PRESERVED FRUIT AND VEGETABLES

THE EU MARKET FOR DRIED FRUIT

Publication date: August, 2007

Report summary
This CBI market survey discusses the following highlights for the EU market for Dried Fruit:

- Dried fruit is mainly used as a snack or in breakfast cereals, muesli, bakery products. The combined market for bakery and cereal products in the UK, Germany, Spain, France and Italy (the largest bakery and cereal markets in the EU) reached € 45.9 billion in 2006. The UK market is the largest market in Europe.
- EU production of the dried fruits covered in this survey totalled € 1,1 billion / 272 thousand tonnes in 2005 (excluding dried bananas and sultanas). Keep in mind that total EU production of dried fruit is much higher than the number just given, as sultanas constitute the largest product group, but these are not captured by ProdCom statistics. Spain is the largest producer of dried fruit in the EU.
- The food processing industry is by far the largest market segment for dried fruits. They use dried fruit as raw material input for further applications in breakfast cereals, bakery, desserts and confectionery products. Retail sector sales are dominated by the supermarket sector, but health stores increasingly gain market share.
- The EU is a strong net importer of dried fruits. The difference between imports and exports is the smallest for France and the largest for the UK. Dried fruits are regularly imported to a centrally located EU country, often The Netherlands and Germany, and from there re-exported and distributed to other EU countries. Total EU imports increased on average by 8% annually in value between 2002 and 2006, totalling 1.2 billion / 731 thousand tonnes in the latter year. The six markets discussed in this survey accounted for about 76% of EU dried fruit imports in 2006. The largest product group imported is sultanas (raisins and currants combined), accounting for about 21% of total EU dried fruit imports in 2006.
- More than half of EU dried fruit imports derives from developing countries. Imports from developing countries increased on average by 8% annually in the period reviewed, mainly because of increased imports from the largest supplier, Turkey.

This survey aims to provide developing-country exporters of dried fruit with product-specific market information related to gaining access to the EU market(s). By focusing on the EU market(s) for one product(group), this document provides additional in-depth information, complementary to the more general information and data provided in the CBI market survey the preserved fruit and vegetables, 2007, which can be downloaded from http://www.cbi.eu/marketinfo

Detailed information on the selected product(group) is given in appendix A. This survey discusses the EU in general and the following 6 markets in particular: The United Kingdom (UK), Germany, France, Italy, The Netherlands and Spain.

1 Market description: industrial demand and production

Industrial demand

Since dried products are mainly used as ingredients for food processing, data regarding the consumption of dried fruit are scarce and hardly available. Therefore, the consumption of breakfast products, dried end products and the food processing and packaged food sector is also briefly discussed, as it partly reflects industrial demand for dried fruit in the EU.

Dried fruit is part of the market for preserved fruit and vegetables. In 2005, consumption of preserved fruit and vegetables, excluding edible nuts, measured € 29 billion / 29 million tonnes.

Between 2001 and 2005, value increased on average by 5% and volume by 34%. The largest market is the UK (€ 6.0 million), followed closely by Germany (€ 5.7 million) and Italy (€ 5.2 million). Preserved fruit and vegetables is an aggregate of canned, frozen and dried fruits and vegetables; juice; and jams and purées. Please bear in mind that canned fruit and vegetables is the largest and fastest growing product group. Dried fruit and vegetables, with consumption totalling € 2.1 billion / 945 thousand tonnes in 2005, is the smallest product group in consumption, however consumption is growing. Italy has the largest share in the EU market (30%). Other important consumers are the UK (21%), Spain (14%) and Germany (13%). For more information on the EU preserved fruit and vegetable market, please refer to the corresponding CBI market survey.

Dried fruit is mainly used as a snack or in breakfast cereals, muesli, bakery products, dairy products and desserts. Bakery products and breakfast cereal mixes are the largest end users of dried fruit. Consequently, the market for bakery products and breakfast cereal mixes can indicate dried fruit consumption. The combined market for bakery and cereal products in the UK, Germany, Spain, France and Italy (the largest bakery and cereal markets in the EU),reached € 45.9 billion in 2006, with the UK fast-approaching Germany's position as the largest market in Europe (The European Bakery and Cereals Outlook to 2006). Germany, the UK and France dominate the European markets, while Italy, Spain and the UK are the fastest growing markets.

The Confederation of the European Food and Drink Industries of the EU reports a total turnover of food and beverage sector of € 836 billion in 2005. The “various food products” category, including pasta, chocolate and confectionery products and pastry, is the largest sector, representing 26% of total turnover. Of this, bread, fresh pastry goods and cakes - in which dried fruits are also used - account for 33% of EU turnover sales, which boils down to € 71.7 million.

When looking at the import of dried fruit by the EU member states - which gives an indication of consumption - it can be concluded that sultanas, prunes, other dry grapes, figs, apricots and mixtures of dried fruit are important dried fruit products in the EU. The largest product group imported is sultanas (raisins and currants combined), accounting for about 21% of total EU dried fruit imports in 2006.

The United Kingdom
The dried fruit market in the UK has enjoyed growth, benefiting from the ever growing demand for snacking products and interest in healthy eating. UK sales of nuts, seeds and dried fruit combined was estimated at € 262 million in 2006, having grown on average by 11% annually between 2001 and 2006 (MINTEL, market research company). Please note that this figure cannot readily be compared with sales value given for the other countries, as here nuts and seeds are also counted. The UK is a particularly large consumer of sultanas and mixtures of dried fruit, which are added in cereals and cereal bars. A popular dried fruit brand is Crazy Jack Organic (http://www.crazyjack.co.uk).

Interesting to note is that UK consumers are already more likely than their European counterparts to cut out breakfast: in 2003, British skipped on average 113 breakfasts a year per person. Datamonitor (market research company) forecasts this will increase to almost 120 in 2008. Therefore, new product design and line extensions will not only have to meet convenience and 'enjoyment' needs, but also attract consumers who have long decided to slice breakfast out of their daily routine.

Germany
Germany is among the world’s largest food and beverage importers and is one of the most important food processing countries in Europe, also for dried fruit. Germany is also Europe's

largest organic food market, an important niche market for dried fruit. By the end of 2006, the German market for organic food was estimated at € 4.5 billion, representing a growth of 16% compared to the previous year. The market share is 3% (http://www.soel.de). Dried fruits are mostly found in breakfast cereals and baked goods, but also popular in snacks, which is a growing segment in Germany as a replacement for breakfast and lunch. Moreover, immigrant populations and tastes acquired when travelling abroad have broadened demand for a greater variety of ethnic foods, including lesser known dried fruit. Germany is a particular large consumer of sultanas (with an import market share of 29%) and of dried prunes. After Japan, it is the world largest importer of dried prunes. Germany's total industrial demand for dried fruit can most probably be obtained through the Waren-Verein Hamburg (http://www.waren-verein.de/index.afp?&LG=EN&CMD=STARTSEITE).

France
France's market for dried fruit has more than doubled in value since 1998, from € 8.6 million to € 17.9 million in 2005. In volume terms, the market has remained steady since 2000, although value gains of € 2.7 million were made between 2000 and 2005 (GAIN Report, France product brief, dried fruits, 2006). The French domestic market appears to be in line with rising popularity of dried fruits worldwide. The product is gaining greater recognition as a snacking option with consumers who are mindful of obesity, looking for healthier indulgent snack options.

Popular dried fruit brands are Daco Bello (http://www.dacobello.com/index.php?id=5); Dattes Deglet Nour (dates) and Figues de Montagne (figs), produced and distributed by Carrefour France SA; Laparre et Fils Pruneaux (prunes) produced by Laparre; Les Moelleux La Prunille Géante (prunes) and Les Moelleux Le Raisin Golden (raison), produced by Maître Prunille SA (http://www.maitreprunille.com/); and Vahiné Raisins Secs (raisons), produced by Vahiné (http://www.vahine.fr/accueil/index.html).

Since France is the largest EU producer of prunes, this product group is an important part of the French diet. Domestic consumption is also relatively high, due to the domestic marketing efforts of the French Prune Board (http://www.pruneau.fr/gb/index.html). Consumption increased slightly between 2000 and 2004, totalling 32 thousand tonnes in the latter year. Ending stock increased considerably in the same time period, at average by 30% annually, totalling 32 thousand tonnes in 2004. Also, total distribution increased strongly in the same time period, on average by 14% annually, amounting to 92 thousand tonnes in 2004 (http://www.indexmundi.com/en/commodities/agricultural/prunes-(plums-dried/). Besides prunes, France is a large consumer of sultanas and dates.

French consumers demand sophisticated (ethnic), low-fat and quality products sold in attractive and practical packaging (Food and Drink Europe). Although the French are pinpoint as being very demanding regarding quality, industry sources stressed that price is a major factor in purchasing decisions within many French packaged food sectors.

Italy
Total dried fruit consumption is not known for Italy. However, since dried fruits are mainly used as a snack or in breakfast cereals, muesli and bakery products, the size of this market can give an indication about the industrial demand for dried fruit. The Italian bakery and cereals sales volume reached € 7.6 billion in 2006 and is moderate in size compared to the other countries discussed (The European Bakery and Cereal Outlook to 2006). Just as for total EU imports, sultanas comprise a very large product in Italian dried fruit imports, with an import market share of 28% in 2006. Compared to the other six markets, Italy is a particularly large consumer of prunes. Although convenience will mainly drive the growth of the packaged food and dried food market, note that Italians tend to value taste over convenience when purchasing a food product.

The Netherlands
Although The Netherlands is a small country and domestic consumption of dried fruit is consequently moderate, the country is an interesting market for developing country suppliers of dried fruit, as The Netherlands is an important distribution point for tropical dried fruit. Dried fruits are often imported to a centrally located EU country and from there distributed to other EU countries. The reason for this is the relatively high costs of food safety control and documentation associated with the import of dried fruits (and food products in general) into the EU regardless, of the amount imported. Therefore, the fruits are in some cases imported by one EU country in a large quantity and from there re-exported in smaller quantities to other EU countries. Suppliers in producing countries may therefore find it equally interesting to explore the opportunities in The Netherlands and Germany, both important re-exporters, as well as the UK.

Total dried fruit consumption is not known for The Netherlands. When looking at the import of dried fruit by The Netherlands - which gives an indication of consumption - it can be concluded that sultanas and 'other dry grapes' are the most important dried fruit products in The Netherlands. The Netherlands has an important processing industry itself, for which dried fruit is used in the production of breakfast cereals and bars. The leading companies in the dried food are H.J. Heinz Company and Unilever. Under the name ''SunDream FF snacken'', the Dutch Nut Group released a product assortment based on healthy snacking, consisting of a mixture of nuts and tropical dried fruits. The concept is targeted at young people between the age of 12 and 22. Obesity is an increasing problem within this age segment.

Spain
Total dried fruit consumption is not known for Spain. However, the strong increase in import value (the strongest of the markets discussed), indicates an increase in the consumption of dried fruit. Spain is, compared to the other six markets, a particularly large consumer of dates. Also figs and apricots are an important part of the Spanish and Mediterranean diet. A local specialty is *Casa Pons:* dried fruits coated in chocolate. A wide range of dried fruit is used, often presented in elegant presentation boxes and the delicacy is very popular among the Spanish public. Interesting to note is that breakfast cereals remain a novelty is Spain.

Trends in consumption
A number of tendencies regarding the consumption pattern of dried fruits/on-the go-food can be distinguished for the six countries discussed:

Broad variety
Globalisation has resulted in an increasing interest among EU consumers. in purchasing a broad variety of dried fruits. Generally, EU consumers are interested in a great variety of different kinds of fruits and are open to supplementing their eating habits when being exposed to exotic foods through television cooking programmes, recipes, or when travelling abroad. Culinary traditions from other continents, stimulated by a greater presence of ethnic minorities, also influence the consumption patterns in the six markets discussed and increase the demand for ethnic and exotic ingredients.

Convenience food
As most EU citizens –both men and women– have jobs outside their home and the number of single households increases, less time is left for cooking and the preparation of meals. Therefore, a clear tendency is that (affluent) Europeans increasingly choose to buy convenience meals. So far, those products doing best are breakfast bars, sandwiches, pies and pasties, and more traditional dried snack foods such as pretzels and crisps - but there is scope for all food manufacturers. A good example is the fruit trade, which is producing increasingly large amounts in pre-packaged format to eliminate the peeling and preparation elements. In most cases, the unique selling point is to offer superior packaging functionality and make sure consumers are aware of how this assists on-the-go consumption. This especially applies to young consumers, whose hands are often 'tied' with ipods and mobile phones, and commuters carrying lap tops.

Product development
Development in the food market is closely linked to innovation and many new products and product types enter the market every year. This development also means that some products are now to a certain degree being substituted by other products. An example is mixtures of dried fruits in breakfast mueslis becoming increasingly popular compared to the more traditional breakfast cereals.

Health food
A greater awareness of building up healthy eating habits can be noticed among EU consumers. Fruits and vegetables are among the product groups generally associated with health food. Some dried fruit and nuts mixtures are given appealing names, such as 'beauty-mix'. Also, different initiatives from public and private institutions can be observed on country level as well as EU level, in order to promote healthy eating and reduce obesity levels and associated diseases. MINTEL research shows that it is mainly the women in the UK who opt more readily for healthier options, such as dried fruit.

Organic Food
Finally, a general increase of interest in organic and/or fair-trade food on the EU market has been noticeable over the last decade, although this differs per country. The trend is most notable in the UK, The Netherlands and Germany and less in Spain and France. Organic production is most popular in Italy and Germany. The increased interests and demand for organic products also affects the consumption of organic fruits. When it comes to dried fruits, this development has been very modest, as only few dried fruits products are sold as organic. The market share of organic dried fruit is the lowest for The Netherlands (around the 2%) and the highest for the UK and Germany. The market share is low, partly because of a shortage of supply and because of the great price difference between organically grown dried fruits and conventional dried fruits : a price difference the average EU consumer is not (yet) willing to pay. Other general trends closely related to the increased interest in organic and fair-trade products are value for money, diversity in choice, and a growing interest in international cuisine, due to an increase in ethical sensitivity among some consumers. These trends are noticeable in many EU counties and may affect consumption of dried fruit, although their impact differs per country.

Forecast
The dried fruit market is a rather conservative market and consumption of the product formerly lay mostly with the elderly and healthy and ecologically oriented population. This is clearly changing now. Consumption of dried fruit is actively promoted by industry associations and among dieticians and hospitals to include these products in the regular diet, therefore consumption of dried fruit is forecasted to continue to increase. The main trends boosting dried fruit snack consumption in Europe are increased consumer awareness about the necessity of a balanced, healthy diet- as obesity is a problem in all six countries discussed- and the need for convenience, on-the-go-snack food, as consumers increasingly skip meals due to a busy lifestyle. To a large extent, convenience is related to packaging. Therefore, Food and Drink Europe stresses that manufacturers must adapt an innovative packaging design and marketing approach, in order to tap increasing consumer demand for on-the-go snacking. In an industry worth about € 66 billion across Europe in 2006, Food and Drink Europe pinpoints the consumer trend of flexi-eating as a relatively unexploited area for leading food processors. The report finds that the European inclination to miss meals and opt for snacks throughout the day is set to rise to 522 billion instances per year in 2009, translating as 1.9 snacks per day per consumer. Datamonitor figures suggest cereal bars are a particularly profitable niche, with enormous potential for growth as consumers veer towards healthier snacking. Cereal bar products are expected to see annual average growth of around 7% between 2005 and 2010. Despite a positive forecast, industry sources stress that dried fruits will remain a niche product. Consumption can be triggered through innovative product design and marketing, but extra sales will remain limited.

Market segments

There are three market segments for dried fruits: the food processing market, the retail market and the catering market. The food processing market is by far the largest segment for dried fruits and the catering market is the smallest. There are no specific data available, but it is estimated that the food processing industry accounts for approximately 80% of EU imports of dried fruits. Of these, the major consumers are the breakfast cereal industry (mostly in muesli) and the confectionery industry (in fruit and health bars, ingredients for chocolate bars). Basically all dried fruit products are used in the food processing industry. Dried fruit products for the retail market are mainly sold as ready-to-eat snacks. These fruits already have a moisture content of 35%. Dried tropical fruits such as mangoes, papayas and bananas are becoming a more common item in European health food stores and supermarkets, where they are sold pre-packed in cellophane bags, as well as in bulk (by weight). Usually, these products are sold with sugar added for sweetness and sulphur added for colour retention, although “all natural” products are preferred by the health food stores.
The dried fruit retail market sector is characterized by a rather straight forward presentation in single product packs, with sometimes a rather cheap image (cellophane) and a dominance of specialised health food brands. The catering market uses very little amounts of dried fruit. Most fruit, coming in 5 kg bags, is conventional fruit, with sugar and sulphur added.

Production

Production data have been obtained through Prodcom (PRODucts of the European COMmunity). Please take extreme caution when interpretation these data as it is an estimation, since declaration of production is not obligatory within the EU.

EU countries produce substantial quantities of dried fruit. The southern EU countries bordering the Mediterranean produce considerable amounts of sultanas and prunes. Due to the mainly Mediterranean, maritime and continental climate, hardly any tropical fruits are grown in the EU. Therefore, production of dried tropical fruit is negligible. EU production of the dried fruits covered in this survey (excluding dried grapes and bananas) totalled € 1.1 billion / 272 thousand tonnes in 2005. A figure similar to production value and volume in 2003 (Prodcom). Keep in mind that production totals are larger than the number just given, as dried grapes comprise the largest product group. However, Prodcom data recording on dried grapes is very scattered and EU totals are not known. Furthermore, ProdCom does not record data on dried bananas. Of the countries discussed in this survey, German, French and Netherlands production of dried grapes is confidential; Italy’s production reached € 6.5 million/ 9.4 thousand tonnes in 2005, Spanish production reached € 9.5 million / 4.3 thousand tonnes and UK production reached € 28 million / 19 thousand tonnes in 2005.

Spain is the largest producer of dried fruit in the EU. Spanish production of dried fruit (excluding dried grapes and bananas) increased on average by 3% annually between 2001 and 2005, totalling € 2.5 billion in 2005. Of the six countries discussed, only Spain produces dates. Production decreased on average by 5% annually between 2001 and 2004, totalling 3 thousand tonnes in 2005 (FAOstat, 2007). The second largest producer of dried fruit is Italy, with production totalling € 437 million in 2005 (dried grapes and bananas excl). Italy is the only country of the markets discussed which experienced a decrease in production between 2001 and 2005, on average by 6% annually. French production of dried fruit (dried grapes and bananas excl) increased on average by 8% between 2001 and 2005, totalling € 151 million in the latter year. Germany’s production of dried fruit increased on average by 5% between 2001 and 2005, totalling € 70 million in the latter year (dried grapes and bananas excl). UK production increased the strongest, on average by 16% annually in the period reviewed, totalling € 111 million in 2005 (dried grapes and bananas excl). Prodcom does not record dried fruit production by The Netherlands.

Product groups

In general, sultanas, currants and prunes are principally produced by wine-producing countries, such as France, Germany and the Czech Republic, but also by the United Kingdom. Figs, dates and apricots are produced by Southern countries with a warm, Mediterranean climate. Poland is the main producer (and importer) of currants in the EU, followed by Germany. In 2004, Poland produced 194 thousand tonnes of currants (not shown in Table 1.1). Noteworthy, is the remarkable drop in currant production in Germany.

Table 1.1 Production of currants, in thousand tonnes

	2001	2003	2005	Annual change
Germany	238	222	38	-37%
UK	17	21	22	7%
France	8.6	10	13	11%
The Netherlands	2.5	3	3.3	7%
Italy	0.6	0.6	0.7	4%
Spain	0.1	0.1	0.1	0%

Source: FAOstat (2007)

The United States, France, and Chile are the world's key dried prune producers and exporters. Chile typically exports over 90% of its production, while the United States and France usually export around 40%. France's production of prunes is sufficient to meet domestic demand. Production increased on average by 4% annually between 2000 and 2004, totalling 47 thousand tonnes in the latter year. Note that France protects its domestic production by imposing imports restrictions (http://www.indexmundi.com/en/commodities/agricultural/prunes-(plums-dried/).
The Lot-et-Garonne department, in the Southwest of France is the largest prune-producing area in France. Total planted area in France is about 14,850 hectares and the area under production is 10,638 hectares. France has about 2,000 prune producers and the average surface area per farm is 5.8 hectares (http://www.pruneau.fr/gb/prune-industry/growers.html). France is a net exporter and a major competitor to the United States in the European market, supplying more than half of the EU market. Algeria is the leading market for France's dried prunes exports, typically consuming around 20 to 25% of exports. France's main markets in the EU are the United Kingdom and Germany.

Of the countries discussed in this survey, only Spain, Italy and France produce figs. As shown in Table 1.2, production is limited and all three countries faced decreases in their production volume during the review period.

Table 1.2 Production of figs (fresh and dry), in thousand tonnes

	2001	2003	2005	Annual change
Spain	43	44	38	-3%
Italy	22	19	20	-2%
France	3.4	3.4	3.3	-1%

Source: FAOstat (2007)

Interesting players

The preserved food and vegetable industry consists of a few large (multinational) companies and a large number of small and medium enterprises (SMEs), together some 283 thousand companies. The SMEs, which are 90% of the companies active in the food and drink industry, account for about half of the total turnover. These SMEs are therefore very important in the sector. The largest food and drink companies in the EU relevant for dried fruits / preserved fruit and vegetables are:

- Nestlé, multi-product, including breakfast cereals: http://www.nestle.com
- Unilever, multi-product, including the brand Slim Fast http://www.unilever.com
- Danone, multi-product, including breakfast cereals http://www.danone.com

Interesting producers, specialised in dried fruits:

- Laparre et Fils Pruneaux, France, manufacturer of frozen and dried fruits. Their main activity is supply to the retail sector in France: http://www.laparre-europe.com/laparre_france.htm

- The Dutch Nut Group, specialist in importing, exporting, trading, packaging and roasting of a wide range of nuts and dried fruits. Has its own production facilities: http://www.dutch-nut-group.nl/htm-uk/site.html
- The Weetabix Food Company, accounting for about 8% of UK's total cereal sales: http://www.weetabix.co.uk/
- Whitworths, UK's largest manufacturer of dried fruit: http://www.whitworths.com/cereal.htm
- Eat Natural, UK manufacturer of mixed nuts and fruit bars and cereal, under its own brand. Supplies the UK retail market: http://www.eatnaturalstore.com/hi/index.jsp
- Importaco, leading Spanish producer of *Casa Pon (*Dried fruits coated in chocolate): http://www.importaco.com/

The just-mentioned producers and exporters can be competitors to developing country suppliers. However, at the same time, these companies can also import dried fruit, making them a potential trade channel for developing country suppliers aiming to enter the EU market. Depending on the product you produce, companies could either be competitors, buyers, or are active in entirely different trade channels/industries. Please refer to chapter 2 for a more complete list of interesting players in the EU dried fruit market.

Trends in production

- The overall trend in new fruit products is "added value", thus providing increased convenience for the consumer by offering a much greater variety of ready prepared fruit products, to be consumed as snack on-the go.
- Product improvements and new product development are of vital importance.
- Increased interests in organic dried fruit or otherwise sustainably produced fruit.
- Internationalisation and the introduction of 'new' exotic dried fruit.

Opportunities and threats

There are distinct opportunities for exporters in developing countries in:

- Tropical and exotic dried fruits, because production is not possible in the EU, especially lesser-known dried fruit.
- Organic dried fruit.
- Distinct innovative products, addressing key consumer demands such as health, wellness enjoyment and convenience.
- More cost-effective value adding (processing and packing) in country of origin (comparative advantage of lower labour costs).

Threats to exporters in developing countries include:

- High (and rising) fuel prices, increasing the cost of transport.
- High market demands for consistently high quality and reliability of supply.
- Unavailability or inadequacy of technologies and machinery for preservation
- Lack of the suitable packaging materials.
- Increased competition in the retail market, with discounters and private labels accounting for the greatest market shares. Increased concentration and internationalisation of the retail sector increases the negotiation power of the hypermarkets, forcing producers to cost-efficient and large-scale production and making it more difficult for small-scale and new producers to target the EU market.
- Dried fruits face strong competition from adjoining (fruit) categories such as tropical dried fruits of a lower quality, especially candied pineapple and papaya; fresh tropical fruits, especially bananas, mango, pineapple and papayas, which are widely available and basically have the same uses (snacking and cooking); Tropical fruits, which are otherwise preserved, such as canned and frozen tropical fruits.
- Dried fruits face strong competition from adjoining (fruit) categories, which, combined with the high prices and the rather cheap presentation explain why the use and distribution of natural dried (tropical) fruits is limited. With the exception of organic banana chips, the tropical organic dried fruits are rarely used as an ingredient for food manufacturing (e.g. snack bars and mueslis). Except in the UK, the products are hardly

distributed through the mainstream (supermarket) channel and even there that distribution is limited.

Useful sources

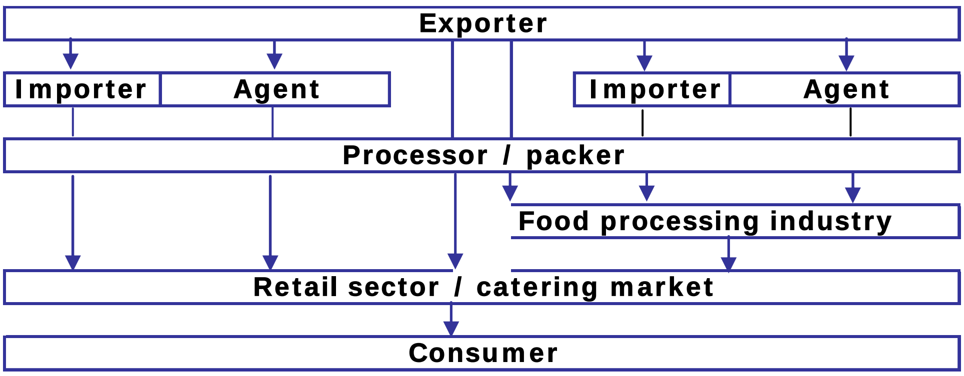
- FRUCOM, is the umbrella organisation of the European Institutions of the European Federation of the trade in dried fruit, edible nuts, honey, spices , canned fruits and vegetables and similar foodstuffs: http://www.frucom.org/index1.htm
- European Snacks Associations, Europe's only trade organisation dedicated to the advancement of the savoury snacks industry on behalf of member snack manufacturers and suppliers. Fruit snacks are represented among the manufacturers: http://www.esa.org.uk/
- Organisation of the European Industries Transforming Fruit and Vegetables (OEITFL): http://www.oeitfl.org
- Confederation of the Food and Drink Industry in the EU (CIAA): http://www.ciaa.be
- International Federation of Organic Agriculture Movements (IFOAM): http://www.ifoam.org
- Netherlands' Association for the trade in dried fruits, spices and related articles:
- http://www.zuidvruchten.nl/actual/index.htm (Website in The Netherlands language only).
- French Prune Board: http://www.pruneau.fr/gb/index.html
- Les Fruits Secs: http://www.les-fruits-secs.com/ (Website in the French language only).
- National Dried Fruit Association UK: http://www.driedfruit-info.com/aboutus.html
- Waren-Verein Hamburg represents the interests of foreign and wholesale trade with, for instance, canned products, frozen products, dried fruits, dried vegetables etc: http://www.waren-verein.de/index.afp?&LG=EN&CMD=STARTSEITE

2 Trade channels for market entry

Trade channels

The distribution channel for dried fruits, visible in Figure 2.1, is relatively short. A more detailed diagram of the sector covering preserved fruit and vegetables is provided in the CBI EU Market Survey. Recall from chapter 1 that dried fruits are regularly imported to a single centrally located EU country, often The Netherlands and Germany, and from there re-exported and distributed to other EU countries.

Figure 2.1 Most common distribution channels for dried fruit entering the EU market



Source: The Danish Import Promotion Programme, adjust by ProFound - Advisers in Development

The bulk of dried fruit entering the EU is imported by specialised *brokers/agents* and *importers/traders*, who import on their own account and sell to packers/processors. They buy mainly in bulk. In most countries, importers or agents act as intermediaries, although some of the packers and food processors also import directly. Since importers/traders not only have experience and knowledge of the international market, but also have strong relationships with suppliers and buyers all over the world, it is probably the most interesting distribution channel.

Particularly in the case of speciality and lesser-known dried fruit, co-operation with an European importer is advisable. His role towards the industry and supermarket will also be in quality controlling and in logistics service provision. Moreover, the importer/trader serves as the risk-taking party for the industry/supermarkets. Besides, importers not only focus on the demand of their home market, as many EU importers re-export products to other European countries. An European importer sometimes contacts a local agent in the country of origin for a neutral indication of supply and price setting.

A *processor/packer* may carry out some limited processing and conditioning of product, but is involved mainly in re-packing dried fruit into smaller packs for the food processing, retail and catering sector (the same procedures are also frequently undertaken by importers). The imported product is mainly repacked in Europe. The size and branding of these products depends on the marketing strategy of the processor/packer. Some will have their own brand, whilst others are contracted by supermarkets to pack a branded consumer product (private labelling) on the supermarkets' behalf. Larger packers/processors are increasingly buying directly from processors/exporters in the countries of origin.

The *food processing industry* is by far the largest market segment for dried fruits. They use dried fruit as raw material input for further applications in breakfast cereals, bakery products, desserts and confectionery products. The *catering sector* is a relatively unimportant buyer of dried fruit, with usage mainly confined to ingredients for food preparation. *Retail sector* sales are dominated by the supermarket sector, but health stores increasingly gain market share. In the retail sector, "loose" dried/dehydrated fruit is hardly sold anymore, and is found only in health food shops, specialist dried fruit and nut shops, and in stalls at street markets in the Southern EU countries. Supermarkets prefer to 'tailor' their own mixtures of dried fruit, for various reasons, among which increased value addition. This also explains why only 7% of mixed dried fruit imports derives from developing countries, while on average developing countries account for half of dried fruit supplies.

Trends

Concentration of the value chain
Multinational food companies are present in almost all EU countries and have a large share of the market. At the other end, there are numerous small and medium companies active in the preserved fruit and vegetable market. Their number however is decreasing in many EU countries. Many multinational food companies arrange imports themselves or use an appointed agent. Regarding specific products, multinational companies may even have production facilities at the source or have strong relations with a small group of suppliers.

Concentration at the retail level
An ever-smaller number of retailers dominates food distribution and sales in the EU countries discussed. The process of concentration is most advanced in the UK, The Netherlands, Germany and France. Importers and other suppliers to 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. Euromonitor observed that private label sales in the countries discussed showed a steady increase in turnover sales. Improvements in quality have led consumers to accept that many private label products are just as good as the leading brands, only cheaper. This results in greater competition from private label products and lower margins for branded manufacturers. On the other hand, it is observed that discounters increasingly stock branded products.

Interesting players

Retailers:
- Greenline, UK web shop supplying organic and Fair Trade food products, among which a wide range of dried fruit: http://www.greenol.co.uk/organic-a01.php

- Greenways Natural Food Stores, based in the UK: http://www.greenwaystores.co.uk/about_us/index.php
- Rapunzel Naturkust, Producer, wholesaler and web shop offering various organic food products. Market leader in Germany: http://www.rapunzel.com/company/index.html

Brokers
- Torriglia Vincenzo, import agent for dried fruits and nuts, Italy, Genova: http://www.torrigliage.com
- Activa, international brokers and agents for edible nuts, dried fruits, dehydrated fruits etc Italy, Genova: http://www.activabrokers.com
- Eurobroker, International brokers and agents of edible nuts and dried and dehydrated fruits etc, located in Paris, France: http://www.eurobroker.fr

Traders
- Catz International BV, Rotterdam, The Netherlands. Importer and distributor of dried fruits: http://www.catz.nl/Frameset_about.htm
- King Nuts & Raaphorst, importer and distributor of dried fruit. Located in The Netherlands: www.kingnuts-raaphorst.com
- The Dutch Nut Group, specialised in importing, exporting, trading, packaging and roasting of a wide range of nuts and dried subtropical fruits. Located in The Netherlands:http://www.dutch-nut-group.nl/htm-uk/site.html
- Tradin Organic, importer, wholesaler and distributor of a wide range of organic commodities, among which dried fruits. Based in The Netherlands: http://www.tradinorganic.com/
- Daras, shipper, packers and traders of a variety of products, among which dried fruits. Located in the port of Marseille, France: http://www.daras.com/
- Palm Nuts & More, Germany, specialised in nuts and dried fruit, supplies the German industry and retail: www.palm-nutsandmore.de
- Community Foods, specialised in the procurement, sales and marketing of organic and conventional dried fruits, and branded health foods. Located in the UK: http://www.communityfoods.co.uk/procedures.html

Price structure
Variations in prices and margins apply throughout the different trade channels mentioned. The margins depend on the value added at the different stages of the supply chain. Value addition not only comprises the different costs involved in coming to an end-product, but also price setting by the selling party. Next to production and transport costs of dried fruit, value addition at producer/exporter level can comprise organic certification of the fruit. In general, the agent/broker adds little value, but takes a relatively large margin. Packing and mixing of dried fruit mostly takes place in the EU countries and there is little value addition in the countries of origin.

European industry sources stress that margins are continuously under pressure and that margins in the dried fruit sector are much smaller than for the fresh fruit sector. While retailers generally accept a price increase for fresh fruit, for instance as a results of bad weather conditions, this does not apply to the trade in dried fruits. The margins are the highest at the retail level (30-40%), while importers and wholesalers only manage to grasp a couple of percentages.

Selecting a suitable trading partner
Selecting a suitable trading partner depends on the dried fruit you can offer and whether or not it is organically certified. European food trade fairs are in general the best place to meet buyers, get insight into trends unfolding in your branch and evaluate whether or not your product is ready for the market or if minor adjustments first need to be made.
Interesting trade fairs:
- Anuga, 19-23 October 2007, Cologne, Germany: http://www.anuga.de
- BioFach, 21-24 February 2008, Nuremberg, Germany: http://www.biofach.de

- Internorga, The International Fair for the Hotel, Restaurant, Catering, Baking and Confectionary Trades. 7-12 March 2008, Hamburg, Germany: http://www.hamburg-messe.de/internorga/in_en/start_main.php
- SIAL, 28-30 August 2007, Paris, France: http://www.sial.fr
- Food & Drink Expo, 6-9 April 2008, Birmingham, UK: http://www.foodanddrinkexpo.co.uk
- IFE: International Food and Drink Trade Exhibition, 15-18 March 2009, London UK: http://www.ife.co.uk
- Natural Products Europe, 23-24 October 2007, London, UK. Several renown speakers attain the conference to discuss trends, regional initiatives and legislation on healthy, organic and natural food products: http://www.healthyfoodssummit.com/
- Food Ingredients Europe, 20 October – 1 November 2007, London, UK: http://europe2007.fi-events.com/content/default.aspx
- Alimentaria Barcelona, March 2008: http://www.barcelonadegusta.com/es/exponer/0201.htm
- Snackex, 3-5 June 2007, Barcelona, Spain: http://www.esa.org.uk/snackex/index.asp

Other interesting events can be found at:
UC Fruit & Nut Calendar: http://rics.ucdavis.edu/fnric2/calendar.shtml

On-line company databases for finding companies working in the dried food market are:
- Food world, an extensive online food business directory with full EU coverage. Fruit products are a separate product group: http://www.thefoodworld.com/food_exporters_importers/
- Europages, an online business directory, with full EU coverage. Dried fruits are a separate product group: http://www.europages.com

Business-to-business sources include the following;
- Agronetwork.com: http://www.agronetwork.com/global/
- Organic Trade Services, also offering organic industry news:http://www.organicts.com/

3 Trade: imports and exports

Imports
Total EU imports increased on average by 8% annually in value between 2002 and 2006, totalling 1.2 billion / 762 thousand tonnes in the latter year. The six markets discussed in this survey account for about 76% of EU dried fruit imports in 2006.

About 13% of EU dried fruit imports derives from extra-EU sources (excluding developing countries), 53% from developing countries and 34% from intra-EU sources. Imports from extra-EU countries decreased on average by 2% annually between 20001 and 2005, mainly because of decreased imports from the US; on average by 3% annually. The USA is the second largest supplier of dried fruit to the EU. Imports from intra-EU sources increased on average by 14% annually, mainly because of increased supplies from France and Germany, the third and fourth largest suppliers respectively and The Netherlands, Italy and Slovakia. More than half of EU dried fruit imports derives from developing countries. Imports from developing countries increased on average by 8% annually in the period reviewed, mainly because of increased imports from the largest supplier Turkey; on average by 6% annually.

The largest product group imported is sultanas, accounting for about 21% of total EU dried fruit imports in 2006. Between 2002 and 2006, EU imports of sultanas increased on average by 6% annually. Dried prunes account for 15% of EU dried fruit imports and dates and 'other dry grapes' for 13% each. Other dry grapes imports increased notably, on average by 12% annually. Figs, dried apricots and mixtures of dried fruit account for 8% of EU imports each. Between 2002 and 2006, imports of mixtures of fruit increased considerably by 19% annually. 'Other dried fruit' account for 6% of EU imports, dried apples for 5% and currants for about 2.5%. Dried bananas, dried peaches including nectarines and dried pear account for about 1% of EU imports. Dried pears imports increased relatively the most; on average by 20% annually in the reviewed period. Import of bananas decreased on average by 4% annually in the same period. Dried papaya and dried tamarind, with an import value of € 2.8 and € 1.6 million respectively, constitute the smallest products within dried fruit imports, corresponding to an import market share of less than 1%. However, imports of tamarind fruit increased relatively substantially, on average by 16% annually between 2002 and 2006.

Table 3.1 Imports and leading suppliers of dried fruit 2002 – 2006, share in % of value

Product	2002 € mln	2004 € mln	2006 € mln	Leading suppliers in 2006 Share in %	Share (%)
Total EU27	273	310	410	Intra-EU: France (9%), Germany (6%), The Netherlands (5%), Italy (3%), Greece (2%)	34%
	168	159	167	Extra-EU ex. DC*: USA (10%), Israel (3%), Australia (1%)	14%
	469	536	640	DC*: Turkey (30%), Chile (6%), Tunisia (5%), Iran (3%), China (2%), Argentina (2%)	53%
The United Kingdom	88	81	98	Intra-EU: France (14%), Italy (7)%, Germany (4%), Greece (4%), The Netherlands (2%)	34%
	54	55	52	Extra-EU ex. DC*: USA (14%), Israel (4%), Iran (3%), Australia (1%), Canada (1%)	18%
	88	118	136	DC*: Turkey (33%), Chile (5%), China (2%), South Africa (2%), Tunisia (1%), Argentina (1%)	48%
Germany	60	67	95	Intra-EU: Slovakia (7%), The Netherlands (7%), France (7%), Belgium (5%), Italy (4%),	37%
	31	25	32	Extra-EU ex. DC*: USA (10%), Australia (2%),	13%
	107	117	131	DC*: Turkey (30%), Chile (8%), Tunisia (4%), China (3%), Iran (2%),	51%
France	20	24	32	Intra-EU: Germany (9%), The Netherlands (4%), Belgium (2%), Spain (2%), the UK (2%)	22%
	6.5	7.9	9.6	Extra-EU ex. DC*: Israel (6%), USA (1%)	6%
	93	93	103	DC*: Turkey (34%), Tunisia (18%), Algeria (9%), South Africa (4%), China (3%),	72%
Italy	13	14	17	Intra-EU: France (6%), Greece (4%), Germany (3%), Spain (2%), the UK (1%)	19%
	18	15	17	Extra-EU ex. DC*: USA (12%), Israel (5%), Australia (1%), Canada (1%)	19%
	44	40	54	DC*: Turkey (39%), Tunisia (11%), Chile (6%), Iran (2%), China (1%)	62%
The Netherlands	20	22	20	Intra EU: France (9%), Germany (4%), Belgium(2%),	22%
	11	12	8.7	Extra-EU ex. DC*: USA (8%), Israel (2%)	10%
	43	48	62	DC*: Turkey (43%), Chile (8%), Argentina (5%), Iran (4%), South Africa (4%), China (3%)	72%
Spain	5.6	8.5	17	Intra EU: France (21%), Germany (4%), Belgium (2%), Italy (2%)	33%
	5.5	5.9	5.9	Extra EU ex. DC*: Israel (9%), USA (4%)	11%
	23	25	29	DC*: Turkey (19%), Tunisia (15%), Argentina (15%), Algeria (2%), Chile (2%),	56%

Source: Eurostat (2007)
*Developing Countries

The UK

The UK is the largest EU importer of dried fruit. British imports increased between 2002 and 2006 on average by 8% annually in value, totalling € 287 million / 175 thousands tonnes in the latter year. In the period reviewed, imports from Turkey and France, the country's first and second largest supplier, increased considerably by 10% and 9% annually respectively. Imports from Italy and Chile, the fourth and fifth largest suppliers, increased very strongly by 39% and 31% annually respectively.

The UK, compared to the other six markets, is a particularly large importer of 'other dried grapes', accounting for 26% of British dried fruit imports in 2006. Just as for total EU imports, sultanas also comprise a large product in British dried fruit imports, with an import market share of 20%. Mixtures of dried fruit account for 14% of British imports, dates for 10%, dried apricots for 9%, dried prunes for 8%, 'other dried fruit' for 5%, dried apples for 4%, figs for 3% and currants for 2.6%. Dried bananas, peaches and pears comprise each less than 1% of British imports. Dried papaya, dried tamarind constitute the smallest products in British imports, each accounting for an import market share of less than 1%.

Germany
German imports increased between 2002 and 2006 on average by 7% annually in value, totalling € 258 million / 160 thousands tonnes in the latter year. In particular, imports from Slovakia, the country's fourth largest supplier, increased considerably by 99% annually. Germany's leading developing country supplier is Turkey, with an import market share of 30%, followed by Chile, with a market share of 8%. Leading extra-EU supplier is the USA (10%) and leading intra-EU supplier is The Netherlands (7%). Apart from the USA, all these countries increased their supplies of dried fruit to the German market in the period reviewed.

Just as for total EU imports, sultanas comprise a very large product in German dried fruit imports, with an import market share of 29%. Dried prunes account for 18% of German imports, 'other dried fruit' for 10%, mixture of dried fruit for 9%, figs for 8%, dried apricots, apples and dates for 7% each, 'other dried grapes' for 2% and dried bananas, peaches and pears account for 1% each. Dried papaya, tamarind and currants constitutes the smallest products in German imports, accounting for an import market share of less than 1% each.

France
French imports increased between 2002 and 2006 on average by 5% annually in value, totalling € 144 million / 81 thousands tonnes in the latter year. Developing countries account, with an import market share of 72%, far above the EU average share. The two leading suppliers are developing countries, Turkey and Tunisia, together supplying half of French imports. In particular, imports from Germany, the country's third largest supplier, increased strongly by 24% annually. Notable is the small import market share of the USA (1%), compared to the other main import markets discussed in this survey, where the USA on average accounts for some 10% of dried fruit supplies.

France, compared to the other six markets, is a particularly large importer of dates, accounting for 34% of French dried fruit imports in 2006. The second largest product is sultanas, with an import market share of 17%. Figs account for 14%, dried apricots for 12%, 'other dried fruit' , dried prunes and mixtures of dry fruit for 5% each,' other dried grapes' for 4%, dried pears for 3%, dried apples for 2% and dried bananas for 1%. Dried papaya, peaches, tamarind and currants constitute the smallest products in French imports, each accounting for an import market share of less than 1%.

Italy
Italian imports increased between 2002 and 2006 on average by 4% annually in value, totalling € 87 million / 52 thousands tonnes in the latter year. In particular, imports from Chile, the country's fourth largest supplier, increased considerably by 18% annually. Imports from the USA, like in the other main EU markets, decreased, on average by 7% annually in the period revised.

Just as for total EU imports, sultanas comprise a very large product in Italian dried fruit imports, with an import market share of 28% in 2006. Italy, compared to the other six markets, is a particularly large importer of prunes, accounting for 22% of Italian dried fruit imports. Dates account for 18% of Italian imports, figs for 15%, 'other dried fruit' for 6%, dried apricots for 4%, mixtures of dry fruit for 3%, 'other dried grapes' for 2% and dried apples and peaches for 1% each. Dried bananas, pears, papaya, tamarind and currants constitute the smallest products in Italian imports, each accounting for an import market share of less than 1%.

The Netherlands
Imports by The Netherlands increased between 2002 and 2006 on average by 8% annually in value, totalling € 91 million / 71 thousands tonnes in the latter year. Developing countries, with an import market share of 72%, account for an above EU average share in French imports. In particular Turkey, with an market share of 46%, supplies the lion share of imports by The Netherlands. France, the second largest supplier and Argentina, the fifth largest supplier, experienced strong growth in their supplier in the period reviewed, on average by 25 and 100% annually respectively.

Just as for total EU imports, sultanas comprise a very large product in The Netherlands' dried fruit imports, with an import market share of 30% in 2006. Also 'other dried grapes' account with 23% for a large share in dried fruit imports. Dried prunes account for 14% of dried fruit imports and dates for 10%. The Netherlands, compared to the other EU countries, is a large importer of currants, accounting for 6% of imports. Figs, dried apricots and apples each account for 5% of Netherlands' imports, , 'other dried fruit' for 3%, dried bananas and mixtures of dry fruit for 2% each and dried pears for 1%. Dried peaches, papaya and tamarind constitute the smallest products in The Netherlands' imports, accounting for an import market share of less than 1%.

Spain
Of the six countries concerned, imports by Spain increased between 2002 and 2006 the most, on average by 11% annually in value, totalling € 52 million / 37 thousands tonnes in the latter year. France, compared to the other major import markets, has a very high import market share of 21%. Also, imports from France increased on average by 42% annually in the period reviewed. Turkey, Tunisia and Argentina are the leading developing country suppliers, accounting for about half of French imports. The three countries experienced strong growth in the supplies in the five year period.

Spain, compared to the other six markets, is a particularly large importer of dates, accounting for 29% of French dried fruit imports in 2006. Imports of sultanas, compared to the other markets, are very low, with an import share of 4%. Dried prunes account for an import market share of 23%, dried apples for 12%, 'other dried grapes' for 10%, figs for 7%, dried apricots for 6%, mixtures of dry fruit for 4%, dried pears 2% and dried bananas and 'other dried fruit' for 1% each. Dried peaches, papaya and currants constitute the smallest products in Spanish imports, each accounting for an import market share of less than 1%. Dried tamarind fruit is not imported by Spain.

Exports
Total EU exports of dried fruit increased at average by 9% annually between 2002 and 2006, totalling € 464 / 207 thousand tonnes in the latter year, turning the region into a net importer of dried fruits. The four leading exporters are France (with an export market share of 29% in 2006), Germany (19%), Italy (11%) and The Netherlands (10%). All these four countries also experienced strong growth in their exports in the period reviewed. Between 2002 and 2006, not one single European country experienced a decrease in its exports.

About 83% of exports is (re)-exported to intra-EU destinations, the main destinations being the UK (20%) and Germany (17%). Exports to Slovakia increased relatively the most, by 61% annually, currently being the destination of about 3% of EU dried fruit exports.

The six markets discussed in this survey are all net importers of dried fruit. However, the difference between imports and exports in France is rather small, while the UK is a very strong net importer. France is the largest exporter of dried fruit in the EU, accounting for 29% of EU exports in 2006. Between 2002 and 2006, exports increased on average by 9% annually, totalling € 126 million / 41 thousand tonnes in the latter year. Germany is the second largest exporter of dried fruit in the EU, accounting for 19% of EU exports. Between 2002 and 2006, Germany's exports increased on average by 2% annually, totalling € 83 million / 25 thousand tonnes in the latter year. Italy is the third largest exporter of dried fruit in the EU, accounting for 11% of EU exports.

Exports by Italy increased the strongest of the six markets discussed, on average by 16% annually, totalling € 49 million / 10 thousand tonnes in the latter year. The Netherlands is the fourth largest exporter of dried fruit in the EU, accounting for 10% of EU exports. Between 2002 and 2006, exports increased on average by 10% annually, totalling € 45 million / 24 thousand tonnes in the latter year. Note the difference in export unit value between Italy and The Netherlands. Italy mainly exports high value dried fruit products, while this is less the case for The Netherlands. Spain is the sixth largest exporter of dried fruit in the EU, accounting for 5% of EU exports. Between 2002 and 2006, exports increased on average by 14% annually, totalling € 23 million / 21 thousand tonnes in the latter year. Finally, the UK is the sixth largest EU exporter and a very strong net importer of dried fruit. Between 2002 and 2006, exports increased on average by 10% annually, totalling € 16 million / 6.9 thousand tonnes in the latter year.

Opportunities and threats

+ The EU is a strong net importer of dried fruit, offering opportunities for developing countries suppliers.
+ More than half of EU dried fruit imports derives from developing countries and imports from developing countries increased on average by 8% annually in the period reviewed.
- Imports from developing countries are dominated by Turkey, which accounts for an EU import market share of 30%. Furthermore, imports from Turkey increased at average by 6% annually.
- Dried bananas, peaches, pears, papaya and tamarind fruit do not seems interesting products, as they represent 1% or less of the dried fruit imports in all six markets discussed.
+ All other products seem interesting, in particular sultanas as they represent the majority of dried fruit imports in all six markets discussed. Also, imports of that product increased as well between 2002 and 2006.

Please note that the same development or trend can be an opportunity for one exporter and a threat to another. You should therefore analyse if the developments and trends discussed in chapter 1 provide opportunities or threats, as the outcome of the analysis depends on the specific situation of an exporter and is not so straightforward. Please also refer to chapter 7 of the EU survey for an example of such an analysis.

Useful sources

- EU Expanding Exports Helpdesk - http://export-help.cec.eu.int/
  Go to: trade statistics.
- Eurostat – official statistical office of the EU - http://epp.eurostat.cec.eu.int
  Go to: 'themes' on the left side of the home page - 'external trade' - 'data – full view' 'external trade - detailed data'.

4 Price developments

The dried fruit market is not a commodity market and therefore world market prices are determined (but not 'set') by importers and wholesaler. The dried fruit market is characterized by high prices, but low margins. The high prices are to a large extent inherent to the expensive and rather difficult production process, which requires large quantities of fresh fruit and tight quality control. Deep-fried banana chips are not inherently expensive, but they lack some of the “natural” appeal of the true dried fruits. 2006 saw some record prices for most major fruit, due to extreme temperatures. While fruit prices are traditionally volatile due to unpredictability of crop and weather, the situation in 2007 is by many companies described as dramatic. With weather conditions being the main factor – late frosts during blossoming in Poland and Hungary and heavy rain in eastern and central Europe – there are also some reported labour shortages, which means that fruit is left on the plants and trees.

Domestic and import/export prices of dried fruit vary according to a number of factors:

- The quantities, and the type of dried fruits in question.
- Harvest output in the supplying countries in relationship to demand.
- Negotiations between the different chain partners and the number of intermediaries buying and selling.
- The quality of fresh fruit (and vegetables) aimed at the consumer markets. When quality is not up to standard, the products will be diverted to the industry for processing, thus putting pressure on prices.

Because of the wide variations in availability caused by changeable harvests, weather conditions or disasters, changes in supply have a much larger effect on price levels than changes in demand. Other factors which have a significant effect on prices are the exchange rate of the dollar, quality, grade, presentation (whole, shelled, pitted, broken etc.) and the method of drying/processing which has been used prior to export. The major country of origin for a particular product often determines the basic reference price for that product worldwide. For example, the USA is the reference for raisins and Turkey for apricots.

Margins in the international trade in dried fruits are under pressure due to increased internationalisations, subsequently there is room for fewer players in the distribution chain. When possible, larger retailers and companies will import for their own account to cut costs. Margins and value addition are the highest for fair-trade, organic and naturally dried fruits. Below, some curraent *fair-trade price* indications are given for fruit originating in developing countries. The prices (FOB per kg) are set by Fair-Trade Labelling Organization International for 2007:

- Dried Apricot (Pakistan) conventional: €1.41
- Dried Apple (Pakistan) conventional: € 3.41
- Dried Bananas (Bolivia) organic: € 2.18
- Dried Bananas (Brazil) organic: € 1.89
- Dried Bananas (Costa Rica) organic: € 3.05
- Dried Bananas (Uganda) conventional: € 2.12
- Dates (Tunisia) conventional: € 0.81 price per kg paid at farm gate.
- Dates (Tunisia) organic: € 0.89 price per kg paid at farm gate.
- Sayer Dates (Iran) conventional and not fair-trade € 652 – € 796 CFR per tonnes (Jahresbericht, Waren-Verein, 2006).
- Packed dates (Tunisia) conventional and not fair-trade *Khouat Alligh Plastik Ravier* 200 gram around € 0,35 und for *Barquette* 200 g around € 0,32 (Jahresbericht, Waren-Verein, 2006).

The market price for dried fruits is determined by market conditions and the individual supplier is not able to influence prices. No detailed price information on the dried fruits market is available for the six individual countries, but the following homepages can be used as sources of information with regard to the EU price structure on dried fruits:
The Public Ledger: http://www.agra-net.com/portal/
Foodnews: http://www.foodnews.co.uk/commodity
ITC Market News Service: http://www.intracen.org

5 Market access requirements

As a manufacturer in a developing country preparing to access the EU market, you should be aware of the market access requirements of your trading partners and the EU government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns. You need to comply with EU legislation and have to be aware of the additional non-legislative requirements that your trading partners in the EU might request.

EU rules and regulations are very strict for trade in food products. The most important ones for dried fruits are:
- Maximum Residue Levels (MRLs) / Pesticides. Regulations on the approved level of pesticides found in imported dried fruits on the EU market are stated in Council Directive 90/642/EEC. For a comprehensive overview of the approved levels of pesticides, please refer to: http://europa.eu.int/comm/food/plant/protection/pesticides/index_en.htm.
- Approved Additives Regulation. This regulation is based on Directive 95/2/EC and deals with the non-nutritive substances, which can legally be added to some or all food products. Sulphur dioxide (for lightening and to help preserve colour) is permitted for certain groups of dried fruit, but limited to a certain concentration. Apricots, peaches, grapes, plums and figs may contain 2000 mg/kg; bananas 1000 mg/kg; apples and pears 600 mg/ kg; others 500 mg/ kg (http://www.europa.eu.int). The additives should be mentioned in the list of ingredients on the label of the dried fruits in the consumer packs.

For more information on legislative and non-legislative requirements, go to 'Search CBI database' at http://www.cbi.eu/marketinfo, select preserved fruits and vegetables and the country of your interest in the category search, click on the search button and click on market access requirements.

Production, packaging and labelling

Bear in mind that some steps in the production process and/or export of dried fruit depend on buyer specifications:
- Washing: 1%-10% salt water solution; 0.1%-5% soda water solution, or hot water.
- Blanching: boiling in acidified water or steam, placing fruit over burning sulphur, or immersing in sulphited water solution.
- Drying: either through solar or conventional means. The most common method for drying fruit in the EU is to place the fruit in a cabinet as a single-stage drying process. A two stage process may also be used, whereby the fruit is initially immersed in a highly concentrated sugar solution and water is removed by osmosis before being placed in the dryer for the second and final stage. This second stage may not be allowed by buyers who want an "all natural" (no sugar added) product, generally destined for the health food sector.
- Depending on buyer specifications, sugar may be added to the dried product to stabilize and increase the shelf life and sulphur dioxide may also be added for lightening and to help preserve colour.
- Storage and transportation: if the product has a high moisture content and a preservative has not been used, cold storage may be required.

In The Netherlands, Germany and the UK, but also to a lesser extent in the other three countries discussed, there is a trend towards recycling of product packaging. The EU legislation requires that packaging for consumer products is taken back and collected by retailers and producers. If the products are packed in a material which is not recyclable, a contribution has to be paid. Generally, packaging policy does not affect foreign producers because the importer will be held responsible for the packaging. Bulk-packaged, dried (tropical) fruits are usually packaged in export carton boxes lined with polyethylene, containing two or four 5 kg boxes. Nowadays, dried fruits are mostly packed in polyethylene. The latter is generally used in the form of a closed bag inside paperboard cartons, fibreboard corrugated boxes (bag-in-box system) or multi-wall sacks. Polyethylene liners may be heat-sealed to give an airtight closure, although some air permeates gradually through the polyethylene itself. Vacuum packaging is also used, but on a small scale. Packages suitable for palletisation are gaining in popularity, since they reduce handling costs and damage to the product. Rectangular boxes are more suitable for palletisation than paper sacks or drums. Packages normally vary between 5 kg and 25 kg. Additional information on packaging can be found at the website of ITC on export packaging: http://www.intracen.org/ep/packaging/packit.htm

Concerning the labelling of the products when exporting to one of the six countries, it should always be possible to trace the dried fruits back to the foreign producer and exporter of the products. As a minimum, labels should therefore contain information about the country of origin, the date, month, year of packaging as well as the name of the producer and exporter of the dried fruits. If the products are imported in consumer packages, more extensive information has to be provided. It is recommended that the requirements regarding packaging and labelling should always be agreed upon and specified in the contract between the exporter and the EU importer in order to meet expectations and to comply with EU regulations. Usually, the importer informs the foreign supplier of the requirements regarding packaging and labelling.

Information on tariffs and quota can be found at http://export-help.cec.eu.int/

6 Doing business

For general information on doing business in the EU, including information on methods of payment and terms of delivery, please refer to the CBI market survey 'the Preserved fruit and vegetable market in the EU'. Summarised common practices for sales promotion of dried fruit can be found through the Internet or by visiting product specific or sector related trade fairs. *Trade fairs* offer companies in developing countries the opportunity to establish contacts and a trustworthy image through several participations, to promote their products and conduct EU market orientation. Refer to Chapter 2 for the most important trade fairs in the six countries discussed.

Trade press can function as a means for gaining insight into market developments and competition, but can also have a promotional function. This concerns finding potentially interesting companies, as well as promotion of your own activities and products. Trade press addressing the EU market which could be interesting for players in the dried fruit sector or the food sector in general are:
The Clipper, Nuts and Sweets: http://www.agropress.com
Foodnews: http://www.agra-net.com/
FoodProductionDaily.com Europe: http://www.foodproductiondaily.com
International Food Ingredients: http://www.ifi-online.com/

Some died fruit *associations* exist, with the Organisation of the European Industries Transforming Fruit and Vegetables (OEITFL) being probably the most important. Please refer to Chapter 1 for an overview of national dried fruit associations.

General information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) can be found in CBI's export manuals 'Export Planner' and 'Your image builder'. Furthermore cultural awareness is a critical skill in securing success as an exporter. Information on cultural differences in the EU can be found in chapter 3 of CBI's export manual 'Exporting to the EU'. These manuals can be downloaded from http://www.cbi.eu/marketinfo - go to search publications. Also, the Internet provides many sources on business practices and culture, such as http://www.kwintessential.co.uk/resources/global-etiquette/france-country-profile.html Please keep in mind that these pages only give general remarks. Therefore, when conducting business, use your intuition and an understanding attitude.

Appendix A General product description

Dried fruit is fruit that has been dried, either naturally or through use of a machine, such as a dehydrator. Vine fruits make up over three-quarters of the total global dried fruit volume. Prunes (also referred to as plums) and dates are other examples of popular dried fruits in the EU.

Dried fruit has a long shelf life and can therefore provide a good alternate to fresh fruit, allowing out of season fruits to be available. Drying is a good way to preserve fruit in the absence of refrigeration. Dried fruit and vegetables are whole, cut, sliced, broken or powdered, but not prepared further. In addition to drying, certain preservatives may be added to maintain the equality. For instance, sulphur dioxide is added to prevent fruit discolouring. The use and content of preservatives in food is regulated by the EU (see also paragraph 10 on legislative requirements in the EU survey and chapter 5 of this Survey). Organic dried fruit is produced without sulphur which results in dark fruit and the flavour is much more characteristic. Dried fruit is mainly used as a snack or in breakfast cereals, muesli, bakery products, dairy products and desserts. Due to the water loss experienced during dehydration, dried fruit can have a stronger flavour. However the drying process also destroys most of the Vitamin C in the food, so that the dried version of the fruit has only a fraction of the levels of Vitamin C that would exist in the fruit if it were fresh.

Product groups

This product survey covers those product groups of dried fruit, which are interesting for developing country producers. The choice of groups was taken based on trade data, competitor analsyis and whether there is a market for the particular fruit in Europe. Product groups representing dried and fresh products together (such as pineapples, avocados, guavas, mangoes, mandarins and other citrus fruit) are not discussed in this product survey. Trade in these products mainly consists of fresh fruit. Moreover, the product group of (dried) citrus fruit has been left out, because it is produced by a few countries, which supply large bulk quantities to the EU.

Vine fruits

Vine fruits are essentially dried grapes and comprise sultanas, raisins and currants. The sultana is a soft, juicy, amber coloured fruit with a very sweet flavour. It is largely produced from a seedless white grape and varies in shape from round to oval according to variety. The majority is produced from the Thompson seedless grape. The sultana has its own distinctive sun-drying treatment which varies depending on origin, but which differentiates it from a raisin. One method is to spray the grape with a vegetable-based drying oil, prior to sun-drying. This allows the fruit's water content to evaporate more quickly when exposed to the sun. The actual sun-drying process can also vary, depending on country of origin. One method is to sun-dry the clusters of fruit on racks in partial shade. Another method is to place the fruit in the open sun on specially shaped concrete drying areas. Drying can take from a week to ten days until the moisture content has been reduced sufficiently (to around 16%) to produce succulent sultanas. The fruit is then taken to the factory for processing, where it is washed and cleaned and given a fine coating of vegetable oil. This keeps the fruit moist and prevents the berries from sticking together. The main producing countries are Turkey, Australia, Greece, Iran and South Africa.

Raisins, dark brown and wrinkled with a sweet mellow flavour, are produced from unseeded or seeded, white or black grapes. The vast majority is, however, produced from the seedless white Thompson grape. A grape becomes a raisin when its moisture content has been reduced through sun-drying, to around 16%. The grape is harvested when ripened to its fullest and is picked in clusters. At this stage the methods implemented for sun-drying vary greatly in accordance with the different countries of origin. Methods used include drying the grapes on clean paper trays between the vines, or placing the grapes on special concrete drying areas. The clusters are spread evenly and turned occasionally so that each grape gets the necessary amount of sunshine required. The fruit lies in the full blaze of the sun, as opposed to partial shade, for 2-3 weeks until the grape's moisture content has been reduced to around 16% into the caramel brown raisin we are familiar with. The raisins, as with sultanas, are packed into storage bins to keep the fruit moist, and are washed and oiled before export. The main producing countries/regions: are California (USA), South Africa, Afghanistan, Chile and Australia.

Currants are dried, black, seedless grapes. All currants derive from the same variety of grape known as the Corinth and this is from where the word “currant” originated. The methods for sun-drying currants vary according to the climate and soil of the region, but keeping the grape in the shade for the first part of the drying period is said to produce the best quality currants. The main producing countries are Greece, responsible for about 90% of the world currant crop, and South Africa, Australia and the USA.

Tree fruits

These have, in recent years, become increasingly popular and more widely available. Dried tree fruits comprise

- Apples (peeled, cored, sliced; then cut into rings), has a chewy texture and is mainly produced in the USA, Italy, China, Chile and South Africa.
- Apricots, available either halved or whole, sharp or sweet, have a rich exotic flavour. Mainly produced in Turkey, USA, Australia, South Africa and Iran.
- Dates, renowned for their great nourishing properties. Main producers are Pakistan, Iraq, Iran, Algeria and the USA.
- Figs, a sweet, chubby dried fruit, yellow brown in colour. Mainly produced in Turkey, the USA and Greece.
- Peach, firm or tender, but fleshy and with a slightly sharp flavour, peaches are sold either in halves or slices. Produced in the USA, Australia, South Africa and China.
- Pears are sweet and chewy with a pleasant granular texture. Mainly produced in the USA, South Africa, Australia, China and Chile.
- Prunes (also referred to as plums) are a popular dried fruit in the EU . It is a rich, dark dried fruit, available whole or pitted. Mainly produced in California (USA), Eastern Europe, France, South America, South Africa, Australia.

Tropical dried fruits

- Bananas, including plantains. Native to tropical regions, all varieties have a sweet fragrance when ripe and contain a soft creamy flesh inside that may be white, yellow or pinkish cream coloured. Bananas are most commonly eaten fresh out-of-hand but can be used for many purposes. Dried bananas make a sweet nutritious snack and have a concentrated flavour. Plantains, a bland and starchier variety, are most often cooked and eaten as a vegetable. They are a popular ingredient in many African and West Indian dishes.
- Papaya, native to and also widely cultivated in tropical regions, is a melon-like fruit, with yellow-orange flesh. Papaya fruits are smooth skinned. They vary widely in size and shape, depending on variety and type of plant. Popular as a breakfast fruit and as dried fruit in deserts.
- Tamarind fruit is native to tropical Africa, grows wild throughout the Sudan and is extensively cultivated in tropical Asia, Australia, Latin America and the Caribbean. The fruit is a brown pod-like legume, which contains a soft acidic pulp and many hard-coated seeds. It is used as a spice in both Asian and Latin American cuisines and is also an important ingredient in Worcestershire sauce.

In this surve, trade data based on the Combined Nomenclature are used. These data are provided by Eurostat, the statistical body of the EU. The abbreviation CN stands for Combined Nomenclature. This Combined Nomenclature contains the goods classification prescribed by the EU for international trade statistics. The CN is an 8-digit classification consisting of a further specification of the 6-digit Harmonised System (HS). HS was developed by the World Customs Organisation (WCO). The system covers about 5,000 commodity groups, each identified by a six-digit code. More than 179 countries and economies use the system. Dried fruit products discussed in this survey are covered by chapter 8 of the Harmonised System and fall under the product category “edible fruits & nuts’’. The relation between the names used throughout the report and the adjoined official product definition with HS codes are given in the table below.

Product groups	**HS codes**	**Product description**
Dried bananas	0803 00 90	Dried bananas, including plantains
Dates	0804 10 00	Dates, fresh and dry
Figs	0804 20 90	Figs, fresh and dry
Dried grapes	0806 20	Dried grapes including raisins and currants
Currants	0806 20 10	Currants
Sultanas	0806 20 30	Sultanas
Other dried grapes	0806 20 90	Other dry grapes, including raisins
Dried apricots	0813 10 00	Dried apricots
Dried prunes	0813 20 00	Dried prunes
Dried apples	0813 30 00	Dried apples
Dried peaches	0813 40 10	Dried peaches, including nectarines
Dried pears	0813 40 30	Dried pears
Dried papayas	0813 40 50	Dried papayas
Dried tamarind fruit	0813 40 60	Dried tamarind fruit
Other dried fruit	0813 40 70 / 95	Other dried fruit
Mixtures of dried fruit	0813 50 12	Mixtures of dried papaws, papayas, tamarinds, cashew apples, lychees, jackfruit, sappdillo plums, passion fruit, carambola and pitahaya, not containing prunes
	0813 50 15	Mixtures of dried fruit, not containing prunes (excl. fruit in headings 0801 to 0806 and papaws papayas, tamarinds, cashew apples, lychees, jackfruit, sappdillo plums, passion fruit, carambola and pitahaya)
	0813 50 19	Mixtures of dried apricots, apples, peaches, incl. nectarines, pears, papaws, or other dried fruits n.e.s., including prunes (excl. mixtures of nuts)
	0813 50 91	Mixtures of dried fruit n.e.s. (excl. prunes or figs)
	0813 50 99	Mixtures of dried fruits n.e.s.

This survey was compiled for CBI by ProFound - Advisers in Development