CBI MARKET SURVEY

THE PRESERVED FRUIT AND VEGETABLES MARKET IN THE EU

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This survey was compiled for CBI by Mercadero.

REPORT SUMMARY

This market survey describes and analyses the EU market for preserved fruit and vegetables as ingredient for industrial use and as consumer product.

Consumption
In 2005, consumption of preserved fruit and vegetables, excluding edible nuts, in the EU was 29 million tonnes, representing a value of €29 billion. From 2001 to 2005, this consumption grew by 5% in value and 34% in volume. There are large differences between the EU member countries. United Kingdom, Germany and Italy have the largest markets for preserved fruit and vegetables. Consumption per head in those countries is above the EU average. While the market in the UK is growing, the Italian consumption is fluctuating and the German is in structural decline. In 2004, consumption of edible nuts in the EU countries was 2.9 million tonnes, an increase of 4% compared to 2001. Peanuts account for the largest part of consumption but luxury nuts are growing in popularity more quickly.

The convenience trend has a huge influence on consumer choices of preserved fruit and vegetables. Retailers and manufacturers seize this opportunity by offering easy-to-prepare frozen or canned vegetables, complete meal packages (meal solutions), but also snack products containing fruit and edible nuts, which are used by people with busy lifestyles to replace a meal. Another important trend is the increasing popularity of healthy products. Although this trend favours primarily fresh products, new and innovative methods of preserving fruit and vegetables will stimulate the consumption of preserved fruit and vegetables. Wellness and indulgence have become major buzzwords in food marketing, translating concerns such as health and quality into positive benefits that everyone can obtain. Organic and fair-trade products, value for money, diversity in choice, and a growing interest in international cuisine are other general trends in the food market noticeable in EU counties, but their impact differs per country.

Production in the EU
Total EU production of preserved fruit and vegetables was almost 28 million tonnes in 2005, representing a value of €28 billion. From 2001 to 2005, production of preserved fruit and vegetables increased by 4% in value and 38% in volume. Italy produced 6.0 million tonnes and Spain and the United Kingdom each 4.1 million tonnes. Other important production countries are Germany, France, Poland, the Netherlands and Belgium. Italy's industry is dedicated primarily to processing of domestically produced fruit, vegetables and nuts. Canned fruit and vegetables is the largest product group with canned tomatoes as the most important product. Besides tomatoes, the canning industry uses a wide variety of fruit and vegetables, mostly temperate species. Spain and France are other countries in which the industry relies on domestic (or EU) production of ingredients. Exotic fruit and vegetables and many types of edible nuts cannot be produced in the EU and therefore have to be imported.

Imports
In 2005, EU imports of preserved fruit and vegetables, including edible nuts, had a value of €21 billion, an increase of 20% since 2001. Import volume increased by 13% over the same period, reaching 22 million tonnes. Imports from developing countries were substantial at €6.1 billion and 5.8 million tonnes in 2005. The growth in value of imports from developing countries was in line with the overall market at 22%, but the import volume grew more quickly.

Germany, the United Kingdom, France and the Netherlands are the largest importers of preserved fruit and vegetables, together accounting for 59% of EU import value in 2005. Most of the imports are from other EU countries, although a part of these imports is re-exports from developing countries. The main suppliers of preserved fruit and vegetables to the EU are the Netherlands, Germany and Turkey.

In 2005, developing countries had a share of 38% in total EU import value. Turkey is the leading supplier among the developing countries supplying a variety of edible nuts and dried fruits. China and Thailand are the main suppliers of canned fruit and vegetables and Brazil dominates the supply of fruit juices and concentrates.

Exports
In 2005, EU exports of preserved fruit and vegetables were €15 billion and 17 million tonnes, constituting a growth of 12% in value and 12% in volume since 2001. Most of the exports go to other EU countries (81% of total EU export value).

Six countries account for 75% of the EU exports: Belgium, Spain, Italy, the Netherlands, Germany and France. The major product groups are canned fruit and vegetables, fruit juices and concentrates and frozen fruit and vegetables. Germany and the Netherlands are major re-exporters of preserved fruit and vegetables from developing countries, especially for fruit juices and concentrates, and edible nuts.

Increasing internationalisation of trade has resulted in a growth in re-exports and transit trade of preserved fruit and vegetables. The opening of new markets in eastern Europe has also contributed to this. Most new EU countries are importing more from other EU countries than before accession to the EU.

Trade structure
Multinational food companies are present in all EU countries and have a large share of the market. There are also numerous small and medium companies producing a wide variety of food products. Their number, however, is decreasing in many EU countries. Multinational food companies may arrange imports themselves or use importers or agents. For specific products, multinational companies may have production facilities at the source or have strong relations with a small group of suppliers. While for some product groups such as fruit juices and concentrates specialised importers absorb large quantities, there are numerous importers dealing with less voluminous imports. At the retail level, an ever-smaller number of retailers dominates food distribution and sales. Suppliers of food products to these 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. The process of concentration is most advanced in northern and western European countries.

Opportunities for exporters
The European food market is saturated and competition is very strong. Total consumption of preserved fruit and vegetables will therefore not rise much, but consumers may shift to other products. In the new EU countries, however, food sales show higher growth rates. Products that relate positively to the prevailing trends offer the best opportunities. Fruit juices, for example, thrive well on the health trend. Canned vegetable mixes are good examples of convenience products. Luxury nuts and dried fruit appeal to consumers seeking pleasure and indulgence. However, there are also opportunities in less visible niche markets. Developing countries hold a strong position in exotic products such as cashew nuts and canned pineapple, while temperate products such as raisins, currants, prunes and apricots are increasingly coming from developing countries as well. For vegetables, an increasing number of exotic species is available and this is expected to rise further. In addition, organic and fair-trade markets provide small but quickly growing niches that can be interesting for exporters in developing countries, although certification is sometimes complicated and costly.

In the future, exporters of preserved fruit and vegetables from developing countries will not merely be suppliers of products. Food companies in the EU often seek a sustainable relation with their suppliers to enhance and guarantee product quality. In connection to this, delivery terms may become stricter, demanding more effort and resources from producers and exporters.

Exporters are advised to look at the individual countries to find the best options for their products. Specific countries can have relatively large imports of specific products and can therefore be more attractive.

The importance of food safety and quality certification in preserved fruit and vegetables is growing. HACCP is required for those food processors that want to export to the EU market. In addition, multiple retailers, manufacturers and importers require food products to comply with safety and quality standards. Certified exporters will 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 intended for developing countries. For the definition of developing countries used in CBI market surveys see annex B: List of developing countries.

Sector-specific market information
CBI publishes market information for about 37 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. E.g. 'The fresh fruit and vegetables market in the EU'.
- CBI market surveys on **the market in specific EU countries**, focusing on developments and trends in the field of market size, distribution and prices in the EU country concerned. E.g. 'The fresh fruit and vegetables market in Spain'. On average, about 20 documents per market sector are available. Those EU countries responsible for the highest share of total EU imports from CBI target countries are discussed in documents of about 10 pages. EU countries with a smaller share of the import market are discussed in fact sheets of about 2 to 3 pages.
- CBI market surveys on a **specific product or 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 countries as well as on business practices. E.g. 'The EU market for papaya'.
- **EU export marketing guidelines**, explaining how to conduct an external analysis (market audit), an internal analysis (company audit) and a SWOT analysis, and how to go through the decision-making process whether or not to export to the EU.
- 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 in specific EU countries.

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 currently 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 http://www.cbi.eu/marketinfo. Go to 'Search CBI publications'.

How to use the different CBI market information tools
If you are new on the EU market, it is 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 and the EU export marketing guidelines. After consulting this information, you should have gained a better idea on which surveys on the market in specific EU countries would be most pertinent for your purposes. It is advised also to check if a survey on your specific product or product group is available. And it is strongly advised always to

check the documents on market access for your product. Finally it is stressed that CBI market information should not be used in isolation: it serves as a basis for further research, so after consulting the CBI information, you should further explore your EU target markets to obtain more detailed information related to your specific situation.

The preserved fruit and vegetables market in the EU
This CBI market survey covers the EU market for preserved fruit and vegetables. It focuses on those products that are of importance to developing country suppliers. Statistical market information on consumption, production and trade is provided, as well as information on trade structure, prices and market access, opportunities and threats for developing country suppliers are highlighted and sources for more information are provided.

For information on how to get involved in the EU marketplace reference is made to the EU export marketing guidelines. These can be downloaded from http://www.cbi.eu/marketinfo and are especially interesting for more experienced exporters. Go to 'Search CBI database' and select the market sector concerned and the EU.

A starting exporter 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 the market in specific EU countries or specific products or product groups, and documents on market access requirements can be downloaded from the CBI website. Go to 'Search CBI database' on http://www.cbi.eu/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. Since January 1995 the EU has consisted of 15 member states. Ten new countries joined the EU in May 2004. Negotiations are in progress with a number of other candidate member states. In this survey, the EU referred to is the EU25, unless otherwise stated.

For general information on EU member states, reference is made to CBI's Export manual 'Exporting to the European Union' (2006). Information can also be found at the official EU website http://europa.eu/abc/governments/index_en.htm or the free encyclopaedia Wikipedia http://en.wikipedia.org/wiki/Portal:Europe.

Monetary unit: Euro
On 1 January 1999, the Euro became the legal currency within eleven EU member states: Austria, Belgium, Finland, France, Germany, Italy, Ireland, Luxembourg, the Netherlands, Spain, and Portugal. Greece became the twelfth member state to adopt the Euro on 1 January 2001. In 2002, circulation of Euro coins and banknotes replaced the national currencies in these countries. Denmark, the 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 Exchange rates of EU currencies in €, average yearly interbank rate

Country	Name	Code	Average 2005	Average 2006
Cyprus	Pound	CYP	1.74102	1.74133
Czech Republic	Crown	CZK	0.03363	0.03532
Denmark	Crown	DKK	0.13424	0.13407
Estonia	Crown	EEK	0.06390	0.06390
Hungary	Forint	HUF	0.00404	0.00380
Latvia	Lats	LVL	1.43853	1.44130
Lithuania	Litas	LTL	0.28962	0.28962
Malta	Lira	MTL	2.32918	2.33703
Poland	Zloty	PLN	0.24906	0.25748
Slovakia	Crown	SKK	0.02596	0.02694
Slovenia	Tolar	SIT	0.00419	0.00418
Sweden	Crown	SEK	0.10778	0.10812
United Kingdom	Pound	GBP	1.46271	1.46725

Source: Oanda http://www.oanda.com.

3 PRODUCT CHARACTERISTICS

Product groups
This market survey deals with preserved fruit and vegetables (including edible nuts) that are used by the food industry, the food service market and consumers. Preserved fruit and vegetables consist of an extensive range of products. For the purpose of this survey, a selection has been made of individual products that are important for EU markets and that may offer the best opportunities for exporters in developing countries. The selected products are grouped into six product groups:

- Fruit juices and concentrates
- Canned fruit and vegetables
- Frozen fruit and vegetables
- Dried fruit and vegetables
- Jams, jellies and purees
- Edible nuts

Fruit juices and concentrates
Most of the fruit juice that is imported in the EU is concentrated. In the country of production, water is evaporated from fruit juice, in order to maintain quality, increase shelf life, and reduce transport and storage costs. In the country of destination, water is added to give the juice its original strength. The analytical and organoleptic characteristics of the restored juice are at least equal to the original juice. During transport, fruit juice is often kept frozen but the use of new conservation techniques such as aseptic packaging is increasing.

The beverage industry uses the majority of fruit juice and concentrates to make fruit juices (single and mixed fruits) and nectars. The EU Directive 2001/112/EC makes a distinction between fruit juice (natural juice that has not been dehydrated), fruit juice from concentrate (dehydrated juice that has been restored by adding water) and fruit juice concentrate (dehydrates juices). The directive also states that fruit nectar consists partly of fruit juice and partly of added water and sugar. The minimum share of fruit juice in the nectar depends on the kind of fruit and varies between 25% and 50%. The most popular fruit juice is orange juice. Apple, pineapple and grapefruit are also popular juices. Besides the beverage industry (juices and soft drinks), the dairy industry uses considerable volumes of fruit juices and concentrates.

Trade figures do not distinguish between fruit juice and fruit juice concentrate. Therefore, in the remaining part of the survey, this product group will be referred to as fruit juice and concentrates.

Canned fruit and vegetables
Canning is a commonly used method to increase the storage life of fruit and vegetables. During the canning process, micro-organisms such as yeasts, moulds and bacteria are inactivated. Many fruits have natural acids, which act as a natural preservative. Simple pasteurisation (heating to approx. 90º C) is often sufficient for preserving fruit. Vegetables often lack natural acidity, and bacteria (including dangerous pathogenic bacteria) may develop. To inactivate bacteria, sterilisation (heating to at least 121º C) is required. This product group includes fruit and vegetables in closed recipient, which may be metal cans or glass jars. Tomatoes, peas, beans and carrots are the most popular canned vegetables. The main canned fruit varieties are pineapples, peaches, apricots and fruit mixes. Other interesting canned fruit species are lychees, mandarins and other citrus fruits.

Vegetable products can also be preserved as pickles by means of acidification, which creates unfavourable conditions for the growth of micro-organisms. The most popular pickles are gherkins, cocktail onions, carrots, sweet peppers and celery.

Frozen fruit and vegetables
Preservation by freezing is using low temperatures and ice to create an unfavourable environment for the growth of micro-organisms. During normal freezing processes, the temperature is lowered slowly, resulting in the formation of relatively large ice crystals. These ice crystals damage the food cells and when the product is defrosted, part of the proteins, sugars and vitamins is lost by leaching. During deep-freezing, low temperatures are reached more quickly and less damage is done to the cells because ice crystals are much smaller. Fruit and vegetables can be blanched before freezing (to inactivate all enzymes that affect the structure and colour of the product). Freezing of fruit and vegetables is increasing in popularity. With the use of modern freezing techniques, the quality of the frozen product is nearly the same as the original product. Frozen vegetables are mainly processed for ready meals, vegetable preserves and salads. Frozen fruit is processed into jam, bakery products and dairy products.

Dried fruit and vegetables
Drying is another method to preserve fruit and vegetables and to increase storage life. By extracting water from the product, unfavourable conditions are created for the growth of micro-organisms. 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 quality. 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). The best-known dried fruit species are the vine fruits raisins and currants, and the tree fruits apricots, prunes, dates, figs and bananas. Dried fruit is mainly used as a snack or in breakfast cereals, muesli, bakery products, dairy products and desserts. Most vegetables are industrially dehydrated, but sun-drying or field-drying are also common methods. Onions, tomatoes, garlic, carrots and olives are the most well-known dried vegetables. They are used in the production of sauces, soups and ready meals.

Jams, jellies and purees
Within this product group, preservation takes place by heating and adding sugar. This method is generally only used for fruits. Most well-known products are fruit jams, marmalades and chutneys. In some countries, fruit purees such as apple sauce are eaten as a side dish.

Edible nuts
Edible nuts may be divided in two general groups: groundnuts (peanuts) and luxury nuts. In the UK and the Netherlands, most peanuts are used make peanut butter while in other countries they are mostly consumed as snack peanuts or as ingredients of (snack) food products. Luxury nuts are significantly higher priced than peanuts. Most common luxury nuts are almonds, hazelnuts, pistachios, cashew nuts and walnuts. These nuts are consumed as a snack or are used in confectionery products (marzipan and chocolate) and ice cream.

Statistical product classification
Prodcom and Combined Nomenclature (CN)
In this survey two different sets of statistical data are used. Both sets have been provided by Eurostat, the statistical body of the EU.

The first set is derived from Prodcom. The term Prodcom is derived from PRODucts of the European COMmunity. This is a survey based on products whose definitions are standardised across the EU to allow comparison between data from the member countries. Prodcom covers some 4.800 products, which are assigned to some 250 industries (subclasses) as defined by the Standard Industrial Classification (SIC). Prodcom data comprises production, imports and exports. Based on these data apparent consumption can be calculated as follows: apparent consumption = production + imports -/- exports. Prodcom data are used in chapter 4 and chapter 5.

The second set is the trade data based on the Combined Nomenclature (CN). This Combined Nomenclature contains the goods classification prescribed by the EU for international trade statistics. The CN is an 8-digit classification consisting of the 6-digit Harmonised System (HS) with an additional 2-digit specification. HS 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. More than 179 countries and economies use the system.

Annex A provides a list of the selected products and their CN and Prodcom codes.

Limitations to the statistical data

The Prodcom data used in Chapter 4 and 5 are less reliable than the import and export statistics used in Chapter 6 and 7, as they are not part of official data collection for Customs. Companies only have to send in their data on an annual or quarterly basis. The figures sometimes show a discrepancy between years, e.g., a large fall or extraordinary growth. These problems are caused by inaccurate, inconsistent or untimely reporting by companies. However, Prodcom data are the only official source for production and apparent consumption data, displaying codes at product group level and describing the different EU markets in detail. Therefore they are useful to get an indication of size and trends within those markets. For decision making, however, these figures are not accurate enough and should be used in conjunction with further market research.

Trade figures quoted in CBI market surveys should be interpreted and used with extreme caution. In the case of intra-EU trade, statistical surveying 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. As a consequence, although figures for trade between the EU and the rest of the world are accurately represented, trade between countries within the EU is generally underestimated.

Furthermore, the information used in CBI market surveys is obtained from a variety of sources. Therefore, extreme care must be taken in the use and interpretation of quantitative data, recognizing the limitations to in-depth interpretation of relations between consumption, production and trade figures within one country and between different countries.

The HS classification given differs from the product groups and products mentioned in the paragraphs above, which this puts limitations to in-depth interpretation and of the possible relations between import and export figures on the one hand and consumption and production figures on the other hand.

4 CONSUMPTION

In this chapter, data are used from the Prodcom database, as supplied by Eurostat. Apparent consumption is calculated as the sum of production and imports minus exports. Variations in inventory are not taken into account. When using these data, two difficulties may occur. In some cases, a negative consumption is calculated when exports are higher than production and imports combined. In that case, data are treated as not available. Furthermore, data sometimes show a discrepancy between years, e.g., a large fall or extraordinary growth. These data are not sufficiently accurate for decision-making and should be used in conjunction with further market research.

4.1 Market size

In 2005, the EU market for preserved fruit and vegetables, excluding edible nuts, measured €30 billion and 29 million tonnes (Table 4.1). From 2001 to 2005, value increased by 4% and volume by 36%.

For a long time, Germany had the largest consumption of preserved fruit and vegetables in the EU. In 2005 however, the United Kingdom took over the first position in the list of largest consumers in the EU (Table 4.1). UK consumption increased by 9% in both value and volume. In Germany however, consumption decreased by 10% in value and 15% in volume. In terms of consumption per person, the United Kingdom is by far the largest consumer in the EU with €99 and 78 kg (EU average €63 and 63 kg per person). In Germany, the consumption per person in terms of volume is the same as in the United Kingdom but the value is considerably lower (€69 per person). Other consumers above EU average are Italy, the Netherlands, Finland, Denmark, Spain and Austria. All new member states have consumption levels is below the EU average.

Table 4.1 Consumption of preserved fruit and vegetables in EU member countries, 2001-2005, € million / 1,000 tonnes

	2001		2003		2005	
	value	volume	value	volume	value	volume
EU Total	28,307	21,432	30,574	25,549	29,500	29,240
United Kingdom	5,471	4,281	5,546	4,874	5,968	4,682
Germany	6,300	7,386	6,862	7,767	5,695	6,274
Italy	4,952	n.a.	5,646	n.a.	5,164	4,907
France	3,969	3,585	3,691	3,434	3,870	3,266
Spain	2,465	2,720	2,650	2,969	3,074	3,600
The Netherlands	1,424	1,198	1,353	844	1,283	954
Poland	n.a.	n.a.	681	1,279	959	1,442
Belgium	576	449	585	503	652	1,000
Austria	435	566	534	650	578	653
Sweden	669	n.a.	629	556	470	412
Finland	422	374	409	383	410	384
Denmark	321	314	350	309	394	337
Portugal	244	270	289	297	276	325
Czech Republic	82	175	121	169	165	326
Hungary	144	369	211	421	143	339
Ireland	176	117	204	137	135	87
Slovenia	62	62	48	47	47	40
Slovakia	59	69	44	54	44	43
Luxemburg	38	14	43	15	41	14
Lithuania	17	38	27	38	41	61
Latvia	25	38	26	43	34	40

	2001		2003		2005	
	value	volume	value	volume	value	volume
Estonia	20	17	35	34	31	28
Malta	0	0	15	10	14	12
Cyprus	0	0	8	10	12	14
Greece	436	566	567	706	n.a.	n.a.

N.a. Data are missing or not available
Source: Eurostat 2006

In many old member countries 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, France and Italy have large markets, which are generally close to saturation. In certain niches of the market and within certain product groups there is still room for growth. Poland has the largest market of the new EU countries and shows considerable growth over the last years. The market is growing as well in the Czech Republic and the Baltic states of Lithuania, Latvia and Estonia is growing. Spain is showing the largest growth of the old EU countries.

Canned fruit and vegetables are the fastest growing product group and make the largest contribution to the increased consumption volume (Table 4.2). The UK accounted for 26% of canned fruit and vegetables consumption value in the EU in 2005. Italy is the second largest (19%), followed by Germany (15%), France (14%) and Spain (13%). Together these five countries accounted for almost 90% of the EU market. Germany is by far the largest consumer of **fruit juices and concentrates** (26% of EU total value), followed by the United Kingdom, France, Italy and Spain. Consumption of **frozen fruit and vegetables** declined from 2001 to 2005. Italy and Germany each had 25% share in EU consumption in 2005. **Jams, jellies and purees** is growing as well. France is the largest consumer with a share of 25% of EU value in 2005, followed by Germany (18%), the United Kingdom (15%) and Italy (11%). **Dried fruit and vegetables** is the smallest product group in consumption but consumption is growing. Italy has the largest share in the EU market (30%). Other important consumers are the United Kingdom (21%), Spain (14%) and Germany (13%).

Table 4.2 Consumption of preserved fruit and vegetables in the EU, 2001-2005, € million / 1,000 tonnes

	2001		2003		2005	
	value	volume	value	volume	value	volume
Preserved fruit and vegetables, excluding edible nuts	**28,306**	**21,431**	**30,574**	**24,437**	**29,094**	**28,743**
Canned fruit and vegetables	11,525	6,932	12,837	7,881	12,062	11,706
Fruit and vegetable juice	7,529	8,209	8,693	9,802	7,824	9,909
Frozen fruit and vegetables	4,861	3,940	5,192	4,804	4,487	4,642
Jams, jellies and purees	2,310	1,443	1,709	997	2,578	1,541
Dried fruit and vegetables	2,081	906	2,143	953	2,143	945

Source: Eurostat 2006

The total market for **edible nuts** amounted to 2.9 million tonnes in 2004 (Food and Agricultural Origanization 2007). From 2000 to 2004, the consumption decreased by 4%. Germany has the largest market, accounting for 19% of total EU consumption in 2004, closely followed by Italy (17%), Spain (16%) and France (12%).

Forecast
In 2005, the average expenditure of EU households on food and non-alcoholic beverages was 12.4% of their total budget. Over the past 10 years, this percentage has declined by 0.2%. The percentage is not expected to increase but rather to continue to decrease. In the new member states, the expenditure is higher, over 15%. But it is expected to decrease in percentage terms in the future as incomes in these countries are increasing.

4.2 Market segmentation

Consumption of preserved 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 industrial demand and consumption
The major consumption patterns will be described under the following headings: industrial segments; geographic location; age and composition of the household.

End-user segments
The food processing industry is the largest segment for preserved fruit and vegetables. In this sector, preserved fruit and vegetables (primarily frozen and dried fruits and vegetables and concentrated juice) are used as ingredients in a wide range of food products. Food processors use these ingredients to produce end products in consumer packing for the retail sector and in catering packing for the food service sector.

The major food processors using preserved fruit and vegetables operate in the following sectors:

- Beverage industry. The beverage industry is a major user of fruit juices; especially juice concentrates which are processed, by blending and mixing, into fruit juice or nectar.
- Ready-meals industry. The ready-meals industry is a significant user of frozen vegetables, preserved mushrooms and dried vegetables (mainly for pizzas and pasta dishes).
- Soup industry. The soup industry is the most important user of dried vegetables and preserved mushrooms. Dried soup bases and instant soups, canned soups and frozen soups are the main products.
- Breakfast cereal, bakeries and confectionery industry. This industry uses dried fruit and edible nuts for the production of breakfast cereals, muesli and cereals bars. Edible nuts are also used in biscuits and snack food bars.
- Jam industry. The jam industry hardly uses fresh fruit. Frozen fruit is used to produce jam products and marmalade.
- Food service sector. The food service sector includes (fast-food) restaurants, institutional outlets such as hospitals, schools, elderly homes and meal delivery services.
- Other food sectors, such as pet food, baby and infant food industries use a variety of preserved fruit and vegetables.

Another segment is the (final) consumer. Preserved fruit and vegetables are then not merely an ingredient of food products but are packed for retail as such. This segment consists of branded products and private label products, which are mainly sold through supermarkets. Preserved fruit and vegetables are sold in cans, glass jars, plastic or aluminium foil bags or in bag in boxes for deepfreezes.

Geographic location
Consumption patterns of fruit and vegetables vary across the different geographic regions in the EU. The northern European countries, in general, have a higher consumption per head of preserved fruit and vegetables. This may be due to the historic reason that fresh fruits and vegetables were less available especially during winter, and preserved fruit and vegetables were used as an alternative. Nowadays, the availability of fresh produce has increased due to growing trade. Eating habits change slowly, however differences may persist for some time. Southern EU consumers spend more time and money on purchasing and preparation of fruit and vegetables. In general, fresh products are preferred over preserved products. 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, though slowly at 0.5% per year in 2005 (Eurostat 2006). Projections are that it will continue to grow until about 2025. However, there are large differences between the EU countries. Population growth is Spain and Ireland is high but in Germany and the Scandinavian countries, the population grows very slowly. The population is even decreasing in many of the new member countries of the EU. The composition of the population is changing though, which has major effects on consumption patterns. 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 and it is still increasing in Western Europe, making them a very important market segment. These trends are noticeable in all EU countries.

Consumption of fruit and vegetables, both fresh and preserved, is strongly associated with health and well-being. Consumers who are conscious about these health aspects are more likely to having high consumption levels. Eating habits develop in the early years of life and may be difficult to change in a later stage. 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 programmes for raising awareness about healthy eating habits.

4.3 Patterns and trends in consumption

Consumption patterns and eating behaviour relate strongly to income and lifestyle. Increased prosperity leads to changes in the choice of food products: more processed and value-added products, and new products. 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 production methods, value for money, diversity of choice, and ethnicity. Recently, 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 or contain more healthy fats such as omega-3 and polyunsaturated fat, have limited sugar and salt content, and products that have specific health-promoting properties, and food products with added vitamins and minerals or bacteria to promote health. Fruits and vegetables are generally associated with health foods because of the natural presence of vitamins, minerals and anti-oxidants. Although this is most obvious for fresh fruit and vegetables, preserved products have good opportunities to benefit from this trend as well. New, innovative methods that guarantee the optimal preservation of the nutritional value of fruit and vegetables will stimulate the consumption of preserved fruit and vegetables.

Besides increasing general consumption levels, the health trend also creates opportunities for new products:
- Healthy snacks containing fruit, vegetables or edible nuts that are easy to eat.
- Fruit or vegetables juices that contain new fruit and vegetable varieties wit In addition, organic and fair-trade markets provide small but quickly growing niches that can be interesting for exporters in developing countries, although certification is sometimes complicated and costly. h specific disease-preventing or health-promoting constituents. Examples are pomegranate, mangosteen, acai and noni. But well-known products as blueberries, raspberries, broccoli and carrots have high levels of health-promoting substances as well.

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

Convenience
One of the most evident consequences of the changing lifestyles of European people is the decreasing amount of time spent on preparing meals. This is due to a number of factors. More women, who were traditionally responsible for preparing meals, participate in the labour force; people stay single longer, which leads to an increasing number of single households. Fresh and unprocessed ingredients are replaced by convenience products, which require less time to prepare. 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 preserved fruit and vegetables.

Convenience 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. However, the trend towards convenience foods is present in these countries as well, as in the new members of the EU, but the impact is lower.

Responsible production methods
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. Organic fruit and vegetables are one of the major product categories in the organic segment (besides 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 principles of organic production are laid down in directive EC 2092/91 (detailed information in CBI's market information database at http://www.cbi.eu/marketinfo.) The respective CBI market survey 'The EU market for organic food products' is updated annually.

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 dried fruit, fruit juices and edible nut products have a fair-trade product standard. The standards may 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.

Consumers have become concerned about the effects of farming on the environment and social structures. The food processing industry responds by tightening their requirements and by placing increasing responsibility for the quality of the food in the hands of their suppliers (importers and producers). More and more food processors require that ingredients are grown according to the principles of sustainable agriculture. Relationships between food processors and ingredient suppliers are therefore tightening and mutual dependence is increasing. Gaining access to strongly integrated supply chains can be difficult for starting exporters. It is recommended to contact traders that supply ingredients to the food processing industry rather than approaching food manufacturers directly.

Value for money
In many European countries, supermarkets are fighting over market share. Price cuts of many daily groceries including fruit and vegetables have been the most important weapon in this battle. 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 preserved 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, but the potential for growth is large.

Diversity of choice
A remarkable increase has occurred in consumption of exotic fruits, fruit juices and edible nuts such as pineapple, mango, passion fruit, dates, figs, cashews and macadamia nuts. Since their introduction in the EU, a wider group of consumers became acquainted with them and sales started to increase. Supermarkets are important outlets for the promotion of new products.

Production and supply of preserved fruits such as 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.

Ethnic population
The growth of the ethnic population in many European countries has been increasing the 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 preserved mushrooms, canned exotic fruits and vegetables and dried leguminous 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
- expanding market for processed food, value-added products and convenience food (easy-to-prepare, ready-to-eat and long storage life)
- growing interest in new and exotic products (experience)
- organic, fair-trade and health-promoting products
- speciality products, which are not easily copied by competing companies
- comparative advantage in production costs (mainly labour costs)

The major threats for exporters from developing countries are:
- overproduction of fruit and vegetables in EU countries, which are partly used by the processing industry, may lead to low-priced domestically produced fruit and vegetables competing with more expensive, imported products
- stagnating or declining consumption of food, including preserved 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 preserved fruit and vegetables; price reduction is expected to continue in the near future
- certification, for example EurepGAP for the production process of fresh fruit and vegetables and GMP/HACCP/BRC for the food processing industry, require serious managerial and technical efforts and involves costs (see paragraph 10 for market access requirements)
- 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

4.4 Useful sources

- International Food Ingredients Online — http://www.ifi-online.com.
- FoodProductionDaily.com Europe — http://www.foodproductiondaily.com.
- Food and Beverage International: http://www.foodandbeverageinternational.com.
- FoodAndDrinkEurope — http://www.foodanddrinkeurope.com.
- FoodNews Weekly and Eurofood from AgraNet — http://www.agra-net.com.

5 PRODUCTION

5.1 Size of production

The EU is a large producer of preserved fruit and vegetables. Because of its range of climatic regimes, a wide variety of crops is produced. In northern Europe, temperate species are produced in the open air during spring and summer. In addition, there is production of vegetables such as tomatoes and sweet pepper in greenhouses, which allow for cultivation almost year-round. Higher production levels and a wider variety of crops are possible in the Mediterranean climate in southern Europe. Although most of these products are sold fresh, a substantial part is used by the food processing industry. The production of edible nuts is limited to only a few species.

The total production of preserved fruit and vegetables (excluding edible nuts) in the EU in 2005 amounted to almost €28 billion and 28 million tonnes. In terms of value, this is 4% more than in 2001; production volume increased by 40% (Table 5.1). Italy is the largest EU producer, accounting for 22% of total EU production. Other large producers of preserved fruit in the EU are the United Kingdom (15%), Spain (15%), Germany (14%) and France (11%). From 2001 to 2005, the production in Spain showed the largest growth (+18% in value and +24% in volume). The production in Italy and the United Kingdom increased, while the production in France and Germany declined.

Table 5.1 Production of preserved fruit and vegetables (excluding edible nuts) in EU member countries, 2001-2005, € million / 1,000 tonnes

	2001		2003		2005	
	value	volume	value	volume	value	volume
EU Total	26,581	19,620	28,860	21,934	27,518	27,505
Italy	5,833	n.a.	6,533	n.a.	6,048	6,244
United Kingdom	4,011	2,465	3,879	2,400	4,149	3,123
Spain	3,489	3,525	3,901	3,900	4,133	4,367
Germany	4,283	4,861	4,709	5,296	3,918	4,173
France	3,365	3,030	2,824	2,736	2,995	2,472
Poland	n.a.	n.a.	1,258	1,748	1,502	1,990
Netherlands	1,475	1,246	1,361	925	1,369	981
Belgium	1,018	1,024	1,169	1,122	1,286	1,659
Austria	374	437	440	494	482	501
Hungary	469	758	512	814	438	691
Portugal	252	349	325	409	301	420
Denmark	245	203	239	195	271	226
Finland	295	283	268	289	269	286
Sweden	413	n.a	357	359	227	213
Czech Republic	22	86	29	54	69	98
Lithuania	4	19	14	18	25	34
Estonia	3	3	17	17	14	12
Latvia	12	13	10	17	11	9
Slovenia	34	27	14	10	11	6
Ireland	60	26	88	48	n.a.	n.a.
Greece	894	1,219	899	1,056	n.a.	n.a.
Luxemburg	0	0	0	0	0	0
Malta	0	0	0	0	0	0
Slovakia	30	46	16	27	n.a.	n.a.
Cyprus	0	0	0	0	0	0

*N.a. Data are incomplete or not available
Source: Eurostat 2006

A large part of EU production consists of **canned fruit and vegetables**: their share was 44% of total production value in 2005. Although production volume increased by 57% from 2001 to 2005, the value increased by only 2%. Italy is the largest producer of canned fruit and vegetables (26% of total EU production value in 2005, especially canned tomatoes; the United Kingdom (20%), Spain (19%) and France (12%) are also important producers.

Fruit juices and concentrates accounted for 25% of total EU production value in 2005. Germany is the largest producer with 25% of total production value in 2005, followed by Spain (14%), Italy (13%) and the United Kingdom (11%). From 2001 to 2005, production value increased by 5% and volume by 24%. The third largest product group is **frozen fruit and vegetables**, of which 24% is produced in Italy, 19% in Belgium and 15% in Germany. EU production value of frozen fruit and vegetables has decreased by 3% between 2001 and 2005. In the same period, production volume increased by 62%. **Jams, jellies and purees** accounted for 10% of production value in 2005, which is an increase of 14% compared to 2001. France is the largest producer (26% of total production value in 2005), followed by Germany (16%) and the United Kingdom (13%). **Dried fruit and vegetables** are the smallest product group (5% of total production value). This is the only product group that experienced a decline in production from 2001 to 2005: -3% in value and -10% in volume. Italy is the largest producer (41% of total production value in 2005), followed by Spain (22%), France (14%) and United Kingdom (11%).

Table 5.2 Production of preserved fruit and vegetables (excluding edible nuts) in the EU, 2001-2005, € million / 1,000 tonnes

	2001		2003		2005	
	value	volume	value	volume	value	volume
Preserved fruit and vegetables, excluding edible nuts	**26,580**	**19,756**	**28,860**	**22,073**	**27,520**	**27,505**
Canned fruit and vegetables	11,925	7,332	13,016	7,704	12,148	11,482
Fruit and vegetable juice	6,587	7,704	7,586	9,344	6,910	9,533
Frozen fruit and vegetables	4,121	2,734	4,786	3,445	4,230	4,427
Jams, jellies and purees	2,433	1,522	1,891	1,101	2,762	1,645
Dried fruit and vegetables	1,514	464	1,581	480	1,470	418

Source: Eurostat 2006

Production of **edible nuts** in 2004 amounted to 889 thousand tonnes (Food and Agricultural Organization 2007). Italy and Spain are the main producers, each accounting for one-third of the total EU production volume. They mainly produce almonds and hazelnuts. Greece, Portugal and France also produce edible nuts. From 2001 to 2005, production increased by 4%.

Forecast

The food and drink industry is the largest manufacturing industry in the EU. The turnover in 2006 was €836 billion, which was 2.6% more than in 2005 (Confederation of the Food and Drink Industries of the EU – CIAA - website 2007). The turnover this industry has shown an increase for years and this growth is expected to continue. France, Germany, Italy, the United Kingdom and Spain are the leading producers (70% of EU turnover) and are expected to remain in the lead. Poland is developing strongly as a producer of preserved fruit and vegetables.

5.2 Trends in production

General trends in production
The industry consists of a few large (multinational) companies and a large number of small and medium enterprises (SMEs), together some 282,600 companies. The SMEs, which are 90% of the companies that are active in the food and drink industry, account for 50% of the total turnover. These SMEs are therefore very important in the sector. The largest food and drink companies in the EU relevant for preserved fruit and vegetables are:

- Nestlé (multi-product, http://www.nestle.com)
- Unilever (multi-product, (http://www.unilever.com)
- Danone (multi-product, http://www.danone.com)
- Cadbury-Schweppes (beverages and confectionery, http://www.cadburyschweppes.com)
- Parmalat (dairy, snacks and beverages, http://www.parmalat.com).

Product improvements and new product development are of vital importance to food and drink companies. They are necessary to keep up with the competition. There are numerous products within each product category and manufacturers have to make sure that their product are included in the retailer's assortment and are being noticed by the final consumer. Dairy products, ready meals and frozen products are the categories with the most new product launches. They often use new and exotic ingredients in new products.

Opportunities and threats for exporters from developing countries
There are distinct opportunities for exporters from developing countries in:

- Tropical and exotic products, because 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 more common products, e.g. canned tomatoes in Morocco or almond production in Turkey.
- More cost-effective value adding (processing and packing) in country of origin (comparative advantage of lower labour costs).

Threats for exporters from 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, leading to increased retailers' 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

- Confederation of the Food and Drink Industry in the EU (CIAA) — http://www.ciaa.be.
- OEITFL, Organisation of the European Industries Transforming Fruit and Vegetables — http://www.oeitfl.org.
- AIJN, European Fruit Juice Association — http://www.aijn.org.

6 IMPORTS

6.1 Total imports

The European Union imports of preserved fruit and vegetables are large and growing. Imports are necessary to keep up with the growing consumption and exports. Although some of the most important product groups may be produced in the EU, developing countries have an advantage in production of edible nuts and dried and canned exotic fruit and vegetables.

In 2005, preserved fruit and vegetables imports were €21 billion and 22 million tonnes (Table 6.1). 62 percent of imports were from one EU country to another (intra-EU trade), while the remaining 38% concerned imports from outside of the EU. Developing countries had a share of 73% in terms of value and 70% in terms of volume in the extra-EU imports.

Germany is the largest importer of preserved fruit and vegetables of the EU member countries. In 2005, Germany accounted for 22% of the total EU import value and 19% of the volume. Second largest importer was the United Kingdom, followed by France, the Netherlands, Italy and Belgium. Belgium and the Netherlands play an important role in the intra-EU trade of preserved fruit and vegetables. Their domestic market is relatively small and most of the imports, which are extra-EU, are re-exported to other EU countries and outside the EU. Poland is the leading preserved fruit and vegetables 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. The growing imports are mostly from other EU countries; imports from developing countries are decreasing in some of the new member states.

Table 6.1 Imports of preserved fruit and vegetables by EU member countries, 2001-2005, € million / 1,000 tonnes

	2001		2003		2005		Average annual change in value
	value	volume	value	volume	value	volume	
Total EU	**17,373**	**19,507**	**18,568**	**21,141**	**20,811**	**22,080**	**4.62%**
Intra-EU	**10,487**	**12,683**	**11,827**	**14,247**	**12,371**	**13,738**	**4.22%**
Extra-EU	**1,860**	**2,162**	**1,762**	**1,695**	**2,308**	**2,528**	**5.54%**
Developing countries	**5,026**	**4,662**	**4,980**	**5,199**	**6,131**	**5,814**	**5.09%**
Germany	4,248	4,438	4,358	4,507	4,612	4,247	2.08%
United Kingdom	2,216	2,805	2,337	3,796	2,726	3,062	5.31%
France	2,326	2,365	2,568	2,614	2,721	2,788	4.00%
The Netherlands	1,935	2,184	2,120	2,365	2,180	2,571	3.03%
Italy	1,345	1,439	1,526	1,677	1,686	1,541	5.81%
Belgium	1,389	1,947	1,413	1,846	1,592	2,087	3.47%
Spain	1,094	1,526	1,113	1,259	1,423	2,136	6.79%
Austria	463	443	516	538	636	615	8.26%
Sweden	380	333	410	367	465	383	5.18%
Poland	265	300	248	273	452	446	14.28%
Denmark	298	283	360	354	379	323	6.20%
Greece	216	238	280	270	311	244	9.54%
Ireland	236	210	251	219	277	219	4.09%
Czech Republic	147	175	180	208	218	390	10.35%
Portugal	198	235	205	237	216	243	2.20%
Finland	154	136	169	145	189	168	5.25%
Hungary	85	90	104	111	151	157	15.45%
Luxembourg	101	48	112	49	146	57	9.65%
Slovakia	70	111	71	86	139	125	18.71%
Lithuania	47	50	55	60	75	75	12.39%
Slovenia	55	48	59	52	69	59	5.83%

	2001		2003		2005		Average annual change in value
	value	volume	value	volume	value	volume	
Latvia	35	41	39	44	56	59	12.47%
Estonia	28	31	30	31	36	35	6.48%
Cyprus	22	19	21	19	31	26	8.95%
Malta	21	12	21	14	25	24	4.46%

Source: Eurostat 2006

6.2 Total imports per product group

Edible nuts have a high value per unit of volume and therefore constitute the largest product group in imports of preserved fruit and vegetables (Table 6.2). Mixtures of nuts, almonds and hazelnuts are the predominant high-value nuts. Groundnuts are the largest product in terms of import volume, but because of their low price, they are the fifth largest product in terms of value. The USA and Turkey are the leading supplier of edible nuts; the USA is strong in the supply of almonds and Turkey in hazelnuts and mixtures of nuts. Groundnuts are supplied mainly by the Netherlands (re-exports), Argentina and China. From 2001 to 2005, imports of edible nuts increased by 63% in value (mainly due to higher prices of almonds and hazelnuts) and 24% in volume. During the same period, imports from developing countries increased by 47% in value and 11% in volume.

Canned fruit and vegetables are mostly imported from EU counties. Italy supplies canned tomatoes, which are the largest product in this product group; France and Spain are the main suppliers of vegetable mixtures. Import value from developing countries increased by 14% between 2001 and 2005 and volume by 27%. China is the main supplier from developing countries (mainly tomatoes and vegetable mixtures), followed by Turkey and Thailand (supplying mainly pineapples).

From 2001 to 2005, imports of **fruit juices and concentrates** increased by 6% in value and 23% in volume. Orange juice is the largest product, accounting for 46% of the import value in 2005. Most of the orange juice is coming from developing countries and is traded extensively among the EU countries. Brazil is by far the largest supplier of orange juice. The Netherlands, Belgium and Germany are important importers and re-exporters. Other significant product groups are apple juice and mixtures of fruit juices. China is also an important supplier, mainly of apple juice. Between 2001 and 2005, import value from developing countries decreased by 4% and import volume increased by 28%.

Belgium is the main supplier of **frozen vegetables** and Poland of **frozen fruit**. Most important product groups are mixtures of frozen vegetables and frozen fruit. Although the total imports have been fairly stable during the survey period, the imports from developing countries have increased by 21% in value and 36% in volume. China is the main supplier of the developing countries, especially for frozen vegetables. Serbia is also important with a strong position in frozen fruits such as berries and Turkey in frozen vegetables.

More than 40% the import value of **dried fruit and vegetables** originate from developing countries. From 2001 to 2005, the import value from developing countries increased by 18% and the volume by 25%. The main products were: raisins and currants, mixtures of dried vegetables, dried peas and kidney beans, dates and prunes. Turkey holds a strong position in the supply of raisins and currants, Tunisia of dates and USA of prunes. China is the leading supplier of mixtures of dried vegetables, followed by Germany and France.

France and Germany are the main suppliers of **jams and jellies**; the Netherlands of apple **puree**. Turkey is the main supplier of the developing countries. The imports of jams, jellies and purees from developing countries are small but increased by 59% in value and 25% in volume between 2001 and 2005. This is therefore the fastest growing product group.

Table 6.2 EU imports and leading suppliers to the EU, 2000 - 2004, share in % of value

Product	2001 € mln	2003 € mln	2005 € mln	Leading suppliers in 2004 Share in %	Share (%)
Preserved fruit and vegetables	17,373	18,568	20,811	Intra EU: The Netherlands (10%), Germany (9%), Belgium (7%), Italy (7%), Spain (7%) Extra EU ex. DC*: USA (7%), Canada (1.4%), Israel (0.6%) DC*: Turkey (9%), China (4.1%), Brazil (3.1%), India (1.3%), Thailand (1.1%), Argentina (1.1%), Iran (1.0%), Chile (0.8%), South Africa (0.7%), Peru (0.6%)	59% 11% 30%
Edible nuts	3,431	3,441	5,608	Intra EU: The Netherlands (7%), Germany (6%), Spain (6%), Italy (4.8%), France (2.4%) Extra EU ex. DC*: USA (22%), Australia (0.6%), Romania (0.2%) DC*: Turkey (20%), China (3.6%), India (0.5%), Iran (2.8%)	35% 23% 42%
Canned fruit and vegetables	4,515	5,068	5,191	Intra EU: Italy (16%), Spain (10%), the Netherlands (10%), Germany (9%), France (8%) Extra EU ex. DC*: Israel (0.4%), Switzerland 0.4%), USA (0.3%) DC*: China (5%), Turkey (3.6%), Thailand (3.1%), Peru (1.8%), Morocco (1.5%), South Africa (1.2%), Kenya (1.3%), Indonesia (1.0%)	75% 3% 22%
Fruit juice and concentrates	4,152	4,633	4,390	Intra EU: The Netherlands (17%), Germany (15%), Belgium (9%), Spain (6%), Italy (5%) Extra EU ex. DC*: USA (1.6%), Israel (1.4%), Switzerland (1.4%) DC*: Brazil (13%), China (2.0%), Turkey (1.3%), Thailand 1.2%), Costa Rica (0.8%), Cuba (0.7%), Ecuador (0.6%), Argentina (0.5%), Ukraine (0.5%), Mexico (0.5%)	71% 5% 24%
Frozen fruit and vegetables	2,620	2,892	2,729	Intra EU: Belgium (23%), the Netherlands (10%), Poland (10%), France (9%), Spain (7%) Extra EU ex. DC*: Canada (1.2%), Bulgaria (0.9%), Russia (0.9%), Romania (0.7%), Israel (0.4%) DC*: China (4.8%), Serbia (2.6%), Turkey (2.3%), Chile (1.6%), Ukraine (1.4%), Morocco (1.1%), Ecuador (1.0%), Peru (0.6%), Egypt (0.3%), Thailand (0.3%)	76% 5% 19%
Dried fruit and vegetables	2,620	2,089	2,406	Intra EU: France (9%), Germany (6%), the Netherlands (4.4%), Italy (2.9%), The United Kingdom (2.3%) Extra EU ex. DC*: Canada (10%), USA (9%), Israel (1.2%), Russia (0.7%), Australia (0.6%) DC*: Turkey (16%), China (7%), Chile (3.0%), Tunisia (2.5%), Argentina (2.5%), Mexico (1.7%), Iran (1.5%), India (1.5%), Egypt (1.1%), Ukraine (0.9%)	36% 22% 42%
Jams, jellies and purees	419	446	486	Intra EU: France (19%), Germany (18%), Belgium (13%), the Netherlands (12%), Italy (7%) Extra EU ex. DC*: Bulgaria (0.4%), USA (0.3%), Switzerland (0.3%), Romania (0.3%) DC*: Turkey (3.9%), South Africa (0.4%), Ecuador (0.2%), Moldova (0.2%), Bosnia and Herzegovina (0.1%), Brazil (0.1%), India (0.1%)	93% 1% 6%

Source: Eurostat 2006
*Developing Countries

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

Developing countries play an important role in the trade of preserved fruit and vegetables in the EU. In 2005, imports from developing countries amounted to €6.1 billion and 5.8 million tonnes, 29% of the total import value and 26% of the import volume (Table 6.1). From 2001 to 2005, imports from developing countries grew by 22% in value and 25% in volume, slightly above the overall market average. Although preserved fruit and vegetables are imported from over a hundred different developing countries, some countries dominate in the supply of certain products. Turkey, China and Brazil together account for more than 50% of the supply of preserved fruit and vegetables from developing countries. The distance to the EU market is an not an important factor in the trade of preserved fruit and vegetables because they are can be kept for a longer time allowing low-cost transportation method such as sea freight.

Table 6.3 Preserved fruit and vegetables to the EU by developing countries, 2001 - 2005, share in % of total import value and volume

	2001		2003		2005	
	value	volume	value	volume	value	volume
Preserved fruit and vegetables	**29%**	**24%**	**27%**	**25%**	**29%**	**26%**
Edible nuts	47%	53%	38%	49%	41%	46%
Canned fruit and vegetables	22%	21%	22%	25%	22%	25%
Fruit juice and concentrates	27%	26%	25%	24%	24%	27%
Dried fruit and vegetables	38%	26%	41%	33%	42%	28%
Frozen fruit and vegetables	17%	11%	18%	11%	20%	16%
Jams, jellies and purees	4%	4%	3%	4%	6%	4%

Source: Eurostat 2006
*Developing Countries

Table 6.3 shows the share of developing countries in the total EU import value and volume for the different product groups. The differences between product groups can be quite large. **Edible nuts** are the largest product group. Imports from developing countries amounted to €2.3 billion and 900 thousand tonnes. In terms of volume, groundnuts are the largest product (56% of all edible nuts imported from developing countries in 2005), but due to the low price they are the third largest product in terms of value. Mixtures of nuts (not further specified) have the highest share in import value of edible nuts from developing countries in 2005 (30%), followed by hazelnuts (25%), groundnuts (16%) and cashew nuts (12%). Turkey is the main supplier of mixtures of nuts (87% of total supply from developing countries in 2005) and hazelnuts (84%). Argentina and China each account for 36% of supply of groundnuts. India is the main supplier of cashew nuts (60%), followed by Vietnam (32%) and Brazil (6%). From 2001 to 2005, imports of edible nuts from developing countries grew by 44% in value and only 7% in volume. Mixtures of nuts and cashew nuts experienced the largest growth in imports; imports of groundnuts grew more in volume (+26%) than value (+10%); and imports of hazelnuts increased by 26% in value but decreased 40% in volume.

From 2001 to 2005, imports of **canned fruit and vegetables** from developing countries increased by 17% in value and 29% in volume, reaching €1.2 billion and 1.5 million tonnes. Main products were pineapples (20% of import value of canned fruit and vegetables from developing countries in 2005), followed by asparagus (13%), and other vegetables and mixtures (not further specified, 11%). Pineapples are supplied by Thailand (42% of import value from developing countries), followed by Indonesia (23%) and Kenya (17%). Asparagus are supplied by two countries: China (67%) and Peru (33%). Peru is also the main supplier of other vegetables and mixtures (31%), followed by Turkey (22%) and China (16%). Imports of other vegetables and mixtures increased most (+62 in value); also imports of pineapples grew (+9%); but imports of asparagus decreased by 10% in value.

Orange juice is by far the largest product in the group of **fruit juices and concentrates**, accounting for 58% of all fruit juices and concentrates imports from developing countries. In 2005, imports from developing countries were €1.1 billion and 1.8 million tonnes. From 2001 to 2005, the import of orange juice decreased by 9% in value but grew by 28% in volume.

Orange juice is predominantly supplied by Brazil (93% of import value), leaving a small share for Cuba (2%) and Mexico (2%). Apple juice is the second largest product (15%), followed closely by pineapple juice (13%). The imports from developing countries for both products increased substantially. China is the main supplier of apple juice (51%), followed by Turkey (21%) and Ukraine (12%). Thailand accounts for 38% of pineapple juice imported from developing countries, Costa Rica for 16% and Indonesia for 12%.

Dried fruit and vegetables are the fourth largest product group in imports from developing countries. In 2005, imports amounted to €1.0 billion and 1.1 million tonnes. This is an increase of 18% in value and 25% in volume. Most important products are raisins and currants (24% of total import of dried fruit and vegetables from developing countries), kidney beans (10%) and dates (8%). From 2001 to 2005, imports of raisins and currants and dates increased, but import of kidney beans declined. Turkey is the predominant supplier of raisins and currants (72%), followed by Iran (10%) and Chile (8%). Main suppliers of kidney beans are Argentina (39%), China (37%) and Ethiopia (5%). Dates are supplied mainly by Tunisia (66%), Algeria (14%) and Iran (11%).

Imports of **frozen fruit and vegetables** from developing countries amounted to €532 million and 543 thousand tonnes, which is an increase of 23% in value and 42% in volume. The largest part of this product group is made up of mixtures of (other) vegetables and mixtures of (other) fruit, which are not further specified. Together they account for 65% of the total import value of frozen fruit and vegetables from developing countries. Other important products are berries (21%) and strawberries (10%). Imports of strawberries and mixtures of (other) fruits increased most rapidly. The imports of mixtures of (other) vegetables increased as well but the imports of berries remained stable. China, Turkey and Ecuador are the main suppliers of mixtures of (other) vegetables; Ukraine, China and Serbia of mixtures of (other) fruit; Serbia and Chile of berries; and Morocco, China and Turkey of strawberries.

The smallest product group in the imports from developing countries is **jams, jellies and purees;** imports in 2005 amounted to €29 million and 16 thousand tonnes. From 2001 to 2005, imports increased buy 58% in value and 25% in volume. This product group is experienced the largest growth rate in the imports from developing countries but the total amount of imports are still small. Most important product groups are jams, jellies and purees with a sugar content less than 13% and jams (almost all supplied by Turkey), jellies and purees with a sugar content of more than 30% (supplied by Turkey, Croatia and Brazil).

Opportunities and threats
- Edible nuts, and in particular luxury nuts such as cashew nuts and hazel nuts, provide a good opportunity for exporters from developing countries.
- Dried fruit, especially the exotic species such as dates and figs, are increasing in popularity and demand is increasing. They are not produced in the EU and therefore need to be imported.
- The import of fruit juice is growing as well but the dominance of Brazil is very strong and small producers and exporters may encounter difficulties in entering the market.

6.4 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

7 EXPORTS

In 2005, EU exports of preserved fruit and vegetables amounted to €15.1 billion and 17.3 million tonnes (Table 7.1). From 2001 to 2005, EU exports increased by 12% both in value and in volume. 81% of the value was exported to other EU countries. The main destinations were Germany (21% of export value in 2005), France (14%), the United Kingdom (10%) and the Netherlands (6%).

Table 7.1 Exports of preserved fruit and vegetables by EU member countries, 2001-2005, € million / 1,000 tonnes

	2001		2003		2005		Average annual change in value
	value	volume	value	volume	value	volume	
Total EU	**13,346**	**15,341**	**14,583**	**16,173**	**15,107**	**17,283**	**3.15%**
Intra EU	**10,283**	**12,209**	**11,503**	**12,800**	**12,284**	**14,453**	**4.55%**
Extra EU - DC	**3,100**	**3,224**	**3,113**	**3,428**	**2,823**	**2,830**	**-2.31%**
Belgium	1,784	2,186	1,994	2,292	2,121	2,580	4.42%
Spain	1,797	1,759	2,078	1,991	2,096	1,829	3.92%
Italy	1,995	2,716	2,077	2,497	2,051	2,479	0.69%
The Netherlands	1,663	1,688	1,926	1,847	1,922	2,821	3.68%
Germany	1,625	1,749	1,771	1,865	1,765	1,784	2.09%
France	1,388	1,700	1,414	1,842	1,418	1,660	0.54%
Poland	625	811	781	943	884	1,156	9.05%
Greece	611	820	525	500	627	651	0.65%
Hungary	414	588	405	534	430	523	0.95%
United Kingdom	369	402	389	769	422	633	3.41%
Austria	333	273	348	297	398	357	4.56%
Portugal	190	237	228	306	206	266	2.04%
Denmark	194	150	226	170	180	132	-1.86%
Sweden	81	60	93	81	119	87	10.09%
Luxembourg	71	18	84	18	115	24	12.81%
Czech Republic	20	14	23	21	88	98	44.83%
Ireland	74	35	87	65	70	60	-1.38%
Slovakia	23	43	30	41	56	32	24.92%
Lithuania	27	25	35	26	51	33	17.23%
Finland	20	13	24	15	30	18	10.67%
Latvia	12	17	14	21	19	24	12.17%
Slovenia	15	11	14	10	16	11	1.63%
Estonia	4	5	6	5	12	9	31.61%
Cyprus	10	18	8	16	9	15	-2.60%
Malta	1	0	0	0	1	0	0.00%

Source: Eurostat 2006

A substantial part of exports consists of re-exports: imports that are forwarded to other countries within and outside of the EU. 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. Belgium is the largest exporter of preserved fruit and vegetables, which include a substantial amount of re-exports of imports from developing countries. It acts as a transit country. The Netherlands is also a major re-exporter and transit country, especially for (orange) juice and concentrates.

The largest product group in exports was **canned fruit and vegetables**. In 2005, exports amounted to €5.5 billion and 6.1 million tonnes. The main destinations were Germany, the United Kingdom and France. **Fruit juices and concentrates** exports in 2005 amounted to €3.5 billion and 5.5 million tonnes. 89% of these exports were to EU countries. The main destinations were Germany, France and the United Kingdom. In 2005, exports of **frozen fruit and vegetables** were €2.3 billion and 2.9 million tonnes in 2005. Most frozen fruit and vegetables were exported to other EU countries (89% of export value in 2005), mainly to Germany, France and the United Kingdom.

In 2005, exports of **edible nuts** were €2.1 billion and 629 thousand tonnes. This is an increase of 64% in value and 25% in volume compared to 2001, which is the highest growth rate of all product groups. These exports were mostly to EU countries: Germany, France and Italy were the main destinations. Exports of **dried fruit and vegetables** in 2005 amounted to €1.1 billion and 1.7 million tonnes. Most of these exports were to EU countries, mainly Germany, the United Kingdom and the Netherlands. **Jams, jellies and jams** accounted for 3% of the value of total exports: €669 million and 458 thousand tonnes. This product group experienced a growth of 19% in value and 17% in volume between 2001 and 2005. It is one of the fastest growing product groups in exports. EU countries are the main destination (75% of export value in 2005). Again, Germany, France and the United Kingdom were the main destinations.

Export by the whole food and drink industry also increased in 2005, reaching €47 billion (CIAA 2007). The main trading partner outside the EU is the USA, followed by Russia, Japan and Switzerland. The exports of processed fruit and vegetables from the EU reached €2.8 billion in 2005, which is an increase of 4.6% compared to 2004. The largest category in exports are (alcoholic) beverages, dairy and meat products.

8 TRADE STRUCTURE

8.1 Distribution channels

Besides the domestically produced preserved fruit and vegetables, the EU food industry also uses large amounts of imported preserved fruit and vegetables. They are used as ingredients in processed food or re-packed for retail or re-export. The preserved fruit and vegetables trade is pan-European but some EU countries are dominant in one or more product groups. In general, the trade channels in the different EU countries do not differ greatly but differences may exist for the various product groups (Figure 7.1). The following types of business partners are the most important importers of preserved fruit and vegetables.

Agents
Agents are intermediaries. They maintain contacts with foreign suppliers and procure produce for their customers. Agents are intermediaries that establish contacts between exporters and importers and facilitate in buying or selling orders. Agents do not buy or acquire ownership of a shipment. Most agents work on commission which is generally between 2 and 5 percent of the purchase price to be paid by the seller (rates may vary). There are two types of agents: agents that represent the buyers, such as the food processing industry, compound houses or re-exporters, and agents that represent sellers, mainly exporters. Agents are well informed about the current market trends, prices and users.

Importers
Importers buy and sell preserved fruit and vegetables, mainly to the food processing industry and for re-export. Often, importers take care of import formalities and obtain ownership of the goods. In most cases, they have long-standing contacts with their suppliers ad can advise exporters on issues such as quality requirements, size and preferred kind of packaging.

Processing industry (processing importer)
The number of companies that are active in a supply chain of preserved fruit and vegetables may vary for the different product groups. Importers may also be the processors of finished products. For example, an importer of edible nuts sometimes also manufactures and packs consumer products. The supply chain of these products is very short. Processing manufacturers/importers may also transform raw materials or into semi-finished products which are then sold to other processing companies. Specialised fruit processing industries, for instance, supply semi-manufactured products to the bakery, dairy and ice-cream industry. Compound houses are specialised importers of fruit juices and concentrates and have specialised warehousing facilities. They often blend various batches to make the semi-manufactured product that is required by their customers in the beverage, dairy and ice cream industry. The number of companies that are active in the supply chain of processed food that contain preserved fruit and vegetables may be large. The processing manufacturers import on their own account or use the services of an agent.

Manufacturer of end-products
Many manufacturers use processing importers or agents, as they offer a reference point situated within their own country. In the beverage industry, it is common that manufacturers using large quantities of juice concentrates on a regular basis purchase their ingredients directly from producers abroad. Another example is the jam industry, which buys substantial amounts of fruit pulp and frozen fruit directly from producers abroad. Leading importing manufacturers of end-products in EU countries are Unilever, Cadbury Schweppes and Danone.

Retail and food service organisations
Multiple retailers are at the far end of the trade channel of preserved fruit and vegetables. This type of outlet accounts for the largest part of sales of processed preserved fruit and vegetables. The retail sector hardly ever imports preserved fruit and vegetables directly, but buys from wholesalers, importers and the food processing industry. In the EU, large

supermarket buying groups are Carrefour (France), Metro (Germany), Tesco (United Kingdom), Aldi (Germany) and Ahold (the Netherlands), Because of their much smaller size compared to the multiple retailers, the food service industry does not usually import directly from source.

Packers
This type of importer also sort and pack goods in customized retail packs for the European market. Most often no or little processing of the product takes place. They pack using their own brand or the private label of a customer (retailer). Not all packers are importers. If they do, the same trade structure applies as for many products of products discussed in this survey.

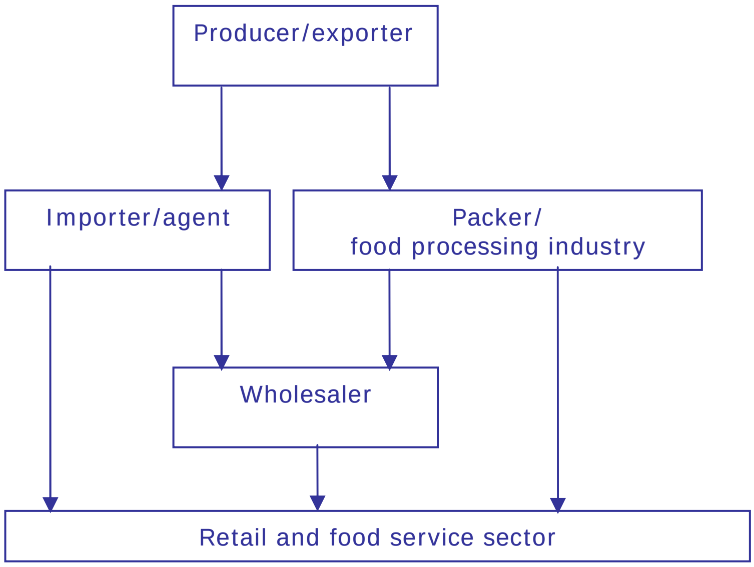

Figure 8.1 Distribution channels for preserved fruit and vegetables

Many importers, agents, or packers trade in more than one product group. For instance, importers may trade in consumer and catering products, and in bulk products for the food processing industry. The soup industry (dried vegetables), the sauce industry (sterilised vegetables), the pickles industry (semi-processed pickles), the frozen food industry and other large food manufacturers mostly import directly from source. Most of the smaller food manufacturers are served by intermediaries. Some importers and packers may do some processing before the product is delivered (cleaning, grading, reducing the moisture content and bacteria count for dried products and packing under their client's brand or a private label). It is also common that importers, agents and packers are specialised in certain product groups: fruit juice and concentrates or edible nuts and dried fruit.

There are only a few large importers for fruit juice and concentrate but they are active in trade throughout the EU and outside the EU. These compound houses often process the imported fruit juices and concentrates (mix or standardize and may pack juice) before it is sold to their customers (Figure 8.2). They have specialised storage and processing facilities in the harbour area from which the processed fruit juice and concentrates are shipped to their customers. The three biggest compound houses are Döhler-Eurocitrus (http://www.doehler.com), SVZ (http://www.svz.com), and Cargill (http://www.cargill.com/products/food/ps_beverages.htm). They supply to the beverage industry, both small and large companies. The activities of agents and other importers of fruit juices and concentrates are generally limited to responding to spot purchases and searching for products of a different nature or of a special quality.

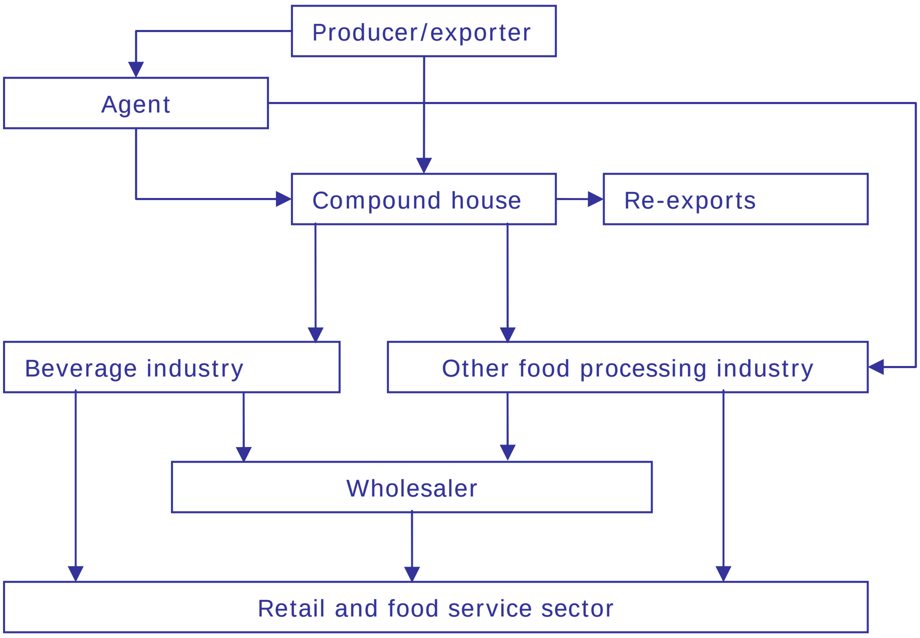

Figure 8.2 Distribution channels for fruit juice concentrate

Importers are the most interesting trade partners for developing country exporters of preserved fruit and vegetables. They often have strong relationships with their buyers all over the world and have extensive and up-to-date knowledge of the quality demands. They are most likely to build up a long-term relationship with their suppliers. A reliable and high-quality supply of preserved fruit and vegetables is important for their business.

Retail trade
The (multiple) retailers and food service are closest to the consumer of all partners in the trade channel. The major types of retailers and food service and their characteristics are discussed in Table 8.1.

Table 8.1 Market parties at the retail level

Type of organisation	Characteristics
(Multiple) retailers	• Supermarkets and hypermarkets offering a complete assortment of food products and additional non-food products • Broad assortment of supermarkets and hypermarkets allows for one-stop shopping • Discounters and hard discounters have a strong price focus • Neighbourhood supermarkets are often small, more focused on food than non-food and may be independent or part of a multiple retail organisation
Food service	• Supplies hotels, restaurants and catering institutions, comprising catering institutions comprise hospitals, homes for the eldery, work places, and other public places were food is consumed.

Multiple retailers are the most important outlet for preserved fruit and vegetables (and other processed food). But there are large differences across the EU in the extent of their dominance in food sales. In France, the United Kingdom, Germany, Scandinavia, the Netherlands, multiple retailers typically dominate the sales of preserved fruit and vegetables. 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 smaller retailers. Retailing in eastern European countries such as the Czech Republic and Hungary is changing rapidly. The large, often Western European based, multiple retailers have entered the market and are rapidly gaining market share to the disadvantage of small, independent retailers.

These developments are, however, not so strong in Poland, which is the largest country in Eastern Europe.

Most exporters from developing countries will only have contact with importers of preserved fruit and vegetables and not with multiple retailers or food-service organisations. Therefore, developing country exporters are advised to contact and co-operate with importers for the distribution of their products. Besides focusing on the home market, importers may also be active in exporting to the EU or other countries.

8.2 Useful sources

- Food Info Net is a website providing news, information and services related to the food industry — http://www.foodinfonet.com.
- Fruit Processing Magazine — http://www.fruit-processing.com.
- International Nut and Dried Fruit Council Foundation — http://www.nutfruit.org.
- Confederation of the Food and Drink Industry in the EU (CIAA) — http://www.ciaa.be.

9 PRICES

9.1 Prices

Supply and demand of preserved fruit and vegetables are the main factors influencing the domestic, import and export prices. They may cause large fluctuations in prices over time. Weather conditions during the growing season of fruit and vegetables are a major factor in constituting supply, especially in the short term. Unfavourable weather conditions reduce the harvest of fruits and vegetables and subsequently reduce the amount available for the processing industry. This will result in larger import volumes and higher prices. Also, the weather conditions in fruit and vegetables producing and exporting countries have an effect on the supply to the world market.

The demand is, in general, more constant than supply. Structural changes in demand occur over longer periods (years). The demand for fruit and vegetables has relatively low price-elasticity. 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.

Prices of preserved fruit and vegetables products are set at a global level, and speculation on the harvests can cause changes in the price level. Varying exchange rates also contribute to price fluctuations. Quality and origin are other important factors in price determination of preserved 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.

The market for preserved fruits and vegetables is regulated by the EU. For many products, import duties and/or entry prices have to be paid. The import duty may be waived for certain developing countries. For more information on duties, quota and waiving of duties, see chapter 10.4 and the website EU Expanding Exports Helpdesk - http://export-help.cec.eu.int.

Margins in the international trade in preserved fruit and vegetables are under pressure. In a diverse sector such as fruit and vegetables, it is hardly possible to give an accurate picture of prices and margins throughout the supply chain. There are many differences between the categories such as temperate and exotic products and between bulk and speciality products. Exporters are advised to closely monitor market and price developments in their specific product categories, in order to quote realistic prices.

Table 9.1 gives daily prices of selected edible nuts and dried fruits for several European ports. These prices fluctuate in time and are therefore only indicative for the period for which they are quoted.

Table 9.1 Average monthly wholesale prices of selected imported edible nuts and dried fruit, 07-02-2007

Product variety	Origin	Unit	Port	Price	
Groundnuts					
38/42	USA	$/ton	N.W. European port	1120	
38/42 Runners	Argentiana	$/ton	c&f N.W. European port	1040	
60/70 Bold	India	$/ton	c&f N.W. European port	900	
Hsujis	China	$/ton	cif N.W. European port	1050	
Cashews					
320s Spot	India	£/ton	UK	2521	
Almonds					
Shelled 23/25 Non Pareil select	USA	$/ton	cif European main ports	6550	
Shelled, standard sheller run	USA	$/ton	cif European main ports	5300	
Sultanas					

Turkish speciality cleaned standard no. 9	Turkey	£/ton	European main ports	1015	
Greek type no.2	Greece	£/ton	cif UK	650	
Iran natural sultanas	Iran	£/ton	cif UK	727.50	
Figs					
Lerida figs	Turkey	£/ton	cif UK	1325	

Source: The Public Ledger 2007 - http://www.agra-net.com.

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 of price information are traders themselves. In most specialized markets, traders and agents have the most accurate information about prices.

- The Public Ledger publishes wholesale prices of various edible nuts and dried fruits on a weekly basis. http://www.agra-net.com (subscription fee).
- ITC's Market News Service (MNS) publishes wholesale prices of fruit juices and concentrates on a weekly basis. http://www.intracen.org/mns (subscription fee).

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.eu/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 protection, consumer health and safety and social concerns. You need to comply with EU legislation and should be aware of the additional non-legislative requirements that your trading partners in the EU may request.

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 apply to your products. For information on legislation, go to 'Search CBI database' at http://www.cbi.eu/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 generally specified by European buyers through labels, codes of conduct and management systems. For information on non-legislative requirements go to 'Search CBI database' at http://www.cbi.eu/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.

10.3 Packaging, marking and labelling

You can download information on requirements on packaging, marking and labelling in specific EU countries from the CBI website. Go to 'Search CBI database' at http://www.cbi.eu/marketinfo, select your market sector and the EU country of your interest, click on the search button and click on 'market 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; foodstuffs for particular nutritional purposes; food additives and flavourings; materials intended to come into contact with food.

Specific rules for packaging, marking and labelling exist for
- Fruit juice and concentrates – Council Directive 2001/112/EC
- Jams, jellies and purees – Council Directive 2001/113/EC

For information on these directives and other legislation, go to 'Search CBI database' at http://www.cbi.eu/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.

10.4 Tariffs and quota

You can download information on tariffs and quota in specific EU markets from the CBI website. Go to 'Search CBI database' at http://www.cbi.eu/marketinfo, select your market sector and the EU country of your interest, click on the search button and click on 'market surveys' for an overview of documents on the country of your interest.

General
For some types of preserved 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. Tariff quota are amounts 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 trade with developing countries and their sustainable development. 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 he 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/.

ANNEX A DETAILED HS AND PRODCOM CODES

HS Codes of Combined Nomenclature (CN)			
1 Fruit juice and concentrates			
2009	11, 12, 19		orange juice
	21, 29		grapefruit juice
	31, 39		juice of any other single citrus fruit
	41, 49		pineapple juice
	50		tomato juice
	61, 69		grape juice
	71, 79		apple juice
	80		juice of any single fruit or vegetable
	90		mixture of juices
2 Canned fruit and vegetables			
2001	10		pickled cucumbers and gherkins
	90		other pickled fruit and vegetables
2008	20		pineapples
	30		citrus fruit
	40		pears
	50		apricots
	60		cherries
	70		peaches, including nectarines
	80		strawberries
	91		palm hearts
	92, 99		mixtures and other canned fruit
2002	10, 90		tomatoes
2005	10		homogenised vegetables
	20		potatoes
	40		peas
	51, 59		beans
	60		asparagus
	70		olives
	80		sweet corn
	90		other canned vegetables and mixtures of vegetables
3 Frozen fruit and vegetables			
0811	10		strawberries
	20		raspberries, blackberries, mulberries, loganberries, black, white or red currants and gooseberries
	90		other frozen fruit
0710	10		potatoes
	21		peas
	22		beans
	29		other leguminous vegetables
	30		spinach
	40		sweet corn
	80, 90		other frozen vegetables and mixtures
4 Dried fruit and vegetables			
0801	11		desiccated coconuts
0803	00	90	dried bananas
0804	10		dates
	20	90	dried figs
0806	20		dried grapes
0813	10		apricots
	20		prunes
	30		apples

	40	-	other dried fruit and mixtures
	50	12, 15, 19, 91, 99	
0712	20		onions
	31		mushrooms and truffles
	31		mushrooms of the genius Agaricus
	32		wood ears
	33		jelly fungi
	39		other mushrooms
	90		other dried vegetables and mixtures
0713	10		peas
	20		chickpeas
	31		mung beans
	32		adzuki beans
	33		kidney beans
	39		other beans(vigna and phaseolus)
	40		lentils
	50		broad beans
	90		other leguminous vegetables
5 Jams, fruit jellies, puree and pastes			
2007	10		homogenised preparations
	91		citrus fruit, not homogenised
	99		other
6 Edible nuts			
0801	1090, 19		coconuts, other than desiccated
	21, 22		brazil nuts (in shell and shelled)
	31, 32		cashew nuts (in shell and shelled)
0802	11, 12		almonds (in shell and shelled)
	21, 22		hazelnuts or filberts (in shell and shelled)
	31, 32		walnuts (in shell and shelled)
	40		chestnuts (in shell and shelled)
	50		pistachios (in shell and shelled)
0802	90	-	other nuts and mixtures
0813	50	31	
	80	39	
1202	10, 20		ground nuts (in shell and shelled and preserved)
2008	11		

PRODCOM Codes	Description
1. Fruit juice and concentrates	
15.32.10.13, 15.32.10.15	unconcentrated orange juice
15.32.10.21	unconcentrated grapefruit juice
15.32.10.22	unconcentrated juice of any single citrus fruit (excluding orange and grapefruit)
15.32.10.23	unconcentrated pineapple juice
15.32.10.24	tomato juice
15.32.10.25	unconcentrated grape juice
15.32.10.26	unconcentrated apple juice
15.32.10.29	unconcentrated juice of any single fruit/vegetable (excluding orange, grapefruit, pineapple, tomato, grape and apple juice)
15.32.10.30	mixtures of unconcentrated fruit and vegetable juice
15.32.10.40	concentrated fruit and vegetable juices (excluding tomato juice)
2. Canned fruit and vegetables	

PRODCOM Codes	Description
15.31.12.70	potatoes (flour, meal, flakes, excluding crisps)
15.33.14.23	tomatoes
15.33.14.25, 15.33.14.27	tomato puree and paste
15.33.14.30	mushrooms and truffles
15.33.14.61	sauerkraut (excluding pickled)
15.33.14.62	peas
15.33.14.63, 15.33.14.64	beans
15.33.14.65	asparagus
15.33.14.66	olives
15.33.14.67	sweet corn
15.33.14.90	other vegetables and mixtures of vegetables
15.33.15.00	pickled vegetables, fruit or nuts
15.33.25.50	fruit
15.88.10.30	homogenized vegetables
3. Frozen fruit and vegetables	
15.31.11.00	frozen potatoes
15.33.11.00, 15.33.14.40	frozen vegetables and mixtures of vegetables
15.33.21.00	frozen fruit and nuts
4. Dried fruit and vegetables	
15.33.13.30	onions
15.33.13.50	mushrooms and truffles
15.33.13.90	other dried vegetables
15.33.25.10	dried grapes
15.33.25.20	other dried fruit than bananas, dates, figs, pineapples, avocados, guavas, mangoes, mangosteens, citrus fruit and grapes, mixtures of nuts or dried fruits
5. Edible nuts	
15.33.23.30	prepared or preserved groundnuts (including peanut butter; excluding by vinegar or acetic acid, frozen, purees and pasted)
15.33.23.90	prepared or preserved nuts; other than groundnuts; and other seeds and mixtures (excluding by vinegar or acetic acid, frozen, purees, and pastes, preserved by sugar)
6. Provisionally preserved fruit and vegetables	
15.33.12.00	vegetables provisionally preserved; by sulphur dioxide gas; in brine; in sulphur water; or in other preservative solutions; but unsuitable in that state for immediate consumption
15.33.24.00	fruit and nuts provisionally preserved; by sulphur dioxide gas; in brine; in sulphur water; or in other preservative solutions; but unsuitable in that state for immediate consumption
7. Fruit jams, jellies, purees and pastes	
15.33.22.30	citrus fruit jams; marmalades; jellies; purees or pastes; being cooked preparations (excluding homogenized preparations)
15.33.22.90	jams; marmalades; fruit jellies; fruit or nut purees and pasted; being cooked preparations (excluding of citrus fruit, homogenized preparations)
15.88.10.30	homogenized preparations of jams, jellies, marmalades, purees and pastes

ANNEX B LISTS OF DEVELOPING COUNTRIES

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

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

CBI countries – January 2007:

CBI supports exporters in the following Asian, African, Latin American and European (Balkan) countries:

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

ANNEX C REFERENCES

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