

CBI MARKET SURVEY

THE FRESH FRUIT AND VEGETABLES MARKET IN THE EU

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REPORT SUMMARY

This market survey describes and analyses the EU market for fresh fruit and vegetables in Part A. In Part B the report gives guidelines and recommendations on how to approach this market.

Consumption

In 2005, consumption of fresh fruit in the EU was 74 million tonnes and consumption of fresh vegetables 62 million tonnes. From 2001 to 2005, fruit consumption grew by 3.6% and consumption of vegetables by 1.5%. There are large differences between the EU member countries. Cyprus, for example, has one of the highest consumption levels per head, but is one of the smallest countries in terms of inhabitants, so the total market is small. Italy and Spain have the largest volumes of consumption, together accounting for 40% of the total EU market in 2005. Italy and Spain are also the largest producers of fruit and vegetables. France, Germany and the United Kingdom have large volumes of consumption as well.

Consumption of fresh fruit and vegetables in the EU countries is characterised by a tremendous variety of products from all over the world. Both fruit and vegetables are increasingly available throughout the year, in a shift from the traditional seasonal patterns. Except for banana, which is a major established product, exotics constitute a small but quickly growing part of the market. Growing familiarity with these products and increasing availability are increasing demand. The most important trends in the EU food markets relate to health and convenience, each with a huge influence on consumer choices. Retailers and manufacturers seize these opportunities by for example offering washed, pre-cut, pre-packed and portioned fruits and vegetables. Other important trends relate to an increasing popularity of organic and fair-trade products, value for money, diversity in choice, and a growing ethnic population. Wellness has ultimately become a major buzzword in marketing, translating concerns such as health and quality into positive benefits that everyone can obtain.

Production in the EU

The EU is a major producer of fresh fruit and vegetables. Most of the production is concentrated in the southern countries such as Spain and Italy. The temperate climate of northern Europe puts more limitations on production, but greenhouses make production of vegetables possible around the year. A large part of the vegetable production in the Netherlands takes place in greenhouses. European production of exotics is very small: mainly some banana and pineapple in Spain and Portugal. The fruits with the largest production are apples, oranges, grapes, peaches and nectarines. European production of fruit is seasonal. This offers opportunities to suppliers from outside the EU to supply out of season.

Total EU production of fresh fruit was almost 67.6 million tonnes in 2004. Italy produced 20.4 million tonnes and Spain 16.7 million tonnes (including grapes for wine production). In the same year, total EU production of fresh vegetables was 61.4 million tonnes, of which Italy produced 15.5 and Spain 10.4 million tonnes. From 2001 to 2005, production of fruit and vegetables increased by 4.5 and 1 percent respectively.

Imports

In 2005, EU imports of fresh fruit had a value of €17.9 billion, an increase of 21% since 2001. Import volume increased by 23% over the same period, reaching 23.2 million tonnes. Imports from developing countries were substantial at €6.4 billion and 8.6 million tonnes in 2005, and grew more quickly than the market (+26% in value and +27% in volume).

Germany, the United Kingdom and France are the largest importers of fruit, together accounting for 47% of EU import value in 2005. The main suppliers of fruit to the EU are Spain, the Netherlands, Italy, Belgium and France. The major imported fruits are bananas, apples, grapes, and citrus fruit.

Developing countries play a major role in the supply of exotics such as bananas, pineapples, mangos, dates, and avocados, and in the off-season supply of citrus and apples. In 2005, developing countries had a share of 36% in total EU import value. The leading developing countries exporting fresh fruit to the EU are South Africa, Costa Rica and Ecuador. South Africa is a major supplier of especially off-season products: grapes, apples, citrus fruit and avocados. The Latin-American countries are the most important suppliers of bananas and pineapples.

In 2005, EU imports of fresh vegetables amounted to €9.8 billion and 10.5 million tonnes. Compared to 2001, imports increased by 21% in value and 15% in volume. Imports from developing countries were €1.1 billion and 955 thousand tonnes, which is a much more modest share than in fruit. Both value and volume grew rapidly, however, at an impressive 53% from 2001 to 2005. The largest EU importers of fresh vegetables are Germany, the United Kingdom, France and the Netherlands. Leading suppliers to the EU are Spain and the Netherlands, together accounting for 57 percent of total import value in 2005. Tomatoes, sweet peppers, cucumbers, lettuce and mushrooms are the major vegetable products imported by EU countries.

Whereas Latin-American countries dominate the external EU import of fruit, African countries are important suppliers of vegetables, in particular to France, the United Kingdom, the Netherlands and Italy. Vegetable imports, however, are dominated by internal trade much more than fruit imports. The leading suppliers from developing countries are Morocco, Kenya, Turkey, Egypt and Peru. Developing countries play a significant role in the supply of peas and beans, asparagus, artichokes, courgettes, eggplant and sweet maize.

Exports

In 2005, EU fruit exports were €12.4 billion and 16.3 million tonnes, constituting a growth of 15% in value and 13% in volume since 2001. Most of the exports go to other EU countries (89% of total EU export value). The countries with the largest fruit exports are Spain, Belgium, Italy and the Netherlands. The major exported fruits are bananas, apples, tangerines, grapes, oranges, peaches and nectarines, and strawberries. Belgium and the Netherlands are the largest re-exporters of fruit from developing countries, each of them specialised in specific product groups (Belgium, for instance, in bananas).

In 2005, EU exports of vegetables were €9.0 billion and 10.4 million tonnes. Spain and the Netherlands are the largest exporters, together accounting for 64% of EU vegetables export value. Spain exports mainly domestic produce, while the Netherlands exports both domestic produce and imported vegetables. 91% of the EU exports of vegetables is exported to other EU countries. Major exported fresh vegetables are tomatoes, sweet pepper, cucumbers and lettuce.

Increasing internationalisation of trade has resulted in a sharp growth in re-exports and transit trade for fruit and vegetables. The opening of new markets in eastern Europe has also contributed to the increase in re-exports. The Netherlands and Belgium account for a large share of the re-exports and transit trade, but re-exports from Germany, France and Spain are gaining importance.

Trade structure

There are strong tendencies towards concentration in the supply of fresh fruit and vegetables throughout the EU, although the extent and progress vary per country. Concentration is especially visible at the retail level, where an ever-smaller number of very professional players dominate distribution. This, in turn, has also provoked changes in the supply chains to retailers, where larger entities have emerged, with a stronger customer orientation. Suppliers of multiple retailers must supply consistent volumes of guaranteed quality on a year-round basis, and moreover be very efficient, flexible and alert to new developments. This process is most advanced in northern and western European countries.

Opportunities for exporters

The best opportunities for exporters from developing countries lie in the supply of exotic and off-season fresh fruit and vegetables. Exporters should look at the individual countries to see where the best options for their products are. Specific countries such as UK and France have relatively large imports of specific exotics and can therefore be more attractive. In addition, organic and fair-trade markets provide quickly growing-niches that can be interesting for exporters in developing countries, although certification is sometimes complicated and costly.

The importance of food safety and quality certification in fresh fruit and vegetables is growing. Many multiple retailers require fresh produce to comply with specific standards such as EurepGAP and BRC (British Retail Consortium). Certified exporters have access to a larger part of the market.

1 INTRODUCTION TO CBI'S MARKET INFORMATION

CBI provides a wide range of documents containing EU market information. All CBI market information is targeted at developing countries. Appendix B lists the developing countries used in CBI market surveys.

Sector-specific market information

CBI publishes market information for about 36 market sectors.

For each market sector, the following kinds of information are available:

- CBI market surveys on **the EU market in general**, focusing on developments and trends in the field of market size (consumption, production and trade), distribution and prices in the EU as well as on marketing. An example is the CBI market survey *Fresh fruit and vegetables in the EU* (this survey).
- CBI market surveys on **specific EU markets**, focusing on developments and trends in the field of market size, distribution and prices in the EU market concerned. E.g., *The fresh fruit and vegetables market in Spain*. On average, about 20 documents per market sector are available. Those EU markets responsible for the highest share of total EU imports from CBI target countries are discussed in documents of about 10 pages. Smaller EU markets are discussed in fact sheets of about 2 to 3 pages.
- CBI market surveys on **a specific product (group)** within the market sector concerned, focusing on developments and trends in the field of market size, distribution and prices in the EU and a number of specific EU markets as well as on business practices. An example is the EU Market Brief Papayas.
- Information on **market access requirements**, focusing on legislative and non-legislative requirements based on environmental, consumer health and safety and social concerns in the EU and specific EU markets.

General trade-related information

Besides information on specific market sectors, CBI also publishes more general trade related information, the so-called Export manuals. The following Export manuals are now available:

- Exporting to the European Union – trade-related information on the EU
- Export planner - how to plan your export process
- Your guide to market research - practical and low cost research methods
- Your image builder - how to present yourself on the EU market
- Your show master - selection, preparation and participation in trade fairs
- Digging for gold on the Internet - internet as a source for market information
- Website promotion - how to promote your website in the EU

These Export manuals can be downloaded from the CBI website at www.cbi.nl/marketinfo. Go to 'Search CBI publications'.

How to use the different CBI market information tools

If you are new on the EU market, you are advised to start by consulting the more general Export manuals such as *Exporting to the European Union* and *Export planner*, before consulting sector-specific information. If you are a more experienced exporter, you can use these manuals as reference material while focusing on the specific information for your market sector.

Concerning the sector specific information, you are advised to start with the information on the EU market in general. After consulting this information, you should have gained a better idea on which surveys on specific EU markets will be most interesting. It is advised also to check if a survey on your specific product (group) is available. Furthermore, it is strongly advised always to check the documents on market access for your product.

Finally, it is stressed that CBI market information serves as a basis for further research: after consulting the CBI information you should further research your EU target markets for more detailed information related to your specific situation.

The fresh fruit and vegetables market in the EU

This CBI market survey covers the EU market for fresh fruit and vegetables. It consists of two parts: EU Market Information (Part A), and Export Marketing Guidelines (Part B).

Part A: EU Market Information

Part A surveys the EU market. The emphasis of this survey lies on products that are of importance to developing country exporters. The survey provides statistical market information on consumption, production and trade, and information on trade structure, prices and market access. Opportunities and threats for developing country suppliers are highlighted and sources for more information are listed.

Part B: Export Marketing Guidelines

How to get involved in the EU marketplace? Should exporting be part of a business plan? These are common concerns of manufacturers who realise the importance of international trade, but are not sure if exporting to the EU is right for them. That is what Part B is about: to help you to evaluate whether or not to get involved in international business, and learn how to go about exporting to the EU.

The first Chapters 11, 12 and 13 deal with three of the four strategic steps in export marketing: the external analysis (Chapter 11), the internal analysis (Chapter 12), and the confrontation of these using a SWOT matrix, which will lead to a decision on whether or not to export to the EU (Chapter 13).

Subsequently, Chapter 14 provides information and sources to enable you to further investigate what would be suitable to export, to which EU markets, through which channels, and at what prices. In other words, which marketing tools can be used for building a successful business relation in the EU? The combination of Chapters 11-13 and the elements of Chapter 14 provide tools that should enable you to draw up a Market Entry Strategy and Export Marketing Plan (fourth strategic step).

Keep in mind that the export marketing process is integrated: each individual part is inter-linked with other parts.

Part B is especially interesting for more experienced exporters. If you are a starting exporter, it is advised to read this survey together with CBI's *Export Planner* and to use the interactive tool *EMP Document Builder* on the CBI website.

CBI market surveys covering specific EU markets, specific products and product groups, and documents on market access requirements can be downloaded from the CBI website. Go to 'Search CBI database' on <http://www.cbi.nl/marketinfo> and select the market sector concerned and an EU country.

2 INTRODUCTION TO THE EU MARKET

The European Union (EU) is the current name for the former European Community. From January 1995 to May 2004, the EU consisted of 15 member states. In May 2004, ten new countries joined the EU. Negotiations are in progress with a number of other candidate member states, of which Romania and Bulgaria are expected to join in 2007. In this survey, the term EU will refer to the current EU of 25, unless otherwise stated.

Information can also be found at the official EU website http://www.europa.eu/abc/governments/index_en.htm or the free encyclopaedia Wikipedia <http://en.wikipedia.org/wiki/portal:europa>.

Monetary unit: euro

On 1 January 1999, the euro became the legal currency in eleven EU countries: Austria, Belgium, Finland, France, Germany, Italy, Ireland, Luxembourg, the Netherlands, Spain, and Portugal. Greece became the 12th member state to adopt the euro on January 1, 2001. In 2002, circulation of euro coins and banknotes replaced national currency in these countries. Denmark, United Kingdom and Sweden have decided not to participate in the euro. In CBI market surveys, the euro (€) is the basic currency unit used to indicate value. Table 2.1 lists the exchange rates of the currencies of those EU countries that have not adopted the euro.

Table 2.1 Exchange rates of EU currencies in euro (€)

Country	Currency	2004	June 2006
Cyprus	CYP	1.7034	1.7436
Czech Republic	CZK	0.0313	0.0352
Denmark	DKK	0.1344	0.1341
Estonia	EEK	0.0639	0.0639
Hungary	HUF	0.0040	0.0037
Latvia	LVL	1.5028	1.4314
Lithuania	LTL	0.2896	0.2896
Malta	MTL	2.2928	2.3213
Poland	PLN	0.2211	0.2484
Slovakia	SKK	0.0249	0.0263
Slovenia	SIT	0.0041	0.0042
Sweden	SEK	0.1096	0.1082
United Kingdom	GBP	1.4737	1.4567

Source: <http://www.oanda.com/> (June 2006)

Statistics

Trade figures quoted in CBI market surveys should be interpreted and used with caution. In the case of intra-EU trade, statistical reporting is only compulsory for exporting and importing firms whose trade exceeds a certain annual value. The threshold varies considerably from country to country, but it is typically about €100,000. Therefore, although figures for trade between the EU and the rest of the world are generally accurate, trade within the EU is generally underestimated.

Furthermore, the information used in CBI market surveys is obtained from a variety of sources. This puts limitations to in-depth interpretation of relations between consumption, production and trade figures within one country and between different countries. A further complication derives from the varying definitions applied by different sources of important trade terms such as market size, consumption, sales, etc. In this survey and the in the CBI market surveys covering the market in individual countries we have tried to be as specific as possible about the meaning of these terms.

3 PRODUCT CHARACTERISTICS

Product groups

Fresh fruit and vegetables can be classified according to their geographic origin. In the group of fresh fruit, there are species that demand specific climatic conditions. Especially daylength and temperature are determining factors. For vegetables, climatic conditions are less restrictive or can be imitated in greenhouses. The geographic origins of fresh fruit are therefore more diverse than of vegetables. Table 3.1 gives the major species for each category. Please refer to Appendix 1 for a complete list of the fresh fruits and vegetables covered in this survey.

The temperate fruit and vegetables assortment offered to European consumers is during the growing season generally supplied from European countries. Fruit and vegetables that can be stored are supplied outside of the growing season as well. Non-European suppliers are mostly active in off-season production and in typical (sub)tropical species. This survey will focus on those product groups that are most consumed and those that offer the best opportunities for exporters from developing countries.

Fruit

The climate in the EU is not suitable for the production of tropical fruit. Therefore, the EU relies on imports of tropical fruits such as bananas –the most popular fruit in Europe–, pineapples, kiwi fruit, avocados and mangos. These products have been introduced successfully over the past decades and can be found in most European supermarkets.

Temperate and sub-tropical species such as citrus fruit, grapes and pears are imported as well, but mainly in out of the European growing season. Countries in the southern hemisphere are able to supply when the countries in the northern hemisphere can not. This is also known as counter-season supply. For fruit products that can be stored, such as apples, the counter season is less evident. With the continual improvements in storage life and storage conditions of fruit products, the off-season is shortened.

Vegetables

The EU countries have a very high degree of internal supply for vegetable products. Only occasionally, for instance in cases of poor harvests or during the off-season period, products are imported from outside the EU. Some vegetables can be grown in controlled conditions such as greenhouses (glass or plastic), reducing the risk of a bad harvest and extending the supply period. The possibilities of exports to the EU are small for products that are highly perishable or delicate such as lettuce and other leafy vegetables. When the harvest in the EU countries is too small and vegetables need to be imported, countries that are located close to the EU have the advantage of short transportation time and lower transport costs.

Major vegetable products with a high degree of self-sufficiency are lettuce (99% of EU import volume in 2005 was intra EU), carrots (97%), cucumbers (97%), cabbages (97%), tomatoes (90%) and sweet pepper (86%). Developing countries in particular play an important role in the supply of peas and beans during the off-season. Other important off-season products supplied by developing countries are snow peas (mange-tout), sweet peppers and courgettes.

Potatoes

Although potatoes are a main staple food in many European countries (and sometimes categorised as vegetables), they are not part of this survey. They offer few opportunities for suppliers from developing countries. The advanced storage techniques applied in Europe guarantee that potatoes can be supplied almost throughout the year at a low price. The Netherlands, France and Germany are the leading potato exporters in Europe. The European import of potatoes is limited to firstling potatoes, which are considered a speciality. They can be regarded as forerunners of the main harvest of the European potato season. Cyprus, and

Malta, EU member states since May 2004, are the main suppliers of firstling potatoes to the other EU countries. Egypt, Israel and Morocco are the major non-European suppliers. Other starchy tubers or bulbs such as sweet potato, yams and cassava are included in this survey because they are not produced in the EU and there is a demand for them.

Statistical product classification

On January 1 1988, a unified coding system was introduced to harmonise the trading classification systems used worldwide. This system is called the Harmonised Commodity Description System (HS) and was developed by the World Customs Organisation (WCO). The system covers about 5,000 commodity groups, each identified by a six-digit code, arranged in a legal and logical structure, and is supported by well-defined rules to achieve uniform classification. More than 179 countries and economies use the system as a basis for their customs tariffs and for the collection of international trade statistics. After the six-digit code, countries are free to use further subheadings. Eurostat uses an eight-digit system. Most codes, however, end with two zeros, i.e. effectively only using six digits. In some countries, even 10 digits are sometimes used.

Table 3.1 gives the four-digit HS codes for fruit and vegetables selected in this survey, indicating product groups. Individual products are indicated by 6 digits. Please refer to Appendix A for a list with detailed HS codes of the products covered.

Table 3.1 HS code classification of fresh fruit and vegetables

HS codes	Products
Fresh vegetables	
0702	Tomatoes
0703	onions, garlic, leeks and other alliaceous vegetables
0704	cabbage, cauliflower, kohlrabi, kale and similar brassicas
0705	lettuce and chicory
0706	carrots, turnips, salad beetroot, salsify, celeriac, radishes and similar edible roots
0707	cucumbers and gherkins
0708	leguminous vegetables, shelled or unshelled
0709	other vegetables (e.g. artichokes, asparagus, eggplants, celery, mushrooms, truffles, sweet pepper, spinach, olives, capers, fennel, sweet maize, courgettes)
Fresh fruit	
0803	bananas, including plantains
0804	dates, figs, pineapples, avocados, guavas, mangos, mangosteens
0805	citrus fruit
0806	Grapes
0807	melons and papayas
0808	apples, pears and quinces
0809	apricots, cherries, peaches, nectarines, plums and sloes
0810	other fruits (e.g. strawberries, raspberries, blackberries, mulberries, red / white / black currants, kiwi fruits, durians, jackfruit, lychees, passion fruit, star fruit)

4 CONSUMPTION

4.1 Market size

The EU market for fresh fruit in 2005 measured 75 million tonnes (Table 4.1). From 2001 to 2005, consumption increased by 3.6%. Italy is the largest consumer and the largest producer of fresh fruit in the EU. Spain is the second largest consumer and the second largest producer. The imports of these countries are therefore relatively small. Germany and the UK have high levels of consumption and a limited domestic production and therefore rely heavily on imports. Belgium and the Netherlands have average market sizes, but are important in the fruit trade.

The EU market for fresh vegetables in 2005 measured 62 million tonnes (Table 4.1). Since 2001, consumption has increased by 1.5%. Total consumption is almost equal to production (see Chapter 5). The EU relies less on import for fresh vegetables than for fruit. Italy has the largest consumption of fresh vegetables in the EU, followed by France, Spain and Germany.

In most of the old member states of the EU (EU15), consumption volumes are stable or even declining. In the new member states, the situation is more diverse. Especially in the eastern countries, consumption patterns are changing fast towards a Western European style. Germany, Spain, Italy and France have large markets, which are, in very general terms, close to saturation. Within certain niches of the market and within certain product groups there remains room for growth. Poland has a large market as well, which declined considerably over the last 4 years. The UK, Hungary and Portugal saw their markets growing.

Table 4.1 Consumption* of fresh fruit and vegetables by EU member countries in 2001-2005, volume in thousand tonnes

	Fruit				Vegetables		
	2001	2003	2005		2001	2003	2005
Total EU	71,951	70,354	74,536	Total EU	60,636	59,658	61,551
Italy	17,501	15,188	19,295	Italy	13,853	13,661	15,348
Spain	12,576	15,075	12,713	France	8,565	8,993	8,505
France	12,191	10,936	11,984	Spain	7,162	7,427	7,388
Germany	8,693	8,740	8,428	Germany	6,385	6,205	5,910
Greece	4,327	3,626	3,972	Poland	5,433	4,813	4,921
United Kingdom	3,101	3,178	3,448	United Kingdom	4,217	4,056	4,466
Poland	4,029	3,738	3,243	Greece	3,390	3,116	3,052
Portugal	2,201	2,235	2,284	Portugal	2,469	2,272	2,441
Hungary	1,862	1,528	2,234	Belgium	1,879	2,183	2,096
Austria	1,473	1,500	1,405	Hungary	1,676	1,705	1,824
Czech Republic	791	870	934	Netherlands	1,659	1,161	1,347
The Netherlands	1,144	1,175	910	Austria	701	619	674
Belgium	701	881	705	Czech Republic	669	595	625
Sweden	534	579	596	Sweden	529	523	586
Slovenia	286	380	482	Denmark	376	409	410
Denmark	333	404	384	Slovakia	388	356	402
Slovakia	368	380	376	Lithuania	343	573	396
Cyprus	236	239	252	Finland	293	300	306
Finland	254	250	248	Ireland	282	277	269
Ireland	172	188	188	Latvia	197	253	216
Lithuania	264	230	161	Slovenia	100	107	114
Latvia	146	149	115	Cyprus	94	97	96
Estonia	83	81	66	Estonia	85	94	73
Luxembourg	52	54	64	Malta	46	40	49
Malta	49	47	51	Luxembourg	37	38	40

*Consumption is calculated as production (Chapter 5) + imports (Chapter 6) – exports (Chapter 7).

Source: FAOSTAT 2006 and Eurostat 2006

The data in Table 4.1 include both consumer and industrial demand.

4.2 Patterns and trends in consumption

Consumption of fresh fruit and vegetables across the EU is highly diverse. To better understand the market and develop a suitable market offer, the trends in choice of products and the underlying patterns need to be identified. Each market segment has specific demands for which a specific offer should be developed.

Patterns in consumption

The major consumption patterns will be described along the following variables: adoption of new products; seasonality in product offer; geographic location; age and composition of the household.

Adoption of new products

Domestically produced fruit and vegetables are part of the culinary traditions of the EU countries. Since the 1960s new and exotic products have been introduced, which now have substantial market shares. Through breeding, moreover, new varieties of fruit and vegetables were developed. There are more exotic fruits in the market than exotic vegetables. Banana, pineapple and kiwi fruit are good examples of how exotics have become common products.

Seasonality of products

Demand for fruit and vegetables does not run parallel to the supply. Some products are associated with a specific season, but this relation between a product and a season of consumption is becoming weaker. Citrus fruit, for instance, used to be available only in autumn and winter, when Spanish and Italian citrus trees were in harvest. Nowadays, citrus fruit is available throughout the year, because countries in the southern hemisphere have filled the supply gap in spring and summer. Importers and multiple retailers put a lot of effort into creating a portfolio of products that are available year-round. They therefore use different sources (origins) to guarantee the supply over the year.

Geographic location

Consumption patterns of fruit and vegetables vary across the different geographic region in the EU. The northern European countries, in general, have a lower consumption per head of fresh fruit and vegetables. This may be due to the historic reason that fresh fruits and vegetables had a more limited availability in the north especially during winter, and were therefore less commonly used in preparing meals. Over time, imports of exotic and counter-season products increased, reducing these geographical differences. In addition, production methods changed to allow a wider variety of fruit and vegetables to be grown. Eating habits, nevertheless, change slowly, and major differences remain. Southern European countries have higher per caput consumption of especially fruits. This may be due to the larger fruit production in those countries. In addition, the variety of products is larger. Southern EU consumers spend more time and money on purchasing and preparation of the fruit and vegetables. Moreover, fruit and vegetable sales in these countries are relatively stable in relation to price increases.

Consumption levels in the new EU member countries are lower than in the older members, but are expected to rise as disposable incomes are increasing.

Household composition

The EU population is still growing, albeit slowly at 0.5% per year in 2005 (Eurostat 2006). Projections are that it will continue to grow until about 2025. The composition of the population is changing though, which has major effects on the market for fruit and vegetables. There is a rapidly growing number of elderly people. In addition, family households are getting smaller because people are having fewer children. Moreover, the number of single-person households is substantial in Western Europe, and it is still increasing, making them a very important market segment.

In many countries, the highest consumption of fruit per caput is among older people. Young single adults and families with young children have the lowest consumption per head. Young adults often know that they should be eating fruit and vegetables, but are less motivated to do so. Families with young children have a busy life and therefore have different consumption patterns, while their children have a large influence on the purchase of fruit and vegetables.

Consumption of fruit and vegetables is strongly associated with health and well-being. Consumers who are conscious about these health aspects are more prone to having high consumption levels. Eating habits develop in the early years of life and may be difficult to change in a later life. Increased awareness of the effect of food on health and well-being is crucial for changing one's lifestyle. The governments in many EU countries recognize this and have special programs for raising awareness about health eating habits. Immigration also influences demand for fresh fruit and vegetables. Immigrants often keep (part of) their culinary traditions, using specific fruit and vegetables that may be unfamiliar to native Europeans.

Trends in consumption

Consumption patterns and eating behaviour relate strongly to income and life style. Increased prosperity leads to changes in the choice of food products: more value-added products and exotics. The food market in the EU is highly competitive and since consumers are not likely to eat more, they can only switch to other products.

The most important trends in consumption of fruit and vegetables relate to health, convenience, responsible products, value for money, diversity of choice, and ethnicity. Ultimately, wellness has also become a major buzzword in marketing, translating traditional concerns such as health and quality into positive benefits that everyone can obtain. Since wellness relates to several of the above trends, it will not be discussed separately. The popularity of the term does indicate that marketers have been looking for one integrating label, rather than addressing separate individual trends.

Health

Many consumers have a strong interest in a healthy life and, consequently, in the consumption of health food. Health food refers to products that are low in fat and have limited sugar and salt content, products that have specific health-promoting properties, and food products with added vitamins and minerals or bacteria to promote health. Fresh fruits and vegetables are generally associated with health foods because of the natural presence of vitamins, minerals and anti-oxidants. On the other hand, there is growing concern about the presence of pesticides residues on food products. Especially fruit and vegetables are often associated with high residue levels. Consumers demand fruits and vegetables to be free of residues.

Consumers have many reasons to engage in healthy eating habits. The most important are:

- Weight reduction and control: obesity is becoming a serious health problem in many EU countries. Increasing the consumption of fruit and vegetables is one of the measures most often mentioned by consumers to reduce weight.
- Prevention of diseases: fruits and vegetables contain vitamins and anti-oxidants, which are beneficial in the prevention of heart disease and cancer. Consumers are becoming more aware of the fact that a good diet with lots of fruit and vegetables is a natural way to increase well-being.
- Food allergy: food allergies are getting more attention. The EU has introduced legislation that helps people with food allergies in choosing the right products. This group of people has not received much attention from food manufacturers until recently, when they realized that an interesting niche market was developing.

Next to increasing general consumption levels, the health trend also creates opportunities for new products:

- Small vegetables in small packages such as mini cucumbers, mini sweet peppers and cherry tomatoes, which can be consumed as a healthy snack;

- New fruit varieties with specific disease-preventing or health-promoting constituents, recently labelled 'super fruits'. Examples are pomegranate, mangosteen, acai and noni. But well-known fruits such as blueberries and raspberries have high levels of health-promoting elements as well.
- New vegetables such as bimi (also known as tenderstem), a cross between broccoli and a Chinese cabbage variety. This vegetable has high contents of anti-oxidants, vitamin C, folium acid, and zinc, and reportedly protects against cancer (<http://www.bimi.eu.com>).

With fruit and vegetables having so many health benefits, the taste might be regarded as of secondary importance. Taste, however, and more generally the aspects of indulgence and enjoyment, are equally important, and often decisive factors in the purchase of fruit and vegetables.

Convenience

The lifestyle of European people is gradually changing, which has an effect on eating habits. One of the most evident consequences is the decreasing amount of time spent on preparing meals. This is due to a number of factors. More women, who are traditionally responsible for preparing meals, participate in the labour force; people stay single longer, which leads to an increasing number of single households. Single people tend to eat less home-prepared meals. This has led to the increase of convenient vegetable products. The vegetables are pre-cut, -washed, -scraped or -cooked, and therefore require less time to prepare. These types of vegetable products are particularly popular among young consumers. Many consumers find eating fruit a hassle, because it often first needs to be peeled and cut. Apples and bananas are popular, among other things, because they are easy to eat. As a response, supermarkets are now offering washed, peeled and cut fruit that is ready to eat.

Timesaving products are more popular in northern Europe, with countries such as the United Kingdom, Ireland and Germany as forerunners. Consumers in southern countries such as Italy, Spain and Greece prefer fresh and unprocessed products, and the market share of convenience products is smaller. But the trend towards convenience foods is present in these countries as well, as in the new members of the EU.

Value adding such as washing, cutting and preparing of fruit and vegetables produced outside of the EU is increasingly being done in the country of origin. Examples are sliced runner beans, topped and tailed mange-tout peas, mixed packs of fruit and vegetables for stir-fry meals, cut and sliced pineapples and kiwifruit.

Out-of-home consumption of fresh fruit and vegetables is increasing in many European countries. Restaurants and food services such as canteens are important outlets for fresh fruit and vegetables.

Responsible products

Since the food scares that have hit EU countries in the 1990s and 2000s in particular, many people are concerned about the safety of food. This factor, combined with the increasing awareness of health, diet and nutrition, has increased interest in organic food products. Since multiple retailers have stepped in this market, distribution is also greatly improved. Organic fruit and vegetables are one of the major product categories in the organic segment (next to dairy products). Sales of organic products are increasing in almost all countries of the EU. Germany, Sweden and Denmark are forerunners, with France, the UK and others catching up quickly. The organic market is less developed in southern and eastern Europe, but there is potential for growth.

The production of organic principles is laid down in directive EC 2092/91 (for detailed information, go to CBI's market information database at <http://www.cbi.nl/marketinfo>.) The respective CBI market survey is updated annually: *The EU market for organic food products*.

For more information on organic fresh fruit and vegetables, please also refer to the FAO study *World Markets for Organic Fruit and Vegetables - Opportunities for Developing Countries in the Production and Export of Organic Horticultural Products*, which can be downloaded at <http://www.fao.org/docrep/004/y1669e/y1669e00.htm#Contents> .

Another interesting report is *Organic Fruit and Vegetables from the Tropics* (2003) published by the United Nations Conference on Trade and Development (UNCTAD). This report provides market, certification and production information for producers and international trading companies. It is available at http://www.unctad.org/en/docs//ditccom20032_en.pdf .

The growing social awareness of EU consumers of production methods and income distribution in developing countries has led to an increased demand for fair-trade certified products. Several fresh fruit products have a fair-trade product standard, e.g. banana, pineapple, mangos, avocados and oranges. The standards can be downloaded from the website of the Fair-trade Labelling Organization <http://www.fairtrade.net>. There is a tendency in the market for products to be both organic and fair-trade certified. One of Europe's leading fair-trade organisations in fresh fruit, Agrofair, based in the Netherlands, offers both fair-trade and organic plus fairtrade certified fruits.

Consumers have become concerned about the effects of farming on the environment and social structures. Producers are therefore challenged to address these issues, in an effort to ensure the trust of consumers in their products.

Value for money

In many European countries, price wars between supermarkets have started in a fight over market share. Price cuts of many daily groceries including fruit and vegetables have been the most important weapon. Discount stores offer low-priced food products anyhow, forcing more up-market retailers to adjust their price policy. The share of discount stores in the sales of fresh fruit and vegetables varies widely, but is generally growing. Germany and France have the highest shares. In southern and eastern European countries, the discounters are a less important sales channel for fresh fruit and vegetables, but the potential for growth is large.

Sales of fruit and vegetables are influenced by price, but the elasticity is smaller than for other products. Fruit and vegetables are a daily necessity and cannot easily be exchanged for other products.

Diversity of choice

A remarkable increase has occurred in consumption of exotic fruits such as mango, papaya, passion fruit and avocado. Until the 1970s there was hardly a market for exotics except for banana, and only small quantities were imported to meet the demand of ethnic minority groups. Once the products were on the shelves, a wider group of consumers became acquainted with them and sales started to increase. Consumers were interested in trying new fruit products and appreciated the different tastes.

Supermarkets and other suppliers are continuously introducing new, exotic fruit products. Complying with the demand for convenience, they provide the exotics in easily recognisable packages, containing small amounts and with practical product information. This makes it easier for consumers to become familiar with these relatively new and unknown products.

Production and supply of fruits such as banana and pineapple are concentrated in large multinational companies. They dominate the supply of these products to a large part of the retail sales channels in the EU. Developing country exporters of these products may seek market segments in which small amounts of the product can be traded. The products should be clearly distinct from those of the large companies. An interesting example of the potential of such a strategy is provided by fair-trade bananas, which achieved market shares of up to 10% in several European countries immediately after their introduction in the 1990s.

Another market opportunity, though smaller, is for fruit and vegetables used in the restaurant and foodservice channels. Exotics such as starfruit, physalis and pitahaya are appreciated for their decorative attributes.

Ethnic population

The growth of the ethnic population in many European countries has been increasing demand for ethnic food products. Although ethnic groups may have adopted much of the European cuisine, they maintain at least a part of their culinary traditions. Products that are used by ethnic groups include cassava (or manioc), sweet potatoes, plantains, yams, chillies, durians, mangosteens and a variety of leafy vegetables. The ethnic trend is particularly strong in the UK and France.

Opportunities and threats for exporters from developing countries

The best opportunities for exporters from developing countries are in:

- growing consumption in new EU member countries
- growing demand for exotics (exotics have the highest growth rates in consumption)
- growing demand for new products (experience)
- growing demand for off-season or counter-season products
- specialised production (lychees, for example, are not easily copied)
- comparative advantage in production costs (mainly labour costs)
- organic, fair-trade and health-promoting products

The major threats for exporters from developing countries are:

- overproduction of fruit in EU countries, leading to low-priced domestically produced fruit and vegetables competing with more expensive, imported products
- stagnating or declining consumption of fruit and vegetables in old EU countries; consumers will not consume more food but will make changes in eating habits and choice of products ("battle for stomach share")
- general price pressure on food, influencing the retail prices of fruit and vegetables; price reduction is expected to continue in the near future
- certification, requiring for example EurepGAP for the production process of fresh fruit and vegetables and GMP/HACCP/BRC for processed fruit and vegetables¹, requiring serious managerial and technical efforts and involving costs
- first-mover advantage for new products eroding fast, since other producers are likely to copy the product or production process rapidly, inducing a spiral of overproduction and falling prices
- Fluctuating prices of fruit and vegetables, induced by fluctuating supply

4.3 Useful sources

- FreshInfo – News and services for the fresh fruit and vegetables business - <http://www.freshinfo.com/>
- Freshplaza – News service on fresh fruit and vegetables - <http://www.freshplaza.com/>
- Fruchthandel – Website and magazine on fresh fruit and vegetables market in Germany – <http://www.fruchthandel.de/>
- Agra-Net - Fruit and vegetables market – <http://www.agra-net.com>

¹ Although processed fruit and vegetables are covered in a separate CBI market survey (available from the CBI website), many exporters of fresh fruit and vegetables also engage in simple processing such as cutting and packing. Or they may consider to do so, since such activities provide interesting opportunities for adding value.

5 PRODUCTION

5.1 Size of production

The EU is a large producer of fruit and vegetables. Because of its range of climatic regimes, a wide variety of crops is produced. In northern Europe, with its temperate climate, only temperate species are produced in the open air. In addition, there is production of vegetables such as tomatoes and sweet pepper in greenhouses, which allow for cultivation almost around the year. The Mediterranean climate in southern Europe allows for higher production levels and a wider variety of crops, including subtropical fruits such as peach, orange, tangerine, and olive. In these countries, however, availability of irrigation water is often a limiting factor. As in the northern countries, the production of most species is bound by a distinct growing season. Due to (improved) storage and distribution techniques, however, the supply of fruit and vegetables is stretched out through the year. Production of tropical products is generally impossible in Europe. Therefore, these products need to be imported.

Fruit

The total production of fresh fruit (including wine grapes) in the EU in 2005 amounted to almost 68 million tonnes. This is almost the same amount as in 2001 and 5% more than in 2003, when production amounted to 65 million tonnes (Table 5.1). Italy, Spain and France are the largest EU producers, accounting for 71% of total EU fruit production. Other large producers of fresh fruit in the EU are Greece, Germany, Poland, Hungary and Portugal. There is large variation in production in some countries in the years reviewed. In general, weather conditions during the growing season are the major reasons for the fluctuations. Periods of frost, drought and excessive rain have a negative influence on the production but favourable conditions during crucial phases of the growth process can boost production significantly. In 2005, the Italian harvest was large due to favourable conditions during flowering, while the Spanish harvest was reduced because of long periods of drought. France, Greece and Germany also experienced fluctuations in production. Polish production shows a declining trend, while Hungarian production has been increasing.

Grapes are by far the largest product with 40% of total fruit production, but most of these grapes are used for making wine, not as table grapes. Italy is the largest producer of grapes, followed by France and Spain. When grapes are excluded from the statistics, Italy remains the largest producer of fruits in the EU, followed by Spain, France, Greece and Germany.

Apples are the second largest product with a production of almost 12 million tonnes in 2005, accounting for 29% of total fruit production. Italy and France are the largest producers –with each 18% of total apple production–, followed closely by Poland (17%). The third largest product is oranges, of which 43% are produced in Italy and 36% in Spain. EU production of oranges has decreased by 3% between 2001 and 2005. The differences between Spain and Italy are remarkable. Spain was the largest producer of oranges for a long time but production decreased by 28% from 2001 to 2005 due to severe droughts. Italian production increased by 38% over the same period due to favourable weather conditions, and surpassed the Spanish production. Spain remains the largest producer of small citrus fruit such as tangerines and lemons and limes.

Table 5.1 Production of fresh fruit in the EU, 2001-2005, in thousand tonnes

	2001	2003	2005		2001	2003	2005
Total EU25	67,455	64,594	67,630	Total EU25	67,455	64,594	67,630
Italy	18,895	16,005	20,409	Grapes ¹	26,056	25,477	26,774
Spain	16,791	19,750	16,707	Apples	12,977	11,565	11,929
France	11,278	9,890	10,642	Oranges	6,115	6,066	5,931
Greece	5,168	4,004	4,446	Peaches and nectarines	4,313	3,173	4,155
Germany	4,356	4,107	4,248	Pears	2,913	2,946	3,112
Poland	3,413	3,309	2,881	Small citrus fruit ²	2,604	2,778	2,797
Hungary	1,867	1,554	2,161	Watermelons	2,034	2,232	2,232
Portugal	1,764	1,842	1,922	Cantaloupes and other melons	1,981	2,176	2,365
Austria	1,026	1,111	986	Plums	1,377	1,408	1,580
Netherlands	533	571	697	Lemons and limes	1,812	1,799	1,492
Belgium	474	546	633	Strawberries	1,106	882	1,025
Czech Republic	417	448	447	Apricots	545	521	698
Slovenia	210	302	391	Kiwi fruit	522	499	613
Cyprus	298	310	310	Cherries	563	538	559
United Kingdom	332	269	281	Currants	418	436	419
Slovakia	230	231	206	Bananas	466	447	404
Denmark	36	61	66	Sour cherries	368	376	338
Lithuania	168	114	45	Figs	167	165	160
Luxembourg	24	23	36	Carobs	129	133	135
Sweden	33	32	34	Raspberries	111	96	96
Ireland	25	23	23	Avocados	90	92	85
Malta	19	19	21	Grapefruit and pomelos	78	79	80
Latvia	50	46	19	Other fruit ³	708	709	651
Finland	20	15	15				
Estonia	27	10	8				

¹This category includes grapes used for wine production

²This category includes mandarins, clementines, tangerines and satsumas

³This category includes: avocados, blueberries, carobs, other citrus fruit, cranberries, currants, dates, other fruit fresh, other fresh fruit tropical, gooseberries, grapefruit and pomelos, persimmons, pineapples, quinces, raspberries, oterh berries and other stone fruit.

Note: including fruit for direct consumption and for processing

Source: FAOSTAT, 2006

Production of exotics in the EU is limited, but it does exist. After the introduction of kiwi fruit in Italy in the 1960s, the country has become one the largest producers in the world. The Italian harvest season coincides with the off-season in New Zealand, which is the major global producer. A small amount of banana is produced in Spain and of pineapple in Portugal, but these are negligible in against the total EU consumption of these fruits. Climatic conditions in the EU prohibit production of these fruits on a larger scale.

Vegetables

Total EU production of fresh vegetables was 61.4 million tonnes in 2005 (Table 5.2). The total production of vegetables has not changed much over the period 2001 to 2005 (+0.7%).

The three largest vegetables producing countries are the same as for fruit. Italy is the largest, with a production of 15.5 million tonnes in 2005, accounting for 24% of total EU production. This was an increase of 8% compared to 2001. Spain is the second largest producer, accounting for 17% of total production, followed by France with 13%. Poland, a new member of the EU since May 2004, occupies the fourth position. The variety of vegetables produced in Poland is similar to other northern European countries. The relatively small country of the Netherlands is the fifth largest producer, partly due to the extensive production in greenhouses.

Table 5.2 Production of fresh vegetables in the EU, 2001-2005, in thousand tonnes

	2001	2003	2005		2001	2003	2005
Total vegetables	60,968	59,871	61,440	Total vegetables	60,968	59,871	61,440
Italy	14,353	13,885	15,482	Tomatoes	16,204	15,780	17,579
Spain	10,635	10,694	10,446	Carrots	5,079	5,088	5,057
France	7,962	8,368	7,883	Cabbages	5,434	4,635	4,940
Poland	5,573	5,091	5,335	Onions	4,795	4,559	4,906
Netherlands	3,630	3,770	3,829	Lettuce	3,275	3,224	3,084
Germany	3,757	3,622	3,737	Cauliflower	2,114	2,190	2,105
Greece	3,412	3,069	3,039	Cucumbers and gherkins	2,219	2,337	2,053
United Kingdom	2,857	2,547	2,660	Green chillies/peppers	2,002	2,049	1,961
Portugal	2,304	2,172	2,382	Green peas	1,514	1,474	1,465
Belgium	1,687	1,817	1,872	Mushrooms	1,087	1,085	1,127
Hungary	1,749	1,707	1,814	Sweet maize	862	1,078	997
Austria	533	502	521	Green beans	931	878	873
Lithuania	322	549	366	Pumpkins/squash /gourds	1,063	837	841
Slovakia	364	306	316	Artichokes	880	790	750
Sweden	283	278	310	Leeks	671	681	685
Czech Republic	419	296	290	Eggplants	657	683	580
Denmark	247	275	259	Spinach	480	509	500
Finland	222	224	229	String beans	360	352	363
Ireland	231	214	222	Garlic	300	267	247
Latvia	159	218	178	Asparagus	230	242	240
Cyprus	99	100	100	Green broad beans	196	186	213
Slovenia	49	49	56	Green onions and shallots	134	186	158
Estonia	61	64	53	Other vegetables	10,480	10,762	10,716
Malta	45	39	45				
Luxembourg	16	16	17				

Note: includes both vegetables for direct consumption and for processing

Source: FAOSTAT, 2006

Tomatoes are by far the largest category in the EU, accounting for 29% of total EU production in 2005. Italy is the largest tomato producer with 7.8 million tonnes (44% of EU production). From 2001 to 2005, Italian tomato production increased by 20%. Spain is the second largest producer, accounting for 25% of total production. A large part of the tomatoes is used by the processing industry to make tomato concentrates; only a small part is placed in the market as fresh. Other major products are carrots, cabbages, onions, lettuce and cauliflower.

Forecast

Yields and the quality of fruit and vegetables are highly dependent on weather conditions during the growing season. The summer period of 2006 was characterised by dry and hot weather in July and excessive rainfall in August in central and northern Europe, which reduced the yields of several fruits and vegetables grown in the open air. This led to higher prices.

In the longer term, production volumes are not expected to change dramatically, although in specific countries and sectors changes will occur. The sector is highly competitive and well connected to the market. The perishability of most fruits and vegetables gives a natural advantage to domestic producers. Although external claims on land –for road and city building, recreation and nature for instance– are increasing, acreage is not expected to decline much. External claims on farm management are also increasing, especially regarding environmental management. Such claims, and the high labour cost, will make the sector even more capital intensive. The number of farms will continue to decline. In the future, the sector may become even more market oriented, and focus more strongly on the most profitable crops. Product development and innovation in growing techniques will continue to be important. Especially out of season, European horticultural production will not be able to meet demand, providing windows of opportunity for exporters in developing countries. In season, European production will generally remain competitive. Only the most distinctive products will be able to compete directly with the European supply in season, exotics for instance, and the innovative fuji apples and nashi pears from New Zealand.

5.2 Trends in production

General trends in production

The number of fruit and vegetable growers in the EU has been decreasing for decades. One reason is the major improvement of farming techniques, leading to higher production levels and a larger scale of farming. However, this has not led to a decline in acreage of land used for horticulture, or in output. A small but growing number of European producers participates in agricultural production outside of the EU (mainly in developing countries), to enlarge the period of supply.

The growing consolidation of buying power has also contributed to the decreasing number of growers. Large buyers (or buying groups) force producers to focus more on quality, cost and efficiency. This leads to a larger scale of production and fewer producers. Major retailers prefer to work with a limited number of suppliers, which favours large producers. These buyers challenge suppliers to match the scale of their supply in order to serve them efficiently. Only large-scale producers or suppliers have sufficient financial resources to bear the costs and risks associated with high-level production over a longer period. In addition, many producers find it hard to conform to European regulations for agricultural production.

The market for fruit and vegetables is freer than other EU agricultural markets. Tomato is one of the few regulated products. Production of fruits such as apples and oranges can fluctuate strongly, depending on weather conditions during the growing season. This can lead to either a surplus or deficit in EU production to meet consumption. These fluctuations have a strong influence on prices, and import and export volumes. It is difficult, however, for producers outside of the EU to anticipate these developments because of their unpredictability.

Opportunities and threats for exporters from developing countries

There are many advantages for producers in the EU. Products can more easily be supplied as fresh, and transport costs are lower. Transport costs form a large part of the retail price of imported products, especially when air transport is needed. European consumers generally prefer local fruit and vegetables, especially in season.

Nevertheless, there are large opportunities for exports from developing countries as well:

- Supply during the off-season or counter-season; the “window of opportunity” during which supply is attractive differs per product.
- Production of exotics since production is not possible in the EU. Especially the lesser-known exotics are now attracting attention.
- Distinct innovative products, addressing key consumer demands such as health, wellness and enjoyment.
- More cost-effective production of existing European products, e.g. asparagus in Peru, or tomatoes in Morocco.
- More cost-effective value adding in country of origin (comparative advantage of lower labour costs), for instance pre-packed beans from Kenya.
- Participating in an efficient and market-driven supply chain

Threats for exporters from developing countries are:

- High (and rising) fuel prices increasing the cost of transport
- High market demands for consistently high quality and reliability of supply
- Increased consolidation in buyers market, leading to increased buyers’ power, forcing producers to cost-efficient and large-scale production and making it more difficult for small-scale and new producers to break into the market

5.3 Useful sources

- FAOSTAT database, Food and Agricultural Organization, United Nations - <http://faostat.fao.org/>.

- European Commission Agriculture and Rural Development website, European Union - http://europa.eu.int/comm/agriculture/index_en.htm.

6 IMPORTS

6.1 Total EU imports

The European Union imports large and growing volumes of fresh fruit and vegetables. Fruit imports are much larger than imports of vegetables. A major reason is that an important fruit such as banana cannot be produced in the EU (on a large scale) and therefore has to be imported. Since most of the popular vegetables can be produced in the EU, imports from outside of the EU are limited. Fruits are generally also less perishable than vegetables, and allow for sea transport. There is a clear trend towards year-round supply of fruit and vegetables, providing extensive opportunities to exporters from outside of the EU.

Fruit

In 2005, fresh fruit imports were €18 billion and 23 million tonnes. 59 percent of imports are from one EU country to another (intra-EU trade), while the remaining 41% concerns imports from outside of the EU. Extra-EU imports grew more quickly in value than volume. Developing countries have a share of 88% in terms of value and 91% in terms of volume in the extra-EU imports. They have a strong position especially in bananas, pineapples, mangos, papayas, lychees, guavas, dates, passion fruit and avocados.

Germany is the largest importer of fresh fruit of the EU member countries. In 2005, Germany accounted for 19% of the total EU import value and 20% of the volume. Second largest importer was the United Kingdom, followed by France, Belgium, the Netherlands and Italy. Belgium and The Netherlands play an important role in the intra EU trade of fresh fruits. Their domestic market is relatively small and most of the imports are re-exported to other EU countries and outside of the EU. Poland is the leading fresh fruit importer among the ten new EU member countries, followed at a distance by the Czech Republic and Hungary. These imports are small compared to the huge quantities imported by the original 15 EU countries, but they show a stronger growth.

Table 6.1 Imports of fresh fruit by EU member countries, 2001-2005, value in million euro (€) and volume in thousand tonnes

	2001		2003		2005		Average annual change in value (%)
	value	volume	value	volume	value	volume	
Total EU	14,791	18,923	16,416	20,380	17,915	23,238	4.9%
Intra-EU	8,749	11,071	9,760	11,895	10,594	13,816	4.9%
Extra-EU	6,043	7,852	6,656	8,485	7,321	9,422	4.9%
Developing countries	5,097	6,769	5,711	7,480	6,434	8,576	6.0%
Germany	3,587	4,692	3,864	5,088	3,422	4,762	-1.2%
United Kingdom	2,356	2,837	2,486	2,988	2,837	3,279	4.8%
France	2,029	2,455	2,223	2,624	2,271	2,714	2.9%
Belgium	1,544	2,167	1,903	2,213	2,104	2,432	8.0%
The Netherlands	1,644	2,012	1,849	2,274	1,696	2,149	0.8%
Italy	1,033	1,328	1,240	1,608	1,131	1,506	2.3%
Spain	603	838	682	911	726	1,007	4.8%
Poland	493	967	447	887	547	997	2.6%
Sweden	429	527	502	604	516	611	4.7%
Austria	437	599	461	574	512	634	4.0%
Portugal	365	544	347	497	348	514	-1.2%
Czech Republic	185	429	234	479	339	663	16.3%
Denmark	241	313	277	359	318	343	7.2%

	2001		2003		2005		Average annual change in value (%)
	value	volume	value	volume	value	volume	
Finland	199	236	216	236	211	234	1.5%
Ireland	159	166	166	179	180	184	3.1%
Greece	121	176	150	192	162	222	7.6%
Hungary	43	194	103	220	135	234	33.1%
Slovakia	70	169	69	182	117	200	13.7%
Slovenia	56	97	60	105	96	157	14.4%
Lithuania	47	108	56	129	83	161	15.3%
Latvia	42	97	45	105	51	102	5.0%
Luxembourg	43	34	50	33	46	30	1.7%
Estonia	28	56	34	71	33	59	4.2%
Malta	19	30	17	28	19	30	0.0%
Cyprus	6	7	6	6	14	14	23.6%

Source: Eurostat 2006.

The main suppliers of fresh fruit to the EU are member states of the EU. Spain is the largest supplier of fresh fruit (18% of total import value in 2005), followed by the Netherlands (9%), Italy (9%) and Belgium (7%). As mentioned before, the Netherlands and Belgium play an important role in the re-export of imported fresh fruit. Therefore, they are ranked high as importers and suppliers to the EU market.

South Africa is the largest supplier of all developing countries (5%) holding a strong position in the supply of off-season fruit. Other major suppliers are Costa Rica (4%) and Ecuador (4%), that both strong in bananas.

Vegetables

In 2005, total import value of fresh vegetables was €9.8 billion, representing a volume of 10.5 million tonnes. 16% of total import value and 29% of total trade volume originated from outside of the EU. From 2001 to 2005, intra EU import value grew by 16% and volume by 9%, while extra-EU trade value grew by 17% and volume decreased by 4%. A strong decline in import volume took place from 2001 to 2003, but it increased again from 2003 to 2005. Developing countries have a strong position in the extra-EU trade of vegetables just like in fruit, accounting for 79% of import in value and volume. They have a strong position in especially beans and peas.

Germany is the largest importer of fresh vegetables of the EU, accounting for 26% of import by value and 24% by volume. German import value, however, decreased by 12% from 2003 to 2005, after an increase of 4% from 2001 to 2003. The United Kingdom, the second largest importer, increased its imports from 2001 to 2003 and onwards to 2005. The top-three importers, Germany, UK and France, are responsible for over 60% of total import value. The Czech Republic is the largest importer of the new member states, closely followed by Poland.

In 2005, the major suppliers of fresh vegetables to the EU were Spain and the Netherlands, together supplying almost 60% of imports (in value) by the EU. Morocco is the leading supplier of the developing countries, accounting for 4% of total import value, followed by Kenya (2%) and Turkey (1%).

Table 6.2 Imports of fresh vegetables by EU member countries, 2001-2005, million euro (€) / thousand tonnes

	2001		2003		2005		Average annual change in value in %
	value	volume	value	volume	value	volume	
Total EU	8,117	9,138	9,130	9,956	9,847	10,529	4.9%
Intra-EU	7,022	8,111	7,864	8,757	8,465	9,314	4.8%
Extra-EU	1,095	1,028	1,267	1,199	1,382	1,215	6.0%
Developing countries	718	626	850	773	1,096	955	11.2%
Germany	2,748	2,935	2,866	2,896	2,516	2,487	-2.2%
United Kingdom	1,724	1,461	1,871	1,612	2,193	1,894	6.2%
France	1,125	1,413	1,318	1,512	1,372	1,496	5.1%
The Netherlands	674	799	787	883	679	735	0.2%
Belgium	388	879	457	1,128	481	970	5.5%
Italy	326	342	479	487	476	480	9.9%
Sweden	269	254	307	258	336	290	5.7%
Austria	279	285	299	278	336	306	4.8%
Spain	106	188	162	252	229	339	21.2%
Denmark	150	147	165	159	217	167	9.7%
Czech Republic	112	258	150	310	199	379	15.5%
Poland	106	187	90	181	143	184	7.8%
Ireland	98	105	119	122	123	112	5.8%
Finland	87	72	103	78	100	79	3.5%
Portugal	78	186	89	168	90	149	3.6%
Hungary	11	39	29	73	70	89	58.8%
Slovakia	20	60	26	81	53	96	27.6%
Slovenia	33	52	35	59	52	64	12.0%
Greece	28	49	66	100	50	66	15.6%
Luxembourg	35	23	42	23	43	25	5.3%
Lithuania	21	34	27	34	42	51	18.9%
Latvia	20	39	19	36	27	42	7.8%
Estonia	13	25	16	31	13	22	0.0%
Cyprus	2	3	3.1	4.6	4.5	4.6	22.5%
Malta	1	1	1.3	1.2	2.7	3.9	28.2%

Source: Eurostat 2006

6.2 EU imports per product group

Fruit

The major imported products are bananas (21% of total fruit import value), grapes (10%), apples (10%), oranges (8%), tangerines (7%), and peaches and nectarines (7%). Pineapple imports have grown by 18% in value and 45% in volume from 2003 and 2005. This makes it one of the fastest-growing tropical fruit products. Imports of bananas, grapes and lemons have also grown strongly between 2003 and 2005 (Eurostat 2006).

Table 6.3 provides information about the share of major suppliers to the EU per product, differentiating between EU, developing, and other countries.

Table 6.3 EU imports of fresh fruit and leading suppliers to the EU, in descending order of import value 2005, 2001-2005, million euro (€), share in % of value

	2001 € mln	2005 € mln	Leading suppliers in 2005 (share in %)	Share (%)
Fresh fruits	15,791	17,915	Intra EU: Spain (19%), the Netherlands (9%), Italy (9%), Belgium (7%), France (5%)	59%
			Extra EU excl. DC*: New Zealand (2.2%), Israel (1.5%), USA (0.8%)	5%
			DC*: South Africa (5%), Costa Rica (4%), Ecuador (4%), Colombia (3%), Chile (3%), Argentina (3%), Brazil, (2%)	36%
Bananas	3,359	3,836	Intra EU: Belgium (13%), Germany (7%), the Netherlands (5%), France (3.2%), Italy (2.3%)	37%
			Extra EU excl. DC*: -	0%
			DC*: Ecuador (17%), Colombia (15%), Costa Rica (11%), Panama (4.9%), Cameroon (4.8%), Côte d'Ivoire (3.4%)	63%
Grapes	1,620	1,825	Intra EU: Italy (23%), the Netherlands (14%), Spain (8%), Belgium (4.3%), Germany (4.2%)	63%
			Extra EU excl. DC*: USA (1.0%), Israel (0.7%)	2%
			DC*: South Africa (12%), Chile (9%), Brazil (3.7%), Turkey (2.0%), Argentina (2.0%)	35%
Apples	1,744	1,808	Intra EU: Italy (17%), France (17%), the Netherlands (11%), Belgium (6%), Germany (4.6%)	63%
			Extra EU excl. DC*: New Zealand (11%), USA (2.3%)	13%
			DC*: South Africa (7%), Chile (7%), Argentina (4.0%), Brazil (3.3%), China (1.8%)	24%
Oranges	1,494	1,348	Intra EU: Spain (46%), the Netherlands (7%), Greece (4.4%), Italy (3.4%), Germany (2.4%)	69%
			Extra EU excl. DC*: Israel (1.4%)	2%
			DC*: South Africa (12%), Morocco (4.5%), Egypt (3.7%), Uruguay (2.4%), Argentina (2.2%)	29%
Mandarins	1,141	1,248	Intra EU: Spain (68%), the Netherlands (4.0%), Italy (2.6%), Germany (2.2%), Belgium (1.2%)	83%
			Extra EU excl. DC*: Israel (2%)	1%
			DC*: Morocco (6%), Turkey (2.8%), South Africa (2.7%), Uruguay (1.5%), Argentina (1.3%)	16%
Peaches and nectarines	787	783	Intra EU: Spain (45%), Italy (30%), France (8%), Germany (3.0%), Greece (2.7%)	95%
			Extra EU excl. DC*: -	<1%
			DC*: Chile (1.6%), Morocco (1.2%), South Africa (0.8%), Argentina (0.5%), Turkey (0.4%)	5%
Pears and quinces	665	752	Intra EU: the Netherlands (25%), Italy (16%), Belgium (12%), Spain (8%), Germany (3.5%)	70%
			Extra EU excl. DC*: USA (0.5%)	1%
			DC*: Argentina (13%), South Africa (10%), Chile (4.1%), China (1.3%), Turkey (0.6%)	29%
Pineapple	448	733	Intra EU: the Netherlands (10%), Belgium (10%), Germany (5%), France (5%), Portugal (1.7%)	36%
			Extra EU excl. DC*: -	0%
			DC*: Costa Rica (38%), Côte d'Ivoire (8%), Ghana (6%), Ecuador (3.6%), Honduras (2.7%), Brazil (1.4%)	64%
Strawberries	563	714	Intra EU: Spain (48%), the Netherlands (12%), Belgium (9%), France (7%), Italy (4.3%)	88%
			Extra EU excl. DC*: Israel (1.2%), USA (1.1%)	2%
			DC*: Morocco (7%), Egypt (2.1%)	10%
Kiwifruit	556	691	Intra EU: Italy (26%), Belgium (21%), the Netherlands (5%), France (4.0%), Germany (3.0%)	63%
			Extra EU excl. DC*: New Zealand (28%)	28%
			DC*: Chile (9%)	9%

	2001 € mln	2005 € mln	Leading suppliers in 2005 (share in %)	Share (%)
Lemons and limes	515	664	Intra EU: Spain (34%), the Netherlands (10%), Italy (3.5%), Germany (2.7%), Belgium (2.5%)	57%
			Extra EU excl. DC*: Israel (0.3%)	<1%
			DC*: Argentina (22%), Turkey (8%), Brazil (4.5%), South Africa (4.1%), Mexico (1.6%), Uruguay (1.3%)	43%
Melons (other than watermelons)	468	573	Intra EU: Spain (35%), the Netherlands (10%), France (7%), Germany (2.5%), Italy (1.9%)	60%
			Extra EU excl. DC*: Israel (2.4%)	2%
			DC*: Brazil (15%), Morocco (10%), Costa Rica (8%), Panama (1.7%), Honduras (0.8%)	38%
Grapefruit	364	367	Intra EU: the Netherlands (15%), Belgium (7%), Spain (4.8%), France (3.0%), Germany (2.4%)	37%
			Extra EU excl. DC*: Israel (12%), USA (11%)	25%
			DC*: South Africa (17%), Turkey (10%), Argentina (4.9%), Honduras (2.4%), Swaziland (1.3%)	38%
Avocados	279	361	Intra EU: Spain (15%), the Netherlands (11%), France (11%), Germany (2.4%), United Kingdom (1.4%)	42%
			Extra EU excl. DC*: Israel (15%)	15%
			DC*: South Africa (16%), Chile (7%), Mexico (7%), Peru (6%), Kenya (4.4%)	43%
Mangoes, guavas and mangosteens	240	319	Intra EU: the Netherlands (18%), France (7%), Spain (4.1%), Germany (2.1%), Belgium (1.5%)	34%
			Extra EU excl. DC*: Israel (9%), USA (2.0%)	12%
			DC*: Brazil (23%), Peru (9%), Pakistan (4.7%), Côte d'Ivoire (4.3%), Costa Rica (1.5%)	54%
Cherries	249	294	Intra EU: Spain (15%), Austria (8%), Italy (8%), France (6%), Greece (5%)	56%
			Extra EU excl. DC*: USA (3.7%), Canada (0.7%), Serbia (0.5%), Norway (0.3%)	6%
			DC*: Turkey (32%), Chile (4.4%), Argentina (2.2%)	38%
Watermelon	215	260	Intra EU: Spain (47%), Italy (8%), the Netherlands (8%), Greece (8%), Hungary (6%)	85%
			Extra EU excl. DC*: Russia (0.4%)	<1%
			DC*: Costa Rica (3.2%), Brazil (2.9%), Panama (2.1%), Turkey (1.6%), Ecuador (1.1%)	15%
Plums and sloes	247	254	Intra EU: Spain (25%), Italy (10%), the Netherlands (10%), France (9%), Belgium (3.8%)	68%
			Extra EU excl. DC*: Israel (1.7%), Romania (0.5%), Australia (0.3%)	3%
			DC*: South Africa (15%), Chile (9%), Argentina (3%), Turkey (1.3%)	29%
Apricots	139	157	Intra EU: France (35%), Spain (25%), Greece (10%), Italy (9%), the Netherlands (3.4%)	89%
			Extra EU excl. DC*: Israel (1.0%), New Zealand (0.3%), New Zealand (0.3%), USA (0.2%)	2%
			DC*: Turkey (4.4%), South Africa (3.8%), Chile (0.3%), Tunisia (0.3%), Egypt (0.2%)	9%
Dates	112	144	Intra EU: France (9%), Germany (3.0%), the Netherlands (2.5%), Italy (1.1%), Belgium (0.8%)	19%
			Extra EU excl. DC*: Israel (19%), USA (2.4%), Saudi Arabia (0.7%)	21%
			DC*: Tunisia (40%), Algeria (9%), Iran (7%), Jordan (0.8%), South Africa (0.7%)	60%
Tamarinds, cashew apples, jackfruit, lychees, sapodillo	71	56	Intra EU: France (17%), the Netherlands (14%), Germany (2.4%), Belgium (2.1%), Spain (1.8%)	39%
			Extra EU excl. DC*: Israel (4.8%), Australia (0.4%)	5%
			DC*: Madagascar (32%), South Africa (9%), Thailand (8%), India (1.8%), Mauritius (1.7%)	56%

	2001 € mln	2005 € mln	Leading suppliers in 2005 (share in %)	Share (%)
Plantains	66	72	Intra EU: Germany (24%), France (14%), the Netherlands (13%), Belgium (11%), United Kingdom (2%)	69%
			Extra EU excl. DC*: -	<1%
			DC*: Ecuador (17%), Colombia (11%), Costa Rica (2.3%), Uganda (0.7%), Dominica (0.2%)	31%
Papaya	44	68	Intra EU: the Netherlands (17%), Germany (3.1%), Spain (2.4%), France (2.4%), Belgium (0.6%)	26%
			Extra EU excl. DC*: USA (0.3%)	1%
			DC*: Brazil (56%), Côte d'Ivoire (3.3%), Ghana (3.0%), Ecuador (2.6%), Thailand (2.3%)	73%
Passion fruit and pitahaya	31	40	Intra EU: the Netherlands (28%), Denmark (4.8%), Germany (4.3%), Belgium (2.1%), France (1.6%)	43%
			Extra EU excl. DC*: Israel (3.8%), Norway (0.2%)	4%
			DC*: Malaysia (19%), Colombia (14%), Kenya (6%), South Africa (5%), Vietnam (3.5%)	53%
Figs	29	39	Intra EU: the Netherlands (16%), Italy (13%), Spain (8%), Belgium (5%), Austria (5%)	55%
			Extra EU excl. DC*: Israel (3.4%)	3%
			DC*: Turkey (28%), Brazil (12%), Argentina (0.7%), Peru (0.5%), Chile (0.1%)	42%
DURIANS	0	3	Intra EU: the Netherlands (20%), Spain (11%), France (4.5%), Germany (3.3%), Italy (2.6%)	43%
			Extra EU excl. DC*: -	0%
			DC*: Thailand (57%), Indonesia (0.2%), Vietnam (0.1%)	57%

DC*: Developing countries.

Source: Eurostat 2006

A selection of fresh fruits of particular interest to developing countries is discussed below. Chapter 6.3 gives more information on the role of developing countries.

Banana

Bananas are the largest fruit product imported into the European Union. In 2005, banana imports were €3.8 billion and 5.5 million tonnes. Between 2001 and 2005 imports increased by 14% in value and 3% in volume.

The leading importers of bananas in the EU are Belgium (23% of total import value), Germany (20%), United Kingdom (13%) and Italy (10%). The harbour of Antwerp in Belgium is the major entry point for bananas in the EU, from which most bananas are re-exported to other European countries. Germany imports primarily for its own consumption, but is also a substantial re-exporter.

Lemon and lime

Spain remains the largest producer and supplier of citrus fruit to the EU, but it is also an importer during the off season. Lemon and lime imports grew faster than any other citrus fruit. After oranges and tangerines, it is the third largest citrus fruit in imports with a value of €664 million in 2005. Imports of developing countries grew much faster than general imports, at 76% compared to 29% (from 2001 to 2005 in value terms).

Spain is the leading supplier of lemons and limes with a share of 34% in import value in 2005. The supply consists mainly of lemons. The Netherlands is the third largest supplier with a share of 10%, all of which is re-exports. All imports from outside of the EU (43%) are from developing countries, most of which is limes. Germany and France are the largest importers (each 15% of import value), followed by the Netherlands and the United Kingdom (each at 10%).

Pineapple

From 2001 to 2005, pineapple imports by the EU increased almost 64% in value and 72% in volume, amounting to €733 million and 960 thousand tonnes in 2005. Pineapples are the fastest growing exotic product group. Belgium was the leading EU importer of pineapples, accounting for 24% of the total imported value, followed by France (17%), Italy (14%), Germany (10%) and Spain (9%).

Avocado

From 2001 to 2005 avocado imports increased by 29% in value and by 46% in volume, reaching €361 million and 279 thousand tonnes in 2005. 58% of the imports are from outside of the EU and 43% from developing countries. The major EU importer of avocados is France, accounting for 38% of the total import value in 2005, followed by The United Kingdom and the Netherlands (each 18%).

Watermelon and other melon

Between 2001 and 2005, melon (excluding watermelon) imports by the EU increased by 22% in value, reaching €573 million at a volume of 802 thousand tonnes in 2005. About 40% of the imported value was supplied by countries outside of the EU. The leading EU importer of melons is France, accounting for 23% of the import value in 2005, followed by the United Kingdom (18%), the Netherlands (13%) and Germany (12%). In the same period, the imports of watermelons increased by 21% in terms of value and 54% in volume. In 2005, imports reached €260 million and 828 thousand tonnes. The major importers are Germany (26% of total import value), France (14%), the Netherlands (9%), and the United Kingdom (7%).

Papaya

In 2005, papaya imports by the EU amounted to €68 million and 57 thousand tonnes, representing an increase of almost 55% in value and 148% in volume since 2001. About 73% of import value originated in developing countries, of which Brazil was the largest. The leading EU importers of papayas are the Netherlands (25%), the United Kingdom (18%), Germany (18%) and Portugal (12%).

CBI's EU Market Brief *Papayas* (2005) provides more information about the papaya market.

Vegetables

In 2005, EU imports of fresh vegetables were €9.8 billion and 10.5 million tonnes. From 2001 to 2005, import value increased by 21% and volume by 15%. Most of the imports are from EU countries (86% of total import value in 2005). Developing countries have a share of 11% in total import value. Tomatoes are the major import product, followed by sweet peppers and lettuce. Table 6.4 shows for each product the share of internal trade, external trade and trade with developing countries in total imports, and the most important suppliers.

Table 6.4 EU imports of fresh vegetables by product and leading suppliers to the EU, in descending order of import value 2005, 2001-2005, million euro (€), share in % of value

	2001 € mln	2005 € mln	Leading suppliers in 2005 (share in %)	Share (%)
Fresh vegetables	8,117	9,847	Intra EU: Spain (30%), the Netherlands (27%), France (7%), Italy (6%), Belgium (4.4%) Extra EU excl. DC*: Israel (1.5%), New Zealand (0.2%), USA (0.2%), Romania (0.2%), Bulgaria (0.2%) DC*: Morocco (3.9%), Kenya (1.5%), Turkey (1.2%), Egypt (0.7%), Peru (0.6%)	86% 3% 11%
Tomatoes	1,952	2,518	Intra EU: the Netherlands (36%), Spain (33%), Belgium (6%), Italy (5%), France (4.0%) Extra EU excl. DC*: Israel (1.1%)	90% 1.1%

	2001 € mln	2005 € mln	Leading suppliers in 2005 (share in %)	Share (%)
Sweet peppers	1,069	1,319	DC*: Morocco (7%), Turkey (1.5%), Senegal (0.2%), Tunisia (0.1%), Egypt 0.1%) Intra EU: the Netherlands (37%), Spain (35%), France (3.2%), Germany (2.9%) Extra EU excl. DC*: Israel (7%)	8.9% 86% 7%
Cucumbers and gherkins	605	697	DC*: Turkey (3.4%), Morocco (2.3%), Egypt (0.3%), Thailand (0.2%), Ghana (0.2%) Intra EU: the Netherlands (44%), Spain (38%), Germany (3.9%), Greece (3.3%), Belgium (2.0%) Extra EU excl. DC*: Bulgaria (0.8%), Romania (0.1%)	7% 97% 0.9%
Lettuce (other than cabbage lettuce)	314	430	DC*: Turkey (1.1%), Morocco (0.3%), Jordan (0.1%) Intra EU: Spain (46%), France (14%), Italy (14%), the Netherlands (10%), Germany (7%) Extra EU excl. DC*: USA (1.0%)	99% 1% 0%
Mushrooms	597	657	DC*: - Intra EU: the Netherlands (34%), Ireland (18%), Poland (13%), Belgium (5%), Hungary (3.1%) Extra EU excl. DC*: Romania (3.1%), Russia (2.7%), Bulgaria (1.9%) Belarus (2.0%)	85% 9%
Beans	270	407	DC*: Serbia (1.2%), China (0.8%), Turkey (0.6%), Bosnia and Herzegovina (0.3%) Intra EU: Spain (10%), France (9%), the Netherlands (9%), Belgium (1.5%), Germany (1.4%) Extra EU excl. DC*: -	6% 33% 0%
Cabbage lettuce	337	388	DC*: Morocco (27%), Kenya (21%), Egypt (9%), Senegal (3.8%), Ethiopia (1.7%) Intra EU: Spain (55%), the Netherlands (10%), Belgium (10%), Italy (7%), France (5%) Extra EU excl. DC*: USA (1.1%), Israel (0.1%)	67% 98% 1.2%
Onions and shallots	398	373	DC*: Egypt (0.4%), Turkey (0.3%), Morocco (0.1%) Intra EU: the Netherlands (31%), Spain (18%), France (7%), Italy (7%), Germany (6%) Extra EU excl. DC*: New Zealand (6%)	82% 9% 9%
Cauliflower and broccoli	279	340	DC*: Chile (2.8%), Argentina (2.5%), Egypt (1.9%), Mexico (0.4%), India (0.3%) Intra EU: Spain (49%), France (28%), Germany (7%), the Netherlands (5%), Belgium (1.8%) Extra EU excl. DC*: USA (0.1%) DC*: Kenya (0.1%), Turkey (0.1%),	>99% 0.4% 0.3%
Courgettes	200	304	Intra EU: Spain (61%), France (8%), the Netherlands (7%), Italy (4%), Germany (2%) Extra EU excl. DC*: DC*: Morocco (15%), Turkey (1.4%), South Africa (0.2%), Zambia (0.2%)	83% 0% 17%
Cabbages	201	246	Intra EU: Spain (41%), the Netherlands (14%), Italy (14%), Germany (9%), France 4.3%) Extra EU excl. DC*: USA (0.5%) DC*: Kenya (0.7%), Turkey (0.4%), Morocco (0.4%), China (0.3%), Jordan (0.1%)	97% <1% 2.5%

	2001 € mln	2005 € mln	Leading suppliers in 2005 (share in %)	Share (%)
Carrots	277	241	Intra EU: the Netherlands (25%), Spain (17%), Italy (17%), France (15%), Belgium (10%) Extra EU excl. DC*: Israel (0.8%), USA (0.1%) DC*: Turkey (0.5%), South Africa (0.5%), Morocco (0.1%), Kenya (0.1%)	97% <2% 1.2%
Asparagus	241	224	Intra EU: Spain (26%), Greece (17%), the Netherlands (10%), Germany (3.3%), France (2.6%) Extra EU excl. DC*: USA (0.6%), DC*: Peru (27%), Thailand (1.9%), Morocco (1.4%), Argentina (0.5%), Chile (0.4%)	66% 1% 33%
Garlic	177	204	Intra EU: Spain (37%), the Netherlands (11%), France (11%), Italy (6%), Germany (3.7%) Extra EU excl. DC*: USA (0.4%) DC*: China (10%), Argentina (9%), Egypt (0.9%), Thailand (0.7%), Turkey (0.7%)	77% <1% 23%
Eggplant	98	137	Intra EU: Spain (49%), the Netherlands (32%), Germany (4.5%), France (2.9%), Belgium (2.2%) Extra EU excl. DC*: - DC*: Turkey (3.1%), Kenya 91.5%), Thailand (0.5%), Ghana (0.2%), Morocco (0.2%)	77% 0% 23%
Leeks and other alliaceous vegetables	144	137	Intra EU: Belgium (31%), the Netherlands (25%), France (10%), Italy (6%), Spain (5%) Extra EU excl. DC*: Israel (7%) DC*: China (2.2), Turkey (1.8%), Morocco (1.3%), South Africa (0.7%)	86% 8% 7%
Beetroot, salsify, celeriac, radishes	112	134	Intra EU: the Netherlands (32%), Italy (20%), Spain (11%), Germany 10%), France 5%) Extra EU excl. DC*: Israel (1.1%), USA (0.3%) DC*: Turkey (0.3%), Morocco (0.1%)	98% 1.5% 0.5%
Peas	75	122	Intra EU: the Netherlands (13%), France (9%), Spain (3.7%), Germany (3.3%), Belgium (3.1%) Extra EU excl. DC*: - DC*: Kenya (31%), Guatemala (11%), Zambia (5%), Zimbabwe (4.0%), Peru (2.9%)	39% 0% 61%
Sweet corn	43	69	Intra EU: France (19%), Spain (17%), the Netherlands (6%), Germany (1.5%) Extra EU excl. DC*: USA (5.8%), Israel (3.3%), DC*: Thailand (28%), Morocco (7%), Kenya (2.4%), Zambia (1.9%), Tanzania (0.6%)	50% 9% 41%
Celery	53	62	Intra EU: Spain (62%), Italy (10%), the Netherlands (9%), France (4.7%), Germany (4.7%) Extra EU excl. DC*: Israel (5%), USA (0.5%) DC*:	94% 6% 0%
Artichokes	36	46	Intra EU: Spain (49%), France (23%), Italy (9%), the Netherlands (2.5%), Germany (0.7%) Extra EU excl. DC*: - DC*: Egypt (23%)	77% 0% 23%
Brussels sprouts	43	44	Intra EU: the Netherlands (79%), Belgium (9%), Germany (3.1%), Spain (1.2%), Italy (1.1%) Extra EU excl. DC*: Australia (1.3%) DC*: South Africa (3.6%), Morocco (0.3%)	95% 1.3% 3.9%
Spinach	30	42	Intra EU: Spain (34%), Italy (21%), France (10%), the Netherlands (9%), Portugal (7%) Extra EU excl. DC*: USA (2.9%)	94% 3%

	2001 € mln	2005 € mln	Leading suppliers in 2005 (share in %)	Share (%)
Tubers and roots			DC*: Turkey (1.4%), Morocco (0.7%)	2%
Sweet potato	12	42	Intra EU: France (8%), the Netherlands (8%), Belgium (2.4%), Spain (1.1%), Italy (0.4%) Extra EU excl. DC*: USA (34%), Israel (21%), New Zealand (0.8%)	21%
			DC*: Egypt (3.4%), South Africa (3.3%), Brazil (1.8%), Jamaica (1.7%), Honduras (1.5%)	66%
			Intra EU: the Netherlands (15%), United Kingdom (1.9%), France (1.8%), Belgium (1.2%), Spain (0.6%)	13%
Cassava	9	13	Extra EU excl. DC*: DC*: Costa Rica (59%), Ghana (8%), Cameroon (4%), Ecuador (3.1%), Brazil (1.8%)	21%
				0%
				79%

*DC: Developing countries

Source: Eurostat 2006

A selection of fresh vegetables of specific interest for developing countries will be discussed below. For more information on the role of developing countries see Chapter 6.3.

Tomatoes and sweet peppers

The largest fresh vegetable product imported by the EU is tomatoes. In 2005, tomato imports were €2.5 billion with a volume 2.3 million tonnes. From 2001 to 2005, import value rose by 31% and import volume by 14%. Most tomatoes are imported from EU countries, 10% is imported from outside of the EU. The Netherlands and Spain are the largest suppliers to the EU market. The largest importer of tomatoes is Germany, absorbing 30% of the total import value in 2005. Other important importing countries are the United Kingdom (22%) and France (15%).

Imports of sweet pepper are growing considerably. Sweet pepper imports by the EU amounted to more than €1.3 billion and 1.0 million tonnes in 2005. From 2001 to 2005, value increased by 23% and volume by 40%. Germany is the leading EU importer, accounting for 31% of import value in 2005, followed by the UK (17%), France (11%) and the Netherlands (8%). As with tomatoes, the Netherlands and Spain are the leading suppliers of sweet pepper to the EU market.

Peas and beans

The supply of peas and beans from developing countries, especially in the counter season, has multiplied over the past 10 years. From 2001 to 2005, EU imports of beans increased by 51% in value and 56% in volume, making it one of the fastest-growing import products. 2005 imports amounted to €407 million and 357 thousand tonnes. Only 33% of import value is from EU countries. The other 67% are entirely from developing countries. France was the leading EU importer of peas, accounting for 24% of import value, followed by the United Kingdom (22%) and Spain (15%).

Between 2001 and 2005, imports of peas increased by 63% in value and 22% in volume. In 2005, import value reached €122 million and volume 127 thousand tonnes. The United Kingdom was the leading EU importer of peas, accounting for 36% of import value, followed by the Netherlands (23%) and Belgium (16%). The share of developing countries in imports is 61%.

Asparagus

EU asparagus imports are substantial at €224 million and 77 thousand tonnes, but from 2001 to 2005 they declined by 7% in value and 4% in volume. Most European countries import asparagus from Greece, Spain and, increasingly, from Peru. In 2005, 33% of value imports were from countries outside of the EU. The main Spanish and Greek supply season runs

approximately from March to June; in other months there is room for external suppliers. Europeans traditionally prefer white asparagus, but green asparagus is gaining in popularity. External EU imports of asparagus consist mostly of green asparagus and generally take place in counter season. Germany is the leading EU importer with 31% of value imports, followed by France (15%), Spain (12%), the United Kingdom (11%) and the Netherlands (10%).

Courgettes

Courgette imports were €304 million and 278 thousand tonnes in 2005, an increase of 52% in value and 29% in volume since 2001. 17% are imported from countries outside of the EU. Spain is by far the leading supplier. The most important importing countries are France (44% of import value), the United Kingdom (15%) and Germany (14%).

6.3 The role of developing countries in EU imports per product group

Developing countries play a very important role in fruit trade and a substantial but smaller role in vegetables. In 2005, 36% of fruit import value EU in 2005 was from developing countries, while only 11% of vegetables. Since total fruit imports are also larger than vegetables imports, the value of fruit imports from developing countries is much larger than that of vegetables. A major factor behind this difference is the importance of bananas, for which the EU is almost completely dependent on imports. (There is some limited production in Spain.)

Fruit

In 2005, developing countries supplied EU countries with 8.3 million tonnes of fresh fruit, worth €6.4 billion. Imports from developing countries grew by 17% in value and 13% in volume, which is slightly above the market average. The share of developing countries increased with 1 percent point both compared to 2001 and 2003, when it was 35%.

Table 6.5 shows import value and volume of products from developing countries. The differences in share of developing countries in total imports between product groups can be quite large. Bananas are the largest product, accounting for 37% of fresh fruit import value and 43% of volume. Grapes are the second product in value, but the share of developing countries in total imports is substantially lower than for bananas. Grape imports are predominantly from EU countries, e.g. Italy and Spain, where large amounts of grapes are produced. A part of the grapes traded internally is from outside of the EU. For instance, the Netherlands is one of the largest suppliers of grapes, but does not produce them. Other products with a high share from developing countries are pineapple, papaya and durian. The tropical fruits are typically imported by a limited number of specialised EU countries, after which they are re-exported to others. Similar to the example of grapes, the actual import share of developing countries is actually higher than it appears, since some of the internal trade originates from those countries.

Table 6.5 Fresh fruits supplied to the EU by DC*, 2001-2005, value in million euro (€) and volume in thousand tonnes

	2001		2003		2005		Average annual change %
	value	volume	value	volume	value	volume	
Total EU	14,791	18,923	16,416	20,380	17,915	23,238	4.9%
Developing countries	8,749	11,071	5,711	7,481	6,434	8,576	6.0%
Bananas	2171	3795	2,088	3,352	2,400	3,710	2.5%
Grapes	511	326	569	384	641	442	5.8%
Pineapples	281	375	392	411	472	607	13.8%
Apples	374	436	447	571	428	583	3.4%
Oranges	466	905	333	758	390	837	-4.4%

Lemons and limes	161	250	182	287	283	446	15.1%
Pears and quinces	198	262	220	305	219	319	2.6%
Other melons	128	163	169	237	215	287	13.8%
Tangerines	215	310	186	265	197	302	-2.2%
Guavas, mangos and mangosteens	145	123	188	159	172	162	4.4%
Avocados	108	67	163	98	154	116	9.3%
Grapefruit	129	189	130	167	139	191	1.9%
Cherries	94	31	86	38	112	37	4.5%
Dates	70	49	77	51	86	61	5.3%
Plums and sloes	19	60	86	69	75	64	41.0%
Strawberries	49	17	46	20	69	34	8.9%
Kiwifruit	48	47	62	64	61	68	6.2%
Papayas	33	18	48	38	50	42	10.9%
Currants and berries	13	3	20	11	39	8	31.6%
Peaches and nectarines	32	21	33	24	39	28	5.1%
Watermelons	20	40	22	54	38	94	17.4%
Tamarinds, cashew apples, jackfruit, lychees and sapodillo plums	50	21	61	28	32	25	-10.6%
Plantains	18	30	21	44	22	54	5.1%
Passion fruit, carambola and pitahaya	18	6	16	6	21	14	3.9%
Figs	12	7	15	9	16	9	7.5%
Apricots	14	9	13	8	15	9	1.7%
Durians	0	0	2	1	2	0	
Other citrus fruit	22	17	1	1	1	1	-53.8%
Other fruit	81	0	35	21	46	26	-13.2%

Source: Eurostat 2006

*Developing countries

Around 100 developing countries contribute to the imports of fresh fruit into the European Union. The leading developing countries are South Africa, Costa Rica, Ecuador, Colombia, Chile, Argentina, Brazil and Panama. South Africa supplies a variety of fruits such as grapes, oranges, apples, peaches and nectarines, produced in the counter season of the EU. The Latin American countries rank high because of the large supply of bananas. Other major developing countries are Turkey, Morocco, Côte d'Ivoire and Cameroon.

The entire extra-EU supply of bananas, pineapples, papayas and durians is from developing countries (Table 6.3). As mentioned before, there is virtually no production in the EU of these and other tropical fruits such as bananas, pineapples and mangos, which therefore have to be imported. Since there is extensive European production of other fruits such as grapes and apples, most imports occur out of season. The origins of fruit imports are more diverse than of vegetables. The distance to the EU market is also generally larger, which is explained by the longer storability of fruits. Many fruit products require a period of ripening and can therefore be stored longer without losing much of the quality. Vegetables do not need a period of ripening and generally have to reach the market much faster. This favours those supplying countries that are nearby, or have good connections.

Vegetables

In 2005, the EU imported €1.1 billion worth of fresh vegetables with a volume of 955 thousand tonnes from developing countries. This is an increase of 53% both in value and volume compared to 2001. The share of imports from developing countries in total imports differs per product group. In Table 6.4, the share of developing countries in total import value is

presented together with the most important supplying developing countries and their share in total import value.

The major products imported from developing countries are beans, tomatoes, sweet peppers and peas. The shares of developing countries in product import value are very different. For tomatoes, for instance, this share is only 9%, while for beans it is 66% (Table 6.6).

Table 6.6 Fresh vegetables supplied to the EU by DC*, 2001-2005, value in million euro (€) and volume in thousand tonnes

	2001		2003		2005		DC* value share 2005
Total EU	8,117	9,138	9,130	9,956	9,847	10,529	
Developing countries	718	626	850	773	1,096	955	11%
Vegetables							
Beans	167	98	193	125	271	166	66%
Tomatoes	129	193	150	213	218	274	9%
Peppers	51	57	63	64	93	103	7%
Peas	36	13	43	14	74	22	61%
Asparagus	38	10	49	16	74	23	33%
Courgettes	17	17	40	31	50	37	16%
Garlic	36	38	39	45	47	59	23%
Mushrooms	43	9	36	5	36	8	6%
Onions and shallots	32	85	37	120	34	105	9%
Sweet corn	22	8	24	12	29	15	41%
Cucumbers and gherkins	11	13	12	15	13	17	2%
Artichokes	0.86	0.81	3.61	3.42	10.79	8.93	23%
Leeks	5.48	7.53	7.05	8.70	10.06	9.93	7%
Eggplants	5.12	6.37	5.47	5.47	7.98	6.07	6%
Cabbages	3.21	5.28	3.16	6.00	6.05	7.33	2%
Other leguminous	2.23	1.24	2.83	2.21	3.29	2.86	15%
Cabbage							
lettuce	0.49	0.50	1.08	1.16	3.04	3.48	1%
Carrots	1.57	3.02	1.93	4.01	2.93	5.88	1%
Other chicory	0.35	0.33	1.01	1.24	2.41	2.58	2%
Brussels sprouts	0.51	0.26	0.16	0.13	1.72	0.86	4%
Spinach	0.04	0.04	0.15	0.14	1.08	0.88	3%
Cauliflower and broccoli	0.22	0.33	0.31	0.49	0.99	0.96	0%
Beetroot, salsify							
radishes and celeriac	0.78	1.13	0.60	1.02	0.70	1.20	1%
Other lettuce	0.27	0.29	0.73	0.71	0.54	0.59	0%
Witlof chicory	0.00	0.00	0.22	0.20	0.53	0.44	1%
Celery	0.10	0.07	0.28	0.29	0.13	0.10	0%
<i>Other vegetables</i>	115	58	134	77	106	73	20%
Roots and tubers							
Cassava	6.13	8.49	7.75	14.45	10.58	16.68	79%
Sweet potato	5.25	7.10	7.29	8.13	5.30	6.93	13%

*DC= Developing countries (see list in Appendix 2)

Source: Eurostat 2006

While Latin-American countries dominate extra-EU fruit imports, African countries play a more important role in the extra-EU import of vegetables. France, the UK, the Netherlands and Italy are the major destinations for African exports. Nevertheless, internal trade is much more important. The leading fresh vegetables exporter among the developing countries is Morocco, followed by Kenya, Turkey, Egypt and Peru. With the exception of Peru and Kenya, the positions of these countries are partly explained by their geographic proximity.

French beans and various types of peas have become a major source of revenue for producers and exporters in Africa. Large investments in modern transportation and refrigeration facilities contributed to the expanding export volumes. African exports account for most of the European supply from December to May. Kenya is the leading supplier of peas and is the second supplier of beans. The products reach the EU markets by air on a daily basis. Snow peas or 'mange-tout' began as a speciality, but are now a regular product in supermarkets because of their year-round availability. Snow peas are also popular with caterers and restaurants. Asparagus, supplied mainly from Peru, is another successful export product from developing countries.

The distance to the EU market is an important factor in the trade of vegetables. Neighbouring countries such as Morocco are in a better position to supply the market with fresh products, and at lower transport costs. Countries far from the EU are facing higher transport costs, which have been increasing moreover over the last years.

6.4 Useful sources

Eurostat, the Statistical Office of the European Commission, provides detailed statistics on the imports of fresh fruit and vegetables into the EU. The statistics are published on the Internet and can be accessed through:

- Eurostat – official statistical office of the EU - <http://epp.eurostat.ec.eu.int>
Go to: 'themes' on the left side of the home page - 'external trade' - 'data' – 'external trade detailed data'.

These statistics can also be accessed through:

- EU Expanding Exports Helpdesk - <http://export-help.ec.eu.int/>
Go to: trade statistics.

7 EXPORTS

Fruit

EU fresh fruit exports in 2005 were €12.4 billion and 16.3 million tonnes. From 2001 to 2005, exports increased by 13% in value and 8% in volume. Exports to other EU countries increased strongly, while export value to countries outside of the EU decreased by 23%. EU exports are therefore increasingly directed to other EU countries.

Spain and Italy, which are the major fruit producers in the EU, are also major exporters. In 2005, Spain was the leading EU exporter of fresh fruit produce, accounting for 30% of export value, followed by Italy (15%). Export value of fruit from Spain increased by 6% from 2001 to 2005, while export value from Italy decreased by 9%. Belgium and the Netherlands are important trading countries for fruit. Both countries import large volumes of fruits, which they export to other EU countries and outside the EU. The value of fruit exports of both countries increased by 33% between 2001 and 2005. France is a large exporter of mainly domestically produced and imported fruit.

Table 7.1 Exports of fresh fruit by EU member countries, 2001-2005, value in million euro (€) and volume in thousand tonnes

	2001		2003		2005		Average annual change in value 2001-2005
Total EU	10,793	14,427	11,630	14,620	12,414	16,332	3.6%
Intra-EU	9,151	11,582	9,960	12,114	11,085	14,147	4.9%
Extra-EU	1,642	2,845	1,670	2,506	1,329	2,185	-5.1%
Spain	3,538	5,053	4,200	5,586	3,753	5,001	1.5%
Belgium	1,597	1,940	1,618	1,878	2,125	2,360	7.4%
Italy	2,009	2,722	1,919	2,425	1,831	2,620	-2.3%
The Netherlands	1,276	1,401	1,467	1,670	1,693	1,936	7.3%
France	1,264	1,542	1,337	1,578	1,142	1,372	-2.5%
Germany	304	355	397	455	536	582	15.2%
Greece	468	1,017	293	570	339	696	-7.7%
Poland	88	351	133	458	230	635	27.1%
Austria	131	152	159	185	188	215	9.5%
United Kingdom	63	68	70	79	112	112	15.5%
Portugal	75	107	82	104	101	152	7.7%
Czech Republic	13	55	15	57	93	176	63.5%
Sweden	27	26	57	57	55	49	19.5%
Hungary	55	199	54	246	44	161	-5.4%
Cyprus	28	69	35	77	37	72	7.2%
Slovenia	4.82	21	8	27	33	66	61.8%
Slovakia	9.4	31	8	33	26	30	29.0%
Lithuania	2.21	12	4	13	25	45	83.4%
Denmark	11	16	12	16	23	25	20.2%
Ireland	23	19	16	14	20	19	-3.4%
Latvia	1.32	1.35	2.19	2.20	5.01	6.19	39.6%
Luxembourg	5.48	5.6	2.33	1.96	3.18	2.18	-12.7%
Finland	2.35	2.46	1.28	1.23	0.84	0.66	-22.7%
Estonia	0.44	0.46	0.35	0.28	0.65	0.91	10.2%
Malta	0.13	0.24	0.01	0.03	0.00	0.00	

Source: Eurostat 2006

The most important destinations of EU exports were other EU countries. Germany imported 30% of the EU export value of fresh fruit in 2005. France was the second largest destination

(13% of export value), followed by the UK (9%), the Netherlands (8%) and Italy (5%). The most important destinations outside the European Union were Russia (3%), Switzerland, Norway and the USA. In 2005, only 11% of fresh fruit value exports were destined to countries outside the EU.

The most important fresh fruits exported by EU countries were bananas (14% of export value in 2005), apples (12%), tangerines (11%), grapes (10%) and oranges (8%). EU banana exports consisted of re-exports, since banana production within the EU is very limited. Next to bananas, pineapples are an important exotic fruit in re-exports.

Vegetables

EU exports of fresh vegetables measured €8.9 billion and 10.4 million tonnes in 2005. Since 2001, value increased by 11% and volume by 4%. Spain and the Netherlands are by far the largest EU exporters, accounting for 34% and 30% of total exports respectively. Spanish exports consisted mainly of domestic produce, while most of the Dutch exports originated in other countries. Other major EU exporters of fresh vegetables are France, Italy and Belgium.

Table 7.2 Exports of fresh vegetables by EU member countries, 2001-2005, Value in million euro (€) and volume in thousand tonnes

	2001		2003		2005		Average annual change in value in %
	value	volume	value	volume	value	volume	
Total EU	7,856	9,470	8,968	10,169	8,986	10,418	3.4%
Intra-EU	6,932	8,175	7,857	8,625	8,139	9,012	4.1%
Extra-EU	924	1,295	1,111	1,544	847	1,406	-2.2%
Spain	2,810	3,661	3,113	3,519	3,077	3,397	2.3%
The Netherlands	2,456	2,770	3,105	3,492	2,659	3,217	2.0%
France	702	810	746	887	812	874	3.7%
Italy	716	842	702	711	671	614	-1.6%
Belgium	566	687	645	762	599	746	1.4%
Poland	107	327	182	459	298	598	29.2%
Germany	202	307	214	313	230	314	3.3%
Ireland	123	54	121	59	132	65	1.8%
Austria	77	117	106	161	101	153	7.0%
Hungary	82	112	67	75	79	79	-0.9%
Greece	93	71	75	53	73	53	-5.9%
United Kingdom	57	101	68	103	70	88	5.3%
Portugal	28	21	35	68	43	90	11.3%
Lithuania	20	13	22	10	30	21	10.7%
Czech Republic	4	8	5	11	24	44	56.5%
Sweden	9	8	16	13	20	14	22.1%
Slovakia	17	36	14	31	19	10	2.8%
Denmark	12	18	18	25	16	16	7.5%
Cyprus	8	8	8.33	7.78	10.51	8.18	7.1%
Slovenia	1.02	0.74	0.64	0.76	7.43	6.01	64.3%
Luxembourg	2.84	1.86	2.01	1.20	4.98	2.03	15.1%
Latvia	1.57	0.57	1.56	1.01	3.59	4.44	23.0%
Finland	2.88	1.27	2.94	1.54	2.55	1.68	-3.0%
Estonia	1.43	1.42	2.07	1.13	1.99	2.16	8.6%
Malta	0.02	0.01	0.00	0.00	0.30	0.34	96.8%

Source: Eurostat 2006

EU fresh vegetable exports are mainly destined to other EU countries: this was the case for 91% of export value in 2005. As much as 99% remained in Europe. EU vegetable exports therefore have a strong regional character. Germany, accounting for 30% of export value, the

UK (18%), France (10%) and the Netherlands (8%). The major destinations outside the EU were Switzerland (2%), Russia (2%), Norway (1%) and the USA (1%).

Tomatoes and sweet pepper are the major export products, together accounting for more than 40% of vegetables export value in 2005. Other important products are cucumbers (9%), lettuce (6%), mushrooms (5%) and cabbages (4%).

Re-exports

The EU imported a total of €27.8 billion of fresh fruit and vegetables in 2005 and exported €21.4 billion of fresh fruit and vegetables. A substantial part of imports was then forwarded to other countries within and outside of the EU, either as re-exports or as transit trade. In case of re-export, products are declared at the national Customs, whereas for transit trade the products enter the country without formal declaration at Customs. Only in the final destination country products will be declared.

The volumes of re-exports and transit trade in fruit and vegetables have increased sharply over the years, which can be attributed partly to the upcoming markets in Eastern Europe. Belgium and the Netherlands are important re-exporters. Belgium is one of the main ports for imports of banana, pineapples and kiwifruit, while the Netherlands is a main port for grapes and mangos. Germany and France are also increasing their share in re-export of fresh fruit and vegetables.

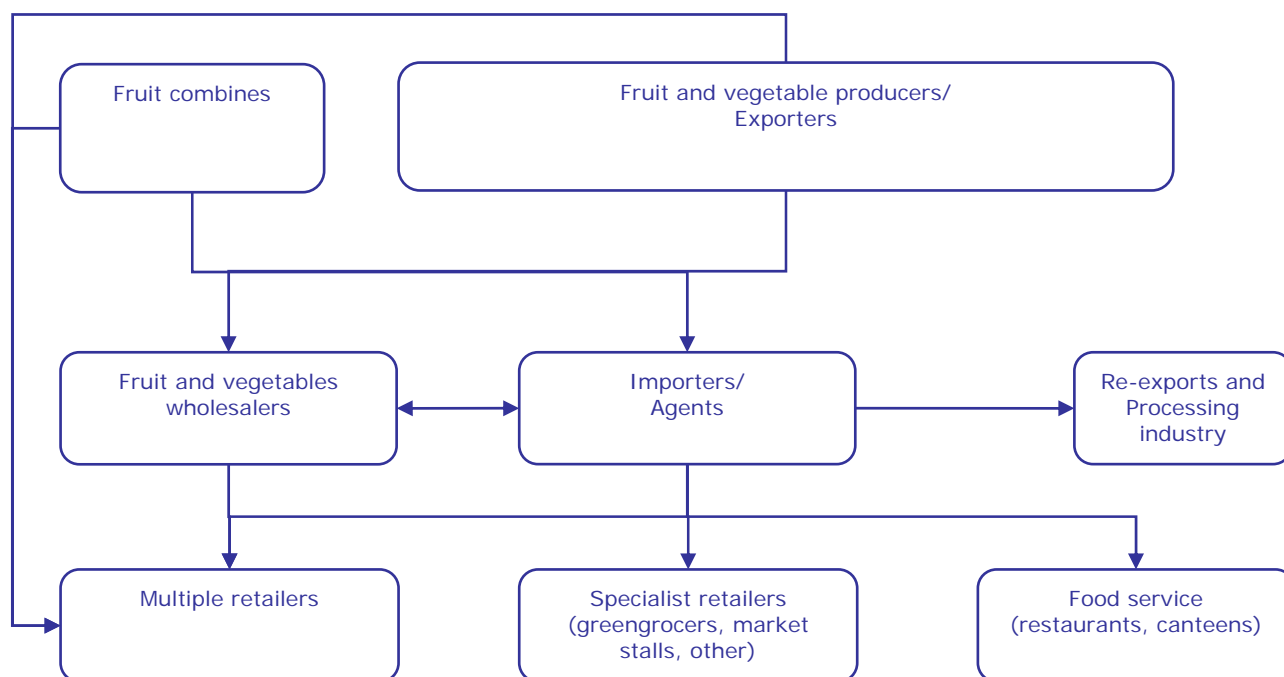
8 TRADE STRUCTURE

8.1 Distribution channels

There is a strong tendency towards concentration in the supply of fresh fruits and vegetables in the EU. Direct trading contacts between producers or exporters and multiple retail chains are becoming less common, especially where this process is most advanced. Specialised importers or buyer groups are the direct business partner of producers or exporters. Some of these importers have also become providers of logistical service, quality controllers and co-ordinators of the supply chain of fresh produce.

From the producer to the consumer, fresh fruit and vegetables exported to the EU pass through three sales levels: the production level; import/wholesale level; and the retail level, where the final consumer makes his or her purchases (figure 8.1).

Figure 8.1 Distribution channels of the fresh fruit and vegetables trade in the European Union



Production level

Each type of organisation performs a set of activities such as production, post-harvest treatments, bulking and packaging. Individual producers may perform few activities next to production, while fruit combines and exporters will have professional packing facilities and a full marketing department. Table 8.1 gives an overview of organisations active at production level and their activities.

Table 8.1 Market parties at production level

Type of organisation	Scope of work
FFV Producers	<ul style="list-style-type: none"> • fresh fruit and vegetable production • pre-harvest treatment • first processing level • quality control • large-scale packaging

Exporters	<ul style="list-style-type: none"> • Either private or cooperative • collection of produce • grading and processing (washing, sorting, etc.) • packaging for export, often in customer packs (with price tags) • sales and marketing in their own name or on behalf of their members
Fruit combines	<ul style="list-style-type: none"> • fruit and/or vegetable production, in some cases buying from other producers • quality control • packaging goods for the exporter • sale of goods for the exporter in their own name to contract importers

Import and wholesale level

Importers take care of import formalities and obtain ownership of the goods for further distribution in the importing country or for re-export to other countries. They may also perform additional tasks (Table 8.2). In most cases, importers have long-standing contacts with their suppliers. Importers also advise their suppliers on issues of quality, size and packaging.

Specialised agents are intermediaries that establish contacts between exporters and importers. They maintain contacts with foreign suppliers and procure produce for their customers, who are generally wholesalers. Agents do not buy but facilitate finding the best buyer for the exporter's products.

Fruit combines have their own plantations and buy additional products from private producers if necessary. Most combines are based in North, Central and South America, but they have branches in Africa and Asia as well. Some of them have their own fleet of ships. The significance of fruit combines and their contract importers may increase, since they can fulfil important market demands such as size, quality and traceability. On the other hand, they are increasingly the object of public debate regarding labour conditions and environmental management. To counter such criticism, Chiquita, the world's largest banana producer, in 2006 announced an alliance with Rainforest Alliance to obtain environmental and social certification of its production.

Table 8.2 Market parties at the import and wholesale level

Type of organisation	Scope of work
Importers	<ul style="list-style-type: none"> • Import directly from producers/exporter, often on consignment basis. • Clearing goods from customs and quality control • In some cases, treatment of goods and packaging • Distribution of goods to wholesalers and sometimes multiple retailers and foodservice • Importers' margins are usually somewhere between 5 and 10%. • A specific type is the fruit combine contract importer, an importer working specifically for a fruit combine
Agents	<ul style="list-style-type: none"> • Agents establish contacts between producers/exporters and buyers in the importing country. • Agents actively offer products on behalf of their clients. • Most agents are specialised in either products or sales channels. • Usually take 2-3% commission (rates may differ) on sales.
FFV wholesalers	<ul style="list-style-type: none"> • Buy fruit and vegetables from importers, producers and auctions. • Distribution to specialist retailers, foodservice outlets and supermarkets • A major distinction is between wholesalers supplying the multiple retailers, e.g. the so-called sole suppliers of supermarkets, and those supplying the greengrocers and other specialized retail.

The present situation in the European distribution structure forces fruit and vegetables exporters in developing countries to be attentive to the demands set by the large retail chains.

Large retail chain may require that an exporter is able to supply them fully or at least in large volumes frequently. Large retailers also demand uniform quality, volume and on time delivery.

Concentration of buyers is occurring throughout the food distribution system. As a result, demand for consistent volumes and qualities of fresh produce increases, causing firms to introduce procurement methods that manage the supply chain more efficiently. Buyers are increasingly developing partnerships with preferred suppliers, in order to ensure availability of produce that meets their specifications on a week-in, week-out basis. The demand for large-scale supplies implies that only those firms with sufficient financial resources are able to bear the costs and risks associated with this type of production.

Retail level

The retail level is closest to the consumer. The major categories of actors are introduced in Table 8.3

Table 8.3 Market parties at the retail level

Type of organisation	Scope of work
Multiple retailers	<ul style="list-style-type: none"> • Supermarkets and hypermarkets offering a complete assortment of food products and additional non-food products • Hypermarkets also have wide assortments of non-food articles such as clothing, interior decorating, etc • Both categories allow for one-stop shopping of food products, which is convenient for consumers. • Service supermarkets, discounters and hard discounters are generally distinguished. • Other distinctions are based on floor size and whether or not the supermarkets are independently owned. • In countries such as Germany, UK, the Netherlands and Belgium all organic supermarkets have emerged.
Specialist retailers	<ul style="list-style-type: none"> • The traditional greengrocer with his specialist shop continues to exist throughout Europe. • In northern Europe open air markets on specific days of the week are common, in which greengrocers find a place just as other food retailers (cheese, nuts, butcher's etc) • In southern Europe many greengrocers operate in public markets provided by the municipality. Such markets also offer a full assortment of grocery articles but from different shops. • In a response to competition from supermarkets, greengrocers have adopted added-value products such as ready meals and pre-cut vegetables. • Farm sales, box (subscription) schemes and internet sales are also included in this category.
Food service	<ul style="list-style-type: none"> • Supplies hotels, restaurants and catering institutions. • Catering institutions comprise hospitals, homes for the elderly, work places, and other public places where food is consumed.

Greengrocers still sell a substantial volume of the fresh products, but their share has declined dramatically throughout the EU. However, in important consumer countries such as Italy and Spain the multiple retailers have not gained as much dominance as in the northern European countries, leaving more room for specialist retailers. In France, the United Kingdom, Germany, Scandinavia, the Netherlands, multiple retailers typically supply more than 2/3 of the market. Hypermarkets and supermarkets are catalysts to the increasing sales of pre-packed produce. Their fruit and vegetable assortments have become larger and deeper. Retailers and breeders (product development companies) are increasingly collaborating to develop new and innovative products. Multiple retailers pay much attention to the design of their fresh produce departments, trying to appeal to customers. A remarkable trend is that these departments now imitate the typical characteristics of the traditional greengrocer, which they have almost made disappear.

Supermarket chains increasingly seek to ensure their supplies through direct contact with growers and grower associations, especially for bulk tropical fruit and vegetables, which already have a considerable market. Because of this growth in supermarkets and the changes in shopping habits of consumers (preference for one-stop shopping), fruit is increasingly channelled through large and sophisticated companies handling all aspects of import and distribution.

Major importers and distributors in the EU include:

- Fyffes (United Kingdom/Ireland), <http://www.fyffes.com>
- Atlanta Group (Germany), <http://www.atlanta.de>
- Dole Fresh Fruit Europe Ltd. Co. (Germany), <http://www.doleeurope.com>
- Pomona, (France). <http://www.pomona.fr>
- Geest (United Kingdom), <http://www.geest.co.uk>
- The Greenery (the Netherlands), <http://www.thegreenery.com>
- Del Monte Fresh Produce (Europe), <http://www.freshdelmonte.com>.

Most exporters from developing countries will only have contact with importers of fresh fruit and vegetables and not with multiple retailers or foodservice organisations. Importers not only have experience and knowledge of the international market, they also have strong relationships with suppliers and buyers all over the world. With regard to serving multiple retailers, the importer will increasingly operate as co-ordinator of the flow of fruit and vegetables to final destinations. He has to play a more specialised role as quality controller and logistics service provider. Therefore, developing country exporters are advised to contact and co-operate with specialised importers for the distribution of their products. This applies especially to tropical fruit varieties and off-season products. Besides focusing on the home market, exporters may also be active in exporting to the EU or other countries.

8.2 Useful sources of information

The Internet site <http://www.europages.com> is a useful source for finding contact details and information on the activities of importers. The most interesting contacts at Europages can be found under the category Agriculture & Livestock, subcategory Fruits and Vegetables. Several sources on which buyers and sellers can meet online are listed below.

Internet sites	
online source of importers in the EU	http://www.europages.com
B2B marketplace for the food and agriculture industry	http://www.foodtrader.com
marketplace for sellers and buyers of fresh produce	http://www.agromarketplace.com
Freshinfo fresh produce marketplace	http://www.freshinfo.com
FoodMarketExchange.com	http://www.foodmarketexchange.com
online marketplace for organically grown products	http://www.green-tradenet.de
online marketplace for organically grown products	http://www.greentrade.net

Exporters of organic fruits and vegetables products (see also Chapter 10.1 of this survey) can get themselves listed as suppliers on <http://www.green-tradenet.de> and on <http://www.greentrade.net>, two Internet sites that act as a marketplace for suppliers and buyers. Suppliers can specify their offer and company name.

Trade fairs are important meeting points for developing countries' exporters and EU importers as well. A trade fair is a good opportunity for personal contact between business partners. Please refer to Chapter 14.5 for more information on trade fairs.

9 PRICES

9.1 Prices

Supply and demand of fresh fruit and vegetables are the main factors of influence on the domestic, import and export prices. They can cause large fluctuations in prices over time. Supply is strongly influenced by weather conditions during the growing season, especially in the short term. Cold weather and frost in winter and springtime in Europe reduces harvests, resulting in larger import requirements and higher prices. Frost is a major threat to the European production of apples, pears and oranges. For exotics such as pineapple and banana, the changeable harvest amounts of course have similar effects.

Quality and origin are other important factors in price determination of fresh fruit and vegetables. Products are often categorized according to quality, which is related to a certain price. Quality requirements are very diverse and, in general, are high in most EU markets. Fresh fruit and vegetables that do not fulfil the high quality standards of the market may still be used by the processing industry. The prices of products for the processing industry are lower than for the fresh market.

Prices of fresh products are set on a global level, and speculation on the harvests can cause rapid changes in the price level of fresh fruit and vegetables. Exchange rates also contribute to price fluctuations.

Demand for fruit and vegetables is generally more constant than supply, and changes occur over longer periods. The demand for fruit and vegetables is relatively inelastic in price. Small increases in price will have limited negative effect on the sales volume. Large price increases have proven to have a significant negative effect on sales volume.

The market for fresh fruits and vegetables in the EU is freer than other agricultural markets. For most fruit and vegetables, nevertheless, import duties are payable, but for most developing countries these duties are waived (see Annex 1 for details). For a number of fresh fruit and vegetables including oranges, apples, tomatoes and cucumbers, the EU has established an entry price. This entry price stabilizes the prices of these products in the domestic market. For more information on entry prices see the website EU Expanding Exports Helpdesk - <http://export-help.cec.eu.int/>.

Although a substantial part of the fresh fruit and vegetables is traded in spot markets, preferred supplier programmes and the use of long-term contracts are becoming more important, especially for the multiple retail channel. Price determination under contracts is different from the open market. The contract may state a minimum price for the producer/exporter and may involve an advance payment to cover some of the production costs. A contract is especially attractive when market prices are low or fluctuations in market prices are large and unpredictable. They are also attractive because they often involve a long-term agreement, which provides security and makes investments possible. On the other hand, they limit the flexibility in production and marketing because of the strict requirements set by the contracting party.

Margins in the international trade in fresh fruit and vegetables are under pressure. Margins for European importers for instance are typically below 10%. In a vast and diverse sector such as fruit and vegetables, it is hardly possible to give an accurate picture of prices and margins throughout the chain. There are vast differences between the different categories such as temperate and exotic and between bulk and speciality products, and prices change by the hour. Exporters are advised, nevertheless, to closely monitor market and price developments in their specific product categories, in order to quote realistic prices.

Table 9.1 gives average monthly wholesale prices of selected fruit and vegetables in a number of EU member countries as of June 2006.

Table 9.1 Average monthly wholesale prices of selected imported fruits, € per kg, June 2006

Product variety	Origin	Unit (kg per carton)	Germany	United Kingdom	France
Avocado					
trop	Brazil	4 kg			12.00 (ex quay)
hass	Peru	"	5.00		6.00 (ex quay)
fue	Kenya	"	6.75		3.75 (ex quay)
hass	Kenya	"			5.25 (ex quay)
hass	South Africa	"			5.75 (ex quay)
fue	South Africa	"	6.75		6.00 (ex quay)
Mango					
kent	Burkina Faso	"			2.80
keith	Côte d' Ivoire	"			1.25
kent	Côte d' Ivoire	"			1.08
kent	Côte d' Ivoire	"			3.65 (air transport)
atkins	Brazil	"	0.82	1.0	
atkins	Honduras	"	0.69		
Papaya					
	Brazil	"	1.14		2.95
	Côte d' Ivoire	4.5 kg		2.41	2.95
Beans					
xf	Kenya	2.0–2.5 kg	5.00		3.48

Source: Market News Service, International Trade Centre 2006.

9.2 Useful sources

The Internet is a practical way to obtain up-to-date information. Many price sources have an Internet service, often available for a fee. Sometimes the date of the price information may be difficult to determine. An alternative and probably the most important source are traders themselves. In most specialized markets, traders and agents have the most accurate information about prices.

International

- ITC's Market News Service (MNS) – The International Trade Service publishes wholesale prices of various fresh fruit and vegetables (including exotics) on a weekly basis. <http://www.intracen.org/mns/>.
- Today's Market Prices – Website providing daily prices on fruit and vegetables for the most important wholesale markets in the USA, Canada, Mexico and Europe. <http://www.todaymarket.com> (subscription fee).
- AgribusinessOnline - Free service by Fintrac Inc. providing market prices for several ports in Europe. <http://www.agribusinessonline.com>.

Useful sources of price information for the individual EU countries are given in the CBI market surveys covering these countries. These surveys can be downloaded from <http://www.cbi.nl/marketinfo>.

10 MARKET ACCESS REQUIREMENTS

As a manufacturer in a developing country preparing to access EU markets, you should be aware of the market access requirements of your trading partners and the EU governments. Requirements are specified 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 demand.

10.1 Legislative requirements

European legislation is compulsory for all products traded within the EU. Therefore, as an exporter in a developing country you have to comply with the legislative requirements that are applicable to your products. For information on legislation for fresh fruit and vegetables, go to the CBI website at <http://www.cbi.nl/marketinfo>, select your market sector and the EU in the category search, click on the search button and click on legislative requirements for an overview of all documents on legislation.

10.2 Non legislative requirements

Social, environmental and quality-related market requirements are of growing importance in international trade and are often specified by European buyers through labels, codes of conduct and management systems. For information on non-legislative requirements applicable to fresh fruit and vegetables go to the CBI website at <http://www.cbi.nl/marketinfo>, select your market sector and the EU in the category search, click on the search button and click on your subject of interest under non-legislative requirements for an overview of all documents on the subject concerned.

10.3 Packaging, marking and labelling

You can download information on requirements on packaging, marking and labelling in specific EU markets from the CBI website. Go to <http://www.cbi.nl/marketinfo>, select your market sector and the EU country of your interest, click on the search button and click on 'sector surveys' for an overview of documents on the country of your interest

General rules on food labelling are laid down in Council Directive 2000/13/EC. There are specific rules on labelling for: genetically modified food and novel food; foodstuff for particular nutritional purposes; food additives and flavourings; materials intended to come into contact with food.

Specific rules for packaging, marking and labelling for a number of fruit and vegetables are laid down in EU Marketing Standards, Regulation EC 2200/96.

10.4 Tariffs and quota

You can download information on requirements on tariffs and quota in specific EU markets from the CBI website. Go to <http://www.cbi.nl/marketinfo> and select your market sector and the EU country of your interest for an overview of documents on the country of your interest.

General

For many types of fresh fruit and vegetables that enter the EU market, import duties have to be paid. In general an ad-valorem duty rate applies, which is paid over the customs value of the imports. In addition, the EU uses tariff quota and entry prices for several products. A tariff quota is an amount for which a low duty rate applies. A higher duty rate has to be paid for all

imports above this limit. The entry price is defined by the EU on a daily basis. All imports that have a price lower than this entry price need to pay an additional duty on top of the duty rate. The higher the difference between customs value and entry price, the higher the additional duty.

Generalised System of Preferences

The EU developed a Generalised System of Preferences (GSP) to promote the sustainable development of and trade with developing countries. Products originating from these countries benefit from preferential duty rates, which are substantially lower than the normal rates. The GSP system identifies three groups; GSPA (special arrangement for least developed countries), GSPE (special incentive arrangement for sustainable development and good governance) and GSPL (general arrangement). The preferential duty rates can only be obtained when the necessary documentation can be handed over by the exporter: Certificate of Origin Form A and, in some cases, an Invoice Declaration. There is also a preferential duty regime for exporters from ACP-countries. Developing countries that do not fall in the GSP may be part of ACP and therefore have duty rate preferences. More information on the GSP system can be found at the EU Export Helpdesk for Developing Countries <http://export-help.cec.eu.int/>. The duty tariffs and quota for all fresh fruit and vegetables in this survey are listed in Appendix 1.

Bananas

The imports of bananas into the EU are regulated by tariffs and quota. This legislation was changed significantly on January 1, 2006. The multiple quota and tariff structure was replaced by a single tariff (€176 per tonne) without quota restrictions. For bananas from ACP-countries a zero-duty applies to the first 775.000 tonnes net weight annually. The quatum is distributed to ACP-countries on a 'first come, first serve' basis.

11 EXTERNAL ANALYSIS: MARKET AUDIT

An external analysis or market audit assists the exporter in identifying market opportunities, suitable sales channels and relevant information on the market and the external environment.

11.1 Market developments and opportunities

For identifying the most suitable export markets, an exporter needs to understand the developments and trends of the European fresh fruit and vegetable market. A first step can be the analysis of market research data. Part A of this market survey provides a starting point for identifying the most promising markets.

Chapter 4.2 identifies a general consumption patterns and trends. It is important to assess the implications of important trends such as health food, convenience, and interest in exotics for your products as they may represent opportunities for you. The large overall trends that can be observed in many EU countries are interesting since they imply a large market. But small, national trends (such as ethnic food) may provide an attractive niche market as well, particularly for starting or small-scale exporters. Some of the other questions that need to be answered before entering a new market are:

- What is the (estimated) market size for your potential export products? Try first to focus on your product group, then on your specific products.
- How has total market volume developed during the past 3-5 years? If there is no specific information on your products or varieties, then try to obtain information on the development of markets for related products.
- How have imports developed over the past 3-5 years?
- How competitive is the market for your product in terms of supply and competitor countries and suppliers?
- What is the window of opportunity for your products in a specific market? During which period of the year?
- What are the prices and price developments?
- Are importers and potential business partners in the EU interested in new suppliers of your particular products?

Quality of the product is an important factor in competitiveness and shows variations per product and channel. For example, the ideal shelf ripeness is a quality parameter where different requirements apply per sales channel. While some channels (e.g. supermarkets) prefer fairly unripe products that can be stored longer, other channels such as those supplying ethnic markets and food services prefer riper products. In general, European retail outlets (supermarkets, specialised shops, weekly markets) sell first-quality products. However, there are retail outlets that have less strict quality demands and accept products that are qualified lower than first quality. The processing industry also accepts product with minor imperfections, for products such as jams, fruit juices and fruit pulps.

Many retailers in the EU nowadays require a certification from producers and exporters that assures a certain standard of quality such as EurepGAP for fresh produce and safety standards such as HACCP and BRC (in the UK) for processed food products such as pre-cut fruit and vegetables. They are becoming increasingly important for exporters to gain access to the EU retail market. Nevertheless, there are still many opportunities for non-certified products in the channels for street markets, food services and food processing industry. See also Chapter 10.1 and 10.2 on legislative and non-legislative market requirements.

Another factor influencing market opportunities is the customs policy of the EU regarding tariffs and quota. See also Chapter 10.4 on tariffs and quota. Another important source of information on the level of import tariffs is your importer or forwarding agent.

Questions that an exporter should investigate regarding customs matters are:

- Are there import restrictions, which limit sales opportunities?
- Does the entry-price system apply to your products?
- Which import tariffs apply to your export products? Do these tariffs apply all year or only in certain periods of the year?
- Which import tariffs apply to your competitors?

The market research should inform the company about the largest markets for its product, attractive niche markets, the fastest growing markets, market trends and outlook, market conditions and practices, and competitive firms and products. Based on all this information, a company can then develop the most promising product-market combinations.

Some other sources of market information are:

- For general information and a list of the European national trade statistics bureaus, you can use the EU statistics bureau Eurostat: <http://europa.eu.int/comm/eurostat>
- In some cases, trade associations and commodity boards are able to assist you with more specific information on product trends.
- Trade press. Some of the most interesting magazines for exporters of fresh fruit and vegetables are mentioned in the CBI market surveys covering the market in individual EU countries. These surveys can be downloaded from <http://www.cbi.nl/marketinfo>
- Internet sites with daily news about the market and useful trade information are: In Dutch <http://www.agf.nl>; in English: <http://www.freshplaza.com>; in German: <http://www.fruchtportal.de>.

11.2 Competitor analysis

Competing businesses and their pricing policy in particular have a direct effect on the success of your business venture. It is therefore important to learn more about your competitive environment, i.e.: identify who your main competitors are and how they behave in the market. There are very many suppliers for fresh fruit and vegetables to the EU market. Nevertheless, the market is open to new entrants.

Producers of horticultural products in developing countries benefit from their geographic location, which offers them good climatic conditions or the possibility to supply off-season or counter-season products. These are often the most important factors that positively distinguish your company from competitors in other countries, particularly from competitors in Europe. Other positive factors are for example lower costs of labour and land.

There are also factors that weaken a competitive position. With the increase of oil prices, the cost of transport has risen significantly over the last years, especially for airfreight. European and Mediterranean producers and exporters have the advantage of being close to the market and have the possibility to transport their produce by road. In some countries, the distance from production location to the air terminal or seaport can be long, which has an effect on produce quality and delivery time. If national borders have to be crossed, the delivery time and cost can increase substantially. Another important difference is the fact that (new) cultivation technology and inputs are readily available to European producers and that these receive support from many organizations, e.g. input-supplying companies. Producers in developing countries may not have this infrastructure or easy access to this technology.

There are also factors in the export market that influence the competitive position of your business. Thanks to the development of new storage techniques and varieties that can be stored longer while retaining quality. European growers are able to expand their supply period and therefore are stronger competitors for exporters of off-season products from the southern hemisphere.

A SWOT-analysis can help in assessing the competitiveness of a company. In the analysis, the Strengths and Weaknesses of the company should be identified as well as the Opportunities

and Threats that the market and competitors can have on the competitive position of the company. See Chapter 13.1 for more information on SWOT analysis.

Some critical factors for building a favourable competitive position:

- Identifying market demands and increasing the range of products (diversification, new products and line extensions).
- Specialisation in a limited number of high quality products.
- Cost and price calculation based on a business plan.
- Cost reduction.
- Putting emphasis on the quality of the product and exercising strong control on the tracking and tracing of products.
- Introducing the use of new technologies.
- Promoting involvement and loyalty of staff, as well as integration into the life of the local community.
- Co-operating with buyers, in order to obtain necessary pre-financing, technologies or packaging.
- Reducing the number of actors in the supply chain and retaining more added value.

These critical factors will be discussed in the following Chapters.

11.3 Distribution channel assessment

Having assessed the prospective markets and market segments, it is important to understand the trade structure and supply chains supplying these market segments. After the assessment of the exporter's capabilities (next Chapter), this will enable the exporter to determine the most suitable sales channel. The information provided in Chapter 8 of Part A can be used as a starting point.

Importers and agents are often specialised in supplying to a specific sales outlet. Many large retail chains, for example, have their own buying organisation or import facility, which is responsible for the complete assortment of fruit and vegetables. Other importers and agents may focus on all sales channels other than the large retail chains. These include the speciality shops (greengrocers), where high-quality and less-common exotics may be in higher demand. Fruit combines and vegetable clusters typically have their own marketing organisations, but these are generally not accessible for independent exporters.

Only few exporters in developing countries sell directly to multiple retailers. The main reason is that exporters do not have the necessary infrastructure (sales offices, storage capacity and logistics) to satisfy the volume and delivery frequency demanded by the retailers. Those producers/exporters that currently sell to multiple retailers are often large (foreign-owned) farms or plantations that have good access to (skilled) labour, transport facilities and capital.

Long-term contracts or co-operation agreements between producers or exporters in developing countries and importers in the EU countries are becoming more important. All parties in the chain have an interest to plan in advance the amount and quality of the produce that is required, and from whom it is obtained. Retailers may even be willing to support and invest in the production to achieve the required quality, traceability and delivery frequency.

Summarizing, for independent exporters from developing countries, there are three major categories of trade channels to the EU market:

- Importers, agents and wholesalers supplying multiple retailers on a planned basis;
- Importers, agents and wholesalers supplying specialized retailers on a planned basis;
- Importers, agents and wholesalers working on a trading basis, in the spot market, often supplying various market segments.

Each supply chain, from producer to outlet, has its own specific conditions, which should be met by the exporter. Food safety and tracking & tracing have become major issues in the

supply chain to the multiple retailers in the EU. Many of the multiple retailers nowadays require a certification that ensures the safety and quality of the produce (for instance EurepGAP and BRC). Without the proper certificate, supply is not possible and other outlet channels need to be sought. See also Chapter 10.2 on non-legislative requirements.

Important questions to be answered are:

- Which potential sales channels exist for your products in the target market?
- What are the most important requirements (quality standards, packaging etc.) of the identified sales channels?
- Which sales support material is necessary for this sales channel (e.g. offers, price lists, quality certificates, campaign folders, sales statistics, or company brochures)?
- Which ways of communication are used (phone, e-mail, or internet)?

Chapter 13.2 of these marketing guidelines gives information on how to identify suitable business partners and how to develop a business relationship further.

11.4 Logistics

Fruit and vegetables are perishable and often delicate products. They should be transported with care under the best-possible conditions. On the other hand, transport cost can become quite high and the exporter should decide on which transport mode is the best (lowest cost for the required quality assurance). Fruits and vegetables exported from developing countries to the EU are transported by ocean or air cargo.

Ocean cargo

The cost of transport by sea is usually lower than airfreight but the transport time is longer. For highly perishable products, this could be a problem. But conditions of sea transportation have improved considerably over the last few years. The range of vessels has diversified and more temperature-controlled containers (reefers) are now available.

The market share of refrigerated containers is increasing due to technical improvement in these services and the decreasing prices. Another advantage of container shipment is that quality can be guarded more easily by climate control techniques and protection from infections from other products that are in the same vessel.

Freight rates vary depending on the product being shipped, its value, level of service provided, destination, weight and seasonal variations in demand for cargo space.

The costs of a shipment are primarily calculated based on the volume of the shipment. Calculations based on actual weight are only rarely used.

Air cargo

Highly perishable produce is commonly air-freighted because of the short transit time. Some high value products in low volumes are transported by air as well. The cost of moving products by air is higher than the cost of ocean transportation. Examples of products shipped by air are green beans from Kenya and papayas from Brazil. The products are loaded onto combined passenger-cargo flights (scheduled flights) or cargo planes on regular routes. Cargo planes can be operated by traditional airline companies or by specialised charter companies. Exporters that use scheduled flights are dependent on the freight space available to them per stopover.

Freight forwarders

Freight forwarders arrange transportation services on your behalf. They are familiar with import and export regulations and can simplify the shipping process for you. It is important to use a forwarder that is experienced in handling fresh fruit and vegetables or other perishables, and has experienced in the destination country. Freight forwarders can also assist you in handling all the documents. Freight forwarders are cost effective to use, because they can negotiate the best rates with shipping and airlines. They usually operate on a fee basis. Freight forwarders and carriers are the best sources for obtaining freight rates. There are also

companies that specialise in publishing (notably air) cargo tariffs. These publishing companies charge a fee for their services.

Cold chain

In handling perishable products, maintaining a cold chain is of major importance since it determines the quality of the product as it arrives at the European retail shop. Even short periods in which the temperature and humidity differ from the required level will shorten the shelf life of the products. Check whether you and your freight forwarders are able to manage the cold chain. Make use of temperature recorders to check whether your products travel in optimal climatic conditions during their entire voyage.

In addition, pre-cooling to a recommended temperature and relative humidity before storing is essential in order to maintain the quality of fruits and vegetables. The quality of most products will deteriorate rapidly after harvesting when temperatures are high. The rate of respiration and ripening increases two to three times for every 10°C above the recommended storage temperature.

Tracking and tracing

Consumer safety has become a priority issue for the fresh fruit and vegetables supply chain. Tracking and tracing of goods has therefore become increasingly important and is now to a certain extent legally required by the EU. Tracking is about the location of products, and tracing is about where the products come from. Traceability systems are used for accurate and timely identification of products, their origin, location within the supply chain and efficient recall. The flow of products along the supply chain should be recorded so that the origin of any problem can be located and all possibly affected products can be recalled. Tracking and tracing is also part of meeting consumers' expectations and restoring or maintaining their confidence in the safety and quality of purchased products.

Traceability is becoming a major issue for exporters when supplying European importers serving multiple retailers. This means that the grower/exporter has to put extra effort into communicating information, for example on product specifications, with the rest of the supply chain. The exporter should always discuss the matter of traceability with his importer and choose the traceability standard most suitable for the intended export market.

Packaging

To ensure that the produce is protected properly during transport from the producer to the consumer, special packaging is necessary. Packaging should protect the products against mechanical damage and create a required microclimate to secure the quality. The packaging should also fit in the way that the products are handled. The transportation volume must be as efficient as possible and a high level of uniformity of packaging is desirable. EU growers and traders generally use boxes with measurements that allow for easy palletizing. Packaging design should consider the following:

- Proper storage and transport;
- Standard packaging sizes;
- Recyclable materials or two-way systems;
- Attractive and sales-promoting design.

General standards for the size of packaging materials are used in most international transport. The following external sizes are generally accepted:

- Boxes: 600 x 400 mm (ISO module), or 300 x 400 mm (half ISO module)
- Pallets: 1,000 x 1,200 mm (industrial pallets), or 800 x 1,200 mm (Euro-pallets)

The exporter should always discuss the preferred type of packaging with the customer.

Other important questions to be answered are:

- How often does the sales channel require delivery?
- Which lot sizes does this sales channel demand?
- Which formalities does the sales channel require the exporter to perform?

- Which (retail) packaging methods are required?

More information:

- International Federation of Freight Forwarders Association (FIATA): <http://www.fiata.com>
- Directory of Freight Forwarding Services: <http://www.forwarders.com>
- International Air Transport Association (IATA): <http://www.iata.org>
- Holland International Distribution Council (information on various aspects of using the Netherlands as a distribution centre for Europe; setting up a representative office, warehouse facilities and transport facilities, etc.): http://www.hiDC*.nl

11.5 Value chain

The value chain covers all activities involved in transforming raw materials to end products. The value-chain approach means that each stage or activity in the chain adds value to the product, required by chain actors further along the chain or the final consumers. To gain access to a market and be competitive, a company needs to meet the buyer's requirements and market conditions; the value chain approach is a useful tool to achieve this. A value chain should be flexible and allow for a quick response to changing buyers' requirements.

The value-chain approach allows for improving the efficiencies in the supply chain and enhancing, thereby improving the profitability of companies participating in the chain. It is important to understand where you fit in the supply chain and to ensure that the value you add continues to be important for your direct customers, as well as your customers' customers and in particular the final consumer.

Activities in value chain analysis at company level include:

1. Identify all the steps required to get from raw materials to end users.
2. Make this list as detailed as possible, since one of the objectives of value-chain analysis is to understand where, when and how to simplify or adjust the chain.
3. Determine the value added by each step to the final product from the point of view of the end user.
4. Once the chain is clear, you can explore ways to improve it, with the aims of increasing your own turnover and profitability as well as the benefits to the end user, by for example:
 - Combining steps to increase flexibility;
 - Eliminating steps that are just adding costs and no value;
 - Determining better communication flows in both directions to assist rapid adjustment to changes in market requirements;
 - Determining and expanding your own "value niche" along this chain.

11.6 Product profiles

This section provides two examples of product profiles: mangos and asparagus (Figures 11.1 and 11.2). Such product profiles are helpful in determining if a product meets export requirements. The exporter may want to develop a product profile for each of the products he wishes to export.

Figure 11.1 Product profile for mango

PRODUCT PROFILE – Mango		
<p>Product name: mango (<i>Mangifera indica</i> L.) CN/HS number: 0804 50 00 Most important varieties for EU market are Kent, Tommy Atkins, Keitt and Haden. And also: Alphonso (India) Amelie (West Africa), Maya and Shelly (Israel), Palmer, Nam dok mai (Thailand), N'gowe (Kenya) and Osten (Spain).</p>		
<p>2. Market requirements:</p> <p><u>European quality standards:</u> Non-existing, except for the general minimum criteria for imported fruit and vegetables into the EU (EC 2200/96).</p> <p><u>International standards:</u> There are two references for mango: • World standard of Codex Alimentarius (Stan 184-1993) • UN/ECE standard FFV-45</p> <p><u>Average sizes:</u> The mainstream trade requires fruits weighing 350 to 500 grams, brightly coloured (green/yellow/red/orange), with a good flesh/wastage ratio, fibreless, without turpentine smell, but juicy and aromatic. The ethnic markets, especially in UK, prefer smaller fruits, highly coloured, often with superior taste and flavour.</p> <p><u>Minimum labelling:</u></p> <ul style="list-style-type: none"> • Identification (name and address) of the exporter, packer and/or dispatcher • Name of the product if the content is not visible • Name of variety • Origin of produce • Class • Size expressed in minimum and maximum weight • Number of fruits <p><u>Packaging:</u> Mangoes are packaged in a single layer in fruit crates or cartons. Because of their sensitivity to pressure, the fruits are sometimes wrapped in paper or padded with wood wool, straw or hay. There is no standard for box sizes, but a 4 kg net box (30 x 40 x 10 cm) is common. Cartons are telescopic or single piece folding. Some African suppliers use 5kg boxes.</p> <p><u>Import regulation:</u></p> <ul style="list-style-type: none"> • AWB or Bill of Lading • Phytosanitary certificate from the country of origin • For customs tax exemption: Movement Certificate EUR.1 for ACP countries and Certificate of Origin Form A for the other countries, • Commercial invoice in case of fixed price terms 	<p>3. Market structure</p> <p><u>Average prices (wholesale):</u> large differences in prices due to large variations in supply and demand, throughout the year. Price also depends on variety, origin and method of transport (higher price for mango by airfreight).</p> <p><u>Main import markets:</u> Netherlands, France, United Kingdom, Portugal, Spain, Belgium, Germany, and Italy</p> <p><u>Main consumption markets:</u> Germany, United Kingdom, France, Italy and Spain.</p> <p><u>Market trends:</u> The imports of mangos have experienced a tremendous growth in recent years. One of the main reasons is the shift from air to sea freight with bulk deliveries at competitive prices, which stimulates demand. Also, the increased quality and longer shelf life have had a positive effect on the demand. Coloured mangos (Floridian types) are preferred to the green varieties (Amelie type). Other varieties from India, Caribbean or Kenya are in demand by ethnic markets in the UK and in other European countries (e.g. Netherlands). The supply of mangos is the largest from October to February; the southern hemisphere countries Brazil, Peru and South Africa are then the main supplier. In the intervening period, a great number of countries are supplier to the EU market, with West African countries dominant in March and April.</p> <p>Demand also displays a seasonality, with the highest demand occurring in the months leading to Christmas, and the lowest in the summer months and early autumn, when there is abundant European supply of fruit (apples, pears, peaches, etc).</p>	<p>4. Main suppliers to EU market:</p> <p>America: Brazil, Peru, USA, Costa Rica, Ecuador</p> <p>Africa: Côte d'Ivoire, South Africa, Senegal, Mali, Burkina Faso</p> <p>Middle East: Israel</p> <p>Asia: Pakistan, Thailand, India, Philippines</p> <p>Europe: Netherlands, France, Spain, Germany</p> <p>Largest producers in the world: India, China, Thailand, Pakistan, Mexico, Indonesia.</p>

<p>PRODUCT PROFILE – Mango</p> <p>5. How to improve the quality: Mangos are harvested when unripe; they must still be green and firm-fleshed. Harvesting is done by hand or using special fruit picking poles. The greatest possible care must be taken in harvesting to avoid any damage to the fruit, which can cause rapid spoilage and rotting. Once harvested, any exuding latex is cleaned off and the mango may be treated with hot water and fungicides in order to extend the relatively short storage life. At the time of harvest, the mangos must be capable of post-ripening. Where Anthracnose disease is likely to be a problem, a well-managed pre-harvest fungal spray programme is necessary and a post-harvest hot water and fungicide dip may also be desirable. Fruit fly infestation can be controlled by an integrated pest control programme and a hot-water bath at harvest. The chemicals used post harvest should comply with EU Maximum Residue Level (MRL) regulations. Recommended storage temperature is between +10 and +12°C with a relative humidity of 90 to 95%. The temperature during the transport must be between +8 and +12°C, depending on the variety. Too low temperatures may damage the fruits. Before being placed in the final outlet, post-ripening may take place to reach the required maturity of the fruits. Post-ripening is done at temperatures of 21 - 30°C and may be accelerated with ethylene.</p>

Figure 11.2 Product profile for asparagus

<p>PRODUCT PROFILE – Asparagus</p> <p>Product name: asparagus (<i>Asparagus officinalis</i>) CN/HS number: 070920</p> <p>Differences in cultivation and harvesting methods result in the following three colour variants:</p> <ul style="list-style-type: none"> • Blanched or white asparagus are grown in ridges of soil. The asparagus is harvested just before the tip emerges from the ridge and is therefore not exposed to sunlight. • Purple asparagus are harvested when part of the plant has emerged from the soil. The exposure to sunlight induces the formation of anthocyanin, a purple coloured pigment. • Green asparagus are grown in level beds and are allowed to grow above the soil. The asparagus turns purple but soon changes to green due to the formation of chlorophyll. 		
<p>2. Market requirements:</p> <p><u>European quality standards:</u> (Mandatory) general minimum criteria for imported fruit and vegetables into the EU are laid down in EC Regulation 2200/96. (Market) quality requirements: Shoots must be sound/undamaged, fresh in appearance and smell, free from damage by rodents or insects, clean (practically free from soil or any other dirt), free from any excessive moisture (adequately dried if they have been washed)</p> <p><u>Average sizes:</u> By length:</p> <ul style="list-style-type: none"> • Asparagus tips less than 12 cm • Short asparagus between 12 and 17 cm • Long asparagus more than 17 cm • <p>By diameter: The minimum diameter and the sizing of class I shoots (one bundle measured at the middle) shall be: White asparagus: length 22 cm max; diameter 10-16 mm, > 16 mm (+10 mm) e.g. 16-26 mm, or 17-27 mm. Green asparagus: length 27 cm max.; diameter 6-12 mm, > 12 mm (+8 mm) e.g. 12-20 mm, or 13-21 mm.</p> <p><u>Minimum labelling:</u></p> <ul style="list-style-type: none"> • Identification of the exporter or packer • Nature of the produce (asparagus followed by the indication white, green etc.) • Origin 	<p>3. Market structure</p> <p><u>Average prices (wholesale):</u> large differences in prices due to large variations in supply and demand, especially during European growing season. Price also depends on variety, origin and method of transport (higher price for asparagus by airfreight).</p> <p><u>Main import markets:</u> Spain, United Kingdom, Netherlands, France, Belgium and Germany.</p> <p><u>Market trends:</u> Asparagus used to be a seasonal product but has become available year-round. White asparagus, which is most popular in northern European countries such as Germany and the Netherlands, are regarded as a delicacy. Asparagus is grown in these countries as well but the local product is only available in a short period. Green asparagus is most popular in Mediterranean countries such as Italy in which they are grown as well, but has also become available throughout Europe. Green asparagus is regarded more as a regular vegetable.</p>	<p>4. Main suppliers to EU market:</p> <p>Jan-April: imports from outside Europe (Peru, Mexico)</p> <p>April-June: European production</p> <p>Nov-Dec: imports from outside Europe (Peru, Mexico)</p> <p>The main European suppliers are Germany, France, Netherlands, Belgium, Spain, Hungary, Greece, Poland.</p> <p>The leading supplying countries outside Europe are Peru, Thailand and Mexico.</p>

PRODUCT PROFILE – Asparagus		
<ul style="list-style-type: none"> • Class: Shoots in class I must be well formed; they may be slightly curved and tips must be compact. For the white asparagus group, the tips may have a slightly pink colour provided the colour disappears after cooking. No woody shoots are allowed in the white asparagus group. <p><u>Packaging:</u> In firm bundles of 500 g, 1 kg or 2 kg. Shoots on the outside of each bundle must correspond in appearance and size with the average of the whole bundle. Shoots must be of uniform length, each bundle may be protected by paper. Bundles are then packed in cartons, trays or crates. Asparagus may also be packaged loose in cartons, crates, trays and baskets made of wood or plastic. The content of these packaging varies up to 10 kg (boxes, fruit crates). During transport, the product should be covered with perforated film, to prevent drying out and quality impairment.</p> <p><u>Import regulation:</u></p> <ul style="list-style-type: none"> • AWB or Bill of Lading • Phytosanitary certificate from the country of origin • For customs tax exemption: Movement Certificate EUR.1 for ACP countries and Certificate of Origin Form A for the other countries, • Commercial invoice in case of fixed price terms 		
<p>5. How to improve the quality: The quality of asparagus depends on the cultivation and harvesting methods and appearance. The highest quality asparagus are undamaged, closed tip and straight. They do not have woody parts or exhibit any dehydrated or discoloured cut sections. Asparagus should be harvested before the shoots emerge, using a special knife. This may imply that harvesting should take place twice a day since asparagus grow rapidly. Green asparagus is cut before the scale-like leaves of the tips separate. After harvesting, asparagus should be stored in the shade. As soon as possible, the asparagus should be washed in clean, cold water and stored in a cool place. It is important to keep the asparagus cool during all logistic stages. The humidity in the cooling-room should be high (95% or above) and the asparagus should be protected from dehydration by using moist cloths, bags or perforated plastic sheets. The storage temperature should be kept between 0 and 2° C. Temperatures below 0°C should be avoided because of the risk of freezing. Air transport with temperature-controlled containers is preferred.</p>		

12 INTERNAL ANALYSIS: COMPANY AUDIT

The internal analysis or company audit involves a review of the company's strengths and weaknesses in terms of all company resources. These resources include export marketing capabilities, finance, personnel, internal organisation, management, infrastructure, etc. It is a helpful instrument to assess your company's ability to take advantage of the opportunities identified in the previous Chapter. Furthermore, with a thorough understanding of your company's unique capabilities, you will be able to identify opportunities and develop an investment strategy.

12.1 Product standards, USP and production capacity

Product range

By reviewing the company's product range and product characteristics in light of the identified market opportunities, the exporter can adjust the product offer. A product range can consist of several product groups (range width), each with several different products (range depth). A buyer can only select a suitable business partner when he receives correct information about the products that the exporter has to offer. Keep in mind that varieties are sometimes known under different trade names overseas.

Example of company's product range	
Product group	Product variety
Kiwi fruit	Hayward Abbot
Melons	Honey Dew 'Gold Rind' Honey Dew 'Green Flesh' Honey Dew 'Orange Flesh'
etc.	

The next step is to review product characteristics of the products and varieties on offer.

Example of product characteristics					
Product group	Product variety	Size	Supply period	Packaging	Availability
Kiwi fruits	Hayward	extra large	all year	300*400 mm one way cardboard box (single layers with plastic inserts)	500 kg weekly
Melons	honey Dew 'Gold Rind'	2 kg	November to February	600*400 mm two-way plastic box	5 tonnes per season
etc.					

Questions an exporter needs to answer regarding the product range:

- Which products are you currently producing and how comprehensive does this make your product range?
- Which products are your specialities?
- Which new products would you be able to produce and how quickly can you realise this?

USP

Developing a Unique Selling Proposition (USP) is very helpful in understanding and promoting your company and products. The USP is what differentiates your product or service from your competitors. It is easier to communicate with potential business partners when you have a clear USP. There are two major benefits in developing the USP. Firstly, it clearly differentiates your business in the eyes of your current and potential customers or clients. Secondly, it focuses your staff on delivering the promise of the USP, thus helping to improve your internal performance.

What a USP could look like:

- One sentence.
- Clearly written, unambiguous and preferably simple.
- Believable.
- Composed of one or two benefits that are unique to your company or product.

The positioning of the company, products or service delivered can be derived from size or location of the company, number of years in existence, leader in a certain product group, best products for certain customers, best value for money etc.

USPs for the fresh fruit and vegetable sector could be based on the following aspects:

- Good price-quality ratio
- Product specifications exceeding the requirements of trade partners
- Consistent and high quality of products guaranteed by the exporter
- Providing good service (replying within 24 hours to any question or request, open communication, on-time delivery, honouring agreements to the letter, even when they have financial implications)

It is important to integrate the USP in the overall marketing strategy and in all elements of the marketing mix.

Together with your prices, quality is the most important competitive factor in the fresh fruit and vegetables trade. Quality involves more than product quality. Decisive management, reliability of deliveries and the ability to learn and adapt are important quality criteria as well. Furthermore, keeping to the agreed quality is essential for building a long-term business relation.

It is important to consider to which extent your company is able to deliver the quality that is required in the identified markets and sales channels. Check whether your current quality standards comply with the voluntary and compulsory standards described in Chapter 10.

Questions an exporter needs to answer:

- What management quality standards does your company fulfil (for example ISO)?
- What is the general level of your product quality compared to other products in the identified market? Does your product have any official quality standards?
- In case special labelling (organic, fair trade etc.) could improve the competitiveness of your export product, which one is the most interesting for your product-market combination?

Production capacity

Although there are importers who purchase in the spot market, most importers search for suppliers that produce a quality product at a fair price with constant quality and availability. The consistency and reliability of supply is sometimes more important than the volume of the production or the lowest prices in the market.

Questions that need to be answered are:

- What quantities are you able to produce and at which frequency (intervals)?
- How is the present capacity used?
- How do export activities affect local sales?
- Is it possible to set up additional production capacity and at what cost?
- Which cycles of production apply to your products? Is there a seasonal emphasis and how does this match with the demand in the target market?
- Are there fluctuations in the annual workload for staff at the farm, packaging station or the management? When? Why?

12.2 Logistics

Availability of low-cost and high-quality freight services between your country and the destination country is a major factor for the success of an export business. Depending on your

product characteristics and trade channel requirements, you will have to decide whether air freight or sea freight is the best way of transporting your goods to the European market. For example, in the case of papayas, the ripening process is difficult to control. For that reason, it is problematic to transport the papaya by ship and airfreight is used to get the papayas in the required ripeness stage at their destination. The increased availability of temperature controlled sea container (reefers) does offer opportunities for products that need cooling to control the ripening. (Bulk) products that can be stored well are typically transported by ship.

In many developing countries, exporters of fresh produce can organise themselves in exporter's associations or shipping boards to be able to negotiate shipping time and volume rates with ocean carriers. In Côte d'Ivoire, for example, OCAB, an organisation of exporters of fresh fruit and vegetables, has been chartering boats at spot prices since 2000. It could be interesting to determine whether your company can join an existing organisation or form a new organisation with other exporters in your country. Port authorities and trade publications of origin and destination countries are the best sources of current information on services provided by competing air and ocean carriers.

Questions that need to be answered:

- Which options do you have in transporting your products to the European market?
- What is the preferred transportation method for your products?
- Are there cold room facilities at your production base? Are you able to maintain a closed cold chain during the transportation of the products (air-conditioned domestic transport, cold room facilities at the port or airport)?
- What are the costs of logistics? (Check with freight forwarders)
- Does your company have experience with tracking and tracing?

12.3 Marketing and sales

How do you sell to foreign markets? What works in one European country may also work in another country but a slightly different approach may be useful. Market intelligence and knowledge about specific trade channel requirements in a country should be used to determine the way to approach the market in each country. What existing contacts does the company have in the target markets - relatives, friends, suppliers, etc? It is an advantage to have a contact in the target market: that can gather information, monitor progress and follow up leads. A serious export marketing campaign requires a substantial investment of time in the export process. More information on how to make use of your marketing tools to support your export activities will be given in Chapter 14.

Questions that need to be answered:

- Does your company have people specifically assigned to marketing and sales activities?
- Which persons do you know in the target markets?
- What sales support material is available?

E-commerce

E-commerce is a relatively new method of marketing, which allows physical processes (telephone, fax and paper work) to be replaced by electronic processes. In most cases it is an open system, which can be used by companies anywhere if an appropriate infrastructure is present. Business-to-business (B2B) companies have emerged that operate e-commerce sites on the internet. The number of these types of websites has grown over the last years, but they are not of major importance in the international fruit and vegetables trade at this moment. Some of these websites have disappeared as quickly as they emerged. The growth of these B2B sites can be explained by three main advantages: they reduce transaction costs, improve efficiency, and expand the trading horizon. They have low barriers to entry, unlike earlier forms of electronic data interchange. In the coming years, they may therefore also have a significant impact on exporters in developing countries. Some of these sites mediate in selling any type of fresh food, seafood, meat, dairy, fruit and vegetables.

12.4 Financing

Export marketing requires financial resources. If they are limited and cannot be acquired easily, marketing plans will have to be modest. It would be wise to invest only in one or two new markets when finances and time are limited. Local banking systems in developing countries are sometimes not capable of handling exports. It is therefore recommended to use an international bank that is also located in the importing country. This will also simplify and speed up the payments from your business partners. Each country has a list of local banks with partner banks in other countries or financial institutes with which they have a special relationship.

Questions that need answering:

- How much money is available for setting up new export activities?
- What level of export operating costs can be supported?
- How are the expenses of the first export efforts to be covered?
- What other new company development plans may compete with export plans?
- Is outside capital necessary to support the export efforts?

A proper marketing strategy for fresh fruit and vegetables takes into account current issues in the trade. Extra finances will be needed for acquiring the necessary certification for accessing certain markets, such as EurepGAP, BRC or organic produce certificate.

Although the European market may appear to be very attractive, developing country exporters are advised to consider other markets at national, regional, and international level as well. Aiming at various markets would spread the business risk. Fluctuations in demand and price in one market could thus be compensated in other markets.

12.5 Capabilities

Apart from the subjects mentioned above, the following capabilities should be assessed as part of the internal analysis.

Commitment to export

It is important for a company to consider whether it has people who are able to develop an international business and sell the produce (close a deal). The company should be able to generate the physical and administrative infrastructure to deal with increased activities from exporting – not only in dealing with orders but also with processing customs and shipping documentation. If this type of infrastructure is limited, the company can outsource it to a specialised organisation against a cost.

Questions that need answering are:

- What kind of commitment is the management willing to make to an export effort? How much management time is available?
- Which organisational structure is required to ensure that successful export sales? Who will be responsible for the export activities (export department's organisation and staff)?
- What are the management's expectations of these activities?

Export experiences

It is important to learn from experiences. If the company has tried and failed to enter a new export market previously, it should be analysed to determine what went wrong.

Questions that should be answered are:

- In which countries did your company conduct business already and what were your experiences?
- From which countries have inquiries already been received and what did you do with them?
- What general and specific lessons have been learned from past export experiences?

Language skills

When dealing with European trade partners in the fresh fruit and vegetables business, English is the most frequently used language. Although most European trade partners will not be native speakers themselves, the vast majority speaks English. In almost all cases, foreign language skills, particularly English, are essential when entering the European market. When dealing with France, knowledge of the French language is a distinct advantage. If you can communicate in Spanish, you have a competitive advantage if you target the Spanish market.

On the few occasions when correspondence and documents in English will not suffice, exporters can usually find translation services. Language capability can be advantageous since it facilitates cultural and social relationships.

Questions that should be answered are:

- Which language skills are necessary when dealing in your selected markets?
- Which language capabilities are available within the export company?

13 DECISION MAKING

13.1 SWOT and situation analysis

Answers to the questions mentioned in Chapters 11 and 12 can help an exporter to decide whether to export and to determine what methods of exporting should be used. A SWOT analysis is a tool for analysing the internal environment (Strengths and Weaknesses of the organisation) and the external environment (Opportunities and Threats). It is a tool to identify new market opportunities and assess the competitive position of the company in the selected market. SWOT analysis helps an exporter to focus his activities on areas where he is competitively strong and where the greatest opportunities lie. A SWOT analysis is just one of many techniques for a company to gain insight in its competitive position.

Questions that need answering:

Strengths:

- What are your capabilities?
- What capabilities do you consider as your strengths?
- What relevant resources do you have to support those capabilities?
- What do other people see as your strengths?

Consider this from your own point of view and from the point of view of the people you deal with. Do not be modest, but be realistic. If you have difficulties with this, try writing down a list of your characteristics. Some of these will hopefully be strengths. In looking at your strengths, think about them in relation to your competitors. For example, if all your competitors provide high-quality products, then a high-quality production process is not a strength in the market, it is a necessity.

Weaknesses:

- What capabilities do you consider as your weaknesses?
- Are you able to improve the performance of these capabilities?
- What capabilities should you avoid in search for competitive advantage?

Again, consider this from an internal and external point of view: do other people perceive weaknesses that you do not see? Are your competitors doing any better than you are, and if so in which aspects? It is best to be realistic now, and face any unpleasant truths as soon as possible.

Opportunities:

- What are the interesting trends and developments in the market?
- Which trends or developments constitute an opportunity for your company?
- What are the benefits stemming from the opportunity?
- Are you able to fulfil the requirements (do you have the critical capabilities)?

Useful opportunities may be changes in technology and markets, changes in government policy related to your business, changes in consumption patterns, population profiles, lifestyle changes, etc. A useful approach in looking at opportunities is to take your strengths as a starting point and see if there are opportunities that are based on these strengths.

Alternatively, look at your weaknesses and determine whether you can open up opportunities by eliminating weaknesses.

Threats:

- Are the market demands for your products or services changing?
- Is changing technology threatening your position?
- What is the seriousness and probability that these threats hurt your business?
- What are the competitive advantages of your competitors?
- Does the financial rate of return exceed the required threshold for investments?

You can also apply SWOT analysis to your main competitors. This may produce some interesting insights that can benefit your business.

Some simple rules for a successful SWOT analysis are:

- Be realistic about the strengths and weaknesses of your organisation.
- Analysis should distinguish between where your organisation is today, and where it could be in the future.
- Be specific. Avoid grey areas.
- Always analyse in context to your competition i.e. better or worse than your competition.
- Keep your SWOT short and simple.
- Use the results of the SWOT analysis for goal definition of your strategic planning process.

Table 13.1 provides an example of a SWOT analysis for a hypothetical exporter of fresh fruit and vegetables in a developing country. The matrix can be used as a checklist.

Table 13.1 Example of a SWOT analysis for exporters of fresh fruit and vegetables in developing countries

Internal factors	
Strengths	Weaknesses
<ul style="list-style-type: none"> • Access to natural resources (land, water etc.) • Low prices of raw materials and inputs • Low labour costs • Favourable climatic circumstances • Low or zero import duty in target market • Diverse agricultural base • Qualified personnel • Important contribution to the supply of regional and national consumer products • Ability to supply in the EU off-season 	<ul style="list-style-type: none"> • Entrepreneurial capacity • Negotiation skills • Language and communication skills • Certification • Insufficient marketing knowledge • Inadequate hygiene conditions in processing plants • Badly performing export distribution channels • Low level of organisation in the sector/industry • Difficulties in accessing financial resources/malfunctioning banking systems
External factors	
Opportunities	Threats
<ul style="list-style-type: none"> • Growing demand in the EU market for convenience and health food products • Increased familiarity with exotic/tropical fruits and vegetables in the EU market • Enlargement of the EU and increasing disposable incomes in the new EU countries • Growing demand for organic food products • Growing demand for value-added products • Growing demand for year-round availability of produce 	<ul style="list-style-type: none"> • EU market for fruit and vegetables is almost saturated • Tariff barriers • Technical trade barriers (retailers require specific certification) • Concentrated buying power of major retail chains • High investments are required • Additional market demands; sustainable production, recycling of materials, safeguarding biodiversity, social accountability

Your SWOT analysis should be based on your specific business circumstances since the factors differ for each exporter and each country. While negotiation skills are a weakness for one exporter of fresh produce, for another exporter this may not be an issue at all. Moreover, a company can eliminate a weakness and even turn it into a strength. A good example is ‘technical trade barriers and new regulations imposed by the EU.’ The regulations will initially be an obstacle for exporting to the EU. However, when an exporter has adapted the export product to the EU standards, he will have access to the EU market. By changing the product and production method to the EU standard, the technical trade barriers can be seen as an opportunity to enter a new market, which was not accessible before.

Taking into account all the factors mentioned so far does not guarantee success. Much will depend on the ability of your company to grasp an opportunity and turn it into a profitable business venture. The business environment encompasses critical conditions and success factors that may be difficult to influence for an individual company. Some of the critical conditions such as a low level of organisation in the industry and financing have been included

in the table above. However, other (sector-specific) factors should also be included in the SWOT analysis, such as:

- Sector policies
- Availability of sector or branch organisations
- Clustering or co-operation within the sector, organisation of supply and production, value chain management (please also refer to Chapter 11.5)
- Know-how and technical assistance
- Foreign trade assistance

Interviewing local business support organisations or colleague exporters may be a good start for determining critical conditions for successful exporting.

13.2 Strategic options & objectives

By conducting the external analysis (market audit) and internal analysis (company audit) (Chapters 11 and 12), you will be able to decide whether to export.

- You have identified products suitable for export and what modifications are needed to adapt them to overseas markets.
- You know what countries and market segments you are going to address.
- You have identified the best sales channel (direct exporting or co-operation agreements).
- You know what special challenges are present in the selected markets (competition, import controls etc.) and what strategies you will use to address them.

Once a company has determined that it has exportable products, it must still consider whether the development of an export business is in line with the company objectives and goals. The management should therefore answer the following questions:

- What does the company want to gain from exporting?
- Is exporting consistent with other company goals?
- Are the benefits worth the costs or should company resources be better-spent developing new domestic business?

Advantages of exporting	Disadvantages of exporting
<ul style="list-style-type: none"> • Increased sales and profits • Enhance domestic competitiveness • Spread risks by decreasing dependency on the regional or national market • Exploit corporate technology and know-how • Extend sales potential of existing products • Stabilise seasonal market fluctuations • Enhance potential for corporate expansion • Utilize excess production capacity 	<ul style="list-style-type: none"> • Subordinate short-term profits to long-term gains • Increased administrative costs • Allocation of personnel for travel • Increased payment terms • Modification of product or packaging • Need for additional financing • Need for special export licenses

There is a serious risk of wasting time and resources in attempting to enter markets, which do not turn out to be suitable for your product or service. The market for fresh fruit and vegetables is diverse: each market segment requires different product standards and a specific approach. To be successful in export marketing, exporters need to focus on the best combination of specific products and markets. It may be necessary to develop more than one export strategy.

If you have decided to start exporting, it is advisable to draw up an Export Marketing Plan (EMP), which defines a marketing strategy to penetrate the identified market. The marketing strategy is designed around the information collected in the internal and external analysis and the marketing tools described in the next Chapter. Formulating an export marketing strategy increases the chances that the best options will be selected, resources will be utilised effectively, and efforts will consequently be carried through to completion. For assistance in writing an EMP, please refer to CBI's *Export Planner* or the interactive tool *Export Marketing*

Plan on the CBI website. For general information on conducting market research, you may refer to CBI's *Your Guide to Market Research*.

An EMP should define your company's:

- Reason for exporting
- Readiness to export
- Potential export markets and customers
- Methods of foreign market entry
- Export pricing strategy
- Transportation method
- Overseas partnership and foreign investment capabilities
- Exporting costs and projected revenues
- Export financing alternatives
- Legal requirements
- Corporate commitment to the exporting process

14 EXPORT MARKETING TOOLS

Which marketing tools can you use to build your export business successfully and how to use them? This Chapter will give you an understanding of that as well as tips.

14.1 Matching products and the product range

In the company audit (Chapter 11.1) the exporter has reviewed the company's product range and product characteristics. The aim of this review was to enable the exporter to match market opportunities with the company's products on offer. This review is also the starting point for considering possibilities to *improve* the exporter's product range. In some cases, exporters may discover that the current product range does not match the identified market segment and sales channel's demand. A product sold successfully in one's own country may not be in demand in other countries.

Grading your export products

Importers and consumers of fruits and vegetables demand high quality fresh products. Exporters should have a good understanding of these quality requirements and know their implications for production and processing. While not all products have official grading standards, common-sense techniques can be used to ensure the packing and transportation of only high quality items. Sort and package produce by size and level of maturity:

- Use voluntary grading standards or buyer's specifications
- Place only uniform sizes or amounts in each packaging unit
- Place only products with a uniform level of maturity in each container
- Clearly mark the grade, size and weight or count on the container

14.2 Building up a relation with a suitable trading partner

One of the major obstacles for exporters can be to find, attract and secure a serious importer or trade partner. There are many ways for locating trade partners and an exporter should choose one that is most appropriate for the targeted sales channel.

How to find a potential trading partner

The best ways for exporters in developing countries to approach potential trading partners in the European fresh fruit and vegetable market are:

- Direct mail: You can write a letter, e-mail or fax directly to a European company. Many companies will not respond at all or respond that they are not interested. However, only a few positive replies are needed. It is important to follow up immediately on the companies that have responded positively.
- Personal visits: Once you have received a number of "interested" replies, plan a trip to those companies or organisations. If it is possible stop in other potential markets while travelling to assess the situation and try to make contacts. Many times a personal visit will pay off in terms of the benefits gained.
- Invite EU importers or potential business partners to visit your company.
- Build a network in order to extend your contacts.
- Visit international trade fairs.

How to identify the most suitable trade partner?

You can evaluate the information on a potential trade partner based on the following criteria:

- Is the information complete (address, telephone and fax numbers, e-mail address, name of contact person)?
- What kind of trade relation is the potential trade partner interested in (arms-length, co-operative agreement, contract basis)? Does this correspond to your preferred type of relationship?

- What is the position of the potential trade partner in the market?
- What is the financial status and credibility of the company?

Using these criteria, draw up a priority list of the interested trade partners based on the seriousness and urgency of the interest. Identify those trade partners that match best your own company profile, product range and export strategy and give priority to them. Particularly in the case of future long-term close co-operation, it is important to get a clear picture of the company you are dealing with and understand their business activities. For more information on how to build a business relationship, you may also refer to the CBI manual "*Your image builder*" available from the CBI website.

14.3 Drawing up an offer

Drawing up a general offer

The purpose of a general offer is to make the first contact with potential trading partners. It consists of a short profile of your own company and a summary of your product range. In a personal letter, briefly state what you have to offer.

Drawing up a specific offer

A specific offer is legally binding for a certain period. You must therefore be capable of fulfilling the terms of contract. You should make up a specific offer only when you know the potential business partner personally or after you have had extensive communication with them. The offer should include:

- Name of the person responsible in your company
- Exact description of the products offered
- Price of the products offered in accordance with the Incoterms 2000 (if applicable, split up by delivery quantities or quality)
- In case of a long-term contracts, fixed or flexible prices
- Possible delivery date
- Validity period of the offer

If a product sample is required, include this. Bear in mind that product samples must correspond to the goods available for delivery. Moreover, the methods used for product treatment should be stated. If possible, provide quality certificates from an internationally recognised inspection company.

Some tips to increase the effectiveness of your offer:

- Make a telephone call to ask whether the offer and the samples have arrived;
- Give an invitation to visit your company;
- Possibly propose a visit to the country of destination.

Price setting

To establish a price for your products, you need to consider the same cost items as for the domestic market. These costs refer to e.g. production, packaging, transportation and handling, promotion, and sales. It is important to estimate the maximum price the market is willing to pay. In the fruit and vegetables market, an exporter will generally have to follow market prices. For speciality products you have more freedom to set the price, since it is not directly dictated by the market. On the other hand, quality requirements for speciality products are higher and volumes are smaller. The demand for speciality products may be more inelastic than for regular products.

There are several methods of calculating your price for exports, of which two will be discussed:

- Domestic Pricing is a common but not necessarily accurate method of pricing exports. This method of pricing uses the domestic price of the product as a base and adds export costs, such as packaging, shipping and insurance. Because the domestic price already includes an allocation for domestic marketing costs, prices determined by using the method might be too high to be competitive.

- Incremental Cost Pricing or Cost-Plus Pricing determines a basic unit cost that takes into account the costs of producing and selling products for export, and then adds a mark-up to arrive at the desired profit margin. To determine a price using this method, first establish the 'export-base cost' from the domestic price by stripping away profit mark-up and the cost of domestic selling. In addition to the base cost, include export expenses (export overheads, special packing, shipping, port charges, insurance, overseas commissions, and allowance for sales promotion and advertising) and the unit profit necessary to yield the desired profit margin. It should be born in mind that this method ignores the demand for the product and the price buyers are willing to pay.

If prices are defined by the market, target costing is a useful tool. In this manner, not costs are the starting point but the target sales price. This way an exporter can try to ensure that the costs of the products do not exceed the target costs.

Determining the price of your product is worth considerable effort, since it directly affects your profit margin. An exporter can choose to find and exploit a section of the market that is relatively insensitive to price changes. This price-skimming policy, however, is difficult to use in the fruit and vegetables market since it very competitive and dynamic. An exporter may also choose to charge low prices initially, with the intention of gaining rapid market access. This is attractive in markets that are competitive and easy to enter. On the other hand, this policy is risky if it involves prices below the cost price. It is also uncertain whether prices can be raised in the future.

Questions to ask when setting your price:

- What are the production costs? Production costs not only include costs for growing, but also for packaging, distribution and promoting your products.
- The costs of unsold products should also be included.
- Which prices do competitors charge?
- Competition in the fruit and vegetable trade is strong. You should therefore try to price at the lower end of the price range unless you can distinguish your product through quality or a unique selling feature.
- What is the customer demand for your product? How unique is your product or assortment? To price according to demand, you have to know more about the size and nature of your customer base and their feelings about pricing.

Understanding how to price your product is an essential step in developing your business. It is best to continuously monitor your costs of production, prices of your competition and of your customers, and be prepared to make adjustments. In dynamic business such as the fresh fruit and vegetables trade a successful company has to adapt quickly.

Table 14.1 provides an example of how you can calculate your price using different terms of delivery. More information on these Incoterms is given below.

Table 14.1 Items in export price calculation and Incoterms

Export price calculation	
Domestic price including profit	
+ Commissions	
+ Domestic banking fees	
+ Palletisation / export packaging	
+ Freight forwarding and documentation fees	
+ Inspection and phytosanitary certificate fees	
+ Other expenses related to shipping such as temperature recorder charges etc.	
+ Inland transportation	= EXW price (Ex Works)
+ Terminal handling charges	= FAS price (Free Alongside Ship)
+ Ocean freight charges	= FOB price (Free On Board)
+ Ancillary charges	= CFR price (Cost and Freight)
+ Insurance	= CIF (Cost, Insurance, Freight)

14.4 Handling the contract

In the fresh fruit and vegetables trade, the use of written contracts is not a widespread practice. Most importers prefer to work on a trust basis without written contracts. They argue that it is not efficient to put a contract together for every single deal. An exporter should keep in mind, however, that in case of a conflict with your importer, communication via e-mail, fax or even by telephone, also functions as a contract, although an e-mail and a phone call is not legal tender.

Please consider the following points when establishing and fulfilling a contract:

- Conclude the delivery conditions according to Incoterms 2000.
- When delivering for the first time, it is common to deliver the goods on consignment basis and freight-paid.
- Supply the delivery documents in good time.
- If there is a supply agreement, comply strictly with all parts.
- If you cannot comply with any part of the agreement (e.g. delivery delays or quality problems), inform the customer clearly and in time.
- Co-operate on a partnership basis and seek a common solution if conflicts arise.
- Fulfilling the contract should have a high priority, particularly when delivering for the first time.

Trade relations between exporter and importer are based on trust, which can only be built up by meeting the requirements and expectations of the importer. If an importer finds that the product does not meet his expectations, this will immediately backfire on the business relationship with the exporter.

Consignment basis

Arrangements on consignment basis or 'at risk' are often used in the trade of fresh fruit and vegetables. Consignment arrangements are direct sales only when the goods are sold to a third party by the importer. Only then, the ownership title of the goods is transferred. Under consignment sale, the exporter bears the risk that prices may turn out to be less than expected, possibly resulting in a loss after transport costs are paid. Alternatively, prices and profits may turn out to be higher than expected.

Terms of payment

The determination of payment conditions for a regular export transaction is part of the negotiations between seller and buyer, who can have conflicting interests. The seller wants to achieve the highest guarantee of payment while the buyer wants to be sure about quantity and quality before payment of the goods. A Letter of Credit (LC) is used seldom in the trade of fresh fruit and vegetables. It is often considered cumbersome and prevents the option of retaining the money if the consignment does not prove to be as good as expected. When relations are established, Cash Against Documents (CAD) is used as a method of payment. However, open account is most commonly used in the fresh fruit and vegetables sector. Importers or agents generally transfer payment within 30 days. The importer determines the import duty with the Customs, and pays a deposit. Another possibility for the importer is to pay the current levy at Customs' clearance.

Open account

The process is fast and reliable, depending on the credit worthiness of the importer. The bank carries out the transactions through the Swift electronic data system and the transfer costs are not very high.

Cash Against Documents (CAD)

This type of payment is also known as Documents against Payment (D/P). The buyer has ownership of the goods only after payment. Although this method is not often used, it is very safe and the costs amount to one pro-mille.

Letter of Credit (LC)

In other sectors, a Letter of Credit is very often used at the start of a business relationship when the importer and exporter do not know each other very well yet. The LC is irrevocable and will always be paid. The costs are higher compared to the CAD method.

Terms of sale

Export terms of sale determine which costs are covered in the price of the cargo. They also indicate at what point ownership and responsibility is transferred to the buyer.

The most commonly used trade terms (Incoterms 2000) are:

CIF (Cost, Insurance, Freight)

Under this condition, the seller quotes a price for the goods, including insurance costs and all transportation charges to the designated port of import and to the point of disembarking the goods from the vessel or aircraft. The seller pays for the cost of unloading cargo at the port of destination, to the extent that this is included in the freight charges. If the charges are separate, they fall to the account of the buyer.

FOB (Free on Board)

Under this term, the seller quotes a price for goods that includes the cost of loading at the port of departure. The buyer arranges for transportation and insurance.

Other trade terms less frequently encountered are:

CFR (Cost and Freight)

For shipments to designated overseas port of import, the seller quotes a price for the goods that includes the cost of transportation to the named point of disembarking the goods. The buyer is responsible for the cost of insurance. This is referred to as C&F in the old Incoterms. The seller pays for the cost of unloading cargo at the port of destination, to the extent that it is included in the freight charges. If the charges are separate, they fall to the account of the buyer.

Most European customers will prefer quotations on a CIF basis. However, supplier and importer are free to negotiate any other condition.

14.5 Sales promotion

One of the major critical success factors for exporters of fresh fruit and vegetables to the European Union is attention to customer requirements and the ability to maintain good relationships with their European business partners. Sales promotion revolves around developing and expanding these customer relations, thereby maintaining and increasing sales volume.

Some tips in developing customer relations:

- Take good care of existing contacts. This includes for example expressions of thanks to business partners, providing regular information on developments in product range, quality improvements, etc.
- Always reply to a letter of inquiry. If you cannot supply this contact with the requested information, reply that you will get in touch with him for the next campaign.

Communication

It is advisable to start with communication measures that only require a small amount of planning and co-ordinating, such as revising the company's standard printed matter:

- Standardise all printed paper used for communication outside the company (letterheads, visiting cards, fax form, etc.)
- A brochure of your company (including photos of production sites and produce) can be useful for promoting new contacts and sales.

Prompt and reliable communication is a vital element in maintaining a long-term business relationship with your customers. Even smaller firms should always be available for contact by (mobile) phone, fax and e-mail during office hours.

Sales organisation

The term 'sales organisation' refers to the organisational system that carries out the sales of the company's products. A sales organisation usually consists of a back office and sales force. Well-performing sales people are essential for successful marketing. This also applies to smaller companies where one person has to fulfil different (sales) functions. An essential tool used in sales is a detailed and up-to-date customer database. This database can vary from a simple collection of customer data sheets to an advanced customer-relationship-management system.

A customer database should at least contain the following information:

- Basic information on the customer such as name, address, telephone numbers, etc;
- Changing data on the customer such as data resulting from business activities with the customer, telephone calls, offers, sales information, etc;
- Order history.

The customer database should give the sales person a quick review of the most important customer information when making or answering a telephone call or planning a visit. If possible, the database should be computerised, because this simplifies changes, updating, sorting and selection procedures, etc. If computerisation is not possible, the customer database should be on file cards (see example).

Example customer data sheet	
General information	
Company name: Postal address: Street address: Country: Telephone number: Fax: E-mail: Name contact person:	Customer no.: First contact date: --/--/---- Customer class*: _A _B _C _D Customer type: _Importer _Agent _Retailer Other info:
Sales information	
Sales realised: <i>(last year)</i> Sales planned: <i>(this year)</i>	
Contact records	
1	Contact date: --/--/---- Contact type: _Telephone _Visit _Fax _etc. Information:
2	Contact date: --/--/---- Contact type: _Telephone _Visit _Fax _etc. Information:
3	Contact date: --/--/---- Contact type: _Telephone _Visit _Fax _etc. Information:

*Classify your customers by importance to your company (realised sales quality of the relation etc.)

Internet

As a means of communication, the Internet provides many opportunities for companies in developing countries. The main advantages of the Internet are:

- Low cost of communication
- Fast delivery of information
- Irrespective of distance and time zone
- Hardly any limits in size
- Multimedia possibilities

Besides personal communication, Internet offers opportunities for presentation, (market) research, distribution, sales and logistical improvements. You can advertise for (new) customers on your Internet site, showing your company, product range and indicating the production circumstances. More information on this subject can be found in CBI's *Your Image Builder*, available from the website.

Trade fairs

Visiting and participating in a trade fair abroad offers a good opportunity for establishing personal contacts with prospective customers. It provides more facilities for bringing across the message than any other trade promotion tool. It can also be an important source of information on market development, production techniques and interesting varieties.

Important motives for companies visiting European trade fairs are:

- Establishing contacts with potential customers
- Orientation on the European market
- Gathering information on specific subjects

Although significant costs are involved, participating in a trade fair is an effective way to give export activities an extra boost. One of the advantages is the possibility to present your company and products in an extensive way (3-D presentation, company video, and product displays). Furthermore, you will meet people whom you would not have met otherwise. Fruit and vegetables trade fairs are organised in many European Union countries. The most relevant fairs for exporters in developing countries are given in the CBI market surveys covering the market in individual EU countries. These surveys can be downloaded from <http://www.cbi.nl/marketinfo>

Main European fairs for fresh fruit and vegetables			
Trade fair	Where	When	What
Fruit Logistica	Berlin, Germany	Annual, next fair February 8-10, 2007	International trade show on fruit and vegetables, exotics are a special target group
ANUGA	Cologne, Germany	Biannual, next fair October 13-17, 2007	One of the leading trade fairs for the food and beverage industry world-wide
SIAL (Salon International de L'Alimentation)	Paris, France	Biannual, next fair October 22-26, 2006	Trade fair for the food industry
INNOFRESH	Rotterdam, the Netherlands	Biannual, next fair September 10-12, 2007	International trade fair for fruit and vegetables
Alimentaria Barcelona	Barcelona, Spain	Biannual, next fair in 2008	International food and beverages exhibition
Alimentaria Lisboa	Lisboa, Portugal	March 27-30, 2007	International food and beverages exhibition
IFE (International Food and Drink Exhibition)	London, United Kingdom	Biannual, next fair March 18-21, 2007	International exhibition for the food and drink industry
Biofach	Nürnberg, Germany	Annual, next fair February 15-18, 2007	International exhibition for organic products

For additional information on trade fair participation, please refer to CBI's *Your show master - a guide for selection, preparation and participation in trade fairs* and the recently published manual *Your image builder*, both available from the CBI website.

Assistance with market entry

Local business support organisations

Before approaching organisations abroad, an exporter should first contact local business support organisations (trade promotion organisations, Chambers of Commerce, etc.) and foreign representatives in his country in order to find out what support can be obtained.

Import Promotion Organisations

In most EU countries, there are organisations that promote imports from developing countries through specific export promotion programmes. These programmes can provide:

- Information on statistics and other information on national markets, regular news bulletins, importer databases, and market opportunities;
- Individual assistance in management training, testing products by display and adaptation services;
- Contacts, e.g. through sales missions and collective participation in trade fairs.

Branch organisations

In most European countries, producers, wholesalers and often retailers are organised in branch organisations. These organisations can assist new exporters to the EU in developing their business. An example is the Fresh Produce Consortium (UK), which can give you information on the UK wholesale markets. See the CBI market surveys covering the market in individual EU countries for more information on these organisations.

APPENDIX A DETAILED HS CODES

HS Codes	Description	Tariff all countries	Tariff SPGA	Tariff SPGE	Tariff SPGL
07	Fresh vegetables				
0702 00 00	Tomatoes	8.8% + entry price	0%	8.8% + entry price	8.8% + entry price
<i>0703</i>	<i>Onions, shallots, garlic, leeks and other alliaceous vegetables</i>				
10	Onions				
10 11	Onions sets	9.6%	0%	0%	6.1%
10 19	Onions other	9.6%	0%	0%	6.1%
10 90	Shallots	9.6%	0%	0%	6.1%
20	Garlic	9.6% + tariff quota €120/100kg	0%	9.6% + tariff quota €120/100kg	9.6% + tariff quota €120/100kg
90 00	Leeks and other alliaceous vegetables	10.4%	0%	0%	6.9%
<i>0704</i>	<i>Cabbages, cauliflowers, kohlrabi, kale and similar edible brassicas</i>				
10	Cauliflower and headed broccoli	13.6% MIN €1.6/100kg	0%	0%	10.1%
20	Brussels sprouts	12%	0%	0%	8.5%
90 10	White cabbages and red cabbages	12% MIN €0.4/100kg	0%	0%	8.5%
90 90	Other	12%	0%	0%	8.5%
<i>0705</i>	<i>Lettuce (Lactuca sativa) and chicory (Cichorium spp.)</i>				
11 00	Cabbage lettuce (headed lettuce)	12% MIN €2/100kg	0%	0%	8.5%
19	Other lettuce	10.4%	0%	0%	6.9%
21	Witlof chicory (Cichorium intybus var. foliosum)	10.4%	0%	0%	6.9%
29	Other chicory	10.4%	0%	0%	6.9%
<i>0706</i>	<i>Carrots, turnips, salad beetroot, salsify, celeriac, radishes and similar edible roots</i>				
10 00	Carrots and turnips	13.6% + tariff quota (7%)	0%	0%	10.1%
90 10	Celeriac (rooted celery or German celery)	13.6%	0%	0%	10.1%
90 30	Horseradish (Cochlearia armoracia)	12%	0%	0%	8%
90 90	Other	13.6%	0%	0%	10.1%
<i>0707</i>	<i>Cucumbers and gherkins</i>				
00 05	Cucumbers	12% + entry price + tariff quota (2.5% + entry price)	0%	12% + entry price + tariff quota (2.5% + entry price)	12% + entry price + tariff quota (2.5% + entry price)
00 90	Gherkins	12.8%	0%	12.8%	12.8%

HS Codes	Description	Tariff all countries	Tariff SPGA	Tariff SPGE	Tariff SPGL
0708	<i>Leguminous vegetables, shelled or unshelled</i>				
10	Peas (<i>Pisum sativum</i>)	8%	0%	0%	4.5%
20 00	Beans (<i>Vigna</i> spp., <i>Phaseolus</i> spp.)	10.4% MIN €1.6/100kg	0%	0%	6.9%
90 00	Other leguminous vegetables	11.2%	0%	0%	7.7%
0709	<i>Other vegetables</i>				
10	Globe artichokes	10.4% + entry price	0%	10.4% + entry price	10.4% + entry price
20 00	Asparagus	10.2%	0%	0%	6.7%
30	Aubergines	12.8%	0%	0%	9.3%
40 00	Celery and other celeriac	12.8%	0%	0%	9.3%
51	Mushrooms and truffles	12.8%	0%	0%	9.3%
52	Truffles	6.4%	0%	6.4%	6.4%
59 10	Chanterelles	3.2%	0%	0%	0%
59 30	Flap mushrooms	5.6%	0%	0%	2.1%
59 90	Other mushrooms	6.4%	0%	0%	2.9%
60 10	Sweet peppers (genus <i>Capsicum</i> or <i>Pimenta</i>)	7.2% + tariff quota (1.5%)	0%	0%	3.7%
60 91	Genus <i>Capsicum</i> for the manufacture of capsinin or <i>Capsicum</i> oleoresin dyes	0%	0%	0%	0%
60 95	Genus <i>Capsicum</i> for the industrial manufacture of essential oils or resinoids	0%	0%	0%	0%
60 99	Other fruits of genus <i>Capsicum</i> or <i>Pimenta</i>	6.4%	0%	0%	2.9%
70	Spinach, New Zealand spinach and orache spinach (garden spinach)	10.4%	0%	0%	6.9%
90 10	Salade vegetables other than lettuce (<i>Lactuca sativa</i>) and chicory (<i>Cichorium</i> spp.)	10.4%	0%	0%	6.9%
90 20	Chard (or white beet) and cardoons	10.4%	0%	0%	6.9%
90 31	Olives for uses other than the production of oil	4.5%	0%	0%	0%
90 40	Capers	5.6%	0%	0%	2.1%
90 50	Fennel	8%	0%	0%	4.5%
90 60	Sweet maize	€9.4/100kg	0%	€9.4/100kg	€9.4/100kg
90 70	Courgettes	12.8% + entry price	0%	0% + entry price	9.3% + entry price
90 90	Other vegetables	12.8%	0%	0%	8.9%
0803	Fresh fruit				
0803	<i>Bananas, including plantains</i>				
00 11	Plantains	16%	0%	0%	12.5%
00 19	Other (banana)*	€176/tonne	€0/tonne	€176/tonne	€176/tonne
0804	<i>Dates, figs, pineapple, avocados, guavas, mangos and mangosteens</i>				
10 00	Dates	7.7%	0%	0%	4.2%
20 10	Figs	5.6%	0%	0%	2.1%
30 00	Pineapple	5.8%	0%	0%	3.2%
40 00	Avocados	4%	0%	0%	0%
50 00	Guavas, mangos and mangosteens	0%	0%	0%	0%

HS Codes	Description	Tariff all countries	Tariff SPGA	Tariff SPGE	Tariff SPGL
0805	<i>Citrus fruit</i>				
10	Oranges				
10 20	Sweet oranges	10.4% + entry price + tariff quota (10%)	0%	10.4% + entry price + tariff quota (10%)	10.4% + entry price + tariff quota (10%)
10 80	Other oranges	12%			
20	Mandarines (including tangerines and satsumas); clementines, wilkings and similar citrus hybrids	12%	0%	12%	12%
20 10	Clementines	16% + entry price	0%	0% + entry price	12.5%
20 30	Monreales and satsumas	16% + entry price	0%	0% + entry price	12.5%
20 50	Mandarines and wilkings	16% + entry price	0%	0% + entry price	12.5%
20 70	Tangerines	16% + entry price	0%	0% + entry price	12.5%
20 90	Other mandarines	16% + entry price	0%	0% + entry price	12.5%
40 00	Grapefruit	2.4%	0%	0%	0%
50 10	Lemons (Citrus limon, Citrus limonum)	6.4% + entry price + tariff quota (6%)	0%	6.4% + entry price + tariff quota (6%)	6.4% + entry price + tariff quota (6%)
50 90	Limes (Citrus aurantifolia, Citrus latifolia)	12.8%	0%	0%	8.9%
90 00	Other citrus fruit	12.8%	0%	0%	9.3%
0806	<i>Grapes</i>				
10 10	Table grapes*	0%/11.5% + entry price/14.4%	0%	0% + entry price	8% + entry price
0807	<i>Melons (including watermelons) and papaws (papayas)</i>				
11	Melons (including watermelons)	8.8%	0%	0%	5.3%
19 00	Other melons	8.8%	0%	0%	5.3%
20	Papaws (papayas)	0%	0%	0%	0%
0808	<i>Apples, pears and quinces</i>				
10	Apples				
10 10	Cider apples	0%	0%	0%	0%
10 80	Other apples	0%-3% + entry price	0%	0%-3% + entry price	0%-3% + entry price
20	Pears and quinces				
20 10	Perry pears	0%	0%	0%	0%
20 50	Other pears	2.5% MIN €1/100kg + entry price	0%	0% + entry price	0% + entry price
20 90	Quinces	7.2%	0%	0%	3.7%
0809	<i>Apricots, cherries, peaches (including nectarines), plums and sloes</i>				
10	Apricots	20% + entry price + tariff quota (10%)	0%	0% + entry price	16.5% + entry price
20	Cherries				

HS Codes	Description	Tariff all countries	Tariff SPGA	Tariff SPGE	Tariff SPGL
20 05	Sour cherries	12% MIN €2.4/100kg + entry price	0%	0% + entry price	8.5% + entry price
20 95	Other cherries	12% MIN €2.4/100kg + entry price	0%	0% + entry price	8.5% + entry price
30	Peaches, including nectarines				
30 10	Nectarines	17.6% + entry price	0%	0% + entry price	14.1% + entry price
30 90	Other	17.6% + entry price	0%	0% + entry price	14.1% + entry price
40	Plums and sloes				
40 05	Plums	6.4% + entry price	0%	0% + entry price	2.9% + entry price
40 90	Sloes	12%	0%	0%	8.4%
0810	<i>Other fruit</i>				
10	Strawberries	12.8% MIN €2.4/100kg	0%	0%	8.5% MIN €1.6/100kg
20	Raspberries, blackberries, mulberries and loganberries				
20 10	Raspberries	8.8%	0%	0%	5.3%
20 90	Other	9.6%	0%	0%	6.1%
30	Black, white or red currants and gooseberries				
30 10	Black currants	8.8%	0%	0%	5.3%
30 30	Red currants	8.8%	0%	0%	5.3%
30 90	Other	9.6%	0%	0%	6.1%
40	Cranberries, bilberries and other fruits of the genus Vaccinium				
40 10	Cowberries, bilberries or mountain berries (fruit of the species Vaccinium vitis-idaea)	0%	0%	0%	0%
40 30	Fruit of the species Vaccinium myrtillus	3.2%	0%	0%	0%
40 50	Fruit of the species Vaccinium macrocarpon and Vaccinium corymbosum	3.2%	0%	0%	0%
40 90	Other	3.2%	0%	0%	0%
50	Kiwifruit	8.8%	0%	0%	5.3%
60	Durians	8.8%	0%	0%	5.3%
90	Other				
90 30	Tamarinds, cashew apples, lychees, jackfruit, sapodilla plums	0%	0%	0%	0%
90 40	Passion fruit, carambola and pitahaya	0%	0%	0%	0%
90 95	Other	8.8%	0%	0%	5.3%

*subdivided in several categories for which different duty rates apply

APPENDIX B LISTS OF DEVELOPING COUNTRIES

OECD DAC list - January 2006 - When the term developing countries is mentioned in the CBI market surveys, reference is made to the group of countries on this OECD DAC list of January 2006:

Afghanistan	Grenada	Palau
Albania	Guatemala	Palestinian Admin. Areas
Algeria	Guinea	Panama
Angola	Guinea-Bissau	Papua New Guinea
Anguilla	Guyana	Paraguay
Antigua and Barbuda	Haiti	Peru
Argentina	Honduras	Philippines
Armenia	India	Rwanda
Azerbaijan	Indonesia	Samoa
Bangladesh	Iran	São Tomé & Príncipe
Barbados	Iraq	Saudi Arabia
Belarus	Jamaica	Senegal
Belize	Jordan	Serbia
Benin	Kazakhstan	Seychelles
Bhutan	Kenya	Sierra Leone
Bolivia	Kiribati	Solomon Islands
Bosnia & Herzegovina	Korea, rep of	Somalia
Botswana	Kyrgyz Rep.	South Africa
Brazil	Laos	Sri Lanka
Burkina Faso	Lebanon	St. Helena
Burundi	Lesotho	St. Kitts-Nevis
Cambodia	Liberia	St. Lucia
Cameroon	Libya	St. Vincent and Grenadines
Cape Verde	Macedonia	Sudan
Central African rep.	Madagascar	Surinam
Chad	Malawi	Swaziland
Chile	Malaysia	Syria
China	Maldives	Tajikistan
Colombia	Mali	Tanzania
Comoros	Marshall Islands	Thailand
Congo Dem. Rep.	Mauritania	Timor-Leste
Congo Rep.	Mauritius	Togo
Cook Islands	Mayotte	Tokelau
Costa Rica	Mexico	Tonga
Côte d'Ivoire	Micronesia, Fed. States	Trinidad & Tobago
Croatia	Moldova	Tunisia
Cuba	Mongolia	Turkey
Djibouti	Montenegro	Turkmenistan
Dominica	Montserrat	Turks & Caicos Islands
Dominican republic	Morocco	Tuvalu
Ecuador	Mozambique	Uganda
Egypt	Myanmar	Ukraine
El Salvador	Namibia	Uruguay
Equatorial Guinea	Nauru	Uzbekistan
Eritrea	Nepal	Vanuatu
Ethiopia	Nicaragua	Venezuela
Fiji	Niger	Vietnam
Gabon	Nigeria	Wallis & Futuna
Gambia	Niue	Yemen
Georgia	Oman	Zambia
Ghana	Pakistan	Zimbabwe

List of CBI countries – January 2006 - CBI supports exporters in the following Asian, African, Latin American and European (Balkan) countries:

Bangladesh
Benin
Bolivia
Bosnia-Herzegovina
Burkina Faso
Colombia
Cuba
Ecuador
Egypt
El Salvador
Ethiopia
Ghana
Guatemala
Honduras
India
Indonesia
Jordan
Kenya
Macedonia
Madagascar
Mali
Montenegro
Mozambique
Nepal
Nicaragua
Pakistan
Peru
Philippines
Senegal
Serbia
South Africa
Sri Lanka
Suriname
Tanzania
Thailand
Tunisia
Uganda
Vietnam
Zambia

APPENDIX C REFERENCES

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