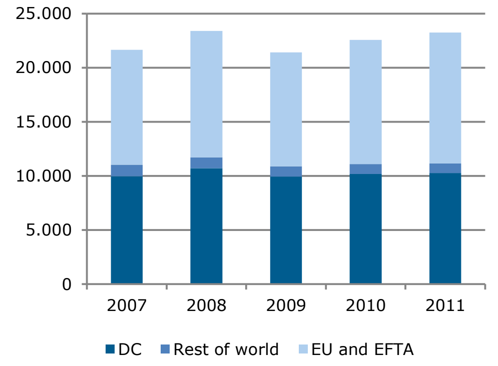
CBI Tradewatch Fresh Fruit and Vegetables

'Broadcasting your trade statistics'

Fresh fruit and vegetables are one of the most important categories in European supermarkets[1]. Over the last five years, European (EU and EFTA) production and consumption of fresh fruit and vegetables (FFV) have been stable. Major future developments in total market volumes are not anticipated. Germany, the United Kingdom, France and The Netherlands are the biggest importers of FFV from developing countries[2] (DCs). The Netherlands is a major trade hub for fresh produce from DCs destined for other European markets. European countries import a wide range of fresh products from DCs: besides, for example, bananas, they also import out-of-season vegetables such as green beans and tropical fruits like mango and avocado.

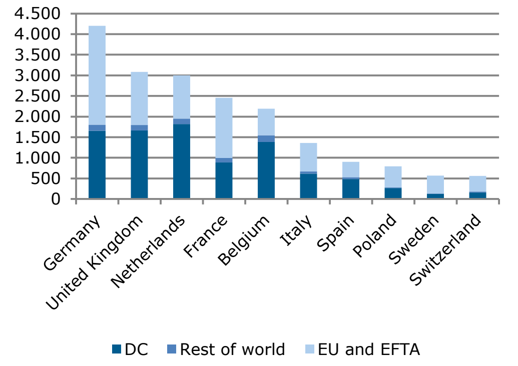
Imports

Figure 1: Total European import of fresh fruit, 2007-2011, in € million



Source: United Nations COMTRADE database, DESA/UNSD. Figure created by LEI Wageningen UR.

Figure 2: Top-10 EU and EFTA importers of fresh fruit, 2011, in € million



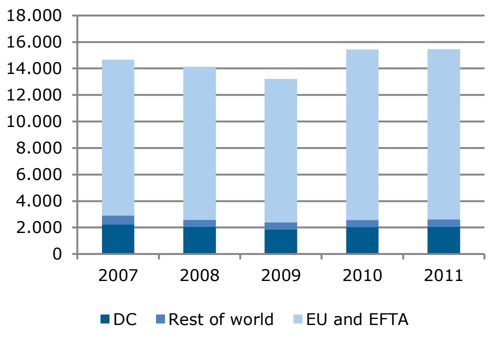
Source: United Nations COMTRADE database, DESA/UNSD. Figure created by LEI Wageningen UR.

[1] Fresh fruit and vegetables are defined according to the CBI Product Tree based on the Comtrade HS product classification.
[2] Developing countries in this Tradewatch are defined as the countries mentioned on the OECD DAC list from August 2009.

Table 1: Leading DC suppliers of fruit in 2011

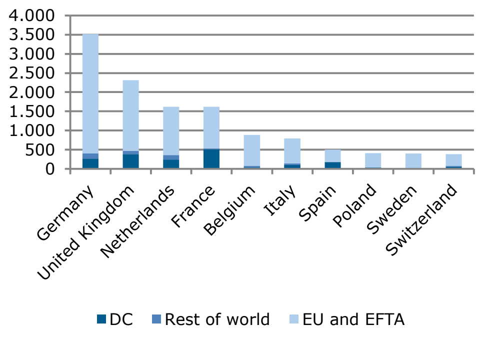
	mln. Euros	share of imports	annual growth '07-'11
South Africa	1303	12%	-1%
Costa Rica	1367	12%	-1%
Colombia	1071	10%	4%
Ecuador	1125	10%	3%
Chile	987	9%	3%
Brazil	655	6%	-3%
Peru	424	4%	20%

Figure 3: Total European import of fresh vegetables, 2007-2011, in billions of Euros



Source: United Nations COMTRADE database, DESA/UNSD. Figure created by LEI Wageningen UR.

Figure 4: Top-10 EU and EFTA importers of fresh vegetables, 2011, in billions of Euros



Source: United Nations COMTRADE database, DESA/UNSD. Figure created by LEI Wageningen UR.

Table 2: Leading DC suppliers of vegetables in 2011

	mln. Euros	share of imports	annual growth '07-'11
Morocco	686	26%	-3%
Kenya	174	7%	-3%
Peru	142	5%	5%
Egypt	229	9%	3%
Turkey	127	5%	-4%
China	125	5%	5%
Mexico	35	1%	11%

Analysis and interpretation

- The total import volume of fresh fruit from outside the EU was about 11 billion Euros (13.2 million tonnes) in 2011. About 10 billion came from developing countries. The total import volume of fresh vegetables from outside the EU and EFTA was about 2.7

Considerations for action

billion Euros (2.6 million tonnes).

- Bananas represent about 46% of the imported volume (from outside the EU and EFTA), followed by pineapples (9%), oranges (7%), apples (5%), grapes (5%), and lemons (3%). Mangoes, guavas, and mangosteens represented just over 2% of the volume in 2011. For vegetables, the main imported products are tomatoes (21%), potatoes (19%), onions/shallots (14%), and capsicum (10%). Beans represent 7% of the imported volume from outside the EU and EFTA.

- The Netherlands is the biggest importer from outside the EU, with 1.9 million tonnes of fruit and 332 thousand tonnes of vegetables. Germany, the UK and Belgium are also major importers of fresh fruit from DC. The Netherlands re-exports a lot of fruit and vegetables to Germany, France and other European countries.

- ***Origin of popular products:*** imports of fresh bananas, pineapples and mangoes from developing countries come primarily from Costa Rica, Ecuador and Colombia. Imports from South Africa include mainly fresh grapes, citrus fruit, stone fruit, apples and pears. Important countries of origin for fresh vegetables, mainly tomatoes and beans, are Morocco and Egypt.

- ***Saturated market:*** the European import of fresh fruit and vegetables showed a strong annual growth up to 2008. Due to the European economic downturn, import values decreased to about 10 billion Euros for fresh fruits and almost 2.4 billion Euros for fresh vegetables in 2011. Some growth is anticipated over the next few years. Nevertheless, the European market is saturated overall. Market opportunities still exist, but only for strong innovative products and a few specific regions.
- Scandinavian markets show some growth potential in specific exotic fruits and berries, which are considered particularly healthy.

- The European fruit and vegetable markets are saturated with produce. Until the end of the economic downturn, no significant growth of the European market is expected. Contribution to larger programmes for supplying retail in the European market is advised.
- New and innovative niche products have a growing market potential in the European market.
- Cooperation in large retail programmes offers opportunities to supply larger quantities to supermarkets. Contact an experienced importer before entering the European market.
- Importers/distributors vary with regard to their relationship with the retail sector. Some are suppliers for private label products; others have their own brand, while others market the brand of a producer (cooperation). Choose a European importer based on the size of your company or strategy.

- ***Food legislation on the EU market:*** export to the European market is legally bound to food legislation. This covers aspects of food safety, food hygiene and

- Check the EU food safety regulations at procedures in matters of food safety and food hygiene.
- Check the CBI Market Intelligence Platform

maximum residue levels (MRLs), allowed on the products.

- Strict compliance with MRLs and prevention of microbial contamination are a precondition when entering the European market. For importers of fresh fruit and vegetables the traceability of a product is also compulsory. To be able to fulfil this obligation, importers in the EU will require DC exporters to show proof of the origin of the fruit and vegetables.

at EU legislation, General Food Law, and EU legislation on Food Control.

- View more information about MRLs in the EU on the official EU website.
- Check the CBI Market Intelligence Platform at EU legislation on Maximum Residue Limits and Contaminants in Food.
- Check the CBI Market Intelligence Platform at Traceability of Food.

- ***Additional certification:*** the European retail sector requires suppliers to deliver products based on higher standards than those of the basic EU food legislation. GLOBALG.A.P. has become a minimum standard for most European supermarkets, and without GLOBALG.A.P. market access to the European supermarkets is almost impossible. Certification relates to good agricultural practices including working conditions and production methods.

- See the GLOBALG.A.P. website. Check the implications of the GLOBALG.A.P. certification scheme with your buyer.
- To get an overview of additional market standards on food safety and hygiene, check the Global Food Safety Initiative (GFSI). It contains a benchmark for relevant additional standards.
- Different European regions demand different additional hygiene standards. Ask your buyer which ones apply to him.
- See the BRC website for more information: http://www.brcglobalstandards.com/

- ***Additional hygiene:*** many European retailers are demanding additional certification for product hygiene. Growers and exporters are advised to pay special attention to cleaning and decontamination of equipment, containers and transport vehicles. Different markets ask for different certificates. All most all buyers on the UK market will require you to comply with the BRC global standards (British Retail Consortium), which is a widely applied safety and quality standard. On the European mainland, buyers will require you to comply with SQF, IFS or other industry-developed standards.

- ***Social compliance:*** in general, compliance with particular social responsibility standards is not yet required, but social compliance is considered the next step to export to the EU market. There are differences for different parts of Europe. The Business Social Compliance Initiative (BSCI) is a leading business-driven initiative for companies committed to improving working conditions in the global supply chain. BSCI is mainly required on the European mainland. In the UK market, requirements for social responsibility focus on the Ethical Trading Initiative (ETI). In the Eastern part of Europe, some buyers do not yet require any social compliance.

- Anticipate and check if you are ready for the increasingly strict requirements regarding social compliance by conducting a self-assessment on the BSCI website.
- Ask your buyer to determine the suitable standards for your product.

- ***A sustainable future***: over the last decade, the European market in fruit and

- See http://ec.europa.eu/agriculture/organic/eu-vegetables has been following the widespread trend towards a more sustainable future. All major product groups in the retail industry include organic and/or FAIRTRADE varieties, focussing on environmental and social responsible production.

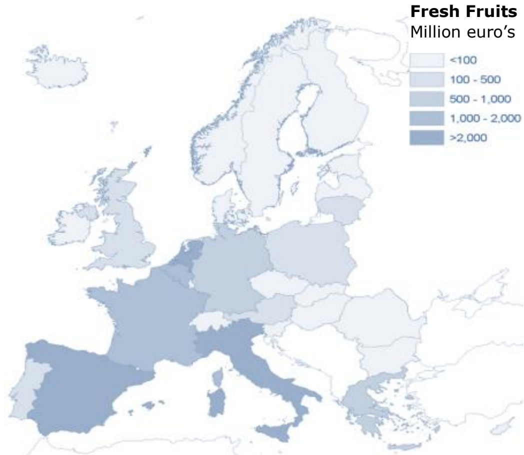
- policy/legislation_en for more information about EU regulations for organic production.
- See http://www.fairtrade.net/ for more information about the standards of FAIRTRADE products.
- If you choose to produce sustainably, find a specialist European buyer who is familiar with sustainable products and all the different labels in the market. An overview of specialists can be found here.

- ***Sustainable logistics:*** the sustainability trend also applies to the logistics of the fruit and vegetable trade. Demand evolves towards smart solutions. The mode of transportation is an important issue. Ships are preferred over planes. Higher transportation costs due to rising fuel prices are boosting this development.

- Consider transport by air only if alternatives do not exist and for niche products with high added value. Some products like mango are flown in if they have been ripened on the tree and speed is important.

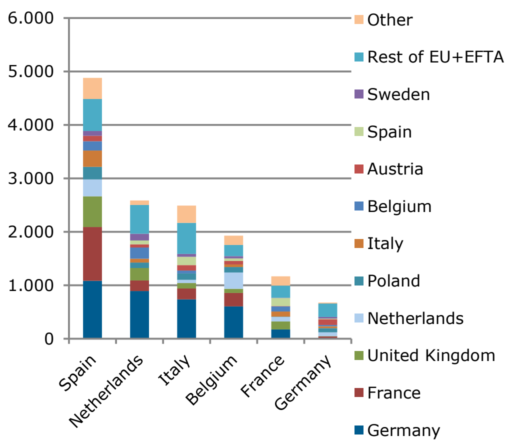
Exports

Figure 5: Total European export of fresh fruits, 2011, in € million, a)



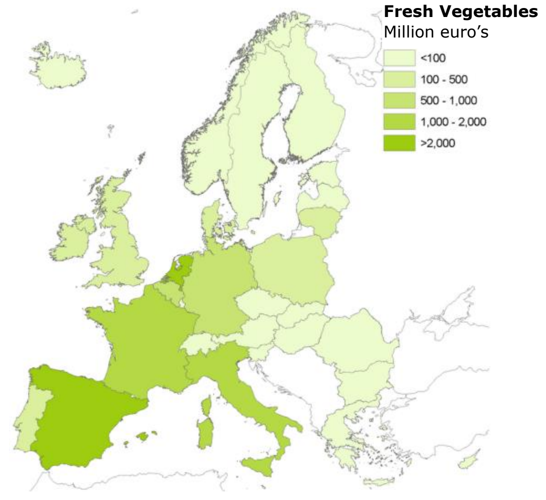
a) Spain 2010 data.
Source: United Nations COMTRADE database, DESA/UNSD. Map created by LEI Wageningen UR.

Figure 6: Total European export of fresh fruits and destinations, 2011, in € million



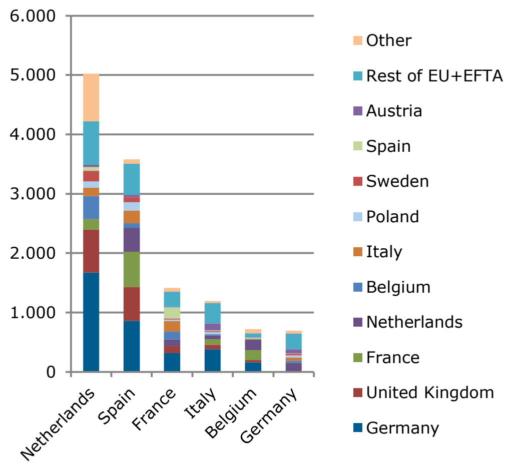
Source: United Nations COMTRADE database, DESA/UNSD. Figure created by LEI Wageningen UR.

Figure 7: Total European export of fresh vegetables, 2011, in € million, a)



a) Spain 2010 data.
Source: United Nations COMTRADE database, DESA/UNSD. Map created by LEI Wageningen UR.

Figure 8: Total European export of fresh vegetables and destinations, 2011, in € million



Source: United Nations COMTRADE database, DESA/UNSD. Figure created by LEI Wageningen UR.

Analysis and interpretation

- ***Fresh fruit exports by European countries:*** in 2011, European countries exported over 13,8 billion Euros of fresh fruit (including Intra-EU trade). When European countries export fresh fruit, 87% of the destinations are in Europe itself. Exports of fresh fruits to countries outside Europe are valued at about 2 billion Euros.
- ***Spain is the biggest fresh fruit exporter:*** Europe's biggest exporter of fresh fruit is Spain. With an export worth almost 4.9 billion Euros they account for 31% of Europe's fresh fruit exports. Spain produces a lot of fruit. The same goes for Italy. The Netherlands and Belgium combine their domestic production as a trade hub, distributing imported fresh fruits to the rest of Europe.
- ***The Netherlands is the biggest re-exporter of fresh fruit:*** Recent research by Dutch agricultural bank Rabobank revealed that 45% of Dutch fresh fruit exports are re-exported import.[3] Re-exported varieties are mainly exotic fruit. Fruit produced in the Netherlands mainly consists of apples and pears.
- ***Fresh vegetable exports by European countries:*** in 2011, the total export value of fresh vegetables by European countries was 12,6 billion Euros,

Considerations for action

- The (re) export of fresh fruit and vegetables mainly occurs between EU member states (around 87%). If you wish to use a single central point of entry in Europe, offering professional container and reefer services, you best consider Rotterdam in the Netherlands or Antwerp in Belgium. Both ports already have a strong position and infrastructure and are facing expansion of facilities. Be aware that shipping by sea, when possible, will be increasingly required by European importers because of the sustainable aspects and lower carbon footprint.

[3] *Rabobank Cijfers & Trends, Branche informatie – Groothandel in groente en fruit, Rabobank, 2013*

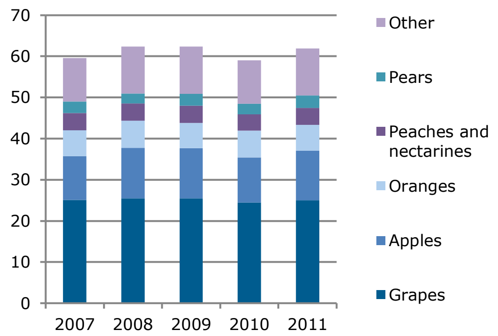
(including Intra-EU trade). 89% of exported fresh vegetables is exported to other European countries. Export of fresh vegetables to the rest of the world is valued at almost 1.6 billion Euros.

- ***The Netherlands is the biggest exporter of fresh vegetables:*** the Netherlands is the biggest (re)exporter of fresh vegetables. The Netherlands combines major domestic horticulture production with a trade hub function to the rest of Europe, and, as a result, has (re)exported almost 5 billion Euros worth of produce, which accounts for over 35% of total European exports.
- ***50% of exports are destined for Germany, the UK and France:*** in intra-EU trade, Germany, the UK and France are the largest final destinations. Around 50% of the European export of fresh fruit and vegetables has one of the three countries as its final destination. In 2011, European countries exported 6,6 billion Euros in fresh fruits and 6,5 billion Euros in fresh vegetables to Germany, the UK and France.
- ***EU export to countries outside Europe***: outside the European market, fresh fruit and vegetables are mainly exported to Russia, Ukraine, and e.g. Belarus.
- ***Potential growth in Eastern Europe:*** particularly well-known fruits such as pineapples and lemons and limes are finding their way through Western European ports to new, upcoming markets in Eastern Europe.
- ***Expectations for the coming years:*** expectations are that a recovery from the economic downturn in Europe and increasing consumption power for Eastern European consumers will have at least some positive effect on European consumption and intra-EU trade.
- ***Investments in infrastructure:*** new investments are being made in ports and container services as well as reefer services in places such as Rotterdam in the Netherlands. Inter-modal transport services and connections are being extended and developed. This will further strengthen the position of the Netherlands and Belgium as trade hubs.

- Germany, the UK and France are the main destinations. If you focus on these markets, it is useful to visit a trade auction like Fruit Logistica in Berlin, Germany, to find an importer in those three major destination markets. If you wish to export to Europe as a whole, find importing partners in trade hub countries such as the Netherlands and Belgium.
- New markets in the Eastern part of Europe create some increasing demand, but growth is slow. For main fruit and vegetable varieties, there is some potential growth. Trade routes to the Eastern part of Europe go through Western European harbours. Discuss the possibilities with your importer.

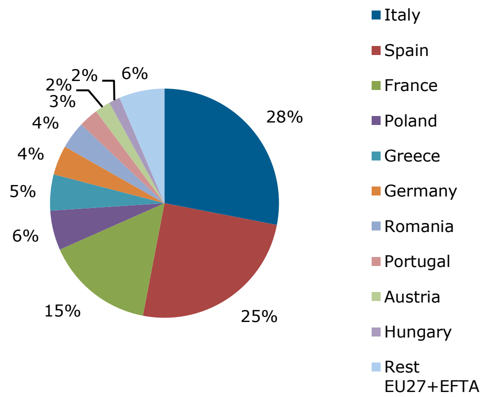
Production

Figure 9: Total European production of main categories of fresh fruits, 2006-2011, in million tonnes



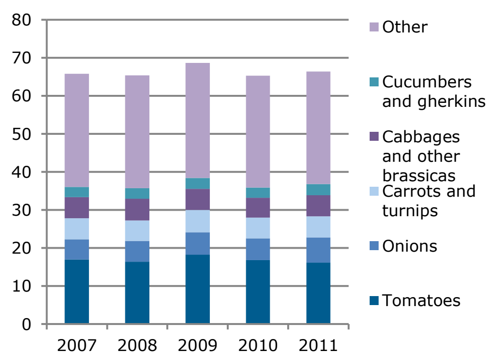
Source: UN FAOSTAT. Figure created by LEI Wageningen UR.

Figure 10: European production of fresh fruits, 2011, in %



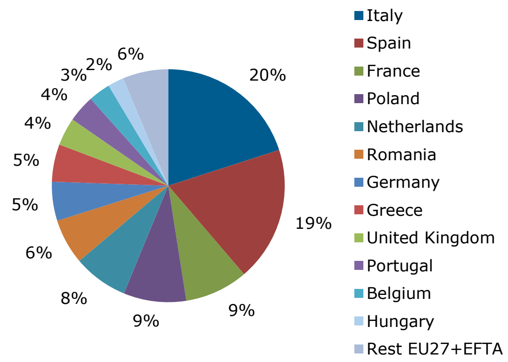
Source: UN FAOSTAT. Figure created by LEI Wageningen UR.

Figure 11: Total European production of fresh vegetables, 2007-2011, in million tonnes



Source: UN FAOSTAT. Figure created by LEI Wageningen UR.

Figure 12: European production of fresh vegetables, 2011, in %



Source: UN FAOSTAT. Figure created by LEI Wageningen UR.

Analysis and interpretation

- ***European production volume of fresh fruit and vegetables:*** in 2011, the total production of fresh fruits in European countries was slightly above 61 million tonnes. The European production of fresh vegetables was even higher at almost 66 million tonnes.
- ***The main producing countries:*** Italy, Spain and France produce almost 60% of European fresh fruit, mainly producing grapes and citrus fruits, and almost 50% of fresh vegetables. The Netherlands is also a top EU producer of fresh vegetables,

Considerations for action

- You can find more information about European production on the CBI website, which shows the European business landscape. It has a list of all the relevant sector organisations: http://www.cbi.eu/marketintel_platform/Fresh-Fruit-Vegetables/136122/landscape
- Follow European production schemes for out-of-season production or supply fruit and vegetables that are not produced in Europe. Discuss the market opportunities with your buyer.

producing mainly tomatoes, cucumbers and sweet peppers from greenhouse horticulture.

- ***Weather influence:*** the total production volume may vary due to weather conditions and market prices, but it has been quite stable over recent years and is not expected to increase much in the near future.

- Import demand for fresh fruit in European markets can fluctuate due to occasional bad weather conditions. This can offer short-term opportunities in the European market.

- ***Recent impact of weather:*** in Northern Europe, the climate is temperate, whereas the southern countries have a Mediterranean climate. Different production seasons exist and weather conditions can have a profound impact on production. E.g. in Northern Europe, the cold winter at the start of 2012 resulted in a 25% decrease in the yield of pears. The effects are persistent, and there is reason to fear that trees have been structurally damaged.

- ***Sustainability awareness and requirements:*** more consumer, retailer and producer awareness about the sustainability of production has increased the number of sustainability labels and has considerably increased the attention retailers give to things such as maximum residue limits, labour conditions and food safety.

- See the CBI Market Intelligence Platform on EU Buyer Requirements for extra information on both legal and non-legal buyer requirements in the Fresh Fruit and Vegetable sector.

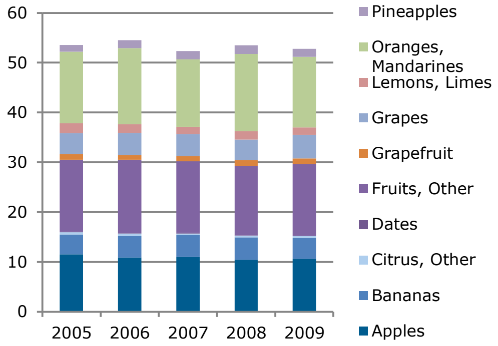
- ***Sustainability labels in the market:*** a way to meet the demand of European buyers for sustainable production methods is to certify according to certain labels. Examples are labels such as the Rainforest Alliance, FAIRTRADE or one of the Organic labels.

- Refer to the CBI product factsheets in the fresh fruit and vegetable section on the CBI website for more details on legal and non-legal requirements. You can find them here.
- For more information about the regulations for organic products, see: http://ec.europa.eu/agriculture/organic/eu-policy/legislation_en.
- Before applying for certification, it is a good idea to check your buyers' preferences for particular national organic labels.
- If you want to produce and supply organic, be sure that you have the right organic label on your product. Different countries can have different requirements.

- ***An organic label must be trustworthy:*** although only one European label for organic products exists, the EU market is full of different private organic labels. If you are considering producing organic, be aware that different European markets (countries) can require different organic labels. The whole system is based on trust and European supermarkets will not buy organic products based on unknown 'exotic' certification schemes and labels.

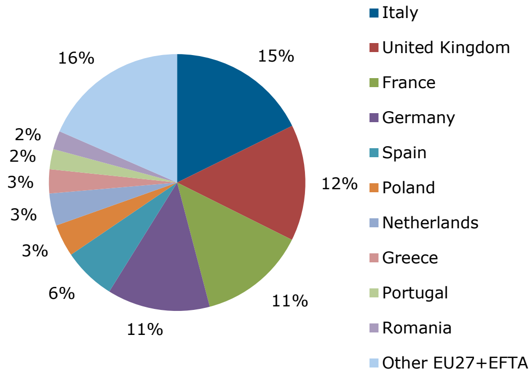
Consumption

Figure 13: Total European consumption of fresh fruits, 2006-2009, in million tonnes[4]



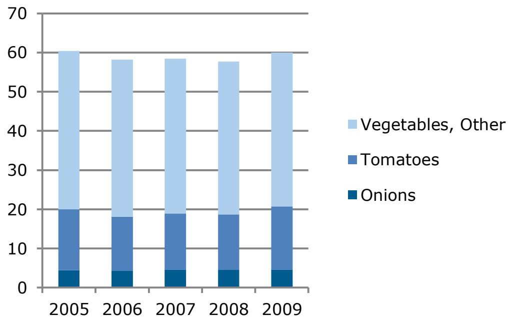
Source: UN FAOSTAT. Figure created by LEI Wageningen UR.

Figure 14: European consumption of fresh fruits, 2009, in %



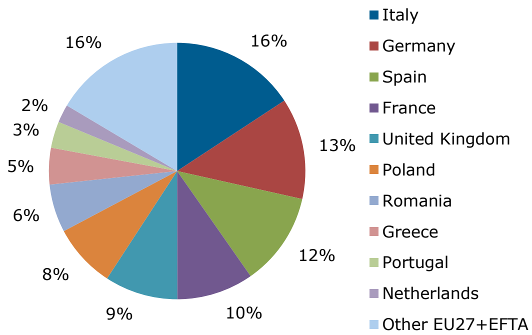
Source: UN FAOSTAT. Figure created by LEI Wageningen UR.

Figure 15: Total European consumption of key fresh vegetables, 2005-2009, in million tonnes



Source: UN FAOSTAT. Figure created by LEI Wageningen UR.

Figure 16: European consumption of fresh vegetables, 2009, in %



Source: UN FAOSTAT. Figure created by LEI Wageningen UR.

Analysis and interpretation

- ***Total consumption:*** in 2009, the total consumption (food supply, including losses and further processing) of fresh fruit and vegetables in the European market was slightly lower than production, at 53 million tonnes of fresh fruit and 60 million tonnes of fresh vegetable.

Considerations for action

- Transparency and promotion through storytelling: show end users where a product comes from and who the farmer is. Use an Internet site for your story and stickers on the fruit, bags or other material to lead end-users to your site.
- Good quality products that comply with the

[4] Consumption data on fresh fruits and vegetables that can be compared across countries and product categories is only available in publicly available and official statistical databases such as Eurostat or FAOSTAT until 2009. The consumption data used in this document is therefore supplemented with publications from representative organisations in the fresh fruit and vegetable sector.

- ***A stable pattern in EU retail sales:*** more recent data from Eurostat about the monthly development of the retail trade revealed a stable pattern. A slight decrease of retail sales in the Eurozone between 2012 and 2013, against marginal growth of retail sales for the total EU-27 region.[5] This reinforces the statement that market growth in the next few years will be achieved only by the new EU member countries in the Eastern part of Europe. Examples of market growth can be seen in Poland and the Czech Republic.
- ***Effects of the economic downturn in the EU:*** the economic downturn in Europe generally resulted in decreasing supermarket sales and lower out-of-home consumption. Competition between European retailers is fierce. Customers are seduced by price reductions. Price cuts in retail are passed on backwards throughout the supply chain, all the way to the primary producer.
- ***Fundamental changes in EU retail:*** the European agricultural bank Rabobank predicts fundamental changes in European retail operations.[6] Retail will increasingly focus on vertical integration, which will boost them as chain directors and omnichannels, thus forcing them to satisfy consumer needs in very different ways. Consumers want to be able to look for food products while they are on their laptop, have their shopping list on their mobile, send orders through an App and pick these up at any store within a particular retail formula. All of this in an instant.
- ***Product attributes and sustainability are important buying drivers:*** because of the economic downturn in Europe, consumer spending has decreased over recent years. Less money to spend for consumers creates more awareness in buying behaviour and food choice. This effect is reinforced by an increase in health issues such as obesity and a growing interest in a sustainable future. European consumers respond to this by buying fruit and vegetables of a higher quality and taste, grown using more sustainable and social production methods. Sales of sustainable fruit and vegetables in European retail are increasing against the general market trend in Europe.
- ***Healthy, convenient food:*** convenience (easy-peelers, ready-to-eat, cut and mixed, longer shelf life, snack size), as

correct market legislations and standards and meet the demand of the European consumers in terms of freshness, colour, taste and ripeness, will always receive a good price.

- Get certified and be organised before exporting. Pay special attention to cleaning and decontamination of equipment, containers and vehicles. A better knowledge of the necessity of the regulations is essential in order to understand the requirements.
- Make sure that your importing partner is specialised in innovative and niche products and has good relations with retailers if you want to enter the market with an innovative product.
- Ready-to-eat is becoming increasingly popular, especially where avocados and mangos are concerned. Joining the ready-

[5] *Deflated turnover for total retail sales in Eurostat News release Euroindicators, Eurostat, August 2013.*

[6] *Rabobank Cijfers & Trends, Thema update: Retail, Rabobank, 2013.*

well as smaller portioned packaging are becoming increasingly popular in Northwest Europe. Although demand for convenience products in other parts of Europe is still low, it is increasing. An underlying trend is the improvement of the ripening of fruits such as mango and avocado in the importing country, which improves taste and lowers costs. This replaces flying in ripened fruit from exporting countries. Therefore, fruits are often picked unripe and shipped to the importing countries instead of being picked ripe.	to-eat programmes of specialised importing wholesalers may increase the market value of your product. It will impact the choice for certain varieties. Make sure your harvesting and logistics facilities fully comply with the necessary working procedures to achieve the required quality. Choose varieties that have excellent transportation and ripening characteristics.
The added value of taste: taste is an important factor for (re)purchasing fruit and vegetables. When a product has a consistently good taste, consumers are happy to pay premium prices.	• Use the right seeds or varieties, as well as seasonal planning and logistics management, to improve the taste of the products. Good taste also depends on growing circumstances and ripening conditions.

Useful sources

Export and market entry support:
- CBI - http://www.cbi.eu/
- CBI market studies on Fresh Fruit and Vegetables - http://www.cbi.eu/marketintel_platform/Fresh-Fruit-Vegetables/136122/mar
- EU Export Helpdesk - http://exporthelp.europa.eu/thdapp/index_en.html
- SIPPO - http://www.switzerland-ge.com/global/export/en/sippo-services

Statistics information:
- Agricultural Research for Development - http://www.cirad.fr/en
- EU Statistics Eurostat - http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/
- FAOSTAT - http://faostat.fao.org/
- United Nations Comtrade - http://comtrade.un.org/

This survey was compiled for CBI by LEI Wageningen UR
in collaboration with CBI sector expert Piet Schotel.