.

There are EU import tariffs and entry prices for fresh fruit and vegetables. They range from 0% for exotics such as papaya and passion fruits to 17.6% for nectarines. More information on tariffs and quotas can be found at <http://exporthelp.europa.eu>. Imports from DCs often benefit from preferential or zero import duties.

For fresh fruit and vegetables in Lithuania, the reduced value added tax rate (VAT) of 5% applies.

6 Doing business

Information on doing business, including approaching potential business partners, building up a relationship, drawing up an offer, methods of payment, terms of delivery, handling the contract and cultural differences, can be found in the CBI 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 Lithuania, visit the following websites:

- International chamber of commerce Lithuania - <http://www.tprl.lt/english.php>;
- For general information on doing business - <http://www.litlex.lt>;
- For a list of trade shows in Lithuania – <http://www.biztradeshows.com/lithuania>;
- For information on business culture and practices – <http://www.kwintessential.co.uk>.

This survey was compiled for CBI by Mercadero, in collaboration with Piet Schotel.

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