BARBADOS PRIVATE SECTOR ASSOCIATION

BARBADOS PRIVATE SECTOR TRADE TEAM
A DIVISION OF THE BARBADOS PRIVATE SECTOR ASSOCIATION

EXPORTING TO THE EU

SECTOR STUDY

FRESH FOODS: FRUIT, VEGETABLES & MEAT

Prepared for the Barbados Private Sector Association (BPSA) with the support of the IADB project "Building Capacity to increase exports"

SEPTEMBER 2012

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IDB

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Multilateral Investment Fund
Member of the IDB Group

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CHAPTER 1 INTRODUCTION

This report presents a sector study of the fresh food industry in the EU. It is intended to elaborate possible opportunities for building export capacity among Barbadian producers to access the EU market, within the context of the Economic Partnership Agreement (EPA). The research is sponsored by the Barbados Private Sector Association (BPSA), through the support of the Inter-American Development Bank and is part of a series of four projects that will strengthen the BPSA in its role as a key participant in public policy debates affecting private sector development; while increasing awareness of changes and challenges that confront the sector. These four component projects involve:

- Improving private sector development and competitiveness;
- Providing information on the challenges and opportunities of the EPA to business owners, managers and workers;
- Building capacity to increase exports; and
- Supporting the Institutional strengthening of the BPSA.

This report contains five Chapters. Chapter 1 provides an introduction to the fresh food sector, including the background to EU trade in fresh agricultural products, definitions of the target product categories of fruit, vegetables and meat, major trends and the key players in the sector. Chapter 2 outlines the various types of market requirements which producers may be required to meet, that is important quality standards and their certification, sanitary and phytosanitary (sps) regulations and technical barriers to trade (TBT). Chapter 3 aims to demystify the standards, technical barriers to trade and sps measures which are specifically related to the export of fresh food to the EU. More detail is provided in a separate report on technical regulations compiled and submitted to the BPSA. Chapter 4 explores the EU fruit and vegetables sector, including its value chain, a market demand study and snapshot of how the sector operates in the EU. Chapter 5 provides similar information on the meat and poultry fresh food sub-sectors. The report concludes with summary pointers on critical success factors for exporting to the EU, based on the information presented in the sector study.

This sector study is the product of rigorous research and cross referencing of multiple sources conducted over three months in mid 2012. While every attempt has been made to verify the published information as accurate at the time of writing, the environment is very dynamic and subject to frequent changes at short notice. Exporters are therefore advised to remain in close communication on these issues with potential buyers. The manual is not intended as a substitute for legal or marketing advice and no liability will be assumed by the BPAS or its authors arising from the use or interpretation of the information contained herein.

EU Trade in fresh agricultural products

According to the Agri-Food Trade Service of the Government of Canada, food consumption in the EU is dominated by fresh foods and produce. Table 1 below shows the EU trade balance in fresh agricultural products between 2007 and 2011. Imports and exports for the year 2011 are also summarized. The data shows a consistent, but declining total trade balance in all food and agricultural products over the past five years, with the exception of 2011. Where consistent negative balances are reflected among product

groups, imports exceed exports, so greater opportunities exist for Barbadian producers. These product groups include:

- Products of animal origin
- Dairy products, eggs, honey and edible animal products not classified elsewhere;
- Edible vegetables and certain roots and tubers;
- Fish, crustaceans, molluscs, etc.
- Edible fruit, nuts, peels of citrus fruit, etc.;
- Oil seeds, oleagic fruits, grain, seed, fruit, etc.

Table 1: EU Trade Balance (Fresh Foods) 2007-2011
Source: ITC TradeMaps based on COMTRADE statistics

	Product label	Balance in value (US $000's)					Value in 2011 , US$000's	
		2007	2008	2009	2010	2011	Exported	Imported
	Total - ALL agricultural and food products	**-32,225,218**	**-34,265,277**	**-22,599,713**	**-13,035,258**	**-18,741,436**	**1,233,830,180**	**1,252,571,616**
2	Meat and edible meat offal	1,229,720	4,312,740	1,821,383	2,834,347	3,383,743	113,862,795	110,479,052
5	Products of animal origin, nes	-91,506	141,949	-46,802	-255,995	9,334	8,884,159	8,874,825
4	Dairy products, eggs, honey, edible animal product	140,191	2,077,969	714,962	2,260,766	-339,432	77,885,655	78,225,087
9	Coffee, tea, mate and spices	55,315	608,558	450,682	1,090,774	-375,325	49,440,581	49,815,906
7	Edible vegetables and certain roots and tubers	-2,278,709	-2,059,473	-379,644	-1,082,036	-619,591	60,397,320	61,016,911
3	Fish, crustaceans, molluscs, aquatic invertebrates nes	-9,235,799	-8,763,821	-4,872,176	-3,652,634	-3,780,321	95,377,283	99,157,604
8	Edible fruit, nuts, peel of citrus fruit, melons	-8,200,554	-9,601,501	-8,097,989	-8,351,689	-6,975,869	84,959,877	91,935,746
12	Oil seed, oleagic fruits, grain, seed, fruit, etc, nes	-4,164,213	-10,308,636	-4,845,646	-5,661,743	-7,099,468	81,092,512	88,191

General EU Market Trends affecting expenditure on fresh foods

Ethical consumerism has gained importance as a major trend in the EU fresh food markets with the following attributes guiding the development of both legislation and new product development:

- Ecological
- Sustainability
- Fair Trade
- Biodegradability
- Food Miles
- Provenance
- Vegetarian
- Organic
- Localization
- Animal Welfare.

The role of nutrition in protecting individuals against disease has increased the importance of healthy fresh food options such as fruits, vegetables, and pulses, which are all set to see growth in volume between 2009 and 2013 according to *Euromonitor* forecasts. The consumption of fruits and vegetables are set to outgrow all other foodstuffs in absolute terms over the next five years, as Western European consumers continue to demand greater quantities of fresh food. This foreseeable growth can be associated with increased media coverage and government campaigns encouraging Western European nations to increase their consumption of fresh fruit and vegetables.

Similarly, fish and chicken are set to lead animal products in consumption growth in the region, the predicted growth being supported by the increased perception that these are healthier alternatives to both pork and beef, particularly in France and Germany. Conversely, Spain and the U.K. have seen their meat sectors grow in value terms at a substantially faster pace than the fish and seafood sector, with consumers in these countries increasingly turning to cheaper varieties of fish and seafood at the expense of costlier varieties, as a result of the recession. The overall consumption of meat in the region is almost two times that of North America. Similarly, the fish and seafood market is also substantially larger in Western Europe, with four times more sales at the retail level than seen in North America. Sales of both fruits and vegetables mirror these results, indicating a very large market for fresh foods in Western Europe, which is in part being driven by increasing health and wellness trends. Table 2 shows the estimated market size for fresh foods in Western Europe, measured by the retail sales expressed in United States dollars.

Table 2: Market Size – Retail Sales Performance of Fresh Foods in Western Europe ($US millions)		
	2008	2009
Meat	295,814	271,042
Fish and Seafood	81,473	74,852
Fruits	106,154	97,030
Vegetables	141,350	129,363
Source: Agri-Food Trade Service, Canadahttp://www.ats-sea.agr.gc.ca/eur/5782-eng.htm		

Organic production is a slow growing trend in consumer markets. In 2008, it is estimated that there were about 197 000 holdings involved in organic agriculture in the EU-27, representing 1.4% of all EU-27 holdings. Despite the fact that consumer food demand grows at a fast pace in the largest EU markets, yet the organic sector does not represent more than 2% of total food expenses in the EU- 15 in 2007. In the newer EU members organic food consumption stands at lower levels (European Commission, 2010).

Definition of major product categories

The EU fresh food sector is not homogenous, and comprises two broad categories of food, which have not undergone any preservation process other than chilling, freezing or quick-freezing. These categories are **food of plant origin** and **food of animal origin**. The Codex Alimentarius classification of food and animal feed commodities recognizes five types of fresh (unprocessed) or "primary" foods in each of these categories, as shown in Table3 below.

Table 3: Types of fresh (primary) foods		
Class	Description	Type
Class A	Primary Food Commodities of Plant Origin	01 Fruits 02 Vegetables 03 Grasses 04 Nuts and Seeds 05 Herbs and Spices
Class B	Primary Food Commodities of Animal Origin	06 Mammalian products (incl. meat and offal) 07 Poultry products 08 Aquatic animal products 09 Amphibians and reptiles 10 Invertebrate animals

This report focuses on types 1 and 2 in Class A (fruits and vegetables) and types 6 and 7 in class B (mammalian and poultry products), which were identified as potential categories for expansion of exports during preliminary consultations among Barbadian private sector leaders at project startup.

Competition and Key Players

The EU fresh food sector is highly competitive. There are millions of farm holdings, many of which are relatively small in size in rural Europe. Major associations within the European food and drink industry representing various food and drink sub-sectors are shown in Annex 1. Annex 2 shows the ranking of top food and drink companies by European food and drink sales for the period 2010 to 2011.

CHAPTER 2 UNDERSTANDING MARKET REQUIREMENTS

General

EU market requirements can be legal requirements or non-legal requirements. Legal requirements, otherwise known as technical regulations are trending towards harmonization across EU states. Legal requirements represent the minimum requirements that products marketed in the EU must meet. Products that fail to meet these requirements are not allowed on the EU market. Non-legal requirements offer buyers and producers various options in the form of standards and may have varying preferred status across countries. Non-legal requirements go beyond legislation, as companies (buyers) can go further in their requirements than legislation. The main categories of additional requirements are environmental requirements and social (labour) requirements. **The difference between a standard and a technical regulation therefore lies in the issue of compliance. While conformity with standards is voluntary, technical regulations are by nature mandatory**.

About the EU Common Agricultural Policy (CAP) and Marketing Standards for Fresh Food

The operation of EU markets for agricultural products and fresh foods are significantly influenced by the EU Common Agricultural Policy (CAP). The CAP has roots in the 1950 war-damaged societies of Western Europe, where agriculture had been crippled and food supplies could not be guaranteed. The CAP offered subsidies and systems guaranteeing high prices to farmers, thereby providing incentives for them to produce more. Financial assistance was provided for the restructuring of farming, for example by subsidizing farm investment in favour of farm growth and management of technology skills so that they were adapted to the economic and social conditions at the time. Certain measures were introduced in the form of help for early retirement, professional training and in favour of less favoured regions.

The CAP was very successful in meeting its objective of moving the EU towards self-sufficiency from the 1980s onwards. In the 1990's however, the EU had to contend with almost permanent surpluses of the major farm commodities, some of which were exported (with the help of subsidies), others of which had to be stored or disposed of within the EU. These measures had a high budgetary cost, distorted world markets, did not always serve the best interests of farmers and quickly became unpopular with consumers and taxpayers. At the same time, there was increasing concern about the environmental

sustainability of agriculture, with the Rio Earth Summit (1992) being a defining event in this regard. Consequently, ongoing reforms have resulted in the current version of the CAP, which is more demand driven. Under the new system farmers still receive direct income payments to maintain income stability, but the link to production has been severed. In addition, farmers have to respect environmental, food safety, phytosanitary and animal welfare standards as a condition of receiving assistance.

In order to enable the coordination of subsidies and production within the internal market, the common organization of agricultural markets is a feature of EU fresh food markets, linked to the CAP. The framework for common organization is supported by legislation, mainly Regulation (EC) No 1234/2007 on the common organization of agricultural markets and Regulation (EC) No 1782/2003 on establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers. There are also a number of separate pieces of legislation, establishing rules for product-specific common marketing organizations (CMOs). Regulation (EC) No 1234/2007 establishes a common organization of the markets for the products of the following sectors:

- cereals (Part I of Annex I)
- rice (Part II of Annex I)
- sugar (Part III of Annex I)
- dried fodder (Part IV of Annex I)
- seeds (Part V of Annex I)
- hops (Part VI of Annex I)
- olive oil and table olives (Part VII of Annex I)
- flax and hemp (Part VIII of Annex I)
- fruit and vegetables (Part IX of Annex I)
- processed fruit and vegetables (Part X of Annex I)
- bananas (Part XI of Annex I)
- wine (Part XII of Annex I)
- live plants and products of floriculture (Part XIII of Annex I)
- raw tobacco (Part XIV of Annex I)
- beef and veal (Part XV of Annex I)
- milk and milk products (Part XVI of Annex I)
- pig meat (Part XVII of Annex I)
- sheep meat and goat meat (Part XVIII of Annex I)
- eggs (Part XIX of Annex I)
- poultry meat (Part XX of Annex I)
- other products (Part XXI of Annex I)

In principle, the CMOs manage and implement a trading system at the external borders of the Community, consistent with the EU single market, which includes import duties and export refunds; the major objectives being to stabilize Community markets, enhance food security and ensure a fair standard of living for the internal agricultural community. These measures take the form of public intervention or the payment of aid for the private storage of products of the cereals, rice, sugar, olive oil and table olives, beef and veal, milk and milk products, pig meat and sheep meat and goat meat sectors. A differentiated system of price support for each sector has been developed, in parallel to the introduction of direct support schemes, taking account of the different needs in each of these sectors on the one hand and the inter-dependence between different sectors on the other. The exceptional market support measures are administered and monitored through respective CMOs, established according to the rules prescribed in the relevant legislation as indicated above.

The application of standards for the marketing of agricultural products is intended to contribute to improving the economic conditions for the production and marketing as well as the quality of such products through transparency and a uniform approach to classification and pricing. The application of

such standards is therefore in the interest of producers, traders and consumers. Accordingly, within the CMOs for bananas, olive oil and table olives, live plants, eggs and poultry meat, marketing standards have been established which relate, in particular, to quality, grading, weight, sizing, packaging, wrapping, storage, transport, presentation, origin and labelling.

As one component of the system for monitoring the volume in trade in agricultural products with third countries in the CMOs for the named product groups, imports and exports have to date been subject to either compulsory licence systems or to systems where the Commission was empowered to provide for licence requirements. Imports of such products can be subject to payment of an additional duty, in order to prevent or counteract adverse effects on the Community market, if certain conditions are fulfilled. Under certain conditions, the Commission is empowered to open and administer import tariff quotas. To ensure the proper functioning of the CMOs and, in particular, avoid market disturbance, the CMOs for a number of products traditionally provided for the possibility of prohibiting the use of inward and outward processing arrangements. Subsidized exports are therefore subject to limits in terms of value and quantity.

In summary, agricultural production in the EU has traditionally been and remains, protected by a complex tariff structure, with high rates and tariff quotas, and benefits from high levels of domestic support and export subsidies. The system features of subsidies, import duties and differentiated price support, weigh the balance of market opportunities, heavily in favour of EU producers. Despite the stated intention that the CAP system should be based on the undertakings accepted under the Uruguay Round of multilateral trade negotiations, the policy has always been somewhat controversial, since its operation creates significant obstacles for market entry for agricultural products from other countries, in effect a system of non-tariff barriers. As such, with the continued maintenance of the CAP, it will be challenging for developing countries to gain market entry in these sensitive sectors and compete, particularly in the areas of primary production. Despite this, in principle, under the EPA, the EU has liberalized, duty-free and quota free (DFQF), 98% of trade in goods and 94% of trade in services immediately, effective January 1, 2008. This includes agricultural products such as beef, dairy, cereals, fruits and vegetables which can meet the marketing standards established in the relevant sectors. Custom duties have been removed from sugar and rice, while quotas will be eliminated on a phase basis. Bananas will be afforded DFQF access to the EU market (CAPRI, 2009).[1] Article 130 of Regulation (EC) No 1234/2007 states that imports of one or more products of the sectors identified are subject to import licences, which are in turn subject to the lodging of a security guaranteeing that the products will be imported during the term of validity of the licence. Except in cases of force majeure, the security shall be forfeited in whole or in part if the import is not carried out, or is carried out only partially, within the period of validity of the licence.

[1] Source: CAPRI (2009), The Long-term Impact of EPA in the Caribbean: Jamaica and St. Lucia, A Working Paper, retrieved from http://www.slideshare.net/testing123456/economic-partnership-agreement-epa-st-lucia

About Quality Standards and Certification

A standard is a document approved through stakeholder consultation and consensus by a recognized standardization body. The document describes features of a product, process, service, interface, or material as well as rules, guidelines or characteristics for products or related processes and production methods which provide for repeated and common use.

Standards are embodied in several forms, such as the definition of terms; specifications for design and construction; detailing of procedures; or performance criteria against which a product, process, etc., can be measured. They may also include or deal exclusively with terminology, symbols, and packaging, marking or labelling requirements as they apply to a product, process or production method.

With increasing concern for management of quality across the supply chain, in the context of the legal responsibility on the part of importers for food safety, there has been a proliferation of private standards, which are in principle voluntary standards, but are in fact basic requirements of various supply chains in order to access consumer markets. In a competitive marketplace, standards increasingly offer important possibilities for product differentiation and quality assurance in meeting the needs of specific niches. Despite this, the investment in standards compliance and certification, in particular the initial investments can be costly to producers; therefore it is recommended that the decision to pursue certification in relation to standards should be an outcome of research on specific buyer interests and quantification of the potential market value of the investment in standards.

In order to avoid the challenges of food suppliers having to conform with different food safety standards, major retailers have joined together to form the Global Food Safety Initiative (GFSI), which aims to establish a recognition scheme for food safety management standards. GFSI provides a platform for collaboration between some of the world's leading food safety experts from retailer, manufacturer and food service companies, and service providers associated with the food supply chain, international organizations, academia and government. The initiative was launched in 2000 following a number of food safety crises when consumer confidence was at an all-time low. Since then, experts have been collaborating in numerous Technical Working Groups to tackle current food safety issues defined by GFSI stakeholders head on. Current activities within GFSI include the definition of food safety requirements along the entire food supply chain to cover scopes such as feed, distribution and packaging. The development of a capacity building programme for small and/or less developed businesses is facilitating their access to local markets and a focus on food safety auditors is bringing industry experts to common consensus on the skills, knowledge and attributes that a competent auditor should possess. The GFSI recognizes the following food safety management standards: BRC and IFS (food processing), FSSC adnd GlobeGAP (fresh food). At least seven major global retailers have agreed to accept any of the benchmarked schemes: Walmart, Tesco, Carrefour, Metro, Migros, Ahold and Delhaize.

Given the ongoing introduction of new standards, the International Trade Centre (ITC) has embarked on the creation of a Standards Map to provide users with information enabling them to analyze and compare information on more than 70 voluntary standards operating in over 200 countries, and

certifying products and services in more than 80 economic sectors. The interactive tool is available free of charge to registered users in developing countries through the website http://www.standardsmap.org/.

About Sanitary and phytosanitary (SPS) measures

"Sanitary measures" are concerned with the life or health of humans or animals; "phytosanitary measures" are concerned with plant health. SPS measures take many different forms and include any measure applied, to protect:

- animal or plant life or health against entry, establishment or spread of pests, diseases, disease-causing organisms, etc.
- human or animal life or health against risks from additives, contaminants, toxins or disease-causing organisms in foods, beverages, etc.
- human life/health against risks from diseases carried by animals, plants or their products, or from pests
- prevent or limit other damage from pests

All SPS measures have the common purpose of protecting something (human, animal or plant life or health) against certain specified risks.

In general terms, the WTO Agreement on the Application of Sanitary and Phytosanitary Measures defines the rights and obligations of the Member countries of the World Trade Organization in relation to their use of food safety requirements, and biosecurity controls. The basic aim of the SPS Agreement is to maintain the sovereign right of any government to provide the level of health protection it deems appropriate while ensuring that these sovereign rights are not misused for protectionist purposes and do not result in unnecessary barriers to international trade. The SPS Agreement requires that SPS measures have an objective basis. In particular, all SPS measures must be based on scientific principles, and cannot be maintained without sufficient scientific evidence unless they are provisional measures that have been put in place until the relevant information can be collected.

About Technical Barriers to Trade (TBTs)

Barriers to trade are measures in place in export target markets which make it difficult, even impossible, for products to gain market entry. These measures are considered undesirable in the context of world trade, because they restrict the flow of goods, drive prices up and are detrimental to the consumer. Barriers may take many forms, but are generally divided into two broad types, namely tariff barriers and non-tariff barriers. Standards, sanitary and phytosanitary measures and technical regulations are considered non-tariff barriers.

Technical barriers to trade generally result from the preparation, adoption and application of different technical regulations and conformity assessment procedures. If a producer in Barbados wants to export to Germany, s/he will be obliged to satisfy the technical requirements that apply in Germany, with all the financial consequences this entails. Differences between one country and another in their technical regulations and conformity assessment procedures may have legitimate origins such as differences in local tastes or levels of income, as well as geographical or other factors. High levels of per capita income

in relatively rich countries generally result in higher demand for high-quality and safe products and higher penalties are typically enshrined in legislation for quality and safety failures.

The aim of the WTO Agreement on TBT is to ensure that technical regulations and standards (including packaging, marking and labelling), and assessing conformity with these regulations and standards, are not formulated and applied in order to create unnecessary technical barriers to trade. To provide an incentive to countries to use international standards, the Agreement provides that where international standards or guidelines or a conformity assessment system has been used as a basis for a technical regulation, it shall be presumed that they do not create unnecessary obstacles to trade. In all cases where proposed technical regulations or conformity assessment measures are not based on international standards and are expected to have a significant effect on trade, such regulations mush be, where relevant, based on scientific and technical information. Moreover, countries, under these circumstances are obliged to publish notifications of the proposed technical regulations and conformity assessment procedure. The WTO Agreement on TBT recognizes that no country should be prevented from taking measures to ensure the quality of its exports, protection of human life or health, protection of animal or plant life or health, protection of the environment, prevention of deceptive practices, protection of its essential security interests, which are considered legitimate interests. As a result, any measure taken by a country with the above in view will not be considered as a technical barrier to trade.

CHAPTER 3: SUMMARY OF STANDARDS, TECHNICAL BARRIERS TO TRADE AND SPS MEASURES FOR EXPORT OF FRESH FOOD TO THE EU

Quality Standards and Certification for Fresh Food

The most relevant standards to Barbadian producers of fresh food are summarized below. Further details are provided in the guide: *Exporting to the EU: Standards, Technical Barriers to Trade and SPS Measures, Beverages, Fresh Food and Processed Food Products* also prepared for the Barbados Private Sector Association (BPSA).

Global GAP

GLOBALGAP (formerly known as EurepGAP) is a private sector body that sets voluntary standards for the certification of agricultural products around the globe. It was initially a European initiative developed by retailers to ensure a management system to provide quality assurance of food safety for their products. Initially known as EurepGAP, since 2007, the system which comprises a standard and independent certification process has been known as GlobalGAP; consistent with its international acceptance. The GLOBALGAP is a pre-farm-gate standard, which means that the certificate covers the process from farm inputs like feed or seedlings and all the farming activities until the product leaves the farm. The fruits and vegetables module has over 200 control points, 142 of which are related to Food Safety. GLOBALGAP includes annual inspections of the producers and additional unannounced inspections by independent accredited certification bodies.

Global GAP represents many leading European food retailers, including AHOLD, Aldi, ASDA, Coop, Delhaize, Keskom, Laurus, Lidl, Marks and Spencers, Migros, Metro, Sainsbury's, Tesco and Waitrose. As of July 2011, more than 111,000 producers in more than 100 countries in every continent were certified GLOBALGAP through certification carried out by more than 100 Certification Bodies. In the Caribbean and Central America, certification services are available in Belize, Costa Rica, Dominica, Dominican Republic, Guatemala, Honduras, Jamaica, Nicaragua, Panama, St. Lucia and St. Vincent and the Grenadines have achieved GlobalGAP certification. Because of its widespread acceptance and European origins, as well as the inter-relationships between various marketing channels in the EU, it has become a benchmark standard for produce supply, even beyond the large retailers.

With the recognition that certification is a costly process, which may be inaccessible to small producers, GlobalGAP has developed several approaches to facilitate small holder involvement, including the development of group certification programmes and publication resources including a smallholder manual . Further details on GlobalGAP may be accessed at www.globalgap.org.

Fairtrade

Fairtrade Labelling Organization (FLO) is a non-profit, multi-stakeholder organization responsible for the strategic direction of Fairtrade, setting the Fairtrade standards, and supporting producers in the global south. FLO strives for improved terms of trade and fair prices for farmers and workers in developing countries. Nineteen national organizations, called Fairtrade Labelling Initiatives, market certified products in 23 countries in Europe, North America, Japan, Australia and New Zealand. One organization

– FLO-CERT – is responsible for inspection and certification of compliance against the Fairtrade standards. Globally, more than 27,000 Fairtrade products are sold in more than 70 countries accounting for an estimated €3.4 billion in global Fairtrade retail sales. Some 827 Fairtrade certified farmer and worker organizations in 58 producing countries represent more than 1 million producers and workers.

Fairtrade provides producers access to a fast growing market segment that is highly recognized by consumers in the global North. There are two types of standards: *generic* standards which apply regardless of the products to be certified and *product specific* standards. In general, there are three types of requirements:

- General requirements, which must be met from the moment they join Fairtrade;
- Minimum requirements, which must be met before initial certification; and
- Progress requirements, against which compliance must be demonstrated over time and by means of continuous improvement.

Further details on Fairtrade may be accessed at www.fairtrade.net or http://www.flo-cert.net.

The International Federation of Organic Agriculture Movements (IFOAM)

The International Federation of Organic Agriculture Movements (IFOAM) is a membership-based organization that develops standards for organic agriculture and implements specific projects that facilitate the adoption of organic agriculture, particularly in developing countries. The IFOAM "Organic Guarantee System (OGS)" is based on two main components, together called the IFOAM Norms: the IFOAM Basic Standards (IBS) and the Accreditation Criteria. The IFOAM norms cover a wide range of products including crop production, livestock, wild products, processing, fiber processing, and aquaculture, among others. The accreditation of certification bodies is carried out by the International Organic Accreditation Service (IOAS), which operates independently from IFOAM. IFOAM counts 849 members in 113 countries and IOAS has accredited 35 certification bodies around the world.

The IFOAM Family of Standards contains all regulations and private standards approved by IFOAM. The "Family" was launched with all organic regulations older than 5 years of implementation, equivalent regulations and private standards of IFOAM Accredited Certification Bodies. Other standards will be approved on the basis of applications and of their equivalence with the Common Objectives and Requirements of Organic Standards (COROS). The IFOAM Principles for Organic Agriculture are:

- Principle of health;
- Principle of ecology;
- Principle of fairness;
- Principle of care

The IFOAM Basic Standards provide a framework for certification bodies and other organizations to develop their own standards that may take into consideration additional or more specific criteria. Further details on IFOAM standards may be accessed at www.ifoam.org.

Technical Barriers to Trade for Fresh Food

A summary of technical regulations which apply to Barbadian exporters of fresh food seeking to enter the EU market appears in Table 4 below.

Table 4 Technical barriers to trade

TBT Issues	Legislation reference	Summary
Common organization of agricultural markets and on specific provisions for certain agricultural products	Regulation (EC) No 1234/2007 Regulation (EC) No 2406/96 (fishery products)	Marketing standards have been laid down in the EU mainly for **agricultural and fishery product**s which are supplied fresh to the consumer, with a view to guaranteeing quality levels; establishes a common marketing system for all products concerned to manage variances: freshness, size, quality, presentation, tolerances, etc.
Marketing standards for fruit & vegetables	Regulation (EC) 1580/2007 Regulation (EC) No 1221/2008 modified by Regulation 543/2011 Regulation (EC) No 1234/2007	The general implementing legislation for the common market provides for a general marketing standard for all fresh fruits and vegetables. The requirements relate to quality classification and labelling information, consistent with the UN-ECE and the UN Codex Alimentarius. For 10 types of fruit and vegetables, specific marketing standards remain in place.
Increased Official Controls on Imports from Third Countries	Regulation (EC) No 669/2009 Regulation No 212/2010/EC Regulation (EC) No 882/2004 Regulation No 878/2010/EC Regulation (EC) No 799/2011 Regulation No 1099/2010/EC Regulation No 433/2011/EC Regulation No 799/2011/EC	All food products entering the EU are subject to official controls to check whether the products are in compliance with the relevant food legislation. There are several community legislative acts in the field of food safety involve robust controls at the Member State level to ensure enforcement. Controls aim to prevent, eliminate or reduce to acceptable levels, risks to human directly or through the environment, while guaranteeing fair trade and providing valid information for the consumer; the underlying principle is that operators take responsibility for the food they put on the market; controls aim to monitor compliance at all stages of production, processing and distribution of foodstuffs, or a farm-to-fork approach.
Labelling, presentation and advertising	Regulation (EU) No 1169/2011	The guidelines established in this Directive concern the labelling of foodstuffs for supply to the ultimate consumer and to restaurants, hospitals, canteens and other mass catering establishments in order to enable consumer protection and free information flow.
Lot numbers	Directive 89/396/EEC Directive 91/238/EEC of Directive 92/11/EEC of	The use of lot numbers is a key aspect of traceability, since they allow any product deemed a hazard to health or which is unfit for consumption to be identified and subsequently withdrawn from the market, in accordance with the General food law.
Miniature Produce	Regulation (EC) No 1135/2001	This Regulation seeks to ensure that some small, yet mature, vegetables covered by the requirements for presentation and labelling within the pre- existing marketing standard are not excluded from the market due to reasons of small size vegetables

Organic production	Regulation (EC) No 834/2007 Regulation (EC) No 889/2008 Regulation (EC) No 967/2008 Regulation (EC) No 1254/2008 Regulation (EEC) No 2092/91	Organic production is a voluntary scheme aimed at guaranteeing that agricultural products are produced in accordance with certain organic farming methods.The Regulation establishes rules regarding the production processes for foodstuffs which aim to be considered to be organic, and the subsequent labeling and control of these foodstuffs. It refers to the allowances and limits of the use of certain plant protection products as well as fertilizers, soil conditioners and certain products used for cleaning and disinfection.
Organic Production and Labelling: Imports from third countries	Regulation (EC) No 1235/2008 implementing measures outlined in Regulation (EC) No 834/2007 on organic production and labelling and repealing Regulation (EC) No 345/2008 and Regulation (EC) No 605/ 2008	The Regulation provides rules in regard to the importation of organic products from third countries, reinforces and elaborates on the guidelines set out in Regulation (EC) No 834/2007 on trade with third countries and introduces an official process for the documentation and inspection of organic products coming from third countries and introduces recognized control bodies and authorities which will aim to ensure a common compliance with established standards in the European Community.
Packaging waste	Directive 94/62/EC amended by Regulation (EC) No 1882/2003 Directive No 2004/12/EC Directive No 2005/20/EC Regulation (EC) No 219/2009	Directive 94/62/EC regulates minimum requirements for the management of packaging and packaging waste. These measures aim at preventing the production of packaging waste, and in addition at reusing packaging, at recycling and other forms of recovering packaging waste and as such to reduce the final disposal of such waste.
Packaging (sizing)	Directive 2007/45/EC which repeals Directives 75/106/EEC and 80/232/EEC and amends Directive 76/211/EEC.	Specific provisions related to package sizing

SPS Measures for Fresh Food

A summary of SPS measures which apply to Barbadian exporters of fresh food seeking to enter the EU market appears in Table 5 below.

Table 5 SPS measures		
SPS Issues	**Legislation reference**	**Summary**
Animal Health Rules	Directive 2002/99/EC, superseding Directive 72/462/EEC	rules governing the production processing; distribution and introduction of products of animal origin for human consumption; basic requirements for all animal health, public health for EU-trade and imports, list of third countries approved to export meat to the EU, functioning of border inspection points (BIPs), veterinary check and import procedures
Authorized countries/ zones for the export of meat to the EU	Regulation No 206/2010 which replaces Decision 79/542/EEC	Lays down lists of third countries, territories or parts thereof authorized for the introduction into the European Union of certain animals and fresh meat and veterinary certification requirements.
Biocidal products	Regulation No 528/2012 Directive 98/8/EC	sanitiers and disinfectants used in different areas, chemicals used for preservation of products and materials, non-agricultural pesticides and equipment in which food is stored, or a surface on which food is prepared
Biotechnology: Genetically Modified Organisms(GMOs), Labelling and Traceability	Directive 2001/18/EC Regulation No 1829/2003 Regulation No 1830/2003	establishes the initial objective to protect human health, the environment, and the needs of the consumer by the authorization and registration of GMOs intended to be placed on the EU market.
Border Inspection Points	Decision 2009/821/EC	Fresh meat entering the EU must be inspected at a Border Inspection Post (BIP)(listed in Commission Decision 2009/821/EC
Contaminants in Food (Food Safety/ Heavy Metals and Nitrates)	Regulation No 1881/2006	setting maximum levels for certain contaminants in foodstuffs
EU Food Law (Animal Origin)/ Hygeine of Foodstuffs (HACCP)	Regulations No 852/2004 and No 853/2004	General foodstuffs hygiene rules and hygiene specifications for food of animal origin are mandatory ; HACCP principles are mandatory for processors and recommended for primary producers
EU Food Law (General)	Regulation No 178/2002	general principles and requirements of Food Law which aims to protect both the health and interests of the consumer through the provision of safe food, while produced with due regard for plant health and the environment, while preserving the internal market
Food additives and flavourings	Directive No 1333/2008, ammended by Regulation No 238/2010	a mandatory regulation which provides guidance on the use of food additive in foodstuff
General Phytosanitary Measures/ Plant Health/phytosanitary certificate	Directive 2000/29/EC of May 2000 Regulation 1756/2004 Directive 2004/103/EC Regulation 690/2008	Certain plants and plant products originating from certain areas are not allowed to be imported into the EU; certain plants contaminated with specific harmful organisms are not allowed to be imported into the EU; the legislation concerns protective measures against the introduction of organisms harmful to plants or plant products by the movement of plants and plants product into a Member State, from either other Member States or from third countries, including French overseas departments. A phtosanitary certificate must accompany some species of plant or plant products exported from non-EU countries to the EU

Good manufacturing practice (GMP) for food contact materials	Regulation 2023/ 2006	The EU has developed Good Manufacturing Practices (GMP) for manufacturers of materials and articles intended to come into contact with foodstuff. It does not apply directly to manufacturers outside of the EU; however it may be included in the demands imposed by EU based buyers
Hygiene of foodstuff	Regulation 852/2004/EC Regulation 669/2009	aims to ensure that food is fit for human consumption and is free from hazards. All stages from production to supply to the ultimate consumer are covered, to ensure that all processes are performed in a hygienic manner. The regulation also covers microbiological and temperature requirements to ensure that the cold chain is maintained at each stage.
Import procedures for products of animal origin	Regulation No 136/2004	importers must follow the procedures laid down in Regulation (EC) No 136/2004 before, during and after the entry of the goods of animal origin into the Community via a BIP
Import rules for "other" products of animal origin	Directive 92/118/EEC	Harmonized rules on animal and public health for the import and trade of animal products for human consumption where specific Community rules have not been laid down elsewhere including eggs, honey and royal jelly, snails, frogs' legs, blood and blood products, bone, animal casing, lard and rendered fat, gelatin, farmed game meat and rabbit meat
Irradiation	Directives 1999/2/EC and 1999/3 Regulation No 1882/2003/EC of 29/09/2003 Regulation No 1137/2008/EC of 22/10/2008	two Directives provide a harmonized approach to the treatment of foodstuffs with ionizing radiation, to rid foodstuffs of harmful organisms and their hazardous metabolites, as an alternative to chemical treatment
Materials and articles intended to come into contact with food	Regulation No 1935/2004 Regulation No 1935/2004 repealing Directives 80/590/EEC and 89/109/EEC Regulation 2023/ 2006 standard for materials and articles in contact with food	The Regulation applies to materials and articles, including active and intelligent food contact materials and articles, adhesives, ceramics, cork, rubbers, glass, ion-exchange resins, metals and alloys, paper and board, plastics, printing inks, regenerated cellulose, silicones, textiles, varnishes and coatings, waxes, woodwhich in their finished state, are: • intended to be brought into contact with food; • already in contact with food and were intended for that purpose; • can reasonably be expected to be brought into contact with food or to transfer their constituents to food under normal or foreseeable conditions of use.
Microbiological criteria for foodstuffs	Regulation No 2073/2005 Regulation No 1441/2007/EC	Microbiological criteria are used to assess: the acceptability of batches of foodstuffs; and the safety of the food-processing environment. The Directive describes parameters for their control; microbiological criteria have been set for food borne micro-organisms, their toxins and metabolites
Milk and dairy products	Decision 95/340/EC	specifies the treatment requirements used in the manufacture of milk and milk product for import to the EU.
Nutrition and Health Claims (Labelling)	Directive 2000/13/EC Directive 90/496/EC Directive 2007/68/EC Directive 2005/26/EC Regulation (EC) No 1924/2006 Regulation No 353/2008	The Regulation establishes the conditions, based on nutrient profiles, for the legal use of nutrition claims (such as “low fat”) and health claims (such as “helps lower cholesterol”).

	Regulation Nos. 107/2008/EC and No 109/2008/EC of 15/01/2008 Regulation No 116/2010/EC of 16/02/2010 Regulation No 1169/2011 of 25/10/2011 Commission Regulation No 1169/2009 Corrigendum in OJ L 124 of 25/5/2000 p.3 (1924/2006)	
Packaging (in contact with foodstuffs)	Regulation No 10/2011 Regulation No 450/2009 Regulation No 1935/2004 Directive 2008/39/EC amending Directive 2002/72/EC	Special rules for materials and articles intended to come into contact with foodstuffs (including for example packaging), in order to prevent unaccepatable changes in the composition of the contents and protect human health
Packaging (treatment of wooden packages and pallets)	Directive 2004/102/EC ammending Directive 2000/29/EC most recently amended by Directive 2010/1/EU	EU packaging made of wood and other plant products may be subject to phytosanitary measures wood packages of any type (cases, boxes, crates, drums, pallets, box pallets and other load boards, pallet collars, etc.) shall go through one of the approved treatments specified in Annex I to FAO International Standard for Phytosanitary Measures No. 15 and shall bear the corresponding mark as specified in Annex II.
Pesticides (Maximum Residue Levels (MRLS)	EU Maximum Residue Levels (MRLs) - Regulation (EC) No 396/2005/EC ; most recently ammended by Regulation (EU) No 893/2010 Pesticide residue sampling- DIrective 2002/63/EC	The MRL legislation seeks to provide for fixing pan-EU harmonized maximum pesticide residue levels (MRLs) in food and feed of plant and animal origin. Sampling rules are laid down herein are based on those of Codex Alimentarius Commission to ensure pesticide maximum residue levels are not exceeded in products.
Plant Protection	Regulation (EC) No 1107/2009 (OJ L-309 24/11/2009) (CELEX 32009R1107)	conditions for the authorisation of plant protection products in commercial form and/or the approval of active substances, safeners and synergists, which these products contain or consist of, as well as the rules for their placing on the market, use and control within EU.
Poultry and poultry product requirements	Commission Regulation (EC) No. 798/2008; Regulation (EC) 2160/2003; Directive 2003/99/EC repealing Council Directive 92/117/EEC .	veterinary requirements which must be fulfilled when exporting poultry and some poultry products to the EU; requirements on the control of salmonella and other specified food-borne zoonotic agents; monitoring of zoonoses and zoonotic agents
Prior Informed Consent (PIC) Procedure for certain hazardous chemicals and pesticides in	Regulation (EU) No 71/2012 ammending Regulation (EC) No 689/2008 OJ L-204 31/07/2008) (CELEX	Annex 1 of Directive 71/2012 amends Regulation (EC) No 689/2008, providing a list of pesticides which have been banned in the EU on the basis of known adverse effects on human and/or animal health or the environment. Food cannot be imported into the EU if it is contaminated with any of the substances listed in the Annex.

international trade	32008R0689)	
Public health rules for EU-trade and imports	Regulation (EC) No 853/2004 Regulation (EC) No 854/2004	The definition of a"meat" is laid down in Annex I of Regulation (EC) No 853/2004 and "fresh meat" means meat that has not undergone any preserving process other than chilling, freezing or quick-freezing, including meat that is vacuum-wrapped or wrapped in a controlled atmosphere.
Quick-frozen food	Directive 89/108/EEC Directive 92/1/EEC Directive 92/2/EEC	legislation on quick frozen foodstufs intended for human consumption
Traceability (General Food law)	Regulation (EC) No 178/2002 – Article 18	Traceability legislation aims to create a system which enables the unsuitable food to be quickly tracked and withdrawn. Within the General Food Law legislation (Regulation 178/2002/EC), the general principles of traceability are outlined in Article 18. The legislation states that 'any substance intended to be, or expected to be incorporated into a food', must be traceable. The Rapid Alert System for Food and Feed (RASFF) products is established as a tool to exchange information to facilitate enforcement of food safety legislation
veterinary checks on imports	Directive 97/78/EC	principles governing the organization of veterinary checks on products of animals origin entering the Community from third countries

CHAPTER 4 THE EU FRUIT AND VEGETABLES SECTOR

Global Developments in the Fruits and Vegetables Sector

Duke University CGGC (2011) states that international trade in fresh fruit and vegetables have grown significantly in the past two decades, fuelled by the expansion of the middle class worldwide. There are opportunities for developing countries, based on the fact that growing fruits and vegetables is more labour intensive that other forms of agricultural products (such as for example cereals) and there are also more opportunities for addition of value post-harvest. However, with the increasing complexity of the value chain, increasing competition and the enforcement of an increasing number of public legislative requirements and public and private industry standards, it is more difficult to enter the industry now than in earlier times. It is highly recommended that producers aim to leverage opportunities to supply regional markets where standards may be less rigorous. Given the competitive and dynamic nature of the marketplace, producers who are able to make the necessary investments in handling highly fragile and perishable produce will reap higher returns than those providing traditional commodities.

Overview of Fruit and Vegetable Sector Value Chain

Figure 1 below shows the global value chain for fruits and vegetables. The Center on Globalization, Governance and Competitiveness of Duke University states that there are five main stages of the value chain, as follows.

1. **Inputs:** Elements needed for production, such as seeds, fertilizers, agrochemicals (herbicides, fungicides and pesticides), farm equipment and irrigation equipment

2. **Production for Export:** includes the production of fruit and vegetables and all processed related to the growth and harvesting of the produce, such as planting, weeding, spraying and picking

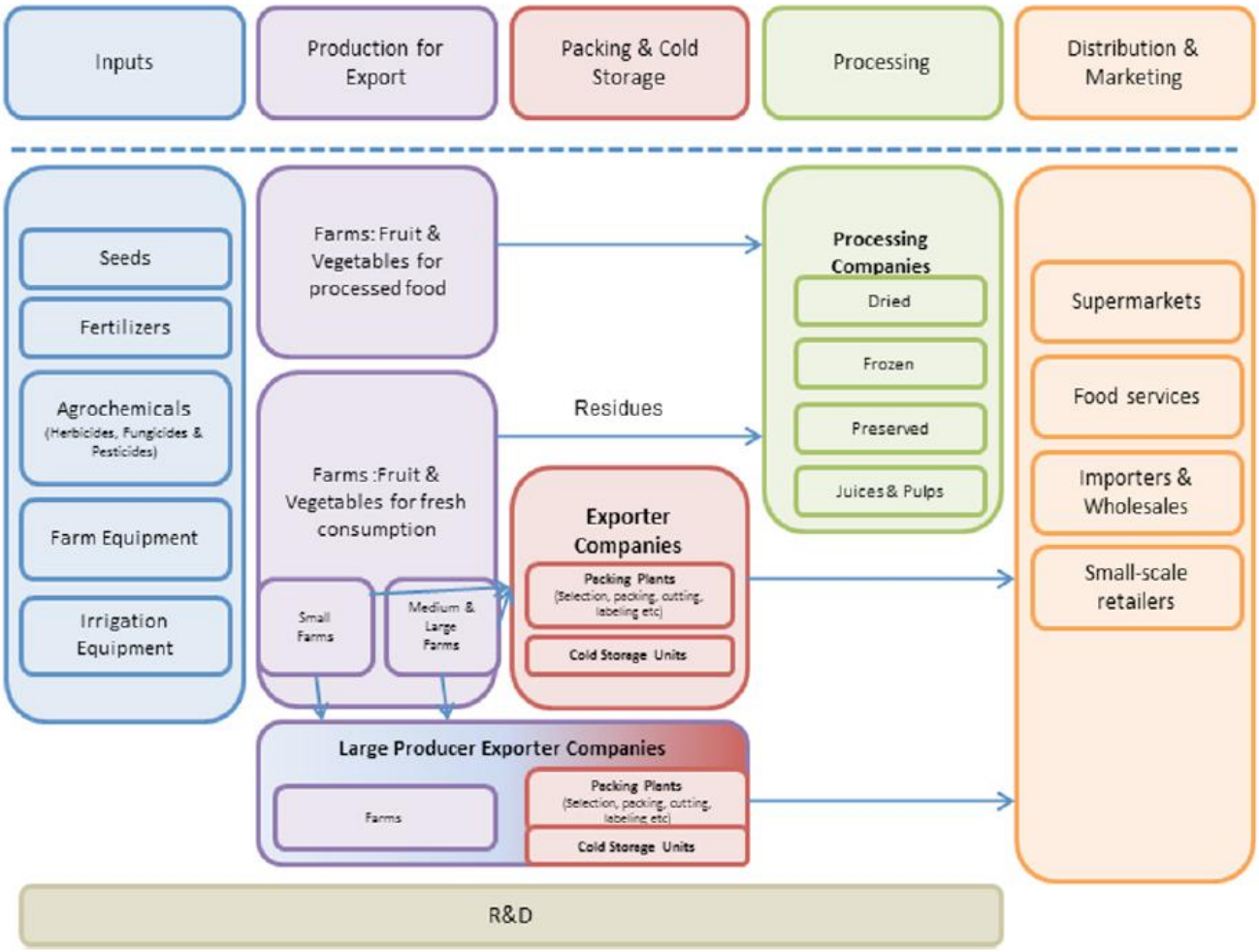
3. **Packaging and Cold Storage:** This may include grading, washing, trimming, chopping, mixing, packing and labelling processes at this stage. Once the produce is ready for transport, it is blast chilled and placed in cold storage units ready for export

4. **Processed Fruit and Vegetables** include dried, frozen, preserved juices and pulps. These processes potentially add value to the raw primary product by increasing the shelf life of the fruit and vegetables

5. **Distribution and Marketing:** the produce is distributed to different channels, including supermarkets, small scale retailers, wholesalers and food services.

The highly perishable nature of fruit and vegetable products requires high levels of coordination between actors at various stages of the chain. Logistics and transportation are critical success factors in enabling the produce to arrive at the target destination in optimal condition. The continuity of the “cold chain” from cold storage to refrigerated cargo and back to cold storage is an important infrastructural requirement.

Figure 1 (Below): The Fruit and Vegetables Global Value Chain



Source: Duke CGGC (2011),p.12

THE EU MARKET FOR FRUITS

Overview of EU market for fresh fruits

The EU-27 market for edible fruits is dynamic and variable, constantly evolving in relation to consumer demands and increasingly being affected by globalization. Climate change is also creating an unpredictable environment for secure supply. Europeans are both producers and consumers of fruit and the significant value chain as well as the importance of fruit production to rural employment in some countries, have contributed to the fact that producers enjoy a powerful and well organized advocacy and lobby within their governments. Limited margins linked to the dynamic relationship between supply and demand can mean that importers or exporters working outside the Eurozone can be exposed to erratic currency fluctuation, which affects reliability and profitability of their operations. Despite this the inherent seasonality of the EU market and the cosmopolitan nature of many large cities can present attractive prospects for supplier from developing countries to address gaps in the market, particularly in the form of out-of –season fruit and exotic fruit varieties.

According to the European Fresh Produce Association Freshfel, based on 2009 data, European fresh fruit production is slightly below 37.7 million metric tonnes. The apples and pears category represents 33.8% of the production, citrus almost 20%, stone fruits around 19% and table grapes around 7%. Fruit production has been stable over the last few years but remains variable given climatic conditions. Italy and Spain are the leading producing countries, each representing close to 29% and 24% of all EU production respectively. While a significant part (approximately 61%) of fruit and vegetable production is marketed or processed on the local market of the Member State where the product has been grown, consumer choice is complemented by fresh fruit and vegetables originating from the other Member States.

Export of fruit to the EU market is defined by a number of market requirements in the form of compulsory regulations and voluntary standards related to food safety, environmental protection, social responsibility and quality requirements. These requirements exist at every level of the value chain, beginning with legislation on sustainable use of pesticides and continuing through to issues of plant protection and the regulation of active substances in packaging materials. Sustainable fruit is any kind of fruit that has been produced, processed, transported and/or traded with minimal ecological and socio-cultural impacts and/or provides economic benefits to a impoverished local community or host country (CBI, 2011). This niche has become important in recent years. Organic fruits are fruits produced using environmentally sound methods that meet the minimum EU standards. Fair trade labels are provided by non-governmental organizations (NGOs) such as the Fair Trade Labelling Organization. These NGOs have their own standards which can be found on their websites. Certified fruit is fruit that originates from a company that has undergone a voluntary procedure including periodical audits and gives assurance that its activities meet specific standards. After successful certification the accompanying label can be used to show others your sustainability performance.

A harmonized approach to standards, including marketing standards has served the EU interests of advancing the internal market; however their large number and the technical nature of the requirements often prove burdensome for small producers from developing countries. As such, collaboration of exporting producers through sector specific associations is critical to their likely success in achieving economies of scale, but also market entry and penetration, given some movements towards consolidation of dominant players in the marketplace, and the increasing importance of the issues of social and environmental sustainability of production.

Market segmentation

The Centre for Promotion of Imports from Developing Countries (CBI) states that Europe may be classified into four basic regions based on such factors as cultural commonalties, social parallels, economic linkages, and environmental similarities:

1. **Northern Europe:** Denmark, Finland, and Sweden;
2. **Western EU:** Austria, Belgium, France, Germany, Ireland, Luxembourg, The Netherlands, the United Kingdom;

3. **Eastern EU:** Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia;
4. **Southern EU:** Cyprus, Greece, Italy, Malta, Portugal, Slovenia and Spain.

The market for fresh fruit can also be divided into three sub-sectors: **off-season fruit**, **tropical fruit** and **exotic fruit**. Where fruit species are produced in the EU as well as externally (such as oranges), market interests refer to "offseason fruit". During the EU production season, internal supply of off-season fruit (OSF) is high and import prices and quantities are therefore lower. Outside the EU harvesting season (roughly between May and October for most species), the EU imports more off-season fruit from countries in the Southern hemisphere to ensure year-round supply. Of significance to marketing planning, the off-season fruit species are the species EU consumers are often most acquainted with. Therefore, the European markets are mostly saturated for these products and competition is fierce. Nonetheless, the EU market is the largest market for OSF in the world. It will remain a net importer of OSF. Given this fact and the fact that off-season fruit is traded in large volumes, it is an interesting market for developing country exporters. According to the Centre for the Promotion of Imports from Developing Countries (CBI), the best opportunities exist for the products listed in Table 6 below.

Table 6 CN-codes of off-season fruit

Product code	Product description
08071090	Other fresh melons (excl. watermelons)
08061000	Fresh grapes
08050000	Citrus fruit, fresh or dried
08090000	Fresh apricots, cherries, peaches incl. nectarines and plums
81010000	Fresh strawberries
08102000	Fresh raspberries, blackberries, mulberries and loganberries
08103000	Fresh black, white or red currants and gooseberries
08104000	Fresh cranberries, bilberries, and other fruits of the genus *vaccinum*
08081000	Fresh apples
08082000	Fresh pears and quinces
08071100	Watermelons

Source: CBI (2011), *An Introduction to CBI's Market Information for Fresh Fruit and Vegetables,* http://www.cbi.eu/marketinfo/cbi/docs/fresh_fruit_and_vegetables_an_introduction_to_cbis_market_information

In general, the EU market has been receptive to the gradual introduction of tropical fruit over recent decades and this category can now be found in most European supermarkets. Tropical fruit are an important niche for developing country producers because the EU generally does not produce these fruits and therefore relies on imports from tropical countries to satisfy demand. Some common tropical fruit are shown in Table 7 below Western and some Southern European countries are large consumers of the tropical fruits however growth rates have slowed down in recent years. In Eastern European countries tropical fruit is still considered a novelty and growth rates fluctuate. Tropical fruit differ from exotic fruit in that exotic fruit are still relatively new to most European markets. Because exotic fruits are relatively unknown, they have small market shares whereas many other fruits are already consumed in large volumes. This can have a direct influence on market entry strategy and country selection. The EU

also relies on external supplies of exotic fruit, generally from tropical countries within the Southern hemisphere. Although some exotic fruits are already well known on the EU market, competition between fruits is fierce. A selection of these is shown in Table 8 below. Better known fruit provide less risk to market entry and acceptance than lesser known species.

Table 7 CN-codes of tropical fruit	
Product code	Product description
08030019	Fresh bananas (excluding plantains)
08045000	Fresh guavas, mangoes, mangosteens
08043000	Fresh or dried pineapples
Source: CBI (2011), *An Introduction to CBI's Market Information for Fresh Fruit and Vegetables,* http://www.cbi.eu/marketinfo/cbi/docs/fresh_fruit_and_vegetables_an_introduction_to_cbis_market_information	

Table 8 CN-codes of exotic fruit	
Product code	Product description
08072000	Fresh papaya
08055090	Fresh or dried limes, citrus aurantifolia, citrus latifolia
08041000	Fresh or dried dates
08042010	Fresh figs
08109020	Fresh tamarinds, cashew apples, lychees, jackfruit, sapodilla plums, passion fruit, carambola and pitahaya
4000	Fresh or dried avocado
Source: CBI (2011), *An Introduction to CBI's Market Information for Fresh Fruit and Vegetables,* http://www.cbi.eu/marketinfo/cbi/docs/fresh_fruit_and_vegetables_an_introduction_to_cbis_market_information	

EU Imports

The EU market for external imports of fruits and nuts, including fruit peels was valued at more than 13.39 billion Euros in 2011 (Export Helpdesk data). Extra regional imports have remained relatively constant over the past three years. Total intra-regional EU-27 imports were valued at 17.54 billion Euros. More than 12.23 billion kilograms of product was imported by EU countries, while 17 billion kilograms was in intra-EU circulation. The Caribbean's top exporters of edible fruit and nuts to the EU are Belize and the Dominican Republic. Annex 3 shows further details of the top ten suppliers by volume of edible fruit and nuts; peel of citrus fruit or melon (HS code 08). Annex 4 provides data on EU imports from select Caribbean countries.

Major Trading Partners

In 2011, the top ten suppliers by volume of fruits and nuts to the EU were Spain, Netherlands, Italy, Costa Rica, Belgium, Ecuador, Germany, France, Colombia and South Africa. The top five suppliers by value of these products are all EU based: Spain, Netherlands, Italy, Belgium and Germany. Other important suppliers are Turkey, the United States, South Africa, Costa Rica, Chile and Ecuador.

Production and Exports

Despite significant levels of imports the EU is a major producer of fruits and nuts, including peels; exporting about 3.66 billion kilograms of the product externally, valued at about 3.2 billion Euros in 2011.

Market Opportunities

In the 2011 publication *Promising EU export markets for fresh exotic fruit* available at www.cbi.eu, CBI advises that:

- **The Netherlands** is the largest importer (33%) and trader of exotic fruits from developing countries (DCs) in the EU. The Netherlands imports 88% directly from DCs. Imports from DCs grew (+1.0% per year) above average (-0.2%).
- **Italy** is the largest consumer, 2nd largest producer and an important trader within the EU. Production is decreasing (-3.5% per year) faster than the decrease in consumption (-2.2%). Moreover, imports from DCs have increased faster (+1.8% per year) than the EU average (- 0.2% per year).
- **Germany** is one of the largest and wealthiest member states of the EU. It is the 3rd largest consumer and importer of exotic fruits. Imports from DCs account for 45% of the market. Hence, there is room for growth and imports from DCs have already increased at a faster rate (+2.1% per year) than that of the overall imports (-1.0%).
- **The UK**: next to the size of its domestic market, the UK is the 3th largest importer (10%) of exotic fruit from DCs. Growth of imports from DCs is above average (+0.6% per year) accounting for 77% of imports directly from DCs.
- **France**: imports from DCs decreased by 4.9% per year. Nevertheless, the French market remains the 2nd largest market for DCs targeting the EU. Of all French imports, 64% derives directly from DCs, accounting for 44 thousand tones of exotic fruits.
- **Spain** is the largest producer, 2nd largest consumer and an important trader within the EU. However consumption (-28% per year) and production (-12%) have dropped dramatically. Nevertheless, Spain is increasingly importing exotic fruits (+5.1% per year) and DC imports are growing even faster (+5.8%). Spain imports around 76% directly from DCs. CBI states that the economy of Spain, is however, still weak and should be monitored closely.

Based on their relative geographic proximity, the trade data in Annex 4 shows opportunities for Barbadian growers to export to Aruba and the Netherland Antilles, which imported more fruit and nuts from the EU than they were able to export in 2011. In this year, the Netherlands Antilles imported 6.6379 million Euros worth of fruit and nuts from the EU only, while Aruba imports were valued at 0.8281 million Euros.

Pricing

In general, there can be significant fluctuation in fruit prices, which are influenced by seasonality, the prices of imports, volume of extra-EU production, transport prices, volume and weather conditions. In general, fruit prices in Northern EU countries tend to be higher than in Southern EU countries, since consumer prices are higher too. Prices in quality segments determined by grading in relation to

standards are also often under influence of supply and demand and may attract premium prices. Poor crop harvests and soaring supply chain costs have been responsible for a significant increase in supermarket prices in recent years. Table 9 below shows the average 2011 pricing for extra regional imports for some fruits (HS08). The unit prices were computed from data on annual import values and quantities across all EU27 countries for 2011, provided by the EU Export Helpdesk (http://exporthelp.europa.eu).

Characteristics of Market and Consumer Demand in target markets

The European Fresh Produce Association, Freshfel, states that after a sharp decrease in 2009, the per capita fresh fruit consumption within the EU-27 again declined significantly in 2010 by 7.8%; an effective decrease of 9.4% in comparison to the average consumption of the previous five years.[2] Although not specifically indicated by Freshel, this decline may be linked to the recessionary climate prevailing in the EU, since CBI advises that a link has been observed between household expenditure in times of economic growth and greater levels of consumption, particularly in the case of exotic fruit. EU consumers are increasingly health-aware and buy more food products that have specific health benefits. Fruits are known to contain a variety of vitamins, fibres and minerals and daily fruit consumption is believed to lower the risk of chronic diseases. The recommended intake of 200 grams of a variety of fruits however is not met by most member states. The decline in consumption has been a major cause for concern among producer advocacy groups and with the support of their governments, they have launched healthy eating campaigns targeting adults and children, to boost consumer awareness and consumption. In recent years, marketers have also come with the term super fruits to describe fruits that contains above average beneficial health characteristics and therefore have good opportunities. These include pomegranate, acacia and guava.

Marketing channels, in particular, large supermarket chains have a great influence on demand. The growing market share of these chains has lead to consolidation of the market, with more specific demands being made on suppliers and decreased bargaining power for suppliers from developing countries. Purchasing decisions by these chains are largely based on price, especially where fruit is traded in smaller volumes. Reliable and consistent supplies are a necessary condition.

There is considerable interest in new products and foreign culinary specialties due to internationalization and special culinary programmes have moved EU consumers to use new or non-traditional produce. To engage EU consumers in trying new fruit, producers must first enable consumers to become familiar with the new fruit (and/or combinations) and preparation techniques (if not ready-to-eat). For this reason, supermarkets often introduce such novelties with campaigns and new recipes. In addition to supermarket sampling, consumers also try new products and recipes at restaurants where they are more susceptible to trends, new products and culinary specialties. The out-of-home market (hotel, restaurants and cafeteria) is an important market for exotic fruit.

[2] Retrieved from http://www.freshfel.org/asp/what_we_do/consumption_monitor.asp in August 2012

Table 9: Average 2011 pricing for extra regional imports for selected products in the category: 08: Edible fruit and nuts including peels				
HS Code	Product label	2011 EUR27 Import Value (1000 EURO) A	2011 EUR27 Import Qty (1000kg) B	Average price (EURO/kg) (=A/B)
801	Coconuts, Brazil nuts and cashew nuts, fresh or dried, whether or not shelled or peeled	670 870.85	197 556.1	3.40
802	Other nuts, fresh or dried, whether or not shelled or peeled	2 340 335.12	505 506.4	4.63
803	Bananas, including plantains, fresh or dried	2 855 302.36	4 712 647	0.61
804	Dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, fresh or dried	1 377 440.75	1 460 082.8	0.94
805	Citrus fruit, fresh or dried	1 242 985.49	1 899 358.2	0.65
806	Grapes, fresh or dried	1 635 225.43	862 502.6	1.90
807	Melons (including watermelons) and papaws (papayas), fresh	732 238.06	1 303 000.9	0.56
808	Apples, pears and quinces, fresh	784 570.07	889 425.2	0.88
809	Apricots, cherries, peaches (including nectarines), plums and sloes, fresh	316 708.72	153 466.8	2.06
810	Other fruit, fresh	687 708.84	404 849.1	1.70
811	Fruit and nuts, uncooked or cooked by steaming or boiling in water, frozen, whether or not containing added sugar or other sweetening matter	750 774.59	497 876	1.51
812	Fruit and nuts, provisionally preserved (for example, by sulphur dioxide gas, in brine, in sulphur water or in other preservative solutions), but unsuitable in that state for immediate consumption	13 930.68	14 709	0.95
813	Fruit, dried, other than that of headings 0801 to 0806; mixtures of nuts or dried fruits of this chapter	321 996.94	120 344.5	2.68
814	Peel of citrus fruit or melons (including watermelons), fresh, frozen, dried or provisionally preserved in brine, in sulphur water or in other preservative solutions	8 831.83	7 663.9	1.15
Source: Export Helpdesk				

During festivities such as Christmas, consumers are more susceptible to new products and recipes and this is therefore is a good time to introduce these on the market, since consumer expenditure is generally highest during festivities.

Within the fresh produce industry, new technologies and innovation increasingly allow for efficient and effective production methods, extended shelf life through processing and packaging methods, improved logistics and sales as well as enhanced product qualities. These benefits can be applied to develop new markets and marketing advantages and/or achieving cost reductions. Although quality demands are high and processing most often takes place in the EU by specialized service organizations, the added value market for convenience and pre-packaged foods may provide prospects for developing countries that have the necessary equipment or may be able to obtain access to same through partnerships.

Consumers in the EU demand a variety of fruits year-round. Even though domestic production is not significant, seasonality is an important factor. The best season for imports differs per product but for most products the European spring as well as just before festivities (especially in December) are the best times for exports, however there are some variations between individual countries. Apart from the consideration of the EU off-peak seasons, potential suppliers should consider the seasonality of other main suppliers.

Quality and especially health and safety demands and assurances in the Northern and Western member states of the EU are growing. Suppliers must often comply with standards that exceed the EU requirements and may differ between buyers. Governmental policies including policies on procurement and trade agreements such as the EPA, incentives for producers and tariff levels, can help shape the environment and influence consumer selection and consumption of fruit and vegetables. In the Eastern member states of the EU, demand and prices are lower than in the other EU regions. Quality, health and safety demands generally do not exceed EU legal standards. Class II products for consumption can be sold in these states. The market share of supermarkets is not as high as in many other member states. Sustainability issues are still of little relevance. On the other hand, this region is developing fast. Good potential markets are Poland and the Czech Republic.

CBI advises that sustainable or organic certification is one way in which suppliers from developing countries can distinguish their exports and attract higher prices. The EU is the largest market for certified sustainable and organic exotic fruit. Consumers in the Northern and Western member states are most concerned about the socio-environmental and economic impact of their purchases. In these regions price premiums of up to 25% exist. Although the sustainable market is still small, it is expected to become a large market in the future. The UK and The Netherlands are among the frontrunners. In The Netherlands, supermarket and catering sales of sustainable food products in the first half of 2010 grew in one year by 25% to a total of € 409 million. These upward trends are expected to continue as large buyers such as Unilever have announced their intentions to purchase exclusively sustainable fruit by 2015. A similar trend is noticed among the large supermarket chains of which most have made announcements of intentions to increase the share of sustainable fruit products in their assortment. Some of the better known certifications with good market prospects are:

- ***Fair Trade***: an international scheme that focuses on social aspects and guarantees a minimum price;

- ***Rainforest Alliance***: an international organization that is particularly well represented in South America with a focus on social-ecological issues and guarantees a minimum price (not particularly relevant to Barbados due to limited forest cover);
- ***International Federation of Organic Agriculture Movements (IFOAM)***: an international organization for the organic agri-products with more than 750 member organizations in 116 countries;
- ***GLOBALGAP***: a pre-farm-gate standard, which means that the certificate covers the process from farm inputs like feed or seedlings and all the farming activities until the product leaves the farm.

To become certified can be costly, time consuming and may not always be your best option. Certification is best undertaken in the context of engagement by producers with specific stakeholders and authorities in order to determine which certification will facilitate optimal conditions for market entry. Many certification schemes have special programmes for small holders and group certification which may be relevant.

In the Eastern member states of the EU, demand and prices are lower than in the other EU regions. Quality, health and safety demands generally do not exceed EU legal standards. Class II products for consumption can be sold in these states. The market share of supermarkets is not as high as in many other member states. Sustainability issues are still of little relevance. On the other hand, this region is developing fast. Most interesting markets are Poland and the Czech Republic.

It is forecast that developing countries suppliers will face increasing competition from Asian countries such as China. In the mean time, the EU market will become more consolidated with increased competition between different types of fruit. Differentiation will be found increasingly in added value and marketing. For developing countries to enhance their position, CBI advises investments in cooperation, processing facilities and following and anticipating market trends.

How consumers buy: critical trends and key market opportunities

As is the case in many other countries, there is growing interest among EU consumers in healthy lifestyles and there is significant interest in purchasing food products that have specific health benefits at affordable cost. Key demand drivers for fruit purchases include:

- A growing interest is developing in healthy snacks and information about the health aspects of fruits, as well as a demand for healthy food and new flavours; prospects are best in the western states.
- There is growing consumer demand for affordable and easy-to-use fruit, all year-round; including as convenience foods and ready- to-eat fruit and/or vegetable mixes. Current trends include small pre-portioned, washed and processed ready-to-go fruit mixes with separate sauce, with knife and fork provided. Convenience and processed exotic fruit are in high demand in the Northern and Western member states and in the wealthy urban areas of the EU. Markets with the most potential are the UK, Germany and The Netherlands. To profit from these trends requires adequate processing plants and appropriate logistics.

- New means of packaging such as small boxes or sachets which must keep the products fresh and enhance practicality with regard to carrying, opening, using and disposal are popular with consumers.
- Consumer awareness is high with regard to sustainability issues which translates into a growing demand for sustainably harvested fruit and increased demand for certified fruit products; appropriately labelled to provide information that can assist consumers in making choices. In Southern member states demand is high for organic fruit and in Northern and Western member states for organic and fair trade fruit. Suppliers from developing countries that can offer these have enhanced market opportunities and may enjoy premiums. To become certified however can be costly and time consuming. Also, standards may change over time.
- Price plays an important factor in choice for fruit and vegetables EU wide and its importance has been exacerbated by the recent economic crisis. This is especially true for exotic fruit that has a relative high price. The Netherlands, the UK, France and the Eastern EU member states have particular price-sensitive markets. Retailers keep prices low to increase market share. Germany has always been a very price-conscious market with a strong position of hard-discount retail stores. As a result of the economic situation in the Southern member states, price is there now also of greater importance.
- There is EU market interest in affordable exotic fruit, such as limes, papayas, figs, dates, lychees, carambola, tamarinds, jackfruit, sapodilla and passion fruit, made available throughout the year. The most promising markets are the Western and Southern member states of the EU, including the Netherlands, Germany, UK and France, where there is a growing market for convenience and added value exotic fruits. Examples of added value are single portion ready-to-eat exotic fruits and certified fair trade or organic exotic fruit. Exotic fruit is increasingly bought at large supermarket chains. Quality demands are high (primarily Class I1). Attractive markets are the Netherlands, Germany, UK and France. The Southern member states of the EU are the only states that produce exotic fruit; hence, exotic fruits are generally more often part of the diet in this region. However, local production is too small to influence developing country imports. Freshness and taste are the main reasons for purchase. Exotic fruit is bought from supermarkets and fruit mongers. Organic has a high market potential. In Eastern EU countries, fruit consumption is often still growing and consumers are shifting from basic fruit and vegetables towards more diverse produce including exotics.

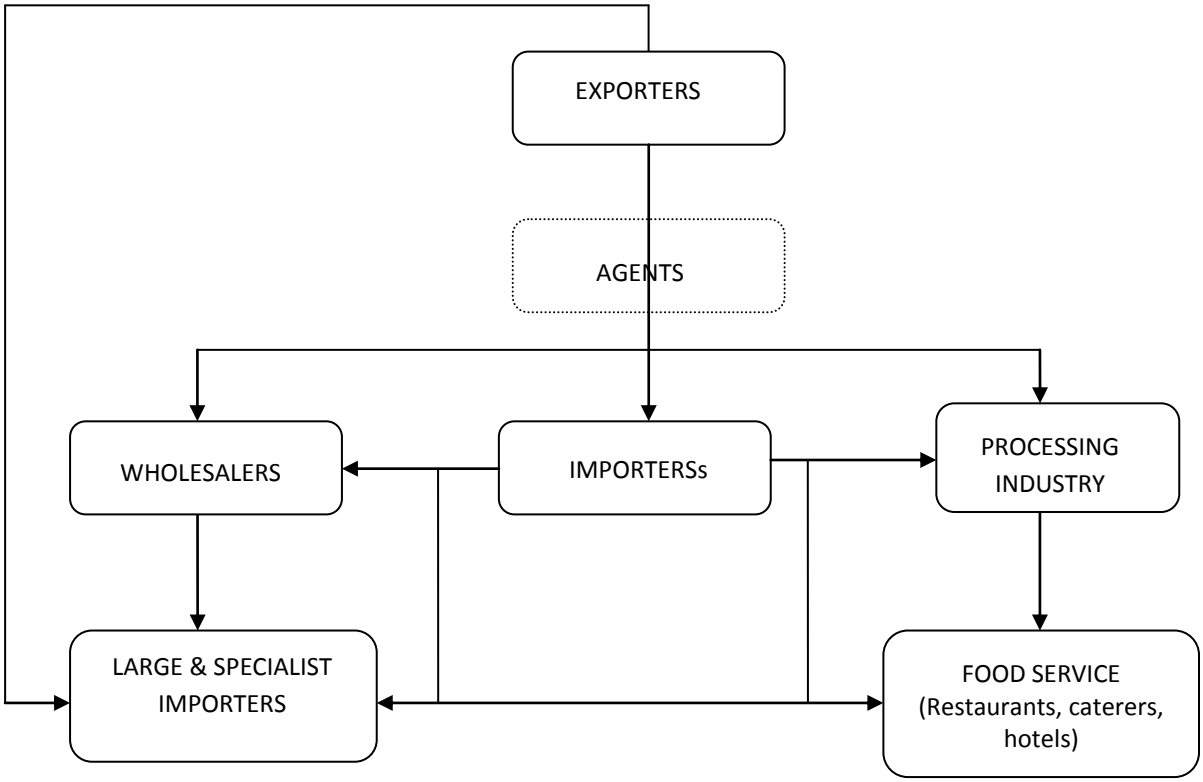
Important focus points for buyers

- Quality
- Ripeness
- Traceability and transparency
- Product promotion
- Uniformity
- Reliability of deliveries
- Increased focus on sustainable product
- Distinguishing marketing concept through promotion or market channel
- Uncommon taste, achieved through taste varieties focusing on distinctive flavours
- Novelty products, specialties, organic or fair trade.

Main Distribution channels

Figure 2 below outlines the standard marketing channels for the distribution of fruit, comprising agents, wholesalers, importers, retailers and food service outlets.

Figure 2: Standard EU Channels for Distribution of Fruit



Exotic Fruit Distribution

Agent

Agents represent developing country suppliers. In general, they consolidate container loads of produce to fill containers for transport, and procure produce for their EU-based customers, who are generally wholesalers. Agents do not trade products on their own account and often ask for exclusivity. An agent usually takes 2-3% commission (rates may differ) on sales, up to 12%. His services may save you substantial travelling costs. The role of the agent is slowly diminishing due to increased transparency of the market due to the Internet and the use of a freelance consultant is becoming more frequent. This consultant is not protected by the same laws as an agent.

Wholesalers

Wholesalers buy their fruit from importers, producers and auctions. Products are then distributed to specialist retailers, foodservice outlets and supermarkets. Wholesalers are generally not specialized in exotic fruit and will supply a large variety of fruit. Wholesalers are usually only buying products they can buy and sell in larger quantities. Therefore, wholesalers in the exotic fruit sector are generally only interested in popular products such as limes. Since specialty exotic fruit are mostly distributed by specialized importers, the role of wholesalers in this case is usually limited.

Importer

An importer procures directly from producers/exporters, often on a consignment basis. He will clear goods through customs and quality control checks and in some cases will take care of final packaging for onward delivery to retailers. Importers supply to wholesalers and sometimes large retailers and foodservice. Importers that supply to retailers more often coordinate the flow of fruit and vegetables from origin to point-of sale. They play a more specialized role in terms of quality control and provide logistical services. Importers' margins are usually somewhere between 5-15% depending on their service level and product traded. In most cases, importers have long-standing contacts with their suppliers, which is an advantage for small developing country exporters or new exporters with not much experience in the EU market.

Retail channel

Supermarkets are the most popular retailers in the EU, in particular for exotic fruit. Many supermarkets have their own service providers responsible for sourcing, logistics and packaging with centrally controlled systems of purchasing. In close cooperation with retail supermarket service providers, importers are responsible for import, contracts and availability by sourcing and combining products from different world regions. Successful products need to be of high quality and comply with demands for certification and food safety. Some of the large retail chains have their own distribution centres and organize conditioned transportation of the fruits. Furthermore, they increasingly operate through exclusive supplier or preferred supplier relationships and long-term fixed contracts. This fact means that exporters of exotic fruits might escape from the global consolidation fruit pressures to a certain extent. They are also attractive because they provide some medium term security and make investments possible. However, the type of contract offered limits flexibility in production and marketing because of the strict requirements that are usually established by the contracting party.

Specialist retailers are specialized in certain products regarding specimen, quality and/or price. They are especially relevant in the exotic fruit market. Smaller retailers such as specialized greengrocers and stores are also popular channels for exotic fruits. They may buy from the wholesale markets since they require smaller quantities, and may seek more flexibility in their product range. An increased focus on sustainable agriculture in terms of organic production is encouraging the appearance of specific retailers like natural-bio food shops. As a reaction on the increasing consolidation of multinationals in the tropical fruit sector, some growers are searching direct contact with retailers, sometimes with help from NGOs.

Foodservice channels

The foodservice channels such as restaurants, hotels and hospitals are large buyers of high quality fruit. However, exporters from developing countries are unlikely to be in direct contact with food service organizations, since they are usually supplied by specialist wholesalers and importers.

In addition to the established distribution channels, there are also diasporic groups in the EU that may be worth targeting. These groups often purchase their food from specific shops that use their own community to source product (often different or non-branded products) directly from their country of origin. Although this market is smaller, it may be an easier trade channel for market entry and building relationships.

Tropical Fruit Distribution

Trade channels of tropical fruits follow a similar structure as shown in Figure 2, but depend highly on the volumes traded for each product. Tropical fruit companies are going through a consolidation process. This is especially happening in the banana sector: Dole Food Co. (formerly Standard Fruit) and Chiquita Brands International (formerly known as the United Fruit Company, then United Brands) each account for just over a quarter of all bananas traded internationally (Source: CBI). The demand for large-scale supplies implies that those firms with sufficient financial resources are in a better position to bear the costs and risks associated with this type of operation.

Exporters from developing countries generally supply tropical fruit to intermediaries instead of retailers. Therefore, traditional auctions and wholesale trade of imported tropical fruit are losing importance and increasing pressure is being placed on exporters to increase their tropical production or to produce for different countries. Large scale multinational producers are especially dominant in the banana trade. They have their own plantations and buy additional products from private producers if necessary. Suppliers of tropical products are advised to cooperate in export cooperatives or export groups.

Many European companies are based in or have branches in developing countries. Some of them even have their own fleet of ships. Multinationals with their own plantations buy from other growers and traders in the region to complement their own produce. They are specialized in the trade of large volumes. They have their own contracted importers and the significance of this structure is expected to increase in the future. Another competitive advantage they have in export is that they can fulfill important market demands regarding size, quality and traceability. They are especially active in markets of tropical fruits that are traded in large volumes (e.g. bananas, pineapples).

In the case of tropical fruit distribution, an importer may import directly from producers/exporters, often on a consignment basis. He will clear goods through customs and quality control and in some cases will take care of final packaging for retailers. They also perform additional logistic tasks such as ripening of bananas, portioning and packaging of fresh fruit for self-service or re-packaging goods when necessary. They play a more specialized role as quality controller and provide logistical services. Importers' margins are usually somewhere between 5-15% depending on their service level and product traded. However, there is a question whether small-scale developing country based producers will continue to get access to these critical importer services as companies continue to integrate and concentrate their chains. Importers generally supply to wholesalers and sometimes large retailers and foodservice. However, the role of wholesalers is diminishing as retailers are increasingly working with service providers who carry out the import functions.

Most small exporters from developing countries will only have contact with EU intermediaries of tropical fruit and not with retailers or food service organizations. Food service organizations are usually supplied by specialist wholesalers and importers. However, direct trading with large retail chains exists, as in the case of fair trade and sustainable initiatives promoting the sales of tropical products directly from developing countries to purchasers in the EU.

Retailers such as supermarkets are imposing costly requirements for good quality produce, food safety and all year round supplies of tropical fruit, but pay low prices. This means that tropical fruits are becoming products of standard quality and uniformity imported from different world regions and packaged in Europe. Therefore, intermediaries have to do their own sourcing to guarantee a wide range of products throughout the year. Distribution companies are engaging in mergers, acquisitions and alliances to meet supermarkets' demands of tropical fruit while decreasing the number of buyers and players dominating the market. When mergers or acquisitions take place between large distributors, the supermarkets they supply get involved in the discussions before the merger or acquisition takes place.

Discounters still buy on the spot market and look for the cheapest products available. This strategy provides an opportunity to keep independent wholesale channels open but do not provide prospects of good prices to tropical fruit producers.

Price structure

The profit margins of wholesalers and distributors of tropical fruit have been decreasing because of the competition for contracts with large-scale retailers and pressure for low prices. For European importers, for instance, they are typically below 10%. This has lead to decreasing margins for developing country exporters. Supermarkets try to maintain their margins of approximately 30% on tropical fruit. On the other hand, a 10% overall net margin is generally achieved by discounter retailers. Additionally, the growing appeal of the discount concept within the EU retail sector has influenced pricing policy amongst the traditional supermarket chains. Permanent price wars in some countries (the Netherlands, UK, etc) are the consequence of this competition. This is pressing down prices up to tropical fruit producers. Banana companies in general have sought to strengthen relationships with leading retailers through value-added services such as banana ripening and distribution, category management, branding initiatives and the establishment of long-term supply agreements. Also, they are looking for higher margins by moving away from commodity fruits towards more value-added products, as ready-to-eat salads, fruit bowls and processed produce such as smoothies.

Supply Chain Issues

Supply chain issues are of paramount importance for producers aiming to service the EU market. These issues are urgent concerns for existing suppliers as well as potential market entrants in both developing countries and the EU. According to the EU producers' Association Freshfel,

> *"The supply chain is facing a period of dramatic change with concentration and evolving business patterns. The sector remains confronted with significant discrepancies between a heavily fragmented supply base versus a heavily concentrated demand side. Rising costs and severe competition are affecting return across the chain and even putting at stake the viability of the production and hence, in a more global environment, also the security of supply, one of the basic pillars of the CAP (EU Common Agricultural Policy). Increasing the value of fresh produce should assist in moving to sustainability and profitability across the chain" (Freshfel Activity Report, May 2010-May 2011, p.19).*

In order to address the challenges, producers are forced to

- enhance cooperation across the chain
- develop effective mechanisms for advocacy and lobby
- create initiatives that can enhance the added value of the product and increase the efficiency of the chain in areas such as logistics, packaging, etc.
- carefully follow and analyze ongoing market developments and consumption trends
- develop mechanisms to monitor the consistency and availability of supply to provide information to the market
- explore the prospects of sustainable production as a strategy to add value and differentiate products while containing costs in the medium to long term
- Develop platforms for discussion and coordination across the value chain involving growers, processors, traders, exporters, and logistics companies to add value to the customer.

A potential market opportunity for exotic fruits is created by the climatic conditions across the EU. However, exotic fruit is generally highly perishable and it is produced in low volumes, which favour the use of air freight. Developing country exporters often have to fight to obtain freight space on (cargo or passenger) flights. Transport is therefore one of the most critical issues in supply chain management since export possibilities for these goods are not always guaranteed. The availability of exotic fruit is largely influenced by the volumes produced and their shelf-life. For example, products such as fresh sweet papaya's, which are flown in, are relatively costly and not as widely available. On the other hand, limes, the condition of which can be preserved by innovative fungicides and cold storage systems can now be shipped in large volumes are now competing with domestic produced lemons during the EU season while also being able to serve the EU market during the off-season.

Despite the challenges, the share of exotic fruit exports to the EU is increasingly growing. Opportunities are also appearing in new markets in Eastern European countries, where the integrated fruit companies do not yet have a stronghold. In contrast to other fruit markets, due to the relative small volumes traded individual growers and traders are still able to compete on the global market. Nonetheless, working together through export cooperatives or groups is advised to ensure continuous supply and the sharing of risks. Besides being able to offer larger volumes, cooperating also enhances bargaining power while reducing costs through collective storage and freight. Controlling ripening is important for exotic fruit and most exotics require ripening facilities. Several ports in the EU, including Rotterdam, Antwerp and Hamburg offer such facilities. However, the use of reefer containers and increased knowledge on post harvest management and packaging have now also made it possible to ripen products at inland facilities.

As a result of the demand from consumers for continuous high quality supplies, supermarkets are trying to control supply chains in order to accommodate customers' demands for quality and price, while remaining profitable. Competition for consumer expenditure on fruit products is most fierce in the consolidated markets, such as those now existing for tropical fruit. These markets are often dominated by few large supermarket chains. To remain profitable they must be able to offer their products tailor made to the consumers' demands at most competitive prices. As a result, supermarkets are increasingly buying directly from large farms, cooperatives and exporters, cutting out middle men. In this way they can better control the sourcing, planning and logistics which essentially enables them to better meet the

consumers' needs. As a result, supermarkets are increasingly active as direct purchasers. They often only buy large volumes at once and use their buying power to enforce suppliers to comply with additional voluntary standards. Some suppliers sell directly to EU based service organizations that process the products in a type of private labelling arrangement and supply the main supermarket chains or even directly to the larger supermarket chains themselves. As a result of their demands (large volumes of uniform high quality products), the average supplier as well as transaction size has increased, while the number of buyers has decreased. Moreover, almost all large supermarket chains have additional voluntary standards that suppliers must meet. It is therefore strongly advised to discuss quality with trading partners at an early stage of negotiations, since these standards may not be easily met and may require investments.

THE EU MARKET FOR VEGETABLES

Overview of EU market for fresh vegetables

The EU market is large and stable market for fresh vegetables of different varieties. Some sources indicate that with large volumes of internal production and fierce competition among producers seeking to enter the market, the vegetable market in the EU is largely saturated. As a result, CBI advises that growth of the vegetable market is predicted to be slow. Between 2007 and 2011, the markets for imports of vegetables in Germany, France and the Netherlands, all grew by just over one percent. Furthermore, there is evidence from the recent economic crisis, that the vegetable market is influenced by economic deterioration. Imports are increasing at the expense of EU producers, with consumption in the new Eastern EU member states expected to grow fastest. According to the Centre for Promotion of Imports from Developing Countries (CBI), imports from developing countries are growing faster than overall imports. This is in part because of seasonality due to weather conditions, which result in the EU being dependent on suppliers from third countries. Weather conditions in the main producing member states of the EU are increasingly unpredictable. This affects the quality of the produce, lengths of the off-season and demand for imports. Generally, longer EU off-seasons provide enhanced opportunities for suppliers from developing countries.

In general, vegetables are highly perishable and have a short shelf life; hence, the bulk of supply comes from within the EU or in close geographic proximity. However, increasingly, innovations in packaging and transport are now allowing producers the possibilities of extended shelf life, sea freight, more competitive prices, premiums and new markets.

In the future, it is expected that developing countries as well as other countries that enjoy preferential trade agreements will continue to gain EU market share. It is proposed that, companies that are in full control of the supply chain (sourcing, planning and logistics) and that tailor their products to customers' needs will be best placed to capitalize on the potential. To keep volumes up and safeguard profits, companies must increase energy efficiency, reduce labour costs and cut down on waste, while exploring the potential for customer-focused innovation in collaboration with buyers in the market, such as new product mixes and smaller packages. Smaller companies must explore greater integration throughout the supply chain and all possibilities to meet the demands of buyers in an efficient and cost effective way; including through private labelling and other forms of partnerships.

EU producers are in turn likely to lobby to increase their control and influence on the supply chain. Based on ongoing investments, the EU share of added value products to supply consumers with convenience and certified organic or sustainable products is likely to grow (Source: CBI). As a protective measure, EU producers will continue to lobby for minimum prices for EU products and more stringent policies to hamper imports. In addition health and safety standards will be become even stricter. These measures remain controversial, since it is recognized that for small scale producers from developing countries, they are hard to meet and even for large producers, they result in significant additional product costs.

An emerging sustainability issue that may affect trade with developing countries adversely in the future is the debate on "food miles", in the context of lowering green house gas emissions. Vegetables from developing countries will often require transportation across greater distances and therefore may possibly be evaluated as responsible for greater emissions.

Market Segmentation

The Centre for Promotion of Imports from Developing Countries (CBI) states that Europe may be classified into four basic regions based on such factors as cultural commonalties, social parallels, economic linkages, and environmental similarities:

5. **Northern Europe:** Denmark, Finland, and Sweden;
6. **Western EU:** Austria, Belgium, France, Germany, Ireland, Luxembourg, The Netherlands, the United Kingdom;
7. **Eastern EU:** Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia;
8. **Southern EU:** Cyprus, Greece, Italy, Malta, Portugal, Slovenia and Spain.

The EU market for fresh vegetables can be divided into three segments based on geographic location and associated consumer profiles. Even though these may change over time as a result of changes in the drivers for demand, they are relatively fixed, as follows.

- The Northern and Western member states are the most wealthy and large consumers of vegetables. The region provides a growing market for convenience, on-the-go, added value and certified organic and fair trade vegetables. Vegetables are increasingly bought at large supermarket chains. Quality demands are high (almost exclusively Class I2) and the market is largely consolidated. Interesting markets are The Netherlands, Germany, UK and France.
- The Southern member states are the largest consumers of vegetables with a preference for local vegetables. Local production has difficulties competing with imports from developing countries, hence imports are increasing. Freshness and taste are reasons for purchase. Organic vegetables have a high market potential. Vegetables are bought from supermarkets and vegetable mongers. Attractive markets are Spain and Italy.
- In the Eastern member states of the EU, demand and prices are lower than in the other EU regions. Quality, health and safety demands generally do not exceed EU legal standards. Class II products for consumption can be sold in these states. The market share of supermarkets is not

as high as in many other member states. Sustainability issues are still of little relevance. On the other hand, this region is developing fast. The most interesting markets are Poland, Romania, the Czech Republic and the Baltic states (Estonia, Latvia and Lithuania).

EU Imports

The EU market for external imports of vegetables, including certain roots and tubers, was valued at more than 3.71 billion Euros in 2011 (Export Helpdesk data). This was relatively small in comparison with the value of production and circulation within the internal market, as indicated by **intra-regional** EU-27 imports, which, in this year, were valued in excess of at 16.28 billion Euros. The significant size of the internal market is mainly due to the perishable nature of vegetable products, which require appropriate logistics to get products in the hands of the consumers within the shortest time frame possible. The seasonality of production within the EU due to weather conditions is also a key factor in the demand for certain imports during particular periods. The largest importers in 2011 were the Netherlands (22% of overall market value), Spain (20.18%) and France (8.82%). Germany accounted for 5.48% of overall import market value in this year. More details on the top ten supplier countries of imports by volume for edible vegetables, roots and tubers (HS code 07) are shown in Annex 5.

In 2011, the Netherlands Antilles imported 3.7821million Euros worth of vegetables, roots and tubers, from the EU alone, while Aruba imports from the EU were valued in excess of 0.7185 million Euros. Data for the French Caribbean Overseas Regions (FCOR) was not available. Annex 6 provides data on EU imports from select Caribbean countries.

Major trading partners

Most vegetables consumed in the EU are produced within the EU, with the top suppliers being the Netherlands, Spain, France, Belgium, Germany and Italy. Other important suppliers are Poland, Morocco, China, the United Kingdom, Israel, Egypt and Canada. The quantity of imports of vegetables, roots and tubers, from both within and outside of the EU has remained relatively consistent over recent years. The Caribbean's top exporters of vegetables, roots and tubers to the EU are the Dominican Republic, Suriname, Jamaica and Dominica.

Production and Exports

EU countries are major exporters of vegetables, roots and tubers; providing more than 4.45 billion kilograms valued at more than 2.67 billion Euros to the rest of the world in 2011; including to the Russian Federation, Egypt and the EEA countries. Intra-regional exports accounted for more than 22.16 million kilograms of vegetables valued at more than 15.457 billion Euros. Based on their relative geographic proximity, significant opportunities exist for Barbadian growers to export to Aruba and the Netherland Antilles, which imported more vegetables and tubers from the EU than they were able to export in 2011.

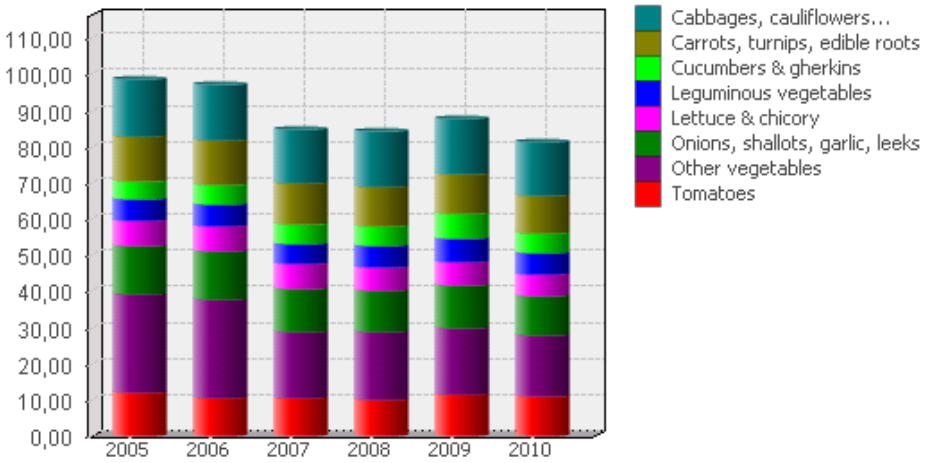
Pricing

In general, there can be significant fluctuation in vegetable prices. For most vegetables, prices are determined every week, based on the current situation of the market. The prices set are influenced by the prices of imported vegetables, the volume of extra-EU production, transport prices, volume and weather conditions. In general, specialty vegetables have lower frequency of shipments and smaller quantities demanded than regular 'commodity' vegetables (e.g. onions, tomatoes and green beans). A few large supermarkets may agree upon a set value and volume with suppliers for the complete harvesting season. Small price differentials between importing countries may exist, based on variances in market structure and competitive environment. For instance, prices in Northern EU countries tend to be higher than in Southern EU countries, since consumer prices are higher too. Prices in quality segments are also often under influence of supply and demand. Table 10 below shows the average 2011 pricing for extra regional imports for products exported by Barbados in the category edible vegetables and certain roots and tubers (HS07). The unit prices were computed from data on annual import values and quantities across all EU27 countries for 2011, provided by the EU Export Helpdesk (http://exporthelp.europa.eu).

Characteristics of Market and Consumer Demand in target markets

According to the European Fresh Produce Association (Freshfel) the total gross supply of vegetables in the EU-27 decreased in 2010 by 8.9% compared to the average of the previous five years, while the gross per capita consumption also decreased by 10.3%. The recommended daily intake of 200 grams of a variety of vegetables is not met in several member states. In response, the EU and state governments are financing various campaigns to enhance vegetable consumption, including the Pan-European Logo for the Promotion of Fresh Fruits and Vegetables, an initiative of Freshfel (for further details of the campaigns, please see www.enjoyfresh.eu/php/index.php and http://ec.europa.eu/agriculture/tasty-bunch/index_en.htm). Figure 3 below shows the trend of EU-27 Gross per capita vegetable consumption (in kg) / year.

Figure 3: EU-27 Gross per capita vegetable consumption (in kg) / year



Source: Freshfel

Table 10: Average 2011 pricing for extra regional imports for products exported by Barbados category : 07 Edible vegetables and certain roots and tubers				
Code	Product label	2011 EUR27 Import Value (1000 EURO)	2011 EUR27 Import Qty (1000kg)	Average price (EURO/kg)
'0701	Potatoes	163401.00	392522.00	0.42
'0702	Tomatoes	349084.56	455998.50	0.77
'0703	Onions, garlic and leeks, fresh or chilled	322103.87	426289.90	0.76
'0704	Cabbages and cauliflowers, fresh or chilled	21045.56	48095.10	0.44
'0705	Lettuce and chicory, fresh or chilled	12171.42	14186.50	0.86
'0706	Carrots, turnips and salad beetroot, fresh or chilled	34938.99	85418.70	0.41
'0707	Cucumbers and gherkins, fresh or chilled	21383.69	26832.10	0.80
'0708	Leguminous vegetables, shelled or unshelled, fresh or chilled	419214.75	206795.00	2.03
'0709	Vegetables nes, fresh or chilled	732964.37	488208.50	1.50
'0710	Frozen vegetables	358593.85	306864.50	1.17
'0712	Dried vegetables	322460.77	116713.60	2.76
'0713	Dried vegetables, shelled	734123.85	1087313.50	0.68
'0714	Manioc, arrowroot salem (yams) etc	92493.86	127516.50	0.73
Source: Export Helpdesk				

As is the case in many other countries, there is growing interest among EU consumers in healthy lifestyles and there is significant interest in purchasing food products that have specific health benefits. This has implications throughout the value chain on how vegetables are produced, harvested, packaged, labelled and marketed.

Demand for convenience and processed vegetables in the Northern and Western EU member states are also increasing. However, to capitalize on this trend requires appropriately configured processing plants. Adherence to several voluntary standards may create opportunities for product differentiation and marketing, which may ultimately result in price premiums. However, meeting the standards may be difficult, costly and time consuming for small producers. Mandatory quality, health and safety demands and assurances are also increasing. Consolidation of the market as a result of the growing share of large

supermarket chains leads more stringent quality and supply demands and less bargaining power for producers and exporters from developing countries.

The out-of-home market (hotel, restaurants and cafeteria) is an important market for high value and or added value, new or non-traditional vegetables. Although quality demands for value added products are high and processing most often takes place in the EU by specialized service organizations, the added value market may provide prospects for developing countries that have the necessary equipment or may be able to obtain access to these (through partnerships).

Some vegetable products are currently consumer niche markets, but have the potential for further growth. These include sustainable vegetables, smaller and tastier varieties and ready-to-use vegetables. An advantage of the trade in these products is that the markets are not yet consolidated. However, there is a need to build the consumer market by enabling consumers to become familiar with the vegetable (combinations) and preparation techniques (if not intended to be consumed ready-to-eat).
In general, EU consumers tend to be price conscious. The Netherlands, the UK, France and the Eastern EU member states have particular price-sensitive markets. Retailers keep prices low to increase market share. Germany has always been a very price-conscious market with a strong position of hard-discount retail stores. As a result of the economic situation in the Southern member states, price is there now also of greater importance.

The EU is the largest market for sustainable and organic vegetables in the world. Across various marketing channels, the demand for consumption of sustainable and organic vegetables is on the rise. In the Netherlands for example, supermarket and catering sales of sustainable food products in the first half of 2010 grew in one year by 25% to a total of €409 million.3 A similar trend is noticed among the large supermarket chains of which most have made announcements to increase the share of sustainable fruit (and vegetable) products in their assortment. Consumers in the Northern and Western member states are most concerned about the socio-environmental and economic impact of their purchases. In these regions price premiums of 25% exist. Food miles and the associated green house gas emission that comes with imports from developing countries are another sustainability issue that is becoming of increasing importance, especially in the UK. The debate on food miles potentially has an adverse effect on vegetables from developing countries and favours locally produced vegetables as these are perceived to generate less green house gas emissions. Although the market for sustainable is still small, producers need to be aware of and follow the debate on these matters since they have the potential to affect market entry and consumer acceptance. However, certification in relation to sustainable products or processes can be costly and time consuming and is only recommended where specific demands are present from buyers. It may not always be the best option for producers and therefore before trying to become certified, it is important that producers check with stakeholders and authorities to what extent a particular certification fits their situation best. Very often the certification schemes have special programmes for small holders and group certification which may present cost benefits.

[3] CBI (2011),Trends and segments for fresh vegetables, CBI Market Information Database, www.cbi.eu

How consumers buy: critical trends and key market opportunities

A growing demand for healthy lifestyles and products is driving an increased demand for vegetables. In addition, there has been increased demand for value-added fresh vegetable products, including certified organic and sustainable vegetables. Particularly in the Northern and Western member states and wealthy urban areas, there is growing market for convenience vegetable products. Markets with the greatest potential are the UK, Germany and The Netherlands. Sales of pre-packed fresh-cut vegetables and fruits are expected to grow at a rate of 4% to 6% per year, despite the broad availability of often cheaper substitutes. The UK is the largest fresh-cut market with an average annual consumption per capita of 12 kg; which accounts for around a third of total EU consumption. In comparison, the EU average is only 3 kg. Other potential markets are Germany, The Netherlands, Belgium and France. Despite the adverse economic situation in Spain market potential for pre-packed vegetables is also considered to be high.[4] Other current consumer trends include:

- Small portioned washed and processed ready-to-eat vegetable mixes with separate sauce, knife and fork provided
- vegetable snacks;
- novel packaging such as small boxes or sachets which must keep the products fresh and enhance practicality with regard to carrying, opening, using and disposal
- interest in new products and foreign culinary specialties along with new recipes

In-store promotions in supermarkets are often used to introduce novelties with campaigns and new recipes. Sampling promotions at restaurants where customers tend to be more open to experiencing trends, new products and culinary specialties are common. During festivities such as Christmas and other holidays, consumers are more susceptible to new dishes and this makes it a good time for product introductions. Ethnic markets can be used as stepping stones to the mainstream.

Main Marketing channels (i.e. wholesalers, independent retailers, importers, licensing, e-commerce, department stores)

In general, vegetables are imported via specialized trade wholesalers or importers who often have direct relations with producers as well as retailers. There is a slowly but growing trend in developing countries for large scale production of vegetables. Therefore, mergers and acquisitions at the producer level are likely to intensify in the coming years, as vertical integration of fruits and vegetable companies increase in order to shorten supply chains. Small scale producers will generally supply intermediaries. Below is an overview of the different intermediaries.

- ***Agents*** maintain contact with suppliers in exporting countries, gather the produce necessary to fill containers for transport, and procure produce for their EU customers, who are generally wholesalers. They do not trade products on their own account and often ask for exclusivity. Particularly, some agents are specialized in exotic fruit and work on the basis of a commission on the sale price (margins around 10% or higher). An agent may save exporters substantial travelling costs. The role of the agent is slowly diminishing due to increased transparency of the

[4] Promising EU export markets for fresh vegetables, CBI Market Information Database, www.cbi.eu

market due to the Internet. Nowadays, a freelance consultant is becoming more frequent. This consultant is not protected by the same laws as an agent.

- ***Importers*** receive product directly from producers/exporters, often on a consignment basis. They clear goods received through customs and quality control checks and in some cases will take care of final packaging for retailers. Importers supply to wholesalers and sometimes large retailers and foodservice. Importers that supply to retailers more often coordinate the flow of fruit and vegetables from origin to point-of sale. They play a more specialized role as quality controller and provide logistical services. Importers' margins are usually somewhere between 5% and 15% depending on their service level and product traded. In most cases, importers have long-standing contacts with their suppliers, which is an advantage for small exporters or new exporters with not much experience in the EU market.
- ***Wholesalers*** buy their vegetables from importers, producers and auctions. Products are then distributed to specialist retailers, foodservice outlets and supermarkets. A major distinction exists between wholesalers supplying the multiple retailers, known as sole suppliers of supermarkets, and those supplying greengrocers and other specialized retailers. The role of wholesalers is diminishing as retailers are increasingly working with service providers (e.g. importers). The profit margins of wholesalers and distributors have been decreasing because of the competition for contracts with large-scale retailers and pressure for low prices. They are typically below 10%. This has lead to decreasing margins for developing country exporters
- ***Retailers:*** Specialized retailers such as greengrocers still sell a substantial volume of vegetables in the EU, but their share has declined dramatically over the years. In South Europe specialist retailers are common. Some of the large retail chains have their own distribution centres and organize conditioned transportation of vegetables. Furthermore, they increasingly operate through exclusive supplier or preferred supplier relationships and long-term fixed contracts. The advantage of this trade channel is that it provides security and thereby making room for investments. On the other hand, these kinds of contracts limit flexibility in production and marketing because of the strict requirements set by the contracting party. Growing appeal of the discount concept within the EU retail sector has depressed prices and influenced pricing policy amongst the traditional supermarket chains. A 10% overall net margin is generally achieved by discounter retailers.
- ***Supermarkets:*** are catalysts for increased sales of pre-packed produce. Their vegetable assortments have become wider and deeper. However, as supermarkets continue to demand low prices, freight charges play an important role in determining which vegetables can be feasibly supplied. Retailers and product development companies increasingly collaborate to develop new and innovative products. Supermarkets try to maintain their margins of approximately 30%.
- ***The foodservice channels***, restaurants, hotels, hospitals, etc, are buyers of high quality vegetables; however they are usually supplied by specialist wholesalers and importers as opposed to direct imports from exporters.

Supply Chain Issues

Post-harvest handling and logistics

The distance to the EU market is an important factor in the vegetable trade. This is because vegetables have to be consumed quickly and cannot be stored or ripened in transit, unlike many fruits. Therefore, the possibilities for exporting highly perishable or delicate produce such as lettuce and other leafy vegetables to the EU are limited. Ongoing innovations in the development of post-harvest handling as well as refrigerated cargo facilities and extended storage facilities at EU port hubs, allow for longer storing of vegetables until the right price is available in the market, exporting products (over longer distances) by ship at lower costs and access to new markets at greater geographic distances from the countries of origin. Despite this, vegetables are highly perishable with a short shelf life and for some vegetables air freight may be required, which would result in additional costs for the producer and importers.

The Netherlands and Spain have large processing industries for intra-EU trade and re-exports of added value vegetables. In some cases, these may be accessible to developing country producers, working in partnership with and EU based distributor under private labelling or other partnership agreement. This type of collaboration may go a far way in overcoming technical barriers, reducing costs, meeting the requirements of certain EU and importers' standards and sharing the risks of entering new export markets, given the expectation of on time delivery of quality product.

Year-round supply and seasonality

Consumers in the EU demand a variety of vegetables year-round. Domestic production cannot meet the demand and is highly concentrated. Italy, Spain, France, Greece and Poland account for most of EU production. They are largely responsible for supplying the other member states with fresh vegetables during the growing season. The extent to which they can meet demand however varies per year depending on the weather conditions. Over the years, the weather has become increasingly unpredictable. This has lead to years of excess and low prices as well as to years of shortage that required large amount of imports at high prices. Imports are most lucrative during the off-season or when EU production is deflated. Growing a variety that does not grow during the EU season may be helpful.

Shorter distribution chains

Supermarkets are increasingly buying directly from large farms, cooperatives and exporters, cutting out middle men. In this way they can better control the sourcing, planning and logistics which essentially enables them to better meet the consumers' needs. As a result, supermarkets are more often also active on the buying market themselves. They often only buy large volumes at once and use their buying power to enforce suppliers to comply with additional voluntary standards. Also EU based service organizations that process the products and sell directly to the supermarket chains are only used when the supermarkets cannot obtain the products themselves. Consequently, the average size of suppliers and transactions has increased whilst the number of suppliers and buyers has decreased. Hence, it is advisable for exporters to agree with potential buyers in an early stadium on the quality, quantity and terms of delivery as these may not be easily met and may require additional costs. For a supplier

interested in supplying large EU based supermarkets, it may be useful to form alliances with fellow suppliers. In addition to being able to offer larger volumes, cooperation enhances bargaining power whilst reducing costs through collective storage and freight.

Supply of inputs

In addition to finished products, the consistent supply of inputs to various value chains is therefore an opportunity for Barbadian producers.

CHAPTER 5 THE EU MEAT SECTOR

Overview of the EU Meat Industry

A 2011 European Union *Study on the Competitiveness of the European Meat Processing Industry* estimates that the agriculture industry contributed EUR 85.7 billion to the European economy in 2009, with the meat sector accounting for about 25 percent of this total. The pork industry is the most significant meat producing industry, followed by poultry. The EU food industry in general is dominated by enterprises employing less than 20 employees, representing about 86 percent of the industry. The meat industry is no exception, with SMEs accounting for a large percentage of firms within the sector.

The BSE- meat crisis some years ago provided a major turning point in food policy and concern for consumer's welfare. The crisis fuelled the development of legislation incorporating consumer concerns, food safety and traceability, which is binding on potential exporters to the EU. Supply chain optimization has mandated food channels to enhance traceability, quality control and reliability, resulting in increasing concentration, that is, fewer and larger suppliers within the food supply chain. As a result, EU meat producers have developed preference for long-term business relationships. In general, retailers are perceived to have the greatest bargaining power however power balances vary according to specific products, market structures and the positioning of various actors in the value chain. By way of example, research has found that the market share for private labels in frozen and prepared meat is much lower (19.7 percent) than for producers, who dominate 31.2 percent of market share. Market structure, including consolidation and concentration along the value chain, considerably affect the bargaining power of different actors. Consolidation of actors anywhere along the value chain leaves few outlets with which to negotiate. If parts of the value chain are more concentrated than others, it follows that bargaining power for those less well integrated is much reduced. In addition to concentration, the number of players in each node along the value chain, their exit and entry rates, and the level of differentiation and technological content are important factors that impact negotiations.
Increasing consolidation has been matched by new corporate strategies.

With increasing consolidation, EU retailers generally play a much stronger role in shaping consumer preferences. This changes the nature of bargaining since retailers position themselves to be a more indispensable link between producer and consumer. The adoption of a "lean retailing" approach is widespread, which means that retailers increasingly opt to order goods "on demand" from producers as opposed to holding costly inventories. As a consequence, suppliers are forced to adopt systems and processes that would comply with retailer requirements and in turn require significant investment, which can lock producers into the relationship. Changing retailers means switching systems, which becomes a more expensive proposition, and becomes less likely. Within the EU, there have been complaints concerning unfair trading practices resulting from this imbalance of bargaining power.

As one of the monitoring mechanisms to inform stakeholders of developments with the Common Agricultural Policy, in December 2011, the European Commission Directorate-General for Agriculture and Rural Development released a report *Prospects for Agricultural Markets and Income in the EU 2011–*

2020.[5] The report notes that global agricultural market developments have attracted considerable attention recently, due to increasing consumer food prices and sharp, short-term price fluctuations for agricultural commodities. EU meat demand declined throughout 2009 and meat import businesses were hit by weak demand, mainly arising from the pressures of the economic crisis, which reduced import volumes. There are also some schools of thought that indicate that meat consumption may be declining in the face of increasing vegetarianism in some counties, particularly Germany and Spain. In contrast, the EU meat market during 2010 was characterized by an increase in production and recovery in the EU net trade position.

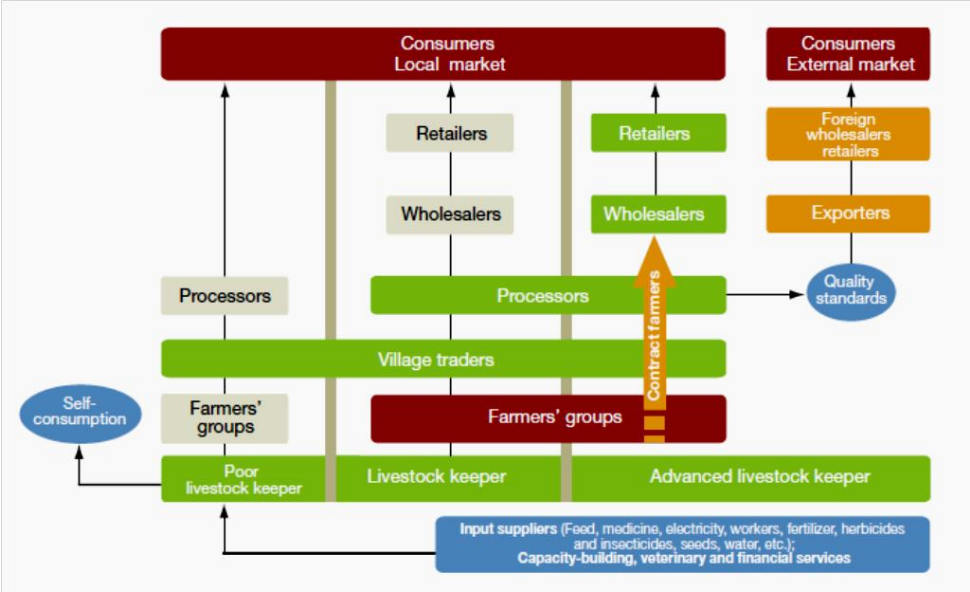
Within the EU, total meat production increased in both 2009 and 2010, with only sheep and goat meat displaying a continued decreasing trend. Sheep and goat as well as beef and veal meat production faced animal disease related constraints. The pig meat sector faced a critical period between late 2010 and early 2011 due to a surge in feed prices and low pig meat prices, which severely affected profitability. For the first time since 2003, the EU became a net exporter of beef (including live animal and meat products), following a strong increase in exports in 2010 and 2011. The increase was particularly strong for fresh and frozen meat exports to Turkey and Russia, while the traditional key markets such as the Middle East, China and Russia remained firm. The improved net trade position was boosted by a weaker Euro and the shortage of supply in traditional meat exporters as Brazil and particularly Argentina. This, among other factors, helped to improve EU export competitiveness in the context of a tight international beef market, with countries like Turkey considerably lowering import tariffs on bovine meat products. EU total meat production is expected to continue its recovery over the outlook period (2011-2020) from the decline suffered in 2008 and 2009, and is expected to show a further moderate increase of 2.4% by 2020. The outlook differs between ruminants and non-ruminants, as beef/veal and sheep/goat meat production is estimated to drop by 1.3% and 7.9% respectively between 2011 and 2020, while pig and poultry meat production would expand by 3.6% each. The driving factor for production growth is the increasing poultry and pig meat consumption. EU total meat consumption per capita would reach 83 kg in 2020 which corresponds to a slight increase compared to 2010. Poultry meat consumption would increase most, followed by pig meat. Pig meat is expected to remain the preferred meat in the EU with 41.6 kg per capita consumption in 2020, compared to 23.6 kg for poultry, 15.8 kg for beef/veal and less than 2 kg for sheep and goat meat. The net trade position of the EU is projected to deteriorate over the outlook period, driven by an increase in meat imports (of beef/veal, sheep and goat and poultry meats) and a parallel decline in exports of poultry. Aggregate meat imports and exports would grow by 6.1% and 1.9% respectively, leaving the EU as a net exporter of pig and poultry meats in 2020. Competition from third country imports and trade negotiations are expected to impact EU producers by encouraging increasing competition. In particular, the EU meat industry faces competition from third countries like Brazil and Argentina that benefit from a comparative advantage inputs in land, feed, and labour. Increasing costs of inputs including feed, higher energy prices, costs of refrigeration affect all levels of the value chain.

[5] The report is available online at http://ec.europa.eu/agriculture/publi/caprep/prospects2011/index_en.htm

Sector Overview/ Definitions- based around the value chain

A general value chain for livestock production is summarized in Figure 4. Value chain maps for poultry production through informal production and industrial breeding systems respectively are shown in Figures 5 and 6.

Figure 4 (below): A Global Value chain for livestock production



Source: IFAD (2009)

According to the European Union (2011) report, the elements of the value chain can be summarized as follows.

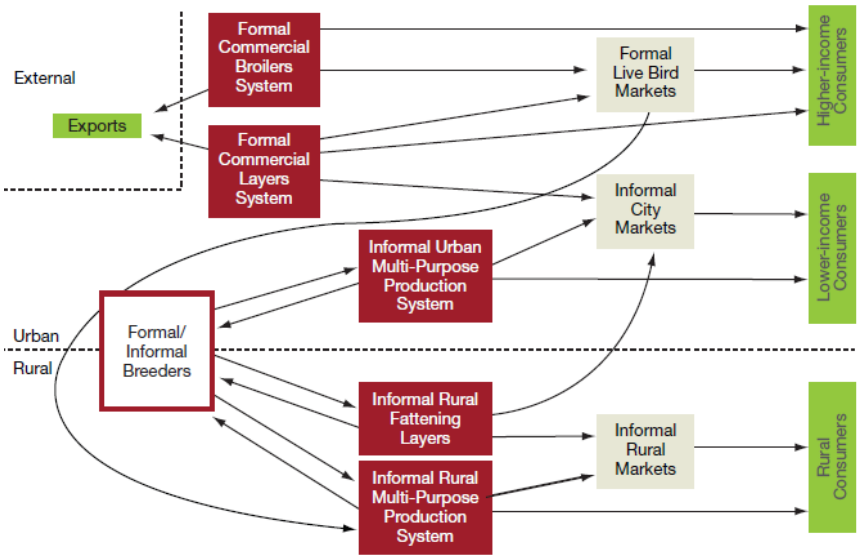
Farmers

Unless farmers are part of a horizontally integrated supply chain with long term relationships with other actors, their ability to enter in direct negotiations with retailers tends to be very minimal because of the levels of fragmentation. Individual farmers exert little influence on the downstream industry. However, through joint marketing and cooperative groups, increased bargaining power can be gained, to facilitate negotiations with processors or retailers. Cooperatives have shown their value in offsetting the power of rapidly growing and internationalizing abattoirs, giving farmers the more centralized marketing activities that they preferred, increasing the opportunities for better prices, decreased transaction costs and advocacy in the face of potential conflicts.

Processors

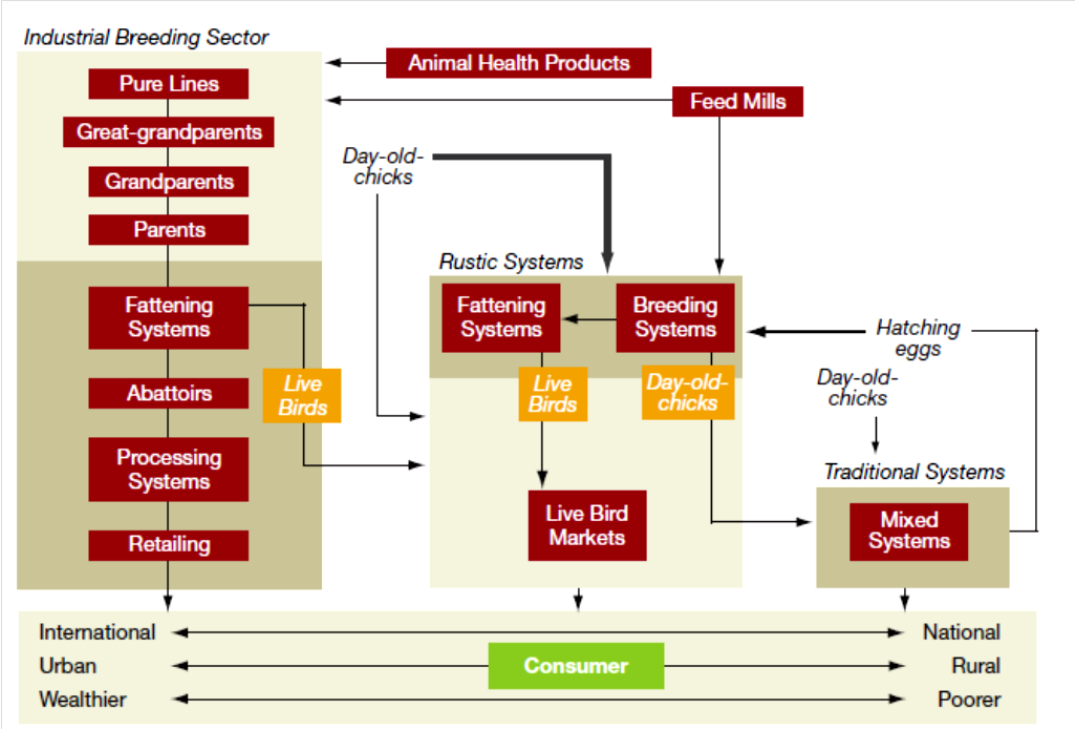
The EU processing sector is highly concentrated where a small number of large processors dominate the market, especially multinational companies. However, a large number of SMEs operate in the market, competing on price and variety of products rather than their big competitors competing on brand name. Processors negotiate directly with retailers.

Figure 5 (below): Value chain map for poultry production through informal production



Source: IFAD (2009)

Figure 6 (below): Value chain map for poultry production through industrial breeding systems



Source: IFAD (2009)

Retailers

In the EU, a small number of large retailers dominate the market. However, the concentration of retailers is not uniform across the Member States, with some countries such as the UK showing higher concentration than others, such as Germany and France where concentration has remained relatively constant. In general, retailers as "fiercely competitive" and engage constantly in price wars. Wherever possible, they also exercise their buyer power through exclusive supply agreements. There have been increasing demands for producer participation in certification schemes to mitigate reputational and commercial risks associated with food safety. The costs of participation and the specificities of the various schemes tend to limit producers/suppliers to trade with only one retailer, since the costs of switching customers is relatively high.

Market segmentation

The EU market for fresh meat may be further segmented into the markets for;

- Beef and veal
- Sheep meat and goat meat
- Pig meat/ pork
- Poultry meat.

EU Imports

The EU market for external imports of meat and edible meat offal was valued at more than 3.91 billion Euros in 2011 (Export Helpdesk data). Extra regional imports have increased slowly but consistently over the past three years. Total intra-regional EU-27 imports were valued in excess of 30.9 billion Euros. Annex 7 shows further details of the top ten suppliers by volume of meat and offal (HS code 02).

Major Trading Partners

Most of the demand for meat is supplied internally in the EU. In 2011, the major suppliers by volume of meat to the EU were Germany, the Netherlands, Belgium, Denmark, France and Spain. Production from Ireland, Poland, the UK and Italy, Hungary and Austria is also important. Extra-regionally, New Zealand, Brazil, Argentina and Uruguay are leading suppliers.

Production and Exports

The top exporting countries within the EU are Greece, Germany, Poland, Portugal, Bulgaria and Estonia. In 2011, the data also shows significant EU exports to Rwanda, Jordan and Belize in the Caribbean. Annex 8 shows significant export markets ranked by 2011 value of trade.

Market Opportunities

The fact that EU production of meat is enabled by subsidies and incentives under the Common Agricultural Policy means that the sector has been able to develop strong production capabilities, but not necessarily competitiveness. Intra-EU exports are mainly to the less efficient Eastern European States. Added to the other significant barriers to entry, a strong regulatory and legislative environment, particularly in relation to imports from third countries will make export by Caribbean producers to Western Europe very challenging to some Member countries. By way of example, the meat sector has

been accounting for the largest value share of all agrifood exports in Germany since 2007. Agrifood Canada states that German manufacturers produced a total of 1.5 million tons of meat products in 2011 and the industry turnover increased by 8.6% up to €17.2 billion. However, this increase reflects a drastic surge in raw material and energy costs. This is particularly challenging in the context of the highly competitive situation in the German retail environment. Germany produced 8.2 million tons of meat from commercial slaughtering in 2011, i.e. an increase of 1.5% over the previous year. According the Federal Office of Statistics (*Statistisches Bundesamt*), 2011 was another record year in meat production. Pork accounts for the lion's share of this with 68% of the total meat produced. Second in line is poultry with 17%, followed by beef with 14%. However, the share of sheep, goat and horse meat together accounts for only 0.3%. Germany's most important suppliers within the EU are the Netherlands, France and Poland. Imports from third countries amounted to 52,000 tons, i.e. approx. 1% less than in 2010.[6]
The case of Germany as a leading producer, indicates that there are still opportunities for specialty meat production, as well as the ability to compete based on specific components of taste and variety with appropriate branding i.e. Barbados' Black- Belly Sheep. However, given the demands of the legislative requirements concerning products of animal origin, these opportunities should be pursued as far as possible in a spirit of joint investment and partnership among potential investors to reduce market risks.

Pricing

The European Commission monitors price developments for agricultural commodities and food, including meat and publishes reports on a monthly basis. The reports may be downloaded from the official website at http://ec.europa.eu/agriculture/analysis/markets/foodprices/index_en.htm. Table 11 below, shows an extract from the monthly report for July 2012, published on 29 August 2012.

Table 11 Meat Prices in Absolute Terms

Agricultural Commodity	EUROPEAN UNION 27				WORLD			
	Unit	Monthly Average	Annual Change	Monthly Change	Unit	Monthly Average	Annual Change	Monthly Change
Beef	€/ 100kg cw	377	11.8%	0.9%	US$ c/kg	399	0.9%	-1.4%
Pork	€/ 100kg cw	169	7.6%	0.6%	US$/100kg cw	211	3.1%	8.3%
poultry	€/ 100kg cw	192	1.5%	-2.4%	US$ c/kg	209	8.5%	0.2%

Characteristics of Consumer Demand in target markets

Table 12 below summarizes the European Commissions, aggregate projections for indigenous production and consumption of various types of meat in the EU until 2020, based on modeling. The data shows the dominant consumption of pig meat and poultry meat which is expected to continue into the future. Markets for poultry and sheep are also expected to remain stable.

[6] Agri-Food Trade Service (2011), Agri-Food News from Europe, retrieved from http://www.ats-sea.agr.gc.ca/euro/5525-eng.htm in August 2012

Table 12: Aggregate meat market projections for the EU-27, 2009-2020 (thousand tons c.w.e.)												
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Gross Indigenous Production	**42 656**	**43 691**	**44 217**	**44 083**	**44 270**	**44 359**	**44 435**	**44 438**	**44 557**	**44 679**	**44 756**	**44 756**
of which EU15	35 824	36 858	37 173	37 056	37 248	37 374	37 410	37 418	37 483	37 591	37 675	37 648
of which EU12	6 831	6 833	7 044	7 027	7 023	6 985	7 025	7 020	7 074	7 087	7 081	7 107
Imports of live animals	**2**	**1**	**2**	**1**	**2**	**2**	**2**	**2**	**2**	**2**	**2**	**2**
Exports of live animals	**191**	**213**	**258**	**235**	**218**	**204**	**194**	**184**	**174**	**164**	**159**	**154**
Net Production	**42 467**	**43 479**	**43 961**	**43 850**	**44 054**	**44 157**	**44 243**	**44 256**	**44 385**	**44 516**	**44 599**	**44 603**
Imports (meat)	**1 518**	**1 367**	**1 317**	**1 380**	**1 368**	**1 387**	**1 429**	**1 431**	**1 430**	**1 435**	**1 441**	**1 450**
Exports (meat)	**2 609**	**3 303**	**3 866**	**3 634**	**3 796**	**3 607**	**3 583**	**3 438**	**3 397**	**3 418**	**3 429**	**3 365**
Consumption	**41 376**	**41 547**	**41 409**	**41 602**	**41 617**	**41 942**	**42 092**	**42 249**	**42 414**	**42 534**	**42 613**	**42 691**
of which EU15	33 743	33 885	33 876	34 032	34 027	34 364	34 486	34 634	34 776	34 871	34 930	34 983
of which EU12	7 632	7 663	7 533	7 570	7 590	7 578	7 606	7 614	7 638	7 663	7 683	7 708
per capita consumption (kg)	**82.69**	**82.84**	**82.36**	**82.58**	**82.44**	**82.82**	**82.88**	**82.99**	**83.12**	**83.15**	**83.11**	**83.06**
of which EU15	84.99	85.09	84.76	84.92	84.66	85.17	85.16	85.25	85.33	85.29	85.16	85.02
of which EU12	73.86	74.23	73.04	73.48	73.76	73.64	73.92	74.06	74.34	74.64	74.89	75.19
of which Beef and Veal meat	16.38	16.31	16.22	16.15	15.99	16.00	15.95	15.99	15.98	15.92	15.86	15.79
of which Sheep and Goat meat	2.35	2.20	2.13	2.15	2.16	2.17	2.16	2.14	2.12	2.10	2.08	2.07
of which Pig meat	40.80	41.23	41.38	41.52	41.35	41.55	41.61	41.60	41.68	41.75	41.73	41.62
of which Poultry meat	23.17	23.11	22.62	22.76	22.94	23.11	23.16	23.26	23.33	23.39	23.43	23.59

Source: European Commission (2011) Economic analysis and market forecasts: Prospects for agricultural markets and income 2011-2020
http://ec.europa.eu/agriculture/publi/caprep/prospects2011/index_en.htm

How consumers buy: critical trends and opportunities

The EU meat industry is influenced by the general ethical consumerism trends prevailing in the food industry, in particular those which apply to fresh food. Other factors driving the manner in which consumers buy include:

- ***Demographics***: An aging population within the EU has created changing food preferences. Older generations tend to focus on fresh foods over processed foods, as health becomes a larger concern. Governments have an interest in promoting the trend toward healthy eating and have been introducing requirements for labelling.
- ***Consumer awareness:*** Food safety scares, environmental concerns, and a growing awareness of animal welfare in some circles have changed how food is purchased. Traceability and transparency have become key components of interaction with intermediary buyers as well as consumers. The advent of the global economic crises has encouraged thrift, comparison shopping and competition.
- ***New product development*** is being driven by biotechnology, which in turn has a number of potential influences on relationships within the value chain. Research and development across all the value chain processes has become an increased component of value added.
- ***Dietary requirements:*** An important consideration in the EU consumer market is the substantial Muslim population of 16 million, comprising close to 20% of the population in some countries. Predominantly Muslim-Sunni, the lifestyle now plays a large role in European society and particularly in countries such as France, Cyprus, Belgium and Bulgaria where the agricultural sector is experiencing a Muslim drive. Consequently, imported meat must be "halal". For more information on the "halal" consumer market, consult the Global Halal Food Market Brief on the Agri-Food (Canada) Trade Service website at: www.ats.agr.gc.ca/afr/4491-eng.htm.
- ***Non-GMO labels*** are becoming increasingly popular in some countries, in particular Germany, where a growing number of companies turn towards 'non-GMO' and make use of the 'GMO-free' label introduced in 2009. The association for Non-GMO foods (*Verband Lebensmittel ohne Gentechnik, VLOG*) reports that 50 percent of the eggs and 10 of the milk in Germany are produced in accordance with non-GMO criteria. The association represents 140 members and licensees with a total annual turnover of €8.3 billion. The non-GMO product range continues to expand and already comprises milk, eggs, meat and honey, as well as processed foods like fruit juices, pasta, cheese or fruit yogurt. The type of licensees represented by VLOG ranges from internationally operating enterprises to direct marketers of agricultural products.

Main Marketing channels

The basic marketing channels for meat in the EU are grocery stores and foodservice (i.e. hotels, catering, etc.). In general, expenditures on groceries and foodservices in Western Europe were affected by the recent recession and consumer behavior has changed to become more conservative. Canada's Agri-food Trade service states that in 2009 Western European grocery sales saw an 8% decline; foodservices saw a 9% decline and overall spending on food saw an 8% decline. Despite a slowed economy, the region will continue to grow due to consumer spending and retail forecasts predict a short-term rebound amounting to between 5% and 6%.

Production Requirements and Supply Chain Issues

EU legislation recognizes the 'introduction" of meat as the process of imports from third countries entering the EU border. The rules for introduction are outlined below.

Public health vs. animal health rules

Harmonization ensures that the same requirements for introduction of fresh meat are applied in all the Member States, and prevents meat that may be carrying infectious diseases that are dangerous for livestock or humans from entering EU territory. These principles apply to consignments which are in transit and/or temporarily stored in the EU but eventually will not be consumed by citizens of the Member States. According to the risk they may represent, such products are exempt from the public health rules but must satisfy the animal health rule

Authorization of EU Imports

There are constraints in relation to the conditions under which the introduction of meat is authorized, and a number of requirements to be fulfilled by a third country before it can export fresh meat. The most important aspects are, the:

- legislation of the third country.
- health status of livestock, of other domestic animals and wild life.
- regularity and rapidity of information on infectious animal diseases provided by the third country to the Commission and the World Organisation for Animal Health.
- animal health requirements for the production, manufacture, handling, storage and dispatch of products of animal origin.
- the country's rules on the prevention and control of animal diseases.
- the organization, structure, competence and power of the veterinary services.
- The possibility of regionalizing or zoning a country. This means that depending on the animal health situation and the guarantees offered by that country, only a part of its territory may be authorized to export fresh meat to the EU.

In addition, other more specific conditions as regards certain important infectious animal diseases may be laid down. In order to export fresh meat, third countries must also comply with certain public health requirements. For example, a country is required to have an approved residue monitoring plan, and implement certain conditions in relation to the monitoring of BSE. In addition, animal welfare requirements at slaughter must be met in accordance with Community legislation.

EU Imports restricted to meat from approved establishments

There is also the requirement that all imports of fresh meat into the EU must come from an approved establishment (slaughterhouse, cutting plant etc) that has been authorized and listed for that purpose. Criteria that must be fulfilled in order for an establishment to be authorized are listed in the Directive 2002/99/EC. A list of establishments that are authorized to produce fresh meat are maintained in specific Commission Decisions for each third country and a link to the website with an up to date list can be found at http://ec.europa.eu/food/food/biosafety/establishments/third_country/index_en.htm.

Restricted list of authorized third countries

Before a third country or a specific zone is authorized to export fresh meat into the EU, the European Commission's Food and Veterinary Office (FVO) must carry out a mission to verify that all the criteria provided for under EU legislation are properly fulfilled. Based on the principles contained in EU legislation and on the results of the FVO mission, the third country may be added to a list of third countries authorized for the export of fresh meat. **A third country must be listed within the Regulation before exporting fresh meat to the EU.** At present, Barbados is not listed. Some other Caribbean countries are listed for fisheries products only.

Assessment of potential disease risks

An assessment of the specific disease situation is carried out as one component of the Commission's mission. Supplementary guarantees may be required in relation to potential disease risks. Specific conditions related to geographical, timing or product category restrictions may be laid down and are reflected in the requirements in the veterinary health certificate, the original of which, must accompany all fresh meat entering the EU. For example, from certain third countries listed in for the introduction of fresh meat, meat derived from animals that have been vaccinated against foot and mouth disease (FMD) is required to undergo additional treatment, i.e. de-boning and maturation prior to introduction into the EU, to ensure the meat cannot transmit FMD virus.

Classification of meat based on species and origin

Regulation (EU) No 206/2010 makes a clear distinction between nine basic categories of fresh meat based on both the species and the place of origin. The model certificates are coded and cover the following species: domestic animals: bovines (including buffalo and bison) (BOV), sheep and goats (OVI), porcines (POR) and equines (EQU); farmed non-domestic animals: suidae (SUF) and animals other than suidae and solipeds (RUF); wild non-domestic animals: suidae (SUW), solipeds (EQW) and animals other than suidae and solipeds (RUW); in addition a specific model transit certificate is also laid down to cover meat from all these species for animal health purposes only. Following the result of FVO inspections, it is possible that a third country may only be authorized to introduce fresh meat derived from certain categories of animals due to the animal health situation in that country.

Specified Border Inspection Points

Fresh meat entering the EU must be inspected at a Border Inspection Post (BIP) listed in Commission Decision 2009/821/EC) where Member States' official veterinarians ensure they fulfill all the requirements provided for in the EU legislation. Directive 97/78/EC lays down the principles governing the organization of veterinary checks on products of animal origin entering the Community from third countries. The importers must follow the procedures laid down in Regulation (EC) No 136/2004 before, during and after the entry of the goods of animal origin into the Community via a BIP. To ensure better traceability and more uniform control, the Commission introduced a veterinary informatics system called TRACES (TRAde Control and Expert System). The system is also accessible for EU based economic operators who want to participate in it for their own benefit, i.e. for the easier completion of consignment introduction details.

A summary providing general guidance for third country authorities on procedures to be followed when importing live animals and animal products into the EU is available online at http://ec.europa.eu/food/international/trade/guide_thirdcountries2009_en.pdf . More information on the EU import conditions for fresh meat and meat products can be found in the relevant brochure which can also be accessed via the webpages of the Directorate-General for Health and Consumer Protection at http://ec.europa.eu/food/animal/animalproducts/freshmeat/index_en.htm.

CONCLUSION: CRITICAL SUCCESS FACTORS IN DEVELOPING EXPORT INDUSTRIES IN FRESH FOOD

In developing export industries in fresh food, there are several basic requirements to enable producers to enter the value chain. Basic optimal conditions include:

- climatic conditions which favour year round supply
- adequate transportation infrastructure: roads, ports and airports
- refrigerated cargo facilities to enable maintenance of the cold chain in transport
- sanitary and phytosanitary regulatory systems
- willingness to align local Good Agricultural Practices (GAP) with the requirements of Global Gap standards
- trade policies which favour suppliers entering the market on competitive terms
- understanding market needs and requirements in the context of the buyer-driven supply chain; maintenance of open lines of communication regarding demand preferences in products, quality and packaging requirements and fostering buyer involvement at all stages of the chain
- particularly in the case of processing, willingness to meet hygiene requirements, manage food safety and develop on site laboratories for testing of product and staff and support Hazard Analysis and Critical Control Pont (HAACP) analysis
- understanding of the role of investments in new technologies and good quality packaging materials in preserving quality and increasing shelf life and the ability to source these good quality packaging materials economically
- understanding the role of workforce training and development to meet the needs of a more highly developed and competitive value chain
- recognition of the role of economies of scale and by extension, collaboration among small producers in convincing the market of the ability to deliver consistent quality supply on a timely basis.

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ANNEX 1 MAJOR ASSOCIATIONS OFTHE EUROPEAN FOOD AND DRINK INDUSTRY

BEVERAGES

Beer
The Brewers of Europe
www.brewersofeurope.org

Bottled Waters
EFBW – European Federation of Bottled Water
www.efbw.eu

Fruit & Vegetable Juices
AIJN – European Fruit Juice Association
www.aijn.org

Soft Drinks
UNESDA – Union of European Soft Drinks Associations
www.unesda.org

Tea & Herbal Infusions
ETC - European Tea Committee
www.etc-online.org

EHIA - European Herbal Infusions Association
www.ehia-online.org

FRESH FOODS

Dairy Products
EDA – European Dairy Association
www.euromilk.org

Honey
FEEDM - European Federation of Honey Packers & Distributors
www.feedm.com

SPECIALTY FOODS

Broths & Soups
CULINARIA EUROPE – Federation of Associations and Enterprises of Industrial Culinary Product Producers in Europe
www.culinaria-europe.eu

Chocolate, Biscuits & Confectionery
CAOBISCO – Association of Chocolate, Biscuit and Confectionery Industries of the European Union
www.caobisco.com

Fruit & Vegetable Preserves
PROFEL – European Association of Fruit & Vegetable Processors
www.profel-europe.eu

Ice Cream
EUROGLACES – European Ice Cream Association
www.euroglaces.eu

Intermediate Products for Bakery & Confectionery
FEDIMA – Federation of EU Manufacturers and Suppliers of Ingredients to the Bakery, Confectionary and Patisserie Industries
www.fedima.org

Processed Meat
CLITRAVI – Liaison Centre for the Meat Processing Industry in the European Union
www.clivtravi.eu

Snacks
ESA – European Snacks Association
www.esa.org.uk

ANNEX 2 RANKING OF TOP FOOD AND DRINK COMPANIES BY EUROPEAN FOOD AND DRINK SALES (2010- 2011)

NAME OF COMPANY	HEADQUARTER LOCATION	SALES IN € BILLION	NET GROWTH OVER PREVIOUS YEAR (%)	EMPLOYEES (x1000)	MAIN SECTORS
Nestle	Switzerland	12.4	4.0	95	*multi-product*
Heineken N.V.	Netherlands	11.0	0.0	36	*beer*
Lactalis	France	9.4	NA	31	*dairy products*
Group Danone	France	9.4	1.9	46	*dairy, waters, baby and medical nutrition*
Associated British Food	UK	8.7	10.1	NA	*sugar, starch, prepared foods*
Unilever PLC./ Unilever NV	Netherlands/ UK	8.2	0.0	29	*multi-product*
Vion	Netherlands	8.0	-2.0	NA	*multi-products, ingredients*
Carlsberg	Denmark	7.6		14	*beer*
Danish Crown	Denmark	7.0	14.0	24	*meat products*
Sudzucker	Germany	6.2	8.0	18	*sugar, multi-product*
FrieslandCampina	Netherlands	5.9	3.5	13	*dairy products*
Oetker Group	Denmark	5.8	13.7	26	*multi-product*
Nutreco	Netherlands	4.7	NA	5	*meat products*
Anheuaser- Busch In Bev	Belgium	4.1	4.6	NA	*beer*
Barilla	Italy	3.9	NA	14	*beverages, confectionery*
SABMiller Plc	UK	3.5	NA	14	*beer*
Diageo Plc	UK	3.1	3.0	3	*alcoholic beverages*
Kerry Group	Ireland	3.0	9.7	23	*multi-product*
Pernod Ricard	France	2.9	2.0	3	*alcoholic beverages*
Bongrain	France	2.8	8.9	14	*dairy products*
Barry Callebaut	Switzerland	1.8	-5.3	3	*confectionery*
Parmalat	Italy	1.2	4.4	2	*milk, fruit-based drinks*
Ebro Foods	Spain	1.0	3.6	NA	*rice, sugar, dairy*
Tate & Lyle	UK	0.6	NA	2	*ingredients, prepared foods*
NA- not indicated					
Source: Food DrinkEurope (2011), Data and Trends of the European Food & Drink Industry 2011, retrieved from http://www.fooddrinkeurope.eu/publication/data-trends-of-the-european-food-and-drink-industry-2011/ in August 2012					

ANNEX 3 EDIBLE FRUITS AND NUTS INCLUDING PEELS (HS 08) - TOP TEN SUPPLIER MARKETS OF EU-27 IMPORTS BY VOLUME

Indicators	Import Value (1000 EURO)	Import Value (1000 EURO)	Import Value (1000 EURO)	Import Value (1000 EURO)	Import Value (1000 EURO)	Import Qty (1000 kg)	Import Qty (1000 kg)	Import Qty (1000 kg)	Import Qty (1000 kg)	Import Qty (1000 kg)
Years	**2007**	**2008**	**2009**	**2010**	**2011**	**2007**	**2008**	**2009**	**2010**	**2011**
Partners										
Total INTRA-EUR27	16010869.71	17322956.84	15913745.72	17113997.14	17541846.57	16966312.60	17016684.90	16725628.90	17217808.00	17006559.40
Total EXTRA-EUR27	12490142.09	13134719.58	12016850.25	12880782.22	13394679.82	13107759.40	13470877.90	12464828.10	12465423.10	12237708.10
Spain	4485544.21	4813058.73	4606104.98	4907108.06	5000038.95	5322570.60	5146819.00	5399683.20	5247232.00	5381990.90
Netherlands	2644974.38	2875701.73	2697507.34	3091066.50	3272556.04	2459549.50	2538867.80	2448813.20	2687136.20	2657240.30
Italy	2269184.65	2440327.45	2086354.39	2205403.16	2205676.13	2434348.30	2351258.50	2337671.60	2343176.50	2280959.50
Costa Rica	1034668.86	1040712.74	917349.98	955213.47	999530.17	1653431.10	1677136.20	1505248.30	1608906.00	1684893.70
Belgium	1715180.92	1811440.67	1622702.38	1587484.80	1611107.73	1815978.50	1798145.80	1648248.70	1631818.30	1564554.00
Ecuador	728616.92	816872.32	798275.63	753574.36	846017.91	1286222.40	1444798.20	1408560.50	1315779.20	1430087.30
Germany	1326795.58	1470035.06	1363921.61	1481195.56	1499296.96	1260482.60	1297844.80	1217138.20	1269697.00	1334785.00
France	1327163.81	1350446.67	1252255.14	1243047.87	1277478.70	1207057.20	1227634.00	1212184.30	1270916.70	1227912.10
Colombia	682532.24	849273.91	821911.34	836389.69	822163.10	1196618.10	1321167.10	1253154.90	1213579.70	1202995.70
South Africa	1151043.51	1210990.32	1071901.31	1241651.53	1118303.31	1206379.10	1268360.40	1087399.80	1119723.90	985393.00
Data Source: EU Export Helpdesk										

ANNEX 4 EDIBLE FRUITS AND NUTS INCLUDING PEELS (08)- EU 27 MPORTS FROM SELECT CARIBBEAN COUNTRIES

Indicators	Import Value (1000 EURO)	Import Value (1000 EURO)	Import Value (1000 EURO)	Import Value (1000 EURO)	Import Value (1000 EURO)	Import Qty (1000 kg)	Import Qty (1000 kg)	Import Qty (1000 kg)	Import Qty (1000 kg)	Import Qty (1000 kg)
Years	**2007**	**2008**	**2009**	**2010**	**2011**	**2007**	**2008**	**2009**	**2010**	**2011**
Partners										
Aruba		0.01		10.56			0.00		0.90	
Barbados	0.78	62.79	72.52	87.19	139.13	0.70	33.50	54.50	69.60	90.10
Belize	33966.99	41524.09	45510.47	48962.83	43233.18	63501.40	82477.00	80930.40	80012.60	73368.10
Curacao	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Dominican Republic	138380.78	125630.93	168223.52	224717.70	234080.55	219296.40	188181.20	240545.10	318374.70	349151.00
Guadeloupe	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Martinique	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Netherlands Antilles	0.72	1.76	0.54	0.62	8.39	0.10	0.80	0.00	0.20	1.50
Data Source: EU Helpdesk		NA- not available as disaggregated data								

ANNEX 5 EDIBLE VEGETABLES AND CERTAIN ROOTS AND TUBERS (HS 07) - TOP TEN EU-27 SUPPLIER MARKETS OF IMPORTS BY VOLUME

Indicators	Import Value (1000 EURO)	Import Value (1000 EURO)	Import Value (1000 EURO)	Import Value (1000 EURO)	Import Value (1000 EURO)	Import Qty (1000 kg)	Import Qty (1000 kg)	Import Qty (1000 kg)	Import Qty (1000 kg)	Import Qty (1000 kg)
Years	**2007**	**2008**	**2009**	**2010**	**2011**	**2007**	**2008**	**2009**	**2010**	**2011**
Partners										
Total INTRA-EUR27	15181388.9	15063512.8	14393092.4	16503794.7	16287365.2	20922969.9	21447773.3	20680922.1	21523124.1	21645719.3
Total EXTRA-EUR27	3841231.7	3605381.4	3252548.4	3609307.8	3717363.2	5486191.6	5151205.0	3923105.4	3912830.7	3883234.9
Netherlands	4252956.8	4059401.2	3797978.5	4665702.6	4465023.9	5129455.1	5233018.1	5057749.7	5390621.2	5295830.0
Spain	3826215.2	3784453.1	3643627.3	4126904.1	4058681.7	3792720.9	4048365.6	4064361.8	3912734.0	4372073.9
France	1714794.2	1629422.7	1558671.0	1698261.6	1773297.0	3427773.2	3692812.5	3655534.9	3896084.3	3523231.0
Belgium	1463138.3	1474125.9	1452099.7	1605795.6	1540370.1	2437152.6	2453746.9	2220062.7	2486729.4	2374944.2
Germany	1012907.8	1009702.6	921354.5	1038380.7	1103167.8	2501320.1	2190335.0	2070125.9	2082898.3	2305356.0
Italy	922035.1	980877.8	978778.3	1141237.6	1078297.0	970813.6	1042778.4	901988.4	1002745.0	951104.9
Poland	559130.6	647239.1	528441.4	585347.5	570231.9	699111.8	801542.9	714739.4	651401.0	637464.5
Morocco	737624.5	546823.7	562013.3	593423.6	566647.9	607235.9	633769.2	623716.6	577495.2	599663.0
China	449165.5	463718.0	386387.8	507672.1	590864.7	452702.7	473856.1	415498.8	418378.3	493152.7
UK	256896.5	292239.3	329253.8	368115.6	370438.1	369846.0	416035.5	461858.1	535746.6	481751.9
Data Source: EU Export Helpdesk										

ANNEX 6 EDIBLE VEGETABLES, ROOTS AND TUBERS (HS CODE 07)- EU27 IMPORTS FROM SELECT CARIBBEAN COUNTRIES

Indicators	Import Value (1000 EURO)	Import Value (1000 EURO)	Import Value (1000 EURO)	Import Value (1000 EURO)	Import Value (1000 EURO)	Import Qty (1000 kg)	Import Qty (1000 kg)	Import Qty (1000 kg)	Import Qty (1000 kg)	Import Qty (1000 kg)
Years	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011
Partners										
Dominican Republic	7783.0	10329.1	11238.9	8218.5	10401.5	6020.0	7558.4	8715.0	6492.7	7022.3
Jamaica	3380.3	3851.2	3501.0	3727.4	3413.0	2092.3	1977.8	1822.0	2109.8	1661.3
Suriname	2655.1	3071.6	3195.7	3591.0	3765.3	1430.7	1585.9	1640.4	1727.7	1688.8
Dominica	288.8	430.4	469.7	1340.7	1800.0	833.7	970.7	1237.9	1448.4	1642.0
Belize	15.7		450.7	450.0	350.8	20.6		885.4	660.0	498.3
St Vincent and the Grenadines	466.1	386.6	315.4	273.1	319.7	525.2	384.7	382.2	225.0	276.4
St Lucia	319.2	169.8	386.9	350.8	84.4	283.3	183.7	401.6	373.9	51.2
Grenada	86.4	35.4	19.9	15.4	8.5	94.1	56.0	25.8	20.0	6.8
Barbados	43.8	61.4	0.7	19.0	NA	10.1	35.8	1.6	16.1	NA
Netherlands Antilles	9.3	5.5	16.1	19.4	2.5	1.8	2.8	22.3	14.8	0.9
St Kitts and Nevis	29.0			6.5	0.0	8.6			2.0	0.0
Curacao	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Guadeloupe	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Martinique	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Data Source: EU Helpdesk		NA- not available as disaggregated data								

ANNEX 7 TOP TEN SUPPLIERS BY VOLUME OF MEAT AND OFFAL (HS CODE 02)

	Import Value (1000 EURO)					Import Qty (1000 kg)				
Year	**2007**	**2008**	**2009**	**2010**	**2011**	**2007**	**2008**	**2009**	**2010**	**2011**
Total INTRA-EUR27	**25196979.4**	**27924594.4**	**27052092.4**	**28384933.9**	**30961855.0**	**10461933.9**	**11169606.6**	**11400294.4**	**11815264.4**	**14785586.2**
Total EXTRA-EUR27	**3811561.6**	**3646041.0**	**3386522.1**	**3492515.4**	**3917832.3**	**1101715.8**	**988234.5**	**1003439.0**	**885041.4**	**852145.1**
Partners										
Netherlands	4987846.9	5186593.8	5076253.1	5135022.0	5650085.8	1950057.5	1997612.9	2038945.5	2038020.2	2096927.4
Germany	4372068.2	5030430.7	5005221.5	5200983.6	5636356.3	1830860.5	1990365.9	2171050.5	2278177.5	3982766.2
Belgium	2249396.4	2535212.3	2369745.6	2533465.3	2681524.7	1033868.4	1142267.7	1101652.8	1170157.2	2012710.1
Denmark	2385091.4	2505226.0	2246841.2	2338042.3	2427330.0	1159161.7	1162937.2	1124401.4	1148845.0	1168448.3
Spain	1849331.4	2291161.5	2268994.5	2258772.3	2454388.7	836078.5	1005132.4	1033256.6	957090.7	959617.0
France	2364438.7	2523173.0	2405433.8	2399955.2	2543541.9	896676.6	952804.1	956436.6	949393.7	947099.1
UK	948676.3	1225654.2	1246000.2	1306634.9	1492270.8	443721.0	512444.5	547241.6	556034.7	861384.8
Poland	1343782.2	1431395.9	1355122.6	1593413.6	1800357.8	573847.1	551845.5	559119.3	674677.4	673983.3
Ireland	1720285.7	1775018.2	1720927.6	2019274.5	2200774.5	517815.8	503641.9	513936.0	578475.5	572432.1
Italy	1092830.2	1210775.9	1150974.1	1224541.8	1293983.5	406314.4	448141.0	414764.3	430738.1	419487.9
Source: ITC TradeMaps based on COMTRADE statistics										

ANNEX 8 SIGNIFICANT EU-27 EXPORT MARKETS FOR MEAT AND OFFAL (HS CODE 02) RANKED BY 2011 VALUE OF TRADE

Year	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011
Total INTRA-EUR27	**339.9**	**569.1**	**2219.1**	**725.5**	**1164.2**	**79.2**	**132.4**	**490.3**	**176.9**	**202.8**
Total EXTRA-EUR27	**4752.0**	**2988.8**	**4451.6**	**5826.8**	**6678.1**	**768.2**	**796.3**	**1212.2**	**1675.4**	**1813.2**
Partners										
Greece	4001511.6	4520333.8	4238716.4	4521353.4	4990692.7	1817953.5	1877554.0	1917359.2	2070425.9	2026131.7
Germany	3488427.2	3781899.7	3722199.1	3990264.1	4287341.6	1283208.0	1293240.4	1335640.0	1394296.4	1386479.8
Latvia	3902403.0	4140844.3	4018370.9	4099858.3	4228649.0	1493395.7	1463133.7	1489279.2	1537610.6	1527666.5
Poland	2000232.3	2325108.1	2131079.4	2335702.7	2551476.8	1145490.3	1283883.6	1198988.5	1274987.0	1276741.3
Rwanda	969470.4	1292796.6	1016554.6	1386457.6	1578543.5	854589.4	942780.2	845813.9	1037959.9	963415.3
Portugal	509339.7	979949.3	1013893.4	1053097.6	1243673.7	318392.2	499696.5	581197.2	581187.8	660115.7
Bulgaria	886262.3	927472.7	919902.5	997687.0	1143658.8	373504.1	375693.1	398818.8	431013.5	430536.4
Estonia	797102.0	958263.7	889288.5	922187.4	1096169.5	352955.8	399947.6	391967.9	406191.9	464206.0
Sweden	1024253.7	966086.6	891150.3	941140.5	1038437.2	313274.4	275664.8	291252.6	322763.8	334712.7
Hungary	954105.1	1055415.6	1026653.4	983910.9	1034285.0	405147.4	419716.0	411285.5	403990.9	394876.7
Source: ITC TradeMaps based on COMTRADE statistics										