

## CBI MARKET SURVEY

# THE SPICES AND HERBS MARKET IN THE EU

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## Report summary

This market survey provides exporters of spices and herbs in developing countries with a wide range of facts, figures and information with respect to the European Union (EU) market. The emphasis of this survey lies on those products which are of importance to DC suppliers. Besides, where relevant and if information is available, this study focuses on organic spices and herbs on the EU market. The spices and herbs market in individual EU countries is discussed further in separate CBI market surveys, which can be downloaded from <http://www.cbi.eu/marketinfo>

### Apparent consumption and trends

The EU market is the second largest market for seasonings, spices and herbs in the world, accounting for € 1.2 billion. Apparent consumption of the spices and herbs described in this survey (see appendix A) increased from 321 thousand tonnes in 2004 to 336 thousand tonnes in 2008, indicating moderate average annual growth. The leading consuming EU markets are the UK, Germany, Romania and Hungary, together accounting for 58%.

Despite the economic crisis, there was no evidence of collapsing consumption of spices in the beginning of 2009. However, spice importers face difficult trading conditions and have been running down stocks throughout 2009. This means that importers will need to restock soon, however, since price levels of many spices are very high, importers are still reluctant to do so.

The leading spices consumed in the EU are pepper, paprika and allspice (pimento), while leading herbs include parsley, thyme and oregano.

The consumption of spices and herbs can be divided into three end-user segments: the industrial, the retail and the catering sector. In almost all EU countries the industrial sector consumes the largest proportion, accounting for 55-60% of the total usage of spices and herbs. The retail sector consumes 35-40% and the catering sector 10-15%.

Important trends influencing the EU market for spices and herbs are:

- Increased demand for convenience food requires the food industry to add the required flavours and has led to an extensive range of ready-to-use spice mixes.
- The trend towards internationalisation and increasing consumption of ethnic foods has created growing interest in spices. A broad selection of spices can be found in today's consumer kitchen.
- European consumers have a strongly increased interest in a healthy lifestyle and, consequently, in the consumption of health food. For example, specific spices and herbs are replacing sugars and salts, as well as artificial additives. Herbal teas are also becoming increasingly popular.
- The market for organic food as well as Fair Trade food is increasing. However, the mainstream retail market for these certified spices and herbs is likely to remain relatively small until supermarket chains offer a full range of organic and Fair Trade spices and herbs.

When looking at consumption data and trends, it becomes clear that opportunities for exporters in developing countries (DCs) of spices & herbs lie in the following fields:

- Ready-to-use segments, like pizzas, sauces and other convenience food.
- Health-food sector, for example, organic spices & herbs and herbal teas.
- New authentic varieties of mixed spices and herbs.
- Organic and ethically sourced spices and herbs.

### Production

Few spices are produced in the EU. According to FAOSTAT data (2009), total EU production of spices amounted to 120 thousand tonnes in 2008, of which 63% consisted of paprika, chillies & allspice, for the largest part produced in Hungary and Romania. The production of spice seeds accounted for 33% and the remaining 4% was other spices.

Eurostat (2009) reports on the production of officinal herbs, aromatic plants and plants for seasoning. The largest EU producers are Germany, Austria, Bulgaria, Spain, Poland and Hungary. While Bulgaria and Germany experienced average annual declines, the other larger producers saw their production increase.

The most commonly grown herbs in the EU countries are: basil, bay leaves, celery leaves, chives, coriander, dill tips, chervil, juniper, marjoram, oregano, parsley, rosemary, sage, savoury, tarragon, thyme and watercress. France, Italy and Greece are important producers of dried herbs, although there is a low consumption of dried herbs in those countries.

Organic production of officinal herbs, aromatic plant and plants for seasoning increased substantially throughout the EU. However, Romania, Finland and Hungary saw their organic production decline.

### **Imports and exports**

After some years of decline, total EU imports of spices and herbs increased again from 2006 onwards and amounted to € 1,131 million / 420 thousand tonnes in 2008, resulting in an average annual value growth rate of almost 8%. However, in volume terms, imports increased more moderately, by an average annual growth rate of 4.4%. Leading EU importers of spices and herbs are Germany, the UK, The Netherlands, Spain and France. These are also the countries with the highest imports from developing countries. While most West European countries showed increasing volumes of imports supplied by developing countries, many East European countries lowered their imports from developing countries in favour of intra-EU imports. The latter resulted from their becoming EU members in 2004 and 2007.

With a share of 24% of total EU imports of spices and herbs, pepper is the largest product group imported, followed by paprika (17%), mixtures (9.2%), nutmeg, mace & cardamom (8.4%) and spice seeds (7.5%). The product groups with the highest shares of import from developing countries are saffron, turmeric, ginger, pepper and vanilla.

The EU is a net importer of spices and herbs. A large part of the EU export trade consists of spices and herbs which have been imported in bulk or in crude form and which, following grinding, processing and/or repackaging, are re-exported to other EU and overseas markets. In 2008, total exports of spices and herbs by EU member countries amounted to 222 thousand tonnes, representing a value of € 713 million. Both export value and volume increased on average between 2004 and 2008 by moderate average annual growth rates.

### **Trade structure**

Spices and herbs normally have the same trade structure and distribution channels and very few traders deal exclusively in either spices or herbs. The bulk of the trade enters the EU through a small number of major brokers and traders/importers.

In the past few years, direct trade between medium-sized and large producers/exporters in developing countries and grinders/processors in consuming markets has become more prevalent. Both importers and processors increasingly move away from dealing with many small growers, choosing instead to deal with whoever combines high quality, high volume and consistent products. Typically, the main parties involved in the distribution of spices and herbs are:

- Agents / brokers
- Traders / importers
- Grinders / processors / blenders / packers
- End users (mainly the industrial sector)

The functional distinctions between the different types of traders described above have become blurred in recent years, because of structural changes in the trade and a decline in the number of brokers and traders in Western Europe as a whole. Different types of trading activity are often carried out at the same time within one company.

## Introduction

This CBI market survey profiles the spices and herbs market in the EU. The emphasis of this survey lies on those products, which are of importance to developing country (DC) suppliers. The role of, and opportunities for, developing countries are highlighted.

This market survey discusses the following spices and herbs, when data are available:

Spices	Herbs
<ul style="list-style-type: none"> <li>• Pepper</li> <li>• Paprika</li> <li>• Capsicum (chillies and cayenne pepper)</li> <li>• Pimento (allspice)</li> <li>• Coriander</li> <li>• Cinnamon</li> <li>• Ginger</li> <li>• Nutmeg</li> <li>• Caraway</li> <li>• Turmeric</li> <li>• Cumin</li> <li>• Cloves</li> <li>• Mace</li> <li>• Cardamom</li> <li>• Anise or badian seeds</li> <li>• Fenugreek</li> <li>• Saffron</li> <li>• Vanilla</li> <li>• Fennel seeds</li> <li>• Juniper berries</li> </ul>	<ul style="list-style-type: none"> <li>• Parsley</li> <li>• Marjoram</li> <li>• Oregano</li> <li>• Thyme</li> <li>• Bay leaves</li> <li>• Rosemary</li> <li>• Basil</li> <li>• Mint</li> <li>• Savoury</li> <li>• Dill</li> <li>• Tarragon</li> <li>• Sage</li> </ul>

However, the emphasis lies more on the first group (spices). Not only is the first group more important in terms of quantities consumed and traded, but information sources mostly focus on spices. Please consult appendix A for detailed information on the selected product groups. More information about the EU can be found in appendix B.

CBI market surveys covering the market in specific EU countries, specific product (group)s or documents on market access requirements can be downloaded from the CBI website. For information on how to make optimal use of the CBI market surveys and other CBI market information, please consult 'From survey to success - export guidelines'. All information can be downloaded from <http://www.cbi.eu/marketinfo>. Go to 'Search CBI database' and select your market sector and the EU.

# 1 Consumption

## 1.1 Market size

In this chapter, data from the statistical database from the FAO (FAOSTAT) and the statistical office of the EU (Eurostat) are used to indicate apparent consumption, which is the sum of production and imports minus exports. Variations in inventory are not taken into account. Some problems occur: negative consumption is sometimes calculated, this being the case when exports are higher than production and imports combined, and in that case figures are treated as not available. Furthermore, the figures sometimes show a discrepancy between years, e.g. a large fall or extraordinary growth. These figures are therefore not accurate enough for decision-making and they should only be used in conjunction with further market research.

Another constraint is that production data from FAOSTAT is not available for all countries. For example, production data for Germany, France, the UK and Italy are not available.

According to RTS resource, a market research company for the food and ingredients industry, the global market for industrial seasonings, spices and herbs amounted to 1.5 million tonnes in 2008, representing a total value of € 4.0 billion<sup>1</sup>. Western and Eastern Europe together are responsible for approximately 31% of this, making it the second largest market after NAFTA<sup>2</sup>. The West European market for seasonings, spices and herbs totalled € 888 million and Eastern Europe adds another € 342 million. The EU market for the selected spices and herbs increased from 321 thousand tonnes in 2004 to 336 thousand tonnes in 2008, representing an average annual increase of 1.2%. However, apparent consumption has been fluctuating.

Although the economic crisis was well on its way, there was no evidence of collapsing consumption of spices in the beginning of 2009, according to the International Trade Centre. The UK is the largest EU market for industrial seasonings, spices and herbs, amounting to 99,550 tonnes in 2008. Globally, this makes the UK the third largest country, according to RTS resource. Leading EU markets for the selected spices are the UK, Germany, Romania and Hungary, together accounting for 58% of the total EU market. The latter two are ranked relatively high because of their strong consumption of paprika.

**Table 1.1 EU apparent consumption of selected spices and herbs, 2004-2008, in tonnes.**

	2004	2005	2006	2007	2008	Average annual change
<b>EU27</b>	<b>320,676</b>	<b>338,271</b>	<b>314,106</b>	<b>332,669</b>	<b>336,103</b>	<b>1.2%</b>
UK	42,197	46,254	48,911	52,666	58,887	8.7%
Germany	53,701	55,393	55,207	63,140	53,106	-0.3%
Romania	40,948	41,160	40,063	37,808	43,099	1.3%
Hungary	56,451	55,147	38,226	38,238	40,644	-7.9%
France	19,722	20,950	20,576	20,263	22,175	3.0%
The Netherlands	21,939	24,953	21,520	22,681	20,821	-1.3%
Spain	6,900	16,704	12,034	13,246	20,504	31%
Belgium	11,718	10,673	10,273	10,884	10,369	-3.0%
Poland	9,685	10,425	9,602	10,597	9,403	-0.7%
Sweden	5,364	6,086	6,926	7,648	7,787	9.8%
Austria	6,261	7,307	7,564	7,057	6,867	2.3%
Italy	8,195	7,857	6,857	6,639	6,426	-5.9%
Czech Republic	8,217	8,452	7,119	7,120	5,888	-8.0%
Denmark	5,588	4,406	5,122	4,385	5,096	-2.3%
Greece	4,407	4,014	4,546	4,452	4,693	1.6%

<sup>1</sup> Converted against an exchange rate of \$ 1 = € 0.068341, [www.oanda.com](http://www.oanda.com).

<sup>2</sup> North American Free Trade Agreement, consisting of Canada, the USA and Mexico.

	2004	2005	2006	2007	2008	Average annual change
Bulgaria	3,867	3,582	2,879	10,128	3,803	-0.4%
Slovakia	2,847	2,478	2,745	3,575	3,543	5.6%
Slovenia	1,974	2,095	2,405	2,141	2,525	6.3%
Ireland	2,852	2,484	3,443	2,440	2,339	-4.8%
Portugal	2,229	2,096	2,454	2,261	1,941	-3.4%
Finland	1,896	1,884	2,010	1,835	1,887	-0.1%
Estonia	599	790	818	898	1,200	19%
Latvia	1,019	604	794	982	1,130	2.6%
Lithuania	1,155	1,327	1,068	781	1,086	-1.5%
Cyprus	392	611	325	400	471	4.7%
Malta	160	166	202	178	249	12%
Luxembourg	394	374	419	226	166	-19%

Source: own calculations based on Eurostat and FAOSTAT data (2009)

The different EU countries show very different developments in the spices and herbs market during the review period. Some saw their markets decline, while others had expanding markets. The leading EU member country with the largest average annual increase in spices and herbs consumption is Spain. However, this growth rate is higher than it should be for reasons explained in CBI's market survey covering the Spanish market. Relatively small markets, Estonia and Malta also experienced considerable growth in the market for spices and herbs.

The leading spices consumed in the EU are pepper (mostly black pepper), paprika and allspice (pimento), while leading herbs include parsley, thyme and oregano. Due to the increasing interest in ethnic cookery, and the success of Mexican and Thai restaurants, coriander leaves are now more appreciated in Europe than ever before. In conjunction with the changing eating habits, new recipes published make generous use of formerly hardly-known herbs, coriander being one of them. More on the markets for the different product groups will be discussed in the CBI individual country surveys for spices and herbs.

The EU spices and herbs market is highly competitive. Competitive issues in this market are quality and consistency of quality, followed by strong research and development, in order to provide innovation and a variety of flavours. This emphasis on quality has led to a higher degree of customer loyalty. Food and drink manufacturers demand consistently high quality and so tend to stick with preferred suppliers who have proved to be reliable.

Until recently, market experts indicated that a further growth was expected in the consumption of spices and herbs. This growth was, for most EU member states, in line with developments on the food markets. However, the effect of the financial crisis on spending is already showing across Europe. Consumers are reducing their spending on food. Nevertheless, in some countries this development is not as apparent as in countries where the financial crisis hit hardest. However, although consumers tend to switch to cheaper food sources, these cheaper foods also require seasoning, resulting in a continuous demand from the food industry. Also, many people economize on eating out in favour of more luxurious and experimental home cooking. The spice markets are usually considered fairly well insulated from the dynamics of market economies.

Nevertheless, spice importers face difficult trading conditions in times of crisis. There is much uncertainty and confidence is low. By the end of 2008 and during 2009, buyers placed emphasis on running down stocks and buying only when needed. According to the International Trade Centre, it is not realistic to make predictions for the near future. Some countries are still in deep recession, while others are already experiencing modest growth. It is not clear how this impacts the overall EU spice market. On the other hand, some trading conditions are improving; shipping costs have decreased, interest rates have declined strongly



and industries will soon need to restock. At the same time, prices of most spices and herbs are sky high.

### **Organic**

In recent years, increased consumer awareness of healthy lifestyles and sustainability issues has positively influenced the demand for organic products. The total European<sup>3</sup> retail sales for organic food products had reached approximately € 16 billion in 2007. Accounting for € 5.3 billion, Germany has the largest organic food market, followed by the UK (€ 2.6 billion), France (€ 1.9 billion), Italy (€ 1.9 billion), Austria (€ 739 million), Spain (€ 600 million), Denmark (€ 580 million), The Netherlands (€ 519 million), and Sweden (€ 487 million).

The 2009 publication of 'The World of Organic Agriculture' reports substantial growth of the market for organic food between 2006 and 2007; 70% in Czech Republic, 34% in Denmark, 26% in Sweden and 15% in Germany. The average growth rate across all EU countries was more than 10%. This rapid growth in demand for organics has resulted in supply shortages and price increases.

In general, there was growing demand for organic spices and herbs in the EU, although quantities consumed vary by product and region. As in other organic sectors, the growth has led to supply shortages of spices and herbs. Last year, experts reported on shortages of organic nutmeg, mace, pink pepper, allspice, chillies and paprika.

The health-food sector was a growing market, as industry and consumers focused more on healthy food and natural flavours as substitutes for sugar, salt and artificial products. Increasing public concern over health may also have had a positive effect on the growth of the market, in particular for fresh herbs.

However, the mainstream retail market for organic spices and herbs is likely to remain relatively small until supermarket chains offer a full range of organic spices and herbs. However, increased availability of, and reduced premiums on, organic supply will lead to greater use of organic products. Moreover, with respect to organic spices and herbs, high quality is much more important than prices.

Although the organic growth potential was restricted by a high demand for organic ingredients which exceeded supply, the economic downturn will reduce demand for organics back to the level of available supply (Research company Organic Monitor, 2009). Consumer spending power reduced and investments from the industry declined. Nevertheless, the organic sector is expected to continue growing, although at a lower pace in the countries most affected by the crisis, such as the UK. In other European countries, the market will continue to grow considerably.

### **Fair Trade**

Another fast growing market is the overall market for products that are ethically sourced. Different ethical schemes exist in the food sector, which incorporate Fair Trade elements. The Fair Trade market is growing fast, yet still remains relatively small. Although a certificate is not obligatory in the EU, 90% of the Fair Trade market is certified. The total EU market for Fairtrade certified<sup>4</sup> products amounted to almost € 1.8 billion, indicating a growth rate of 29% compared to the year before. The UK is by far the largest Fairtrade market, accounting for 49%, followed by France (14%), Germany (12%), Sweden (4%) and Austria (4%).

Fastest growing Fairtrade markets are Sweden, growing by 75% between 2007 and 2008, Finland (57%), Germany (50%), the UK (43%) and Denmark and Spain (both 40%).

Globally, only 0.1% of the Fairtrade certified product sales is comprised of spices and herbs. These sales mainly concern dried spices, herbs or mixes in consumer packaging. An even

<sup>3</sup> European here also includes non-EU countries.

<sup>4</sup> Fairtrade certified refers to certification of the Fairtrade Labelling Organisation (FLO)

smaller proportion comprised of composite products, like snacks and sauces, which also include spices and herbs. Nevertheless, demand for ethically produced spices and herbs is growing and Fairtrade Labelling Organisations International (FLO) introduced a new global standard which allows countless new spices and herbs to enter the Fairtrade market quickly, while at the same time protecting the interest of the small producer. For more on the Fairtrade Standard for Herbs and Spices refer to:

[http://www.fairtrade.net/fileadmin/user\\_upload/content/2009/standards/documents/July09\\_EN\\_Herbs\\_and\\_Spices\\_standard\\_SPO.pdf](http://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/July09_EN_Herbs_and_Spices_standard_SPO.pdf)

## 1.2 Market segmentation

The popularity of herbs and spices varies considerably from region to region in the EU. For example, the Mediterranean regions of southern France, Spain and Italy have a very low consumption of dried herbs, but use a lot of fresh produce from gardens or wild plants harvested in the mountains. Many Mediterranean dishes use fresh vegetables, rather than spices or herbs, for flavouring.

The spices used by the average consumer are still rather traditional, but new trends, such as those described in Section 1.3, have developed in certain markets, especially in Northern Europe and within more urban populations.

The principal end-users of spices and herbs in all EU markets can be divided into three end user segments. In almost all EU countries, the largest proportion, being 55-60% (and in some countries even more) of the total usage of spices and herbs, is consumed by the industrial sector. The retail sector consumes 35-40% and the catering sector 10-15%. In most markets, the ratio is moving towards higher relative usage by the industrial sector, reflecting the growing popularity of ready-to-use spice mixtures. Another reason is the increasing consumption of processed foods, which often rely on spices and herbs to retain and enhance food flavour. Please also refer to Appendix A for information on segmentation at the individual product level.

A growing awareness of diverse cultural cuisine is helping to drive spice sales, according to manufacturers. People are starting to experiment with spices at home: for example, a Thai curry, which they have 'discovered' in restaurants. Sales of individual ethnic spices and ethnic blends are increasing across the board. Individually, there has been a strong upswing in sales of cardamom, cloves and coriander.

### Industrial sector

A clear shift can be observed away from household use of spices and herbs to industrial use. Spices are used particularly in the processing of meat, fish, canned products, sauces, soups, bakery goods and other prepared and convenience food. In most cases, the meat industry is by far the largest user of a wide range of spices. Other sectors, like the beverage industry, use spices like anise, badian and juniper in alcoholic drinks and liqueurs, and use ginger in soft drinks. Ginger is also used in biscuits. Pepper and mustard are used in most savoury products and sauces, while mint is used in confectionery.

Industrial food-processing also includes spice mixing for meat factories, butchers, bakers and packers for the catering sector. Grinders and blenders tend to make more multifunctional mixes to be used especially in the baking and meat-processing industries. Apart from being used directly, spices and herbs are also the starting point for many flavour compounds, where spices and herbs and their derivatives (extracts, oleoresins and essential oils) are only components of more complex flavours. Spice oils are mostly used in food, cosmetics, perfumes and personal hygiene products. Spice oleoresins are mainly used in processed meat, fish and vegetables, soups, sauces, chutneys and dressings, cheeses and other dairy products, baked foods, confectionery, snacks and beverages. Although the industrial sector is a mature market, further growth is expected in the coming years.



### ***The meat industry***

The meat industry offers variations of pre-spiced meat, appropriate for particular seasons or popular foreign dishes (e.g. spiced barbecue in summer, along with shoarma or cajun meat flavours). Specialist spice-mixing companies increasingly assist the meat and bakery trade by producing ready-to-use spice mixtures for meat, as well as for sausage factories and confectioners. They also produce consumer sachets of specific spice and herb mixtures, which are distributed by butchers' shops as point-of-sale material and, more frequently, in the supermarkets. Small sachets with spice mixtures are also packed together with various kinds of meat, and even with fish.

### ***The food-processing industry***

This industry is the most important in the trade of spices and herbs. It buys spices, herbs and mixtures according to its own very specific recipes and quality requirements. The service provided by blending companies has been extended to the preparation of ingredients which include not only spices or herbs, but also other items such as salt, garlic powder, lemon, dehydrated vegetables and other flavourings.

The major industrial users of (spice) mixtures include producers of snacks, soups, sauces, deep-freeze and oven-ready meals and catering products. Since consumers now often stir-fry potatoes and vegetables, instead of boiling them in the traditional way, the retail market for ready-to-use sauce mixes for these dishes has become a very fast-growing segment. There are several sauce mixes for all kinds of foreign cuisines.

This segment is expected to grow further, because these special mixtures exactly meet busy housekeepers' needs for convenience. They provide the variation people enjoy with their potatoes and vegetables, which can be cooked or fried with a different flavour each time. Mixtures of herbs with dressings for salads, as well as mixtures with mayonnaise to bake potatoes in the oven, are also popular in the EU market.

### ***The non-food industries***

In the non-food sector, in pharmaceuticals and perfumery, spices and herbs are mainly used for the production of essential oils and oleoresins, although production mostly takes place in the supplying countries. For more information, please refer to the CBI survey 'The natural colours, flavours and thickeners market in the EU'.

In the pharmaceutical industry, mint is used in medicinal tablets and potions, while capsicum (seeds) is used for thermo-plasters or for creams or gels against muscular pain. In general, alternative medicines using spices and herbs have increased in popularity in most EU countries over the last few years. Children's medicines, in particular, are often designed to taste pleasantly, so changes in taste may be an opportunity for further growth in the use of spices and herbs in medical applications.

### ***Retail sector***

Each individual country has its own speciality and the acceptance of exotic meals varies strongly. Consumers in some EU countries are more readily open to international cuisine, while others tend to prefer their own (rich) traditional cuisine. Consumption of exotic Asian foods and their allied spices is high in the United Kingdom and The Netherlands, because of the presence of sizeable immigrant populations; the many Chinese, Indian, Indonesian and Thai restaurants are visited by a growing number of people. The major EU retail markets are Germany, France, United Kingdom, Spain and Italy, because of their large population sizes.

Quality standards are very high in this segment. EU consumers are very critical of what they buy, and they often judge the product on its appearance. This means that the spice should look attractive, with no visible flaws, and should have a pleasing colour. Non-ground spices should be whole and easy to grind.

The consumers of spices and herbs can be divided into five segments:

- *Lazy diners* – people who enjoy a wide variety of cuisines, eat out a lot, use ready-prepared food at home and who probably work full time. They are typically between the ages of 16 and 40 years old. This group increased rapidly in the past few years.
- *Traditional* - those who cook traditional plain food for the family, use recipe books, watch TV food programmes, look for new twists to old favourites, choose branded goods and are brand-loyal. This category has decreased over the past few years.
- *Lazy traditional* - they are similar to those classed as traditional, but cook through necessity. The family members rarely eat together and they eat more convenience foods. This group is likely to grow in number.
- *Exotic* - this group loves cooking and experimenting; they follow new trends and seek out new products and inspiration in stores. They enjoy a wide variety of cuisines, often combined with entertainment and healthy eating. They are typically between the ages of 30 and 39 years old. Their most popular dishes are Asian (Indonesian, Indian, and Thai). This group is likely to grow in number.
- *Experimental* - this group enjoys food generally and seeks new cuisines and experiences. They enjoy ethnic cooking, follow the latest trends, often eat out and express an interest in healthy eating.

The retail sector segment is principally driven by experimental consumers, who enjoy exotic dishes and are the innovators in eating and cooking habits, a trend which is likely to be followed by the other groups. Currently, the economic crisis has already resulted in an increased interest in home cooking instead of eating out, which has a positive effect on retail sales of spices and herbs.

### **Catering sector**

The amount of spices used by the catering sector is relatively small but growing, reflecting the growing social trend for expanded consumption of meals outside the home. The higher proportion of working women (and hence double-earning households), single person households and the reluctance of people to spend much time preparing meals at home, are all factors stimulating higher consumption of meals in canteens, fast-food outlets and restaurants, also of take-away foods.

### **1.3 Trends**

The population in Western Europe is still growing and will continue to grow until about 20 years from now. It is estimated that, thereafter, Western Europe will start to show a declining population size. However, already now the composition of the population is changing. There is a rapidly growing proportion of elderly people, combined with a decreasing proportion of young people. We also see a family 'dilution'; family households are becoming smaller because people are having fewer children. The number of single households in Western Europe is substantial and still increasing, making these people a highly significant consumer group for food suppliers. Moreover, the increasing ethnic groups (from Turkey, Morocco, Asia, and Eastern Europe) strongly influence the demand for food and food products.

Due to increased prosperity in the EU (also in the new EU member countries), eating behaviour is related to income and life style. Despite this increase in prosperity, the food market in the EU is highly competitive, since consumers are not going to eat in larger quantities, but will only, at the very most, switch to products which fit their preferences better (trading up). According to RTS Resource LTD, products increasingly need a specific 'reason to buy' which makes them stand out from the competition. It refers to appealing attributes such as: semi-prepared, fresh, organic, high quality, healthy, snacks, exotic, vegetarian etc. Recent research into consumer behaviour shows that today's consumer has the following preferences concerning food and nutrition in general, and spices and herbs in particular:

### **Convenience**

European people (including women) are working more and more in jobs outside their home and have busy social lives. Moreover, the number of single households increases. Less time is left for the preparation of a full meal and, as a result, demand for products requiring extensive preparation has declined, while the opportunities for easy-to-prepare, semi-prepared, catered and processed products are increasing. As a result, convenience meals are increasingly popular in the EU, spurring the demand for peeled potatoes, canned soup, preserved vegetables, precooked fries, fish sticks, pizza, frozen pastry, ready meals (frozen, chilled or shelf-stable).

More specifically for spices and herbs, this development had led to an increasing need to supply an extensive range of ready-to-use spice mixes and herb mixes, as well as seasonings. Promotion of spice mixtures and ready-to-use sauce mixes by the food industry has made meal preparation simple and quick. New varieties of sauces, aromatic tablets, bottled marinades and spiced mustards have grown in popularity.

### **Internationalisation and more variety**

As the world is increasingly turning into a global village, culinary traditions from other continents tend to be more widely accepted by European consumers, thereby increasing the demand for ethnic and exotic ingredients, like many spices and herbs. Due to consumer curiosity for new tastes, demand for product diversity is rising (IFI, 2008). Recent years have seen a huge rise in the popularity of Far Eastern, Mediterranean and Mexican cuisine, particularly in Northern European markets where supermarkets offer complete ranges of ready-to-use sauce mixes, pastes and meals with dishes from all over the world like Moroccan couscous, Hungarian goulash, and Thai fried noodles. This development is also stimulated by the steady population growth of ethnic minority groups, which have significantly increased their purchasing power over recent years.

Variety in food consumption has increased as a result of the promotion, by the food industry, of ingredient mixtures (spices) and sauce mixes which have distinctive ethnic or foreign flavours. Due to the sales of ingredient mixtures, consumers do not have to purchase or be familiar with the individual spices required for a particular dish, nor is lengthy preparation time involved.

It should be noted, however, that there will still be public resistance to strong new flavours in some EU countries. Despite the gradual move towards a unified Europe, national dishes remain unique and provide people with a point of difference in which they take pride. Also, wide regional differences in taste may somewhat limit the rate of growth of the market.

### **'Grazing'**

The modern consumer does not confine himself to the traditional three meals a day (breakfast, lunch and dinner), but is eating smaller bites ('snacks') at more frequent intervals: ready-to-eat products or products requiring very little ultimate preparation: take-out foods, hamburgers, mini-pizzas, instant soups, filled croissants, candy bars, muesli bars, cheese sticks and fruit yoghurts. Restaurant quality is becoming the benchmark for the growing ranges of added-value prepared food offerings.

### **Healthy food**

European consumers have a strongly increased interest in a healthy lifestyle and, consequently, in the consumption of health food. In 2006, the International Food Ingredients European consumer survey found that 60% more European consumers demanded convenient and healthy food and drinks in the last year, and about 80% of the consumers agreed that companies need to enhance the flavour and tastiness of healthy products. Moreover, products with an intense flavour profile are often considered as 'high quality' products, leading to a trend on choosing premium products (IFI, 2008).

Furthermore, the rising demand for foods low in sugar and salt has motivated the development of specific spice and herb mixes as alternative and natural flavours. 'Natural' has become part

of healthy lifestyles and according to market researcher Mintel, 'natural' was the most popular claim made on new food and beverage products in 2008. The 'natural' claim includes 'no additives/preservatives', 'organic' and 'wholegrain' as well as 'natural itself'. Food manufacturers are using herbs as natural preservatives and anti-oxidants (for instance, oregano and rosemary are used extensively as anti-oxidants in sausages and other meat products). In general, there is a noticeable move away from artificial flavourings and colourings, while essential oils, oleoresins and extracts are growing in importance in the industrial seasonings sector.

The use of fresh herbs is popular in Italy and Spain, and is becoming increasingly popular in other countries like The Netherlands, France, the UK and Belgium.

In addition, herbal drinks, particularly herbal teas and infusions, are also becoming more popular. For further information on tea, please also refer to the CBI survey 'The (organic) coffee, tea and cocoa market in the EU'.

Despite the economic crisis, the focus on healthy food products is unlikely to fade.

### **Increased awareness for sustainability issues**

A new group of consumers, strongly committed to healthy and sustainable lifestyles, is emerging. Increasingly, they are referred to as LOHAS<sup>5</sup> consumers. They are focused on health and fitness, the environment, personal development, sustainable living, and social justice. The emergence of this new group of consumers is one of the main underlying forces for organic as well as Fair Trade market growth. Even combinations of the two are increasingly important. See paragraph 1.1 for developments in the organic and Fair Trade markets. More recently, the ecological footprint is gaining momentum and carbon-neutrality is becoming more important.

### **1.4 Opportunities and threats**

- + In general, EU consumption of spices and herbs has been growing. The retail sector may offer some opportunities for private brands in some EU countries, since home cooking has gained popularity. However, since a clear shift can be observed away from household use of spices and herbs towards industrial use, most opportunities should be sought in the industrial sector.
- + The internationalisation trend has been reflected in an increasing demand for ethnic and exotic ingredients, at the expense of traditional spice and herb mixtures. Despite some resistance towards strong new flavours, this offers opportunities for exporters of an increasing number of spices.
- + Interesting opportunities can also be found in the increased demand for natural and organic products/ingredients. Healthy, natural and organic products are occupying an increasingly stronger position in the EU. This applies to the consumer market as well as to the food industry. Organic production is particularly attractive for growers in developing countries, since much of their production is already organic, although not officially certified ('organic by default'). High quality organic products are especially interesting for the EU market as quality is more important than price.
- + New opportunities have also emerged from the fact that the new Fairtrade Standard for Herbs and Spices was introduced in July 2009. Although the market for ethically produced spices and herbs is still small, the Fairtrade market is growing fast and within the new standard much more products are eligible for Fairtrade certification.
- Customer loyalty and demand for consistent high quality make it more difficult for DC suppliers to enter the EU market. DC suppliers first need to convince EU buyers that they can supply a consistent quality and that they offer a significantly better deal than their competitors.
- The economic crisis has led to many uncertainties which, in turn, lead to an overall running down of inventories. This means that many EU companies need to restock.

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<sup>5</sup> Lifestyle of health and sustainability

However, prices are sky high. It is not clear how and to what extent this will affect demand for spices and herbs in the EU in 2010.

Exporters should take into account that the same trend can be an opportunity for one exporter and a threat to another. Please, review these opportunities and threats according to your own situation.

### 1.5 Useful sources

- Food and Agriculture Organization, FAOSTAT data - <http://faostat.fao.org>
- The statistical office of the European Union, Eurostat data - <http://epp.eurostat.ec.europa.eu>
- European Spice Association - <http://www.esa-spices.org>
- The International Pepper Community (IPC) - <http://www.ipcnet.org>
- ITC's 'Marketing Manual and Web Directory for Organic Spices, Herbs and Essential Oils' - [http://www.intracen.org/mds/sectors/spices/manual\\_2.pdf](http://www.intracen.org/mds/sectors/spices/manual_2.pdf)
- International food ingredients - <http://www.ifi-online.com> - international magazine for the food ingredients industry.
- Organic-world.net - <http://www.organic-world.net> - general and country-specific information and statistics on organic farming.



## 2 Production

### 2.1 Size of production

Traditionally, production of most spices and herbs has been concentrated in the moderate and semi-tropical regions of the world. This is the result of both climatic considerations and low wage rates, as production of spices and herbs is labour-intensive. According to ITC (2006), spices are primarily produced in developing countries and least-developed countries, supplying about 55% of spices to global markets. Few spices and herbs are produced in the EU.

As shown in table 2.1, FAOSTAT reports a production of spices of 120 thousand tonnes in 2008. Throughout the years, this production has fluctuated considerably. Note that FAOSTAT only reports on those EU countries for which data are available. The data only cover paprika, chillies & allspice, spice seeds, vanilla and other spices and herbs, including mixtures. According to FAOSTAT, the bulk of the spice production in the EU is concentrated in East European countries such as Romania, Hungary and Bulgaria (although also in Spain). Together, these three are responsible for 90% of total EU production of the selected spices.

**Table 2.1 EU production of spices, 2004-2008, in tonnes**

	2004	2005	2006	2007	2008	Average annual growth
<b>EU total</b>	<b>149,350</b>	<b>133,616</b>	<b>117,159</b>	<b>116,118</b>	<b>120,230</b>	<b>-5.3%</b>
Romania	38,000	38,000	40,000	35,857	40,488	1.6%
Hungary	56,269	53,161	36,942	37,350	37,350	-9.7%
Bulgaria	41,700	28,700	28,200	29,800	29,800	-8.1%
Spain	6,900	7,258	6,815	8,550	8,550	5.5%
Czech Republic	4,100	4,100	2,764	2,033	1,491	-22%
Slovenia	1,300	1,300	1,300	1,300	1,300	0%
Greece	770	770	800	850	850	2.5%
Netherlands	200	200	250	280	280	8.8%
Slovakia	61	77	26	33	56	-2.1%
Denmark	40	40	50	50	50	5.7%
Portugal	10	10	12	15	15	11%

Source: FAOSTAT (2009)

Hungary and Romania are the leading EU producers of paprika, chillies & allspice, both accounting for 44% of total production (which amounted to almost 75 thousand tonnes in 2008). In general, production of paprika, chillies & allspice has been declining, mainly caused by declining production in Hungary. Romanian production, however, did see moderate growth. As mentioned, the large production of paprika reflects the popularity of these products in the EU, notably in East-European countries.

EU production of spices seeds amounted to almost 40 thousand tonnes in 2008. Bulgaria is the leading EU producer, accounting for almost 71% of total EU production, followed by Romania (19%) and Hungary (6.9%). Bulgarian production of spices seeds, as well as total EU production, experienced a considerable decline between 2004 and 2006 and a moderate growth towards 2008.

The production of vanilla is almost negligible. FAOSTAT reports a vanilla production of a small amount of 15 tonnes in Portugal only. Other spices amounted to 5.6 thousand tonnes in 2008, of which 54% was produced in Spain, 29% in Hungary and the rest in Bulgaria. Vanilla production as well as other spices production both increased between 2004 and 2008.

Eurostat reports on production data of officinal herbs, aromatic plants and plants for seasoning. In order to interpret these figures, exporters in developing countries should take note of several data shortcomings:

- Some countries report on production in tonnes, other countries in hectares, while for some countries, data on cultivation is not available. Therefore it is not possible to provide EU production totals.
- It is not clear which herbs or spices fall under this group of officinal herbs, aromatic plants and plants for seasoning.
- The share of this production actually used for food is unknown, as many plants are also used in either the pharmaceutical or cosmetic industry, or both.
- Please note that the size of the area cultivated does not automatically imply high value or volume.

**Table 2.2 EU production of officinal herbs, aromatic plant and plants for seasoning, 2004-2008, in 1000 tonnes or ha.**

	2004	2005	2006	2007	2008	Average annual growth
<b>in 1000 tonnes:</b>						
Bulgaria	97.6	41.9	32.9	37.4	57	-13%
Spain	16.9	16.9	14	14	17.7	1.2%
Poland	14.2	15.9	20.4	20.1	17.6	5.5%
Hungary	5.5	3.2	3.2	16.9	16.4	31%
Romania	9.2	3.3	17	2.9	7.5	-5.0%
Finland	n.a.	n.a.	n.a.	n.a.	4.7	-
Czech Republic	7.7	7.7	4.7	3.9	3.9	-16%
Slovakia	1.8	0.8	0.5	2.1	1.4	-6.1%
Lithuania	1.9	1.9	0.4	0.5	1.1	-13%
The Netherlands	0.2	0.2	0.1	0.1	0.1	-16%
Latvia	0.1	0.3	0	n.a.	0	-100%
France	n.a.	n.a.	n.a.	n.a.	0	-
Luxembourg	n.a.	n.a.	n.a.	0	0	-
Slovenia	0	0	0	0	0	-
Denmark	0	0	0	0	n.a.	-
<b>in hectares:</b>						
Germany	6.7	6.3	6	6.1	5.7	-4%
Austria	3.6	3.9	3.8	3.8	4	3%
Greece	1.2	2.4	3.2	3.5	n.a.	43%
Belgium	0.2	0.2	0.1	0.2	0.2	0%

Source: Eurostat (2009)

Note: A volume/area of 0 does not necessarily mean that there no production takes place in that country. Production is, however, very small.

The most commonly grown herbs in the EU countries are: basil, bay leaves, celery leaves, chives, coriander, dill tips, chervil, fennel, juniper, marjoram, oregano, rosemary, sage, savoury, tarragon, thyme and watercress. As it is most commonly used in many dishes across the EU, it is not surprising that parsley is the most-cultivated herb. France, Italy and Greece are important producers of dried herbs, although there is a low consumption of dried herbs in these Mediterranean countries.

### Organic

Eurostat has also recorded data of organic production of officinal herbs, aromatic plant and plants for seasoning in the EU. The same shortcomings apply as with conventional production, mentioned above. In the case of organic production, data for Germany, Austria and Spain are missing, although they are known to be important organic herb-growing countries.

Since the early 1990s, organic farming has developed rapidly in the EU. In June 2004, the European Commission adopted the 'European Action Plan for Organic Food and Farming', which induced the European Commission to do more promotion of organic food in general, and on the EU organic logo in particular. In 2008, almost 197 thousand farms managed 7.5 million hectares organically. This constitutes 4.3% of the agricultural area. Compared to the previous year (2007), the organic agricultural land in Europe increased by more than 0.4 million hectares.

As shown in table 2.3, most countries have seriously expanded their organic cultivation area for officinal herbs, aromatic plants and plants for seasoning, resulting in high average annual growth rates. Furthermore, the EU also has a considerable area of aromatic plant and plants for seasoning under conversion. Available data show an area under conversion of 2,556 hectares, meaning that the actual area under conversion is even higher. France, Poland, Romania, Lithuania and Italy in particular are expanding their organic production areas. Finland and Hungary saw their organic area of officinal herbs, aromatic plant and plants for seasoning decline. Romania also shows a decline in organic area; however, it also has a large area under cultivation, more than balancing out this decline.

**Table 2.3 EU<sup>1</sup> organic production of officinal herbs, aromatic plants and plants for seasoning, 2004-2008, in hectares.**

	2004	2005	2006	2007	2008	Average annual change
France	1,505	1,880	1,847	2,339	2,973	19%
Italy	1,320	1,963	2,553	2,785	1,978	11%
Greece	47	439	277	186	694	96%
Lithuania	19	20	68	323	663	143%
Romania	n.a.	n.a.	882	n.a.	590	-18% <sup>2</sup>
Poland	n.a.	n.a.	n.a.	n.a.	354	-
UK	256	651	593	471	340	7.4%
Portugal	213	532	n.a.	n.a.	n.a.	150% <sup>2</sup>
Slovakia	4	162	140	384	321	199%
Latvia	7	4	3	18	250	144%
Finland	362	379	514	388	250	-8.8%
Czech Republic	96	n.a.	137	184	191	19%
Hungary	445	n.a.	n.a.	n.a.	188	-19%
The Netherlands	n.a.	29	89	79	92	47% <sup>2</sup>

Source: Eurostat (2009)

<sup>1</sup> Data are not available for Germany, Austria, Spain, Bulgaria, Sweden, Ireland and Malta.

<sup>2</sup> Average annual change between first and last years available.

## 2.2 Trends

Similar to any industry, blenders and packers of spices and herbs are under pressure from food manufacturers to **keep prices as low as possible**. The food-processing industry is extremely competitive, as is the distribution of food products through supermarkets. At the same time, there is continual pressure to develop more and more products in order to offer a wider variety of flavours, but achieved through a relatively low increase in production costs. This is hampered by relatively high EU labour costs and rising regulatory costs. EU quality regulation is becoming stricter and, in the field of processed food, ISO 9000 is strongly increasing in importance. For more information on quality requirements, see also CBI's 'From survey to success – export guidelines'.

This upward value trend is mainly attributed to higher market prices for major commodities such as capsicum, ginger, bay leaves and spice mixtures. There is a mounting trend towards the **trade of processed spices**, which fetch higher prices. The increasing demand for value-added processing of spices, such as capsicum and ginger, offers business opportunities for the food and extraction industries in international markets.

British Pepper and Spice - <http://www.gourmetgarden.com> - offers, for example, seasoning products which are packaged in tubes for easy use and application. Before packaging, the spices and herbs are processed to a paste form. The website markets the products efficiently by providing recipes and other consumer aids. This illustrates the need for high-quality consumer services when marketing products. The product range includes Basil, Lemongrass and Ginger.

Another way for food ingredients companies to differentiate and add value is by using **microencapsulation technologies**. Increasingly, raw ingredients are encapsulated to

prevent them from reacting with other ingredients and, subsequently, improve product and processing properties. Encapsulated flavours are the most common. According to Research and Markets, the European market for food encapsulation is expected to grow in the coming years. Changing consumer trends and tastes are driving innovation in the microencapsulation market. A leading company which can encapsulate ingredients in the UK is TasteTech - <http://www.tastetech.co.uk>.

### 2.3 Opportunities and threats

- + Relatively few spices are produced in the EU and overall production has decreased. Most spice crops are labour-intensive or could be more easily grown in a tropical climate, making the EU member countries highly dependent on supply by developing countries for the majority of spices.
- + Moreover, increasing labour cost differences between developing countries and EU member states, as well as the rising regulatory costs and other obstacles to manufacturing in the EU market, provide value-adding opportunities for developing countries in exporting finished or processed products. However, they must be able to comply with the strict EU quality requirements.
- +/- As the market for organic products developed fast in the EU, organic farming in general and organic cultivation of officinal herbs, aromatic plant and plants for seasoning more particularly, have developed rapidly in the EU. However, as discussed in the previous chapter, the supply of several spices and herbs still does not meet demand. This offers opportunities for organic farmers in developing countries.

### 2.4 Useful sources

- Food and Agriculture Organization, FAOSTAT data - <http://faostat.fao.org>
- Eurostat - <http://epp.eurostat.ec.europa.eu/portal/page/portal/agriculture/data/database>
- European Spice Association - <http://www.esa-spices.org>
- The International Pepper Community (IPC) - <http://www.ipcnet.org>
- ITC's 'Marketing Manual and Web Directory for Organic Spices, Herbs and Essential Oils' - [http://www.intracen.org/mds/sectors/spices/manual\\_2.pdf](http://www.intracen.org/mds/sectors/spices/manual_2.pdf)
- International food ingredients is an international magazine for the food ingredients industry - <http://www.ifi-online.com>

Information about interesting players in the spices and herbs market (names and websites) is given in the EU country surveys of your interest, which can be downloaded from <http://www.cbi.eu/marketinfo>.

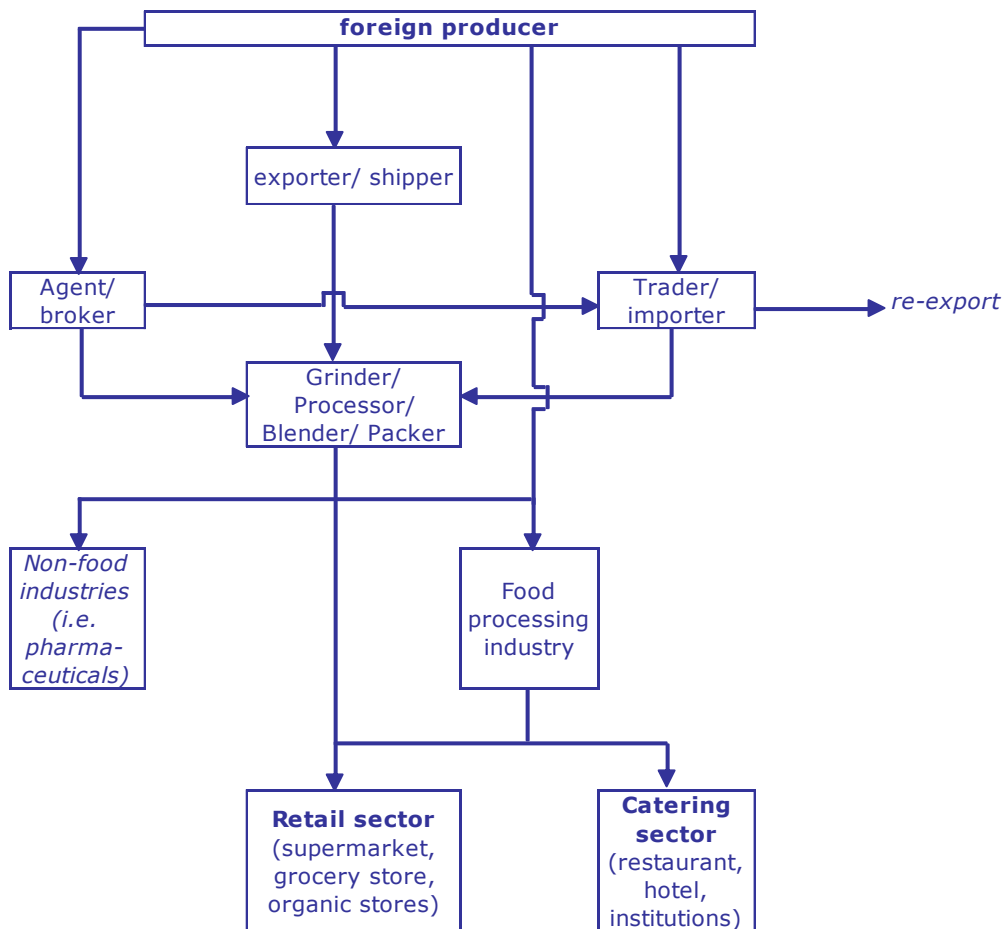
### 3 Trade channels for market entry

#### 3.1 Trade channels

Spices and herbs usually share the same trade structure and distribution channels. Very few traders deal exclusively in either one or the other. The bulk of the trade enters the EU through a small number of major brokers and traders/importers. Around 85% of the spices and herbs is imported in dried and crude form (not having been further processed in the country of origin); processing occurs after importation by the companies which are familiar with the market trends and needs. After importation, the spices are cleaned mechanically by the importer, in order to sort out impurities from the spices. They are thereafter treated with some kind of specialised thermotherapy or high-pressure steam treatment, in order to eliminate bacteria and spores. Only 15% of the imported spices and herbs is crushed/ground spices, essential oils and oleoresins.

Traditionally, the spices and herbs trade channels consisted of importers, brokers, agents, grinders, blenders and processors, each having their specific functions. Nowadays, many of them have become multifunctional and their roles overlap. The distinctions between the different channels shown in figure 3.1 have become blurred in recent years because of structural changes in the trade and a decline in the number of brokers and traders in Western Europe as a whole. One company often uses different distribution channels at the same time. Also, many processors and blenders do not use an importer or broker anymore, but import the spices or herbs themselves.

**Figure 3.1 Distribution channels for spices and herbs**





In recent years, direct trade between medium-sized and large producers/exporters in developing countries and grinders/processors in consuming markets has become more prevalent. Both importers and processors increasingly move away from dealing with many small growers, choosing instead to deal with whoever combines high quality, high volume, and consistent products.

The global spices and herbs market is dominated by McCormick and Company Inc. This multinational company carries out "global sourcing" of spices and herbs by having subsidiary affiliated companies in the countries of origin. McCormick has operations in several EU member countries. McCormick is followed by Tone Brothers Inc, a subsidiary of Associated British Foods. Other EU market leaders in the spices and herbs market are the German Fuchs and Unilever. Other major spice and herb companies in the EU are British Pepper & Spice (UK), Sillevoldt, Euroma (both The Netherlands), Karl Ostmann and Gewürzmühle Nesse from Germany, Paulig in Finland, Nordfalks in Sweden and Norway, Dirach/Scandeco Ltd in Denmark and Kotanyi in Austria. Also see useful sources in paragraph 3.3.

### ***Brokers/agents***

Brokers are intermediaries which bring buyers and sellers together, for which service they get paid a commission. Spices and herbs do not physically come into the possession of brokers. Customers can be trading companies, but are mostly processors. Especially when a trader or importer is unknown, a broker will be used as an intermediary to diminish the risk involved. In certain cases, brokers represent a specific party, either as its selling agent or its purchasing agent.

### ***Traders/importers***

These specialised traders import on their own account and sell to grinders/processors and directly to major end users. They mainly buy bulk quantities of unground spices and re-sell them at an increased price. The importer is responsible for all costs associated with import, such as duty, terminal fees, unloading charges, and local delivery and warehouse costs. Larger importers also clean and grind spices and herbs, before exporting them to other EU and North American markets. Smaller traders import some herbs and spices directly, but they also buy from larger traders, which can offer them better conditions and delivery terms on small quantities of more specialised items. These smaller traders distribute spices and herbs to blenders, packers and end users in the food trade and non-food channels. The major trading centres for spices are New York, Rotterdam, London, Hamburg and Singapore. Organics traders are often specialised in a broader range of organic products, instead of purely herbs and spices.

### ***Grinders/processors***

Grinders and processors purchase raw spices and perform cleaning, grinding and (retail/catering) packaging. They have central warehouses for distribution to industrial users throughout specific areas, or they deliver directly to the distribution centres of supermarkets or institutional users. Next to the (few) specialised organic grinders and processors, conventional grinders and processors are also increasingly making inroads into the organic sector.

Large blenders and packers are more frequently purchasing their spices and herbs directly from producers/exporters, although purchasing through importers/traders remains the most significant method. This latter channel ensures that they can buy and receive supplies of specific spices throughout the year. They tend to hold only small stocks and, although they place orders covering their requirements over a long period, they expect deliveries against these orders to be spread over short and frequent intervals. Purchasing from an intermediary reduces the risk of late deliveries, poor harvest/supply from individual sources and quality problems. In addition, the services of specialised traders are crucial for obtaining small consignments of very special requirements at short notice and at competitive prices.

### **End users**

The largest user group is the food-processing industry. Requirements are purchased either from grinders/processors or directly from importing/trading companies, and in some (rare) cases directly from foreign producers. Organic food-processing industries hardly ever import directly from outside Europe, though it is likely that this will increase, especially as more conventional food manufacturers begin to set up organic product lines. Some industries have joint arrangements with foreign producers to ensure regular supplies and maintain quality standards and specifications of the spices and herbs concerned. Another end-user group is catering, which either purchases spices and herbs directly from grinders/processors or processed food products from food industries. This includes restaurants, hotels and institutions (hospitals, schools etc.). The retail sector also buys spices and herbs, as well as processed food products. In both sectors, specific organic products are becoming more important, for example because of school restaurants converting to organic products, or the opening of organic restaurants in European cities.

Grinders/processors persuade supermarkets to display herbs and spices separately, usually close to sauces and soups. Organic herbs and spices are also usually presented at the same location, or sometimes on distinct organic shelf-space. In the last few years, supermarkets have begun to display spices and herbs along with related products. Examples of this are salad seasonings, displayed with salad vegetables, or meat seasonings alongside fresh meat. This method of jointly displaying complementary products is also used by suppliers of wet and dry cooking sauces. Such 'hot spots' in supermarkets are keenly sought-after. Supermarkets are increasingly marketing their products as (cheaper) private labels, which exerts downward pressure on margins of processors, because the buying organisations of large supermarkets (sometimes representing multiple chains) have such strong buying power.

Independent grocers, delicatessens, speciality shops and organics stores (butchers, bakers, spice shops, Indonesian food shops etc.) have a small share. However, within the organic market, health food stores, natural food stores and specialised organics stores play a much stronger role. Ethnic shops are of interest, as they supply to large ethnic communities. Even if they have a small market share, they are important for grinders/processors, since they offer higher profit margins and do not compete with the private labels of supermarkets. Herbs can also be found at open markets. DC exporters therefore should consider reading studies about trends in ethnic populations within different European countries, in order to meet the different consumer demands of the country reviewed.

### **Organic**

Producers and exporters of organic spices and herbs supply their organic products mostly to specialised traders/importers and/or sometimes to grinders/processors. In most markets, a few specialised organics traders tend to be the dominant customers for foreign producers. They often have an organic specialisation, instead of just spices and herbs, focusing on a broad range of products. Moreover, several organics traders have a European-wide focus. They import on their own account and sell to (specialised) packers, processors and food manufacturers. Direct sales from foreign exporters to purchasing units of retailers, the catering sector and food processors are very rare, but might increase due to expanding organics sales and market entry by conventional players. The organic market is also of increasing interest to conventional spices and herbs traders/importers.

### **Purchasing policies of traders, grinders and processors**

Although spices and herbs are traded in a variety of forms, it is estimated that 85% is marketed in the whole, unground state. The remainder is mostly sold in ground form or as spiced essential oils and oleoresins. Ground spices which are traded in volume are paprika, curry powder and spice mixtures. There are several major reasons for the low demand for spices which are processed and packed in the country of origin.

- Firstly, EU countries and regions have traditional and distinctive recipes, demanding different flavours and combinations of spices and herbs. Local companies, familiar with these needs, are best placed to prepare and blend the appropriate spices and mixtures.

- The regulations for processed spices are stricter than those for spices in raw dried form. It is, moreover, far more costly and more difficult to clean contaminated ground spices than contaminated unground spices. Increasingly strict governmental regulations and the high quality standards demanded by the food industry are such that few supplying countries can offer cleansed, bacteria-free products which meet these requirements.
- Because of the above, spice traders/importers which have processing facilities are a key link in the trade. Their processing plants recondition original import material into ready-to-use single spices and mixtures, as strictly specified in recipes from their customers.
- Big end-users demand guarantees of constant quality, taste, aroma, colour and delivery reliability. Therefore, they prefer to buy spices and spice mixtures prepared for them by EU processors and blenders. These processing companies are rarely dependent on one type or source of a specific spice, in order to deliver a consistent supply.
- Companies with long established and heavily promoted brands exercise strong control of the retail sector. The main brands use service merchandising, which is essential because of fast-changing assortments. However, private labels are also increasingly important, because strong retailer buying organisations are able to exert considerable control on suppliers as well.
- Occasionally, specific spices and herbs are packed in the branded consumer packing by a foreign supplier under contract to an EU or multinational promoter of that brand or under supermarket private labels. However, the volume of consumer-packed spices and herbs entering international trade is tiny, compared to the total trade in spices and herbs.
- As a spin-off from increasing marketing under private labels, supermarkets exert downward pressure on margins of processors and further down the value-chain, because the buying organisations of large supermarkets (sometimes representing multiple chains) have such strong buying power.

Nevertheless, as discussed in chapter 2, there is an increasing demand for value-added processing of spices, which offers business opportunities for the food and extraction industries in developing countries. Generally, these products will need to be marketed in co-operation with marketing companies and under brands recognised in the importing markets.

### 3.2 Price structure

The margins charged by different intermediaries in the spice and herb trade are influenced by many different factors. These include the type of spice or herb, the current and expected future harvest situation, the availability or number of sources for the particular spice/herb, the level of demand and price trends. All these factors make it extremely difficult to provide information on typical margins in the trade.

For information on price developments please refer to chapter 5 of this survey.

### 3.3 Useful sources

The principal trade association for spices used for food purposes is the European Spice Association - <http://www.esa-spices.org>. Here, contact details for national trade association can also be encountered. National associations can offer information on their domestic member companies.

Moreover, a trade fair is a good way to get into contact with companies from all over the world, which could be interested in new suppliers. Please refer to Chapter 4 of the EU Export Marketing Guidelines for Spices and Herbs for more information on trade fairs.

Interesting business-to-business sources are the following;

- Agronetwork.com - <http://www.agronetwork.com/global>
- Organic-market.info - <http://www.organic-market.info> - online magazine for organic trade.
- Spices Trade world - <http://spices.tradeworlds.com>

- Ingridnet.com - <http://www.ingridnet.com> - a marketing instrument for companies supplying ingredients to, among others, food industries. The database includes contact details of 15,000 ingredient suppliers.
- The International General Produce Association (IGPA) - <http://www.igpa.com> - a contract issuing body for the international trade in general produce, including herbs & spices.
- ITC Market News Services (MNS) - <http://www.p-maps.org/Client/index.aspx>

Leading spices and herbs companies (in alphabetical order):

- British Pepper & Spice (UK) - <http://www.britishpepper.co.uk/>
- Dirach/Scandeco Ltd (Denmark) - <http://www.scandeco.dk/page849.html>
- Euroma (The Netherlands) - <http://www.euroma.com/euroma/engels/index.htm>
- Fuchs (Germany) - <http://www.fuchsspice.com/eng/index.html>
- Gewüzmühle Nesse (Germany) - <http://www.nesse.de/English/>
- Karl Ostmann (Germany) - <http://www.ostmann.de/>
- Kotanyi (Austria) - <http://www.kotanyi.com/>
- Mc Cormick and Company Inc (Multinational) - <http://www.mccormickcorporation.com/>
- Nordfalks (Sweden and Norway) - <http://www.nordfalks.se/>
- Paulig (Finland) - <http://www.paulig.fi/>
- Sillevoldt (The Netherlands) - <http://www.silvo.nl>
- Tone Brothers Inc (UK) - <http://www.tones.com/>
- Unilever (The Netherlands) - <http://www.unilever.com/>

Please refer to the individual country reports of your interest for further, country-specific information on trade structure, especially for lists of companies active in the spices and herbs industries. Moreover, many EU importers have an Internet site, where interested parties can find more information on the field in which these importers are active.

## 4 Trade: imports and exports

### 4.1 Total EU imports

EU imports of spices and herbs have been dynamic. After some years of decline, total EU imports of spices and herbs increased again after 2005 and reached € 1,131 million in 2008, resulting in an average annual growth of almost 8% between 2004 and 2008. However, in volume terms, imports increased somewhat more modestly, by a steady average annual rate of 4.4% to almost 420 thousand tonnes.

While intra-EU imports and DC imports grew steadily, extra-EU trade declined. Strongest growth was seen in the import value of imports from DCs.

**Table 4.1 EU imports of selected spices and herbs 2004 to 2008, € million / 1,000 tonnes**

	2004		2006		2008		Average annual % change	
	value	volume	value	volume	value	volume	value	volume
<b>Total EU, of which from</b>	<b>835</b>	<b>354</b>	<b>863</b>	<b>390</b>	<b>1,131</b>	<b>420</b>	<b>7.9%</b>	<b>4.4%</b>
Intra-EU	393	132	422	149	536	161	8.1%	5.1%
Extra-EU excl. DCs	37	11	26	9.2	29	11	-6.0%	-1.3%
DCs	405	211	415	231	566	248	8.7%	4.1%

Source: Eurostat (2009)

Most EU countries saw their imports of spices and herbs grow, except for Ireland and, to a lesser extent, Denmark. In volume terms, some other small importing countries had declining imports, although by moderate annual average rates. Of the West European countries, Spain, Italy and Sweden experienced high average annual growth rates. Also, the import of spices and herbs into Bulgaria increased fastest by 29%, however still remaining very small. Other East European countries performed well and managed to reach substantial growth rates in the imports of spices and herbs, such as Lithuania and Czech Republic, Poland, Hungary and Slovenia. All of them grew particularly fast in value terms, as well as in terms of volume.

The economic and financial crisis has had its effect on the spices and herbs market. Due to insecurity on the international markets, many companies have been running down stocks in order to minimize financial risks. At some point in time these companies need to restock, which might lead to a temporary strong increase in demand and imports, if supplies are available. Since many EU countries are recovering currently from the economic crisis, this restocking could very well start in 2010.

### 4.2 EU imports per product group

This section discusses imports per product group by the EU as a whole. Imports per product group by individual member states are given in the country surveys. Please refer to Appendix A of this survey for product classification and group names.

#### Pepper

With a share of 24% of total EU imports of spices and herbs, pepper is the largest product group imported. After some years of decreasing, import values have been increased from 2006 onwards, to € 272 million in 2008. In volume terms, pepper imports experienced a slight average annual growth of 0.2% and reached 84 thousand tonnes in 2008. With a share of almost 29%, Germany is by far the largest importer of pepper.



Most of the pepper imports originate in DCs, Vietnam being the largest supplier. Other leading DC suppliers are Brazil and India. Especially supplies by the latter have been growing steadily. In general, DC import values of pepper increased steadily, by 15%, while volumes increased between 2004 and 2006 and decreased again between 2006 and 2008. This indicates a considerable increase in pepper prices.

**Table 4.2 EU imports and leading suppliers of pepper  
2004 - 2008, share in % of value**

	2004 € mln	2006 € mln	2008 € mln	Leading suppliers in 2008 (share in %)	Share (%)
<b>Total EU, of which from</b>	<b>159</b>	<b>191</b>	<b>272</b>		
Intra-EU	63	75	104	Germany (13%), The Netherlands (12%), France (4.4%), Austria (1.8%), Belgium (1.5%)	38%
Extra-EU ex. DC*	2.9	2.7	3.3	Singapore (0.7%), USA (0.2%)	1.2%
DC*	93	113	165	Vietnam (24%), Brazil (10%), India (10%), Indonesia (9.0%), China (3.0%)	61%

Source: Eurostat (2009)

\*Developing Countries

EU pepper stocks are presently depleted, although more so in the USA. At the same time, stocks in supplying countries have depleted as well and there are continuing concerns about the global supply and demand balance. This puts considerable pressure on prices.

### Paprika, chillies and allspice

Paprika, chillies and allspice are the second largest product group imported in the EU, accounting for 17% of the total spices and herbs import value. Imports increased considerably by average growth rates of 7.1% annually, to a total of € 211 million in 2008. In volume terms, paprika, chillies and allspice imports grew somewhat more slowly, to 104 thousand tonnes in 2008. Spain and Germany are by far the largest importers of paprika in the EU, each accounting for 22%.

Over 42% of the imports concerns intra-EU imports, whereas developing countries supplied 52% of the total import value in 2008. In comparison, the annual change in value increased on a higher level for developing countries (8.1%) than for intra-EU countries (5.8%). In volume terms, DC supply increased twice as fast as EU supplies of paprika, chillies and allspice. In particular, supplies by China, the leading supplier, increased strongly.

**Table 4.3 EU imports and leading suppliers of paprika, chillies and allspice  
2004 - 2008, share in % of value**

	2004 € mln	2006 € mln	2008 € mln	Leading suppliers in 2008 (share in %)	Share (%)
<b>Total EU, of which from</b>	<b>160</b>	<b>165</b>	<b>211</b>		
Intra-EU	71	74	89	Spain (17%), Germany (8.0%), The Netherlands (4.7%), Hungary (3.0%), France (2.7%)	42%
Extra-EU ex. DC*	8.9	9.4	12	Israel (3.3%), USA (2.4%)	5.8%
DC*	81	82	110	China (17%), Peru (13%), Brazil (6.6%), India (4.9%), Serbia (2.0%), Mexico (1.8%), Thailand (1.0%)	52%

Source: Eurostat (2009)

\*Developing Countries

### Mixtures

Mixtures imports account for 9.2% of total EU imports of spices and herbs. It increased steadily by an annual average of 6.9% to a total value of € 104 million, representing 31 thousand tonnes. Mixtures imports increased in almost all EU countries, except for France and

Denmark. Imports grew particularly fast in Sweden, Bulgaria, Slovakia, Slovenia and Estonia, showing average annual growth rates of more than 20% in volume terms.

Only 8.9% of the mixtures imports originated directly in DCs, as they mainly supply raw material and, to a lesser extent, mixed spices. About 90% of the imports is supplied by other EU countries. Spices and herbs are mostly mixed by European companies as they are far more aware of the developments in consumer tastes. However, the UK shows a very different picture. More than half of its mixtures is supplied by DCs.

Fast-growing supplying countries are the UK, Italy, Czech Republic, Poland and Luxembourg. Of the developing countries, Pakistan grew fast as a supplying country, as did South Africa. Mixtures from Tunisia and China decreased considerably, by an average of almost 11% per annum.

**Table 4.4 EU imports and leading suppliers of mixtures  
2004 - 2008, share in % of value**

	2004 € mln	2006 € mln	2008 € mln	Leading suppliers in 2008 (share in %)	Share (%)
<b>Total EU, of which from</b>	<b>79</b>	<b>91</b>	<b>104</b>		
Intra-EU	70	81	93	Germany (26%), The Netherlands (18%), France (8.8%), Austria (5.9%), United Kingdom (5.5%)	90%
Extra-EU ex. DC*	1.9	1.6	1.5	USA (0.6%)	1.5%
DC*	7.9	8.3	9.2	India (1.7%), Pakistan (1.5%), Tunisia (1.5%), South Africa (1.2%)	8.9%

Source: Eurostat (2009)

\*Developing Countries

### Nutmeg, mace & cardamom

Guatemala is the largest cardamom producer in the world. When coffee processing collapsed in Guatemala at the beginning of this decade, many farmers turned to cardamom. Excellent harvests and a fall in demand in the Arab countries resulted in a glut in the market, oversupply and a downward pressure on prices. When global prices slumped to record lows, farmers stopped planting several years ago. However, during the review period 2004 to 2008, Guatemalan supply recovered and there is an indication of increasing import prices – so far regardless of the crisis.

EU import values of nutmeg, mace and cardamom increased by 9.9% in terms of value between 2004 and 2008, and imports reached € 94 million / 16 thousand tonnes. Together, Germany and The Netherlands accounted for about 50% of total nutmeg, mace & cardamom imports.

**Table 4.6 EU imports and leading suppliers of nutmeg, mace & cardamom  
2004 - 2008, share in % of value**

	2004 € mln	2006 € mln	2008 € mln	Leading suppliers in 2008 (share in %)	Share (%)
<b>Total EU, of which from</b>	<b>65</b>	<b>71</b>	<b>95</b>		
Intra-EU	26	29	40	The Netherlands (21%), Germany (8.2%), Belgium (4.8%), France (2.5%), Italy (1.5%)	42%
Extra-EU ex. DC*	1.4	0.6	0.5	Singapore (0.3%)	0.6%
DC*	37	42	54	Indonesia (26%), Guatemala (18%), Brazil (4.1%), India (2.4%), Vietnam (2.0%), Grenada (1.7%)	57%

Source: Eurostat (2009)

\*Developing Countries

Throughout the years, the share of imports from developing countries remained more or less stable, 57% in 2008. Indonesia and Guatemala were the leading suppliers in the review period, with 9.1% annual growth for Indonesia and a significant increase of 25% annually for Guatemala, in terms of value. For Indonesia, the volume of imports remained stable, whereas for Guatemala a slight decrease of 0.6% is indicated. Other substantially growing suppliers, in terms of value and volume, are Vietnam, Sri Lanka and India, achieving an average increase of 207%, 23 % and 15% respectively.

### Spice seeds

Total EU imports of spice seeds showed a steady average annual growth of 15% during the review period 2004 until 2008. Growth in volume terms has been more moderate, 3.6% annually. This development amounted to € 84 million and 51 thousand tonnes, indicating increasing import prices. Germany and the UK are the leading EU importers of this product group, together accounting for more than 44% of the total import value.

In 2008, 51% of the total import value was supplied by developing countries, mostly represented by India, Turkey, China and Syria. All three, but especially India, managed to increase their supply considerably. Chinese supply of spice seeds also increased substantially.

**Table 4.5 EU imports and leading suppliers of spice seeds  
2004 - 2008, share in % of value**

	2004 € mln	2006 € mln	2008 € mln	Leading suppliers in 2008 (share in %)	Share (%)
<b>Total EU, of which from</b>	<b>48</b>	<b>55</b>	<b>84</b>		
Intra-EU	20	24	38	The Netherlands (11%), Germany (7.7%), Bulgaria (4.1%), Finland (3.8%), France (3.5%)	45%
Extra-EU ex. DC*	1,6	1.0	3,5	Canada (2.7%), Russia (0.4%)	4.2%
DC*	26	31	43	India (21%), Turkey (9.0%), China (5.4%), Syria (4.0), Egypt (4.0%), Morocco (2.0%), Macedonia (1.1%)	51%

Source: Eurostat (2009)

\*Developing Countries

### Saffron

Saffron is the most expensive spice, since harvesting of the spice is labour-intensive. In 2008, the average import price amounted to € 120 per kilogramme, which indicates a doubling of value since 2007. Between 2004 and 2008, saffron imported by EU member countries increased by 19% annually in terms of value, and even by 26% in terms of volume, amounting to € 80 million or 669 tonnes in the latter year.

Although Spain produces some saffron of its own, it is the leading EU importer of this spice, accounting for 48% of the total EU import value in 2008. Part of the saffron is used for the internal market and part is (re-)exported to other EU member countries. Italy is the second leading EU importer of saffron, accounting for 22% of the total EU import value. Spain and Italy are clearly the leading EU importers of saffron.

**Table 4.7 EU imports and leading suppliers of saffron  
2004 - 2008, share in % of value**

	2004 € mln	2006 € mln	2008 € mln	Leading suppliers in 2008 (share in %)	Share (%)
<b>Total EU, of which from</b>	<b>32</b>	<b>32</b>	<b>80</b>		
Intra-EU	9.7	9.6	22	Spain (22%), France (3.1%), Germany (1.6%), The Netherlands (0.6%), Belgium (0.4%)	28%
Extra-EU ex. DC*	0.1	0.1	0.7	U.A. Emirates (0.4%)	0.8%
DC*	22	22	57	Iran (70%), India (0.6%)	71%

Source: Eurostat (2009)

Iran is, by far, the leading supplier of saffron, accounting for 70% of the total value supplied value in 2008. The remaining part is mostly comprised of intra-EU trade (mainly re-exports). In value terms, the share of Iranian supply increased by 27% annually in the review period, whereas annual change in volume decreased by 5.9%. The highest increase in supplies of saffron is presented by France and India, both with annual changes of more than 40% in terms of value and volume. However, also the leading EU supplier Spain accounted for an increase of 29% in terms of value, in the period from 2004 to 2008.

### Ginger

Ginger accounted for 4.9% of total EU spices and herbs imports. As from 2004, ginger imports by EU member countries increased by 3.8% annually in value and 9.5% in volume terms, amounting to € 55 million or 52 thousand tonnes in 2008. In comparison to previous years, the value terms indicated a substantial decrease from 16% to the mentioned 3.8%. The Netherlands and the United Kingdom are the leading EU importers of this spice, together accounting for over 54% of the total import value in 2008.

The Netherlands is not just a leading EU importer of ginger, it is also a leading supplier of this spice to the EU market, reflecting its re-distributive role to the rest of the EU. Altogether, intra-EU trade covered 32% of the total import value, which is a 5.8% annual increase in terms of value and during the review period 2004 to 2008. The share of extra-EU trade increased by 18%, at the expense of the share supplied by developing countries, which only account for a slight annual growth of 2.6% in 2008. Nevertheless, DC supply increased, most noticeably from India, Vietnam and Israel.

**Table 4.8 EU imports and leading suppliers of ginger  
2004 - 2008, share in % of value**

	2004 € mln	2006 € mln	2008 € mln	Leading suppliers in 2008 (share in %)	Share (%)
<b>Total EU, of which from</b>	<b>47</b>	<b>46</b>	<b>55</b>		
Intra-EU	14	15	17	The Netherlands (21%), Germany (2.9%), UK (2.2%), France (1.8%), Denmark (1.2%)	32%
Extra-EU ex. DC*	0.6	0.6	1.2	Israel (1.1%)	2.1%
DC*	33	30	36	China (39%), Thailand (9.5%), India (7.7%), Brazil (3.8%), Nigeria (2.2%)	66%

Source: Eurostat (2009)

\*Developing Countries

### Vanilla

Madagascar is the world's leading producer of vanilla and also the EU's leading supplier of this spice. In the first half of the decade, several storms destroyed much of the vanilla crops in Madagascar. Combined with periods of political unrest, this led to shortages in the vanilla market, which made the unit import price of vanilla peak. Therefore, import values of vanilla increased strongly in 2003 and fell sharply in the ensuing period. The average decline was close to 20% per annum. However, as vanilla prices normalized, import volumes increased again, from 1.8 thousand tonnes in 2004 to 3.5 thousand tonnes in 2008. France is by far the leading EU importer, accounting for 42% of the total value imported by EU member countries in 2008, followed by Germany (21%).

In 2008, 40% of the value imported by EU members was sourced in Madagascar. Altogether, developing countries supplied 63% of the import value of vanilla, while intra-EU trade was about 33%. Nevertheless, annual changes in imports decreased significantly for intra-, extra-EU and developing countries. It should also be noted that, since hardly any vanilla production takes place in the EU, intra-EU trade mostly reflects re-exports of vanilla previously imported from developing countries.

However, because of the previous extremely high vanilla price, EU companies developed a cheaper synthetic vanilla, vanillin, which means that natural vanilla now faces increased competition from its synthetic version.

**Table 4.9 EU imports and leading suppliers of vanilla  
2004 - 2008, share in % of value**

	2004 € mln	2006 € mln	2008 € mln	Leading suppliers in 2008 (share in %)	Share (%)
<b>Total EU, of which from</b>	<b>100</b>	<b>45</b>	<b>41</b>		
Intra-EU	30	14	14	Germany (13%), France (12%), Poland (2.6%), UK (1.8%), The Netherlands (1.7%)	33 %
Extra-EU ex. DC*	10	1.8	1.8	Fr. Polynesia (2.5%), USA (1.3%)	4.3%
DC*	60	30	26	Madagascar (40%), India (8.0%), Comoros (4.0%), Indonesia (3.4%), Uganda (3.3%), Papua N.G. (2.2%)	63%

Source: Eurostat (2009)

\*Developing Countries

### Cinnamon

In 2008, total imports of cinnamon amounted to € 25 million / 15 thousand tonnes. Import value increased steadily by an average annual increase of 8.5% in terms of value. In volume, cinnamon imports increased between 2004 and 2006, but decreased in 2008. Cinnamon represents 2.3% of total EU imports of spices and herbs. Germany is the leading EU importer, accounting for 18% of the total import value, followed by The Netherlands (14%), Spain (13%) and the UK (12%).

Developing countries supplied 54% of the import value in 2008. The leading suppliers of cinnamon are Sri Lanka and Indonesia, followed by The Netherlands and Germany. However, Sri Lanka, France, Madagascar and Vietnam account for the highest annual growth, in terms of value and volume, between 2004 and 2008.

**Table 4.10 EU imports and leading suppliers of cinnamon  
2004 - 2008, share in % of value**

	2004 € mln	2006 € mln	2008 € mln	Leading suppliers in 2008 (share in %)	Share (%)
<b>Total EU, of which from</b>	<b>18</b>	<b>24</b>	<b>25</b>		
Intra-EU	7.7	10	12	The Netherlands (17%), Germany (11%), France (6.6%), Sweden (1.9%) Austria (1.9%)	45%
Extra-EU ex. DC*	0.3	0.1	0.1	USA 90.3%)	0.6%
DC*	10	14	14	Sri Lanka (20%), Indonesia (17%), Madagascar (4.7%), China (4.2%), India (2.7%), Vietnam (2.7%)	54 %

Source: Eurostat (2009)

\*Developing Countries

### Cloves

Cloves constitute a relatively small product group, accounting for only 1.1% of the total EU import value. Between 2004 and 2008, clove imports by EU member countries increased by an average annual rate of 12% in value and by 4.9% in volume, amounting to € 12 million / 3.4 thousand tonnes in the latter year. Germany and The Netherlands are the largest EU importers of cloves, responsible for 20% and 17%, respectively. In particular, intra-EU imports from The Netherlands and Germany increased substantially.

Of the total import value, 53% is supplied by developing countries. During the review period, 2004 to 2008 the supplies of cloves increased by 9.4% in terms of value per annum. The largest supplier of cloves is Madagascar with a share in imports of almost 26%, followed by



The Netherlands and Comoros. An annual increase in supplies can be observed for all these countries denoted.

**Table 4.11 EU imports and leading suppliers of cloves  
2004 - 2008, share in % of value**

	2004 € mln	2006 € mln	2008 € mln	Leading suppliers in 2008 (share in %)	Share (%)
<b>Total EU, of which from</b>	<b>7.5</b>	<b>10</b>	<b>12</b>		
Intra-EU	3.1	4.3	5.6	The Netherlands (18%), Germany (9.7%), France (5.8%), Belgium (3.4%), Austria (2.9%)	46 %
Extra-EU ex. DC*	0.03	0.04	0.02	USA (0.1%)	0.2%
DC*	4.4	5.8	6.4	Madagascar (26%), Comoros (11%), Brazil (4.9%), Indonesia (4.5%), Sri Lanka (4.1%), Malaysia (1.0%)	53%

Source: Eurostat (2009)

\*Developing Countries

### Turmeric

Turmeric imports also represent a share of only 1%. As from 2004, imports increased slowly by 7.6% annually in terms of value and by 5.6% annually in terms of volume, amounting to € 11 million / 10 thousand tonnes in 2008. The UK is the leading EU importer, accounting for 27% of the import value of turmeric, reflecting the traditional popularity of Indian food in the UK. The UK is followed by Germany (20%), France (16%) and The Netherlands (13%).

Developing countries directly supplied 69% of total EU turmeric imports throughout the review period. India is responsible for the largest share of this, accounting for 64%. India as leading supplier is followed by The Netherlands and Germany. However, Vietnam can account for the highest annual growth in turmeric supplies, for 117% in terms of value and 143% in terms of volume.

**Table 4.12 EU imports and leading suppliers of turmeric  
2004 - 2008, share in % of value**

	2004 € mln	2006 € mln	2008 € mln	Leading suppliers in 2008 (share in %)	Share (%)
<b>Total EU, of which from</b>	<b>8.6</b>	<b>8.6</b>	<b>11</b>		
Intra-EU	2.2	2.1	3.5	The Netherlands (11%), Germany (7.7%), France (4.8%), UK (2.0%), Belgium (1.5%)	30%
Extra-EU ex. DC*	0.06	0.5	0.02	-	0.0%
DC*	6.3	6.4	8.0	India (64%), Vietnam (1.1%), Brazil (0.8%), Sri Lanka (0.6%)	69%

Source: Eurostat (2009)

\*Developing Countries

### Other spices

The remaining 13% of the spices and herbs imported by the EU falls under the product group of other spices. Imports increased steadily by 6.1% in terms of value and 4.8% in terms of volume, amounting to € 140 million / 46 thousand tonnes. Important products which fall under this product group are thyme/bay leaves and curry. The UK, Germany, France and Belgium were the largest importers of other spices, representing shares of 15%, 14%, 11% and 10%, respectively.

The largest part, 70%, of the other spices was supplied by EU countries. Supplies by developing countries represented 27%, which meant a steady increase by 11% between 2004 and 2008. The main suppliers in developing countries are India and Turkey, both indicating a 12% annual growth during the review period. Supplies from extra-EU countries, besides developing countries, decreased considerably.

**Table 4.13 EU imports and leading suppliers of other spices  
2003 - 2008, share in % of value**

	2004 € mln	2006 € mln	2008 € mln	Leading suppliers in 2008 (share in %)	Share (%)
<b>Total EU, of which from</b>	<b>111</b>	<b>125</b>	<b>140</b>		
Intra-EU	77	85	98	Germany (23%), The Netherlands (11%), France (8.5%), Austria (5.2%), UK (4.4%)	70%
Extra-EU ex. DC*	8.9	7.6	3.6	Israel (1.3%)	2.6%
DC*	25	32	38	India (6.7%), Turkey (6.6%), Thailand (2.8%), Morocco (2.4%) Brazil (1.8%), China (1.1%)	27%

Source: Eurostat (2009)

\*Developing Countries

### 4.3 The role of developing countries

As shown in table 4.14 imports of spices and herbs from developing countries throughout the EU have shown very different developments. Total EU imports from DCs increased in value as well as in volume terms. This development was seen in most West European countries. In particular, imports from DCs by Spain, Belgium, Sweden, Austria and Finland experienced high average annual growth rates. Denmark, Portugal and Ireland, on the other hand, saw their DC imports of spices and herbs decrease between 2004 and 2008.

More than a quarter (in value terms) of total EU spices and herbs imports from developing countries is imported by Germany. This makes Germany the largest buyer of spices and herbs from developing countries. Other major importing countries, at least in volume terms, are The Netherlands, the UK and Spain.

The East European countries are relatively small players in imports directly from DCs. Since their membership of the EU it has become very easy for these countries to trade with other EU countries. Together they account for only 4.2% of the spices and herbs directly imported from DCs. Only Poland can be considered a medium-sized importer of DC spices and herbs; all the others are much smaller.

As with the West European countries, the East European countries show very different developments in imports from DCs. While DC imports grew strongly in Bulgaria, Estonia and Slovenia, the same imports declined substantially in Romania, Czech Republic and Latvia.

**Table 4.14 Imports of selected spices and herbs from DCs, 2004-2008,  
€ million / 1,000 tonnes**

	2004		2006		2008		Average annual change in	
	value	volume	value	volume	value	volume	value	volume
<b>Total</b>	<b>405</b>	<b>211</b>	<b>415</b>	<b>232</b>	<b>566</b>	<b>248</b>	<b>8.7%</b>	<b>4.1%</b>
Germany	100	48	110	52	141	54	9.0%	2.8%
Spain	56	28	59	36	100	40	16%	9.3%
The Netherlands	72	46	72	49	90	50	5.7%	2.1%
United Kingdom	56	37	53	39	75	48	7.6%	7.2%
France	54	14	46	15	59	17	2.4%	5.0%
Italy	16	7.8	15	7.2	28	8.0	16%	0.6%
Belgium	10	4.9	17	7.8	24	9.6	23%	18%
Sweden	5.4	2.4	7.0	3.0	11	3.2	21%	7.2%
Poland	10	6.7	9.4	6.5	9.6	4.5	-1.8%	-9.3%
Greece	3.6	3.1	4.2	3.1	5.1	2.6	9.1%	-4.3
Hungary	4.2	2.1	2.5	1.4	4.2	1.9	0.2%	-3.3%
Bulgaria	1.4	1.3	2.2	1.8	3.6	2.2	26%	13%
Austria	1.9	0.9	2.8	1.5	3.5	1.6	17%	16%

	2004		2006		2008		Average annual change in	
	value	volume	value	volume	value	volume	value	volume
Romania	4.5	3.8	7.3	4.0	2.0	1.9	-19%	-16%
Denmark	3.0	1.2	2.9	1.2	1.9	0.7	-11%	-14%
Finland	0.6	0.2	0.6	0.3	1.4	0.3	24%	8.3%
Estonia	0.7	0.3	0.5	0.2	1.4	0.5	19%	15%
Slovakia	1.3	0.7	1.4	0.5	1.3	0.6	-0.8%	-4.3%
Portugal	0.8	0.6	0.8	0.5	0.7	0.4	-2.3%	-11%
Slovenia	0.4	0.2	0.7	0.5	0.6	0.5	10%	20%
Lithuania	0.4	0.4	0.7	0.4	0.6	0.3	10%	-2.0%
Cyprus	0.4	0.2	0.4	0.2	0.5	0.2	8.0%	0.3%
Ireland	0.6	0.1	0.6	0.2	0.3	0.1	-14%	-9.3%
Czech Republic	1.4	0.8	0.3	0.3	0.3	0.2	-33%	-30%
Latvia	0.5	0.3	0.1	0.1	0.1	0.1	-29%	-29%
Malta	0.1	0.1	0.1	0.1	0.1	0.1	6.0%	-0.2%
Luxembourg	0.0	0.0	0.0	0.0	0.0	0.0	-20%	-100%

Source: Eurostat (2009)

After a sharp fall of the average unit price of DC supply between 2003 and 2005, prices recovered and reached € 2.28 per kilogram in 2008. This was lower than the average unit price for spices and herbs traded within the EU (€ 3.33), which was mainly due to the lower level of processing of spices and herbs supplied by developing countries.

Developing countries play a major role in the supply of nearly all product groups described in this survey, particularly in the supply of saffron, turmeric, ginger, pepper and vanilla to the EU (see section 4.2). Developing countries supplied around 50% in terms of value and 59% in terms of volume of total 2008 imports of spices and herbs directly to the EU member countries. As already mentioned, most of the imports originate entirely in developing countries, but are re-exported by other (EU member) countries; this considerably blurs the import statistics for spices and herbs.

Imports per product group by individual member states are provided in the individual country surveys.

#### 4.4 Exports

The EU is a net importer of spices and herbs. Therefore, a large part of the EU export trade consists of spices and herbs which have been imported in bulk or in crude form and which, following grinding, processing and/or repackaging, are re-exported to other EU and overseas markets. The only spices which originate in large quantities from within the EU are paprika, saffron and caraway seed.

EU exports seem to grow steadily. However, when looking at data from 2005 and 2007, it appears that exports have been fluctuating somewhat. In 2008, total exports of spices and herbs by EU member countries amounted to 222 thousand tonnes, representing a value of € 713 million. Of this, 69% concerns intra-EU exports.

In 2008, the average export unit value of spices and herbs amounted to € 3.18 per kg, which was considerably higher than the average import unit value of spices and herbs (€ 2.65). This again reflects the higher level of processing of spices and herbs exported by the EU member countries, whereas most of the imports enter the EU in unprocessed (thus at lower value) form.

With a share of 22%, The Netherlands is the largest EU exporter, followed by Germany (20%), Spain (17%) and France (11%). The Netherlands and Germany both have a long history as two of the world's leading traders of spices & herbs, importing and re-exporting large amounts of these products. A large part of these re-exports is also further redistributed to other

countries inside and outside the EU. The largest non-EU destinations of EU exports are the USA (7%) and Russia (3%).

**Table 4.15 EU export of spices and herbs 2004-2008, € million / 1,000 tonnes**

	2004		2006		2008		Average annual % change	
	value	volume	value	volume	value	volume	value	volume
<b>Total EU, of which to</b>	<b>547</b>	<b>202</b>	<b>588</b>	<b>212</b>	<b>713</b>	<b>222</b>	<b>6.9%</b>	<b>2.4%</b>
Intra-EU	377	123	414	141	494	140	6.9%	3.3%
Extra-EU ex. DC*	118	35	123	35	143	38	4.9%	1.6%
DC*	51	44	50	36	76	45	10.7%	0.5%

Source: Eurostat (2009)

\*Developing countries

Pepper and paprika, chillies and allspice exports accounted for 19% and 17% of total EU exports. They are followed by mixtures (16%), nutmeg, mace and cardamoms (13%), spice seeds (10%), saffron (7.3%), vanilla (3.4%), ginger (3.2%), cinnamon (1.9%), turmeric (1.6%) and cloves (0.01%). The remaining 7.6% falls under the product group 'other spices'. In volume terms, spice seeds is the product group most exported, followed by paprika, chillies and allspice. Most notable is the substantial growth of vanilla exports in volume terms by an annual average of 40% as well as the fall in the export unit price of vanilla, from € 92.51 in 2004 to € 12.73 in 2008. This was mainly caused by very high import prices of vanilla, due to political unrest and climatological problems in Madagascar in the first half of this decade. Now that prices have come down again, demand for vanilla and, therefore, export increases.

#### *Organic*

Unfortunately, there are no data available on the export of organic spices and herbs.

### **4.5 Opportunities and threats**

- + In general, the EU market is an interesting market for DC suppliers of spices and herbs, as imports are large and ever-increasing in value as well as volume terms. Also, a considerable share of the imported spices and herbs is directly sourced in DCs.
- + Germany is an interesting market for DC exporters of spices and herbs, as it is the largest importer of spices and herbs from DCs. Germany also shows positive average annual growth rates. Especially high growth rates in DC supply are seen in Spain, Belgium, Sweden, Bulgaria, Austria, Bulgaria and Slovenia.
- + Opportunities for DC exporters lie particularly in the supply of saffron, turmeric, ginger, pepper and vanilla, as these products are mostly directly sourced from DCs.
- +/- The amount of mixtures directly supplied by DCs is small, because EU companies are far more aware of developments in taste. Nevertheless, DC supply of mixtures is increasing. If a DC supplier is able to stay up-to-date about these developments, the supply of mixtures offers interesting value-adding opportunities.
- Sharp decreases in the supply of spices and herbs by DCs were seen in Romania, Denmark, Portugal, Czech Republic, Latvia, Luxembourg and, to a lesser extent, in Poland, Hungary, Slovakia and Ireland. Developing exporters must be aware that the enlargement of the EU has had a negative effect on most Eastern European imports of spices and herbs from developing countries, because the new EU countries increased their intra-EU imports.
- Due to price decreases, vanilla import volumes are on the rise. However, the natural vanilla now has to compete with the synthetic version, recently developed by EU companies.
- In times of economic crisis there are many uncertainties and this has led to an overall scaling back on consumption. It is not clear how and to what extent this will affect the trade in spices and herbs to and within the EU in 2010.

Exporters should take into account that the same trend can be an opportunity for one exporter and a threat to another. Please, review these opportunities and threats according to your own situation.

#### 4.6 Useful sources

- EU Expanding Exports Helpdesk  
→ <http://exporthelp.europa.eu>  
→ go to: trade statistics
- Eurostat – official statistical office of the EU  
→ <http://epp.eurostat.ec.europa.eu>;  
→ go to 'themes' on the left side of the home page  
→ go to 'external trade'  
→ go to 'data – full view'  
→ go to 'external trade - detailed data'
- Understanding Eurostat: Quick guide to Easy Comext  
→  
[http://epp.eurostat.ec.europa.eu/newxtweb/assets/User\\_guide\\_Easy\\_Comext\\_20090513.pdf](http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20090513.pdf)



## 5 Price developments

### 5.1 Price developments

In the past, speculation by leading buyers has been a major feature of the trade in spices. In the mid-1980s, pepper prices reached a peak. These high prices encouraged additional planting by pepper growers, leading to an oversupply. Like many other products, spices and herbs are subject to the supply-demand mechanism, causing overproduction when prices increase, etc.

The price of herbs is rising as a result both of increased supply costs (production, processing, and freight) and increased demand. Unlike mint, parsley, oregano, thyme and sage, few herbs are in sufficient demand to encourage their widespread commercial cultivation. The cultivation of most herbs can be expanded fairly quickly. Therefore, even if supplies in the short term are relatively static (with generally only one harvest per year), they are much more elastic over the long term. It is unusual for the price of herbs to remain high for several successive seasons.

For some time, food prices have been under pressure, among which spices and herbs prices. On top of that, the global economic /financial crisis of 2008/2009 has exerted even more upward pressure on the prices of most spices. Insecurity has led to reserved trader behaviour and low stocks. In 2009, some prices eased somewhat. Falling currencies and reluctant buyers have put a downward pressure on prices. Traders have reported little buying interest, as industries have been running down their stocks and speculators in the market adopt an aloof attitude. Although, some prices grew steadily, while others fluctuated strongly, most 2009 prices were considerably higher than the 2004 price level. MNS report December 2009 (ITC, 2009) reports that the end of the year has been quiet and that day-to-day indicators point to recovery in several economies. However, the vulnerable economic situation of a number of EU countries and the possible impact on the Euro is still a major concern.

Vanilla prices however, follow their own path. Between 2000 and 2004, unfavourable weather conditions and political unrest in Madagascar, the largest vanilla producer in the world, led to sky rocketing prices. In 2004, prices came down again and mid-2005 vanilla prices reached their 'normal' level.

A good overview of historic price developments of specific spices and herbs can be obtained from: <http://www.agra-net.com/portal2/home.jsp?template=pageelement&elementcode=PLG> Select all the appropriate indicators and then press 'plot graph'.

Table 5.1 provides indications of market prices of selected spices and herbs. Prices of spices and herbs are to a large degree dependent on origin, buyer preferences, quality demanded, order size, availability etc. Therefore, actual prices are dependent on negotiation with partner companies and, as such, could influence export pricing. The prices listed in Table 5.1 should therefore be seen only as an indication for DC exporters. During negotiations, exporters need to have good insight into their cost of production and (develop) price breaks which they can offer for larger volumes.

**Table 5.1 High/low prices for selected spices on main European port basis, January 2010, prices per tonne unless otherwise stated**

	Jan 2010 High	Jan 2010 Low
<b>Cardamom</b> - Guatemala seeds	€ 20,917	€ 13,944
<b>Caraway seed</b> - Dutch ex store	€ 2057	€ 1,799
<b>Chillies</b> - India S4 cif	€ 1,536	€ 1,424
<b>Cinnamon bark</b>		
Seychelles cif	€ 1,255	€ 1,255
Madagascar cif	€ 697	€ 697

	Jan 2010 High	Jan 2010 Low
<b>Cloves</b> - Madagascar cif European ports	€ 3,500	€ 3,350
<b>Coriander seed</b>		
East European cif whole	€ 767	€ 614
India cif whole	€ 1,255	€ 1,255
<b>Cumin seed</b> - India cif	€ 2,231	€ 2,022
<b>Fennel seed</b>		
India cif	€ 1,534	€ 1,464
Egypt cif	€ 1,464	€ 1,394
<b>Garlic</b>		
Dehydrated flakes Grade A c&f main European ports	€ 1,394	€ 1,394
Granules c&f main European ports	€ 1,394	€ 1,394
Powder c&f main European ports	€ 837	€ 627
<b>Ginger</b> - Nigeria split cif	€ 1,325	€ 1,185
<b>Mace</b>		
East Indies broken no. 2 cif, Spot	€ 8,715	€ 7,321
Papua broken no.2 cif	€ 6,972	€ 6,624
<b>Nutmeg</b>		
Indonesia sound shrivels, Spot	€ 7,112	€ 6,833
Indonesia BWP, Spot	€ 4,183	€ 3,974
<b>Pepper</b>		
Black, Brazil, grade 1, Spot	€ 2,127	€ 2,057
White, Vietnamese shp	€ 3,033	€ 2,928
Pimento, Guatemala/Honduras cif	€ 1,952	€ 1,848
<b>Turmeric</b> - Madras fingers cif	€ 2,092	€ 1,882
<b>Saffron</b> – Iran c+f Europe Sargol	€ 3,137/kg	€ 3,137/kg
<b>Vanilla</b> - Madagascar origin standard grade, cif Europe	€ 20/kg	€ 320/kg

Source: Public Ledger (January 2010)

Note: Exchange currency calculated by \$1 = €0.69722, average of January 1-25, 2010.

### Organic

For the benefit of DC exporters interested in the EU price market for certified organic spices and herbs, ITC's Market News Service (MNS) reports indicate wholesale prices gathered from importer/wholesalers. The prices represent the range among wholesalers as indicated in Table 5.2. There are differences in prices according to the pack size, and the upper and lower ends of these prices are not necessarily comparable. However, selling prices are likely to fall within this range. The prices do not include local transport, but do include cleaning and repacking. However, they are not intended as quotations.

**Table 5.2: Prices for certified organic spices and herbs in the EU as from January 2009 – December 2009**

	Price range in €/kg Jan 2009	Price range in €/kg Dec 2009	Origin	Notes
<b>SPICES</b>				
<i>Allspice</i>	8.95	14.65	Guatemala	
<i>Aniseed</i>	5.75 - 15.20	7.95 -10.35	Turkey / Egypt	
<i>Caraway</i>	5.75 - 7.95	6.10 - 6.45	Czech Republic	
<i>Cardamom</i>	n/a	20.7	Guatemala	
<i>Cinnamon</i>	15.90	14.25	Sri Lanka	
<i>Cloves</i>	8.35 - 12.00	9.70 - 9.90	Sri Lanka	
<i>Coriander</i>	4.45 - 5.30	3.65 - 7.75	Italy / Turkey/ Egypt	Max 1%
<i>Cumin</i>	8.70 - 10.00	8.20	India	
<i>Fennel</i>	4.45 - 9.25	5.35 - 6.05	Egypt / Turkey	Max 1%
<i>Ginger</i>	8.05 - 11.45	7.40 - 8.60	Sri Lanka	Powder
<i>Paprika</i>	11.30	11.30 - 14.20		Red granulate 1-3 mm
<i>Pepper, black</i>	5.25 - 8.90	4.40 - 8.20	India	Steam-treated cleaned

<i>Pepper, white</i>	7.80	7.80 - 10.80	India	Steam treated cleaned
<i>Turmeric</i>	4.55	4.45 - 6.90	India	Ground
<b>HERBS</b>				
<i>Basil</i>	4.05 - 7.90	3.85 - 6.05	Egypt	
<i>Bay Leaf</i>	11.90	8.20	Turkey	
<i>Dill weed</i>	10.80 - 16.00	14.30 - 16.70	Germany / Czech Republic / Egypt	
<i>Marjoram</i>	4.55 - 10.75	4.90 - 6.15	Egypt	
<i>Oregano</i>	7.70	6.40 - 8.60	Turkey / Spain	
<i>Parsley</i>	10.20 - 12.60	7.80 - 9.90	Germany / Egypt	
<i>Thyme</i>	10.65	9.30	Germany	

Source: ITC, 2009

### **Fairtrade**

Since the introduction of the new Fairtrade standard for spices and herbs in July 2009, there is no minimum price. Fairtrade price is the commercial prices plus a Fairtrade premium of 15% of this commercial price. This applies for all spices and herbs except for vanilla, cardamom, cloves, ginger, mace, nutmeg, turmeric and white or black pepper. These products still have a minimum price. These Fairtrade prices can be found under:

[http://www.fairtrade.net/list.html?no\\_cache=1&tx\\_zwo3pricing\\_pi1%5BproductType%5D=15&tx\\_zwo3pricing\\_pi1%5Bcountry%5D=0&tx\\_zwo3pricing\\_pi1%5Bsubmit\\_button%5D=Go](http://www.fairtrade.net/list.html?no_cache=1&tx_zwo3pricing_pi1%5BproductType%5D=15&tx_zwo3pricing_pi1%5Bcountry%5D=0&tx_zwo3pricing_pi1%5Bsubmit_button%5D=Go)

### **Pack sizes**

In supermarkets, the pack sizes of spices and herbs from suppliers tend to be uniform, but pack contents vary enormously in weight. However, consumers are much more interested in buying specific ingredients for the recipe they are trying to follow than in comparing the pack contents to price ratio. They are likely to assume that similar pack sizes contain similar contents, though this is far from the truth. Typically, the rate at which consumers use herbs and spices is slow and therefore price does not have that much of an influence on the decision to purchase. There is often little or no difference between retail prices for the same items in different supermarkets or in other retail outlets.

## **5.2 Useful sources**

In general, exporters should receive regular information from their business partner in the EU. Major brokers and traders publish regular market reports to advise their customers about supply, demand and price developments.

Many factors, such as the type of spice or herb, its origin, its quality, the method of drying or cleaning and predictions about the forthcoming harvest(s), can cause considerable fluctuations in both the physical and the futures market for different spices. It is essential that the exporter obtains regular information on prices and market trends.

Price information on spices and herbs can be obtained from:

- ITC - International Trade Centre Market News Service (MNS) - <http://www.intracen.org/mas/mns.htm> - fortnightly bulletin.
- The Public Ledger Weekly - <http://www.agra-net.com/portal/puboptions.jsp?Option=menu&pubId=ag047> - publication on commodities with overviews of global market prices.
- International Pepper Community - <http://www.ipcnet.org> - publishes the Weekly Prices Bulletin.
- The Indian Spices Board - <http://www.indianspices.com> - quotes domestic and international prices for spices on its Internet site.

## 6 Market access requirements

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

For information on legislative and non-legislative requirements, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select your market sector and the EU in the category search, click on the search button and click on market access requirements.

The minimum quality specifications as determined by the European Spice Association are available at <http://www.esa-spices.org/content/pdfs/ESAQMDrev1-2Nov07.pdf>. Also consult CBI's document about these minimum quality specifications 'European buyer requirement: quality standards for herbs and spices' at the CBI website. The International Organisation of Spice Trade Associations (IOSTA) has developed a Good Agricultural Practices guide to be used as a resource in the growing and harvesting of spices. This guide is available at [http://astaspice.org/files/public/IOSTA\\_GAP\\_Final.pdf](http://astaspice.org/files/public/IOSTA_GAP_Final.pdf).

### Packaging, marking and labelling

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

Also of interest can be:

- The Product Profile Herbs and Spices offers additional information at <http://www.intracen.org/menus/products.htm>
- The Agri-Food trade service also provides information on regulations, market access and the food safety authority in the European Union as from 2005 - [http://www.ats.agr.gc.ca/info/info\\_europe\\_e.htm](http://www.ats.agr.gc.ca/info/info_europe_e.htm)

Additional information on packaging can be found at the website of ITC on export packaging: [http://www.intracen.org/ep/packaging/packit\\_spices\\_and\\_herbs.htm](http://www.intracen.org/ep/packaging/packit_spices_and_herbs.htm)

### Organic

EU standards for organic food production and labelling are laid down in Regulation (EEC) 2092/91.

In June 2007, the EU Council adopted the Council Regulation (EC) No 834/2007 of 28 June 2007 on organic production and labelling of organic products, and repealing Regulation (EEC) No 2092/91. The new regulation entered into force on January 1, 2009. Detailed information on this regulation can be found at [Council Regulation 834/2007](#). Rules for implementation of the regulation are established by [Commission Regulation 889/2008](#) (production and labelling) and [Commission Regulation 1235/2008](#) (arrangements for imports of organic products from third countries).

Furthermore, the new EU organic logo will be introduced. It was initially planned for January 1, 2009 but, due to similarities with existing logos, the introduction has been delayed until July 1, 2010.

For information on legislative and non-legislative requirements for organic products, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select food ingredients and the EU in

the category search, click on the search button and click on your subject of interest under legislative and non-legislative requirements for an overview of all documents on the subject concerned.

### Tariffs and quota

The range of spices and herbs is very wide and it is not possible to give an overview of the EU tariffs for all products. Tariffs on raw materials are generally low, in particular for raw materials originating in developing countries. In order to support exports from developing countries, the EU operates the Generalised System of Preferences (GSP). Under the GSP scheme of the EU, imports from a number of developing countries are admitted at a reduced tariff and imports from a group of least-developed countries at a zero tariff. Also, the EU has made Economic Partnership Agreements (EPA) to create a free trade area between the EU and the Group of African, Caribbean and Pacific (ACP) countries.

Table 6.1 below gives an overview of the tariffs for selected spices as from 16 January 2009. A zero tariff is applied to a number of developing countries, while a number of other countries encounters a special tariff, which is lower than the general tariff.

**Table 6.1: Tariffs for selected spices as from January 29, 2010.**

CN-Code	Product group	General tariff	Preferential tariff
0904 11/12	Pepper	0-4%	0%
0904 20	Paprika	0-9.6%	0%
0905	Vanilla	6%	0-2.1%
0906	Cinnamon	0%	0%
0907	Cloves	8%	0-2.8%
0908 10	Nutmeg	0%	0%
0908 20	Mace	0%	0%
0908 30	Cardamoms	0%	0%
0909 10	Anise or badian seeds	0%	0%
0909 20	Coriander seeds	0%	0%
0909 30	Cumin seeds	0%	0%
0909 40	Caraway seeds	0%	0%
0909 50	Fennel or juniper seeds	0%	0%
0910 10	Ginger	0%	0%
0910 20	Saffron	0-8.5%	0%
0910 30	Turmeric – curcuma	0%	0%
0910 50	Curry	0%	0%
0910 91	Mixtures	0-12.5%	0%
0910 99	Other	0-12.5%	0-4.3%

Source: [http://ec.europa.eu/taxation\\_customs/dds/tarhome\\_en.htm](http://ec.europa.eu/taxation_customs/dds/tarhome_en.htm)

A form A or EUR I form has to be provided, in the case that a general tariff is applicable and the exporter in a DC wants to take advantage of the GSP tariff.

It is very important to realise that this information is more complex than indicated above (because of exceptions and special rules) and that this information is subject to continuous changes. Therefore, the information can only be considered as an indication of the actual situation. For exact and up-to-date information on import duties, one should contact the local Chamber of Commerce or Trade Promotion Office. Information can also be obtained from the Chamber of Commerce in Rotterdam, the European Commission or the Customs department. Another option is to consult the Internet site of The Netherlands Customs (<http://www.douane.nl/english/>) where the General Customs Tariffs for all products are listed, including exceptions which are made for imports from specific countries. This information, available in English, is up-dated every day. Furthermore, information on tariffs and quota can be found at <http://exporthelp.europa.eu>.



## 7 Opportunity or threat?

At the end of the chapters on consumption, production and trade, a short description was given of potential opportunities for and threats to exporters in DCs. It is important to understand that some opportunities for certain exporters can be threats to others. As an exporter, you should therefore analyse if the developments and trends discussed in the previous chapters provide opportunities or threats for your company. The outcome of this analysis depends on your specific situation.

An example of a development which can be an opportunity for one exporter and a threat to another one is the fast growing organic market and the strict EU legislation for organic food products. In order to be able to export organic spices and herbs to the EU, you need to comply with EU Council Regulation No 834/2007.

If a supplier is able to obtain the organic status, according to EU standards, a very interesting market opens up for that supplier. The organic food market is growing strongly in many EU countries. Even in times of crisis, this development has proved to be very strong. This offers very good opportunities for suppliers of organic spices and herbs, who will be able to sell at premium prices.

At the same time, suppliers who are not able to comply with the strict EU regulation on organic food or suppliers who cannot afford to pay for the certification process, are not allowed to export their products to the EU as 'organic'. They will not be able to benefit from the dynamics of the organic market in the EU and cannot sell at premium prices. Thus, organic regulation offers an opportunity to position your company as a reliable partner for the EU organic food industry, but might be a threat if you do not have the means to meet the requirements.

## Appendix A Product characteristics

### Product Groups

Spices and herbs are used for several different applications. They serve as a natural ingredient for food and the food industry, but also for the pharmaceuticals and cosmetics industry. This survey focuses specifically on food and the food industry.

Herbs are aromatic plants whose leaves, stems and flowers are used as flavouring. Spices, on the other hand, come not only from aromatic plants, but are also derived from the bark, roots, seeds, buds and berries. Mixtures of two or more spices are also included in this survey. The ready-to-use spice mixtures are mixes of spices and herbs combined with salt and often with garlic, lemon, dried vegetables or other ingredients.

The main spices and herbs covered by this market survey are listed in the table below.

Spices	Herbs
<ul style="list-style-type: none"> <li>• Pepper</li> <li>• Paprika</li> <li>• Capsicum (chillies and cayenne pepper)</li> <li>• Pimento (allspice)</li> <li>• Coriander</li> <li>• Cinnamon</li> <li>• Ginger</li> <li>• Nutmeg</li> <li>• Caraway</li> <li>• Turmeric</li> <li>• Cumin</li> <li>• Cloves</li> <li>• Mace</li> <li>• Cardamom</li> <li>• Anise or badian seeds</li> <li>• Fenugreek</li> <li>• Saffron</li> <li>• Vanilla</li> <li>• Fennel seeds</li> <li>• Juniper berries</li> </ul>	<ul style="list-style-type: none"> <li>• Parsley</li> <li>• Marjoram</li> <li>• Oregano</li> <li>• Thyme</li> <li>• Bay leaves</li> <li>• Rosemary</li> <li>• Basil</li> <li>• Mint</li> <li>• Savoury</li> <li>• Dill</li> <li>• Tarragon</li> <li>• Sage</li> </ul>

However, due to limited information, not all of these products will be described in every chapter. They will only be discussed when quantitative and/or qualitative data is available. Furthermore, although this survey covers both spices and herbs, the emphasis lies more on the first group. Not only is the first group more important in terms of quantities consumed and trade, but information sources mostly focus on spices. Moreover, the classification of the product group herbs in the different information sources is not always consistent, since some herbs are classified under:

- spices (more specifically 'other spices' or 'spices not elsewhere classified'), or
- under vegetables (for example parsley, dill, tarragon are classified under CN code 0709.90), or
- under plants (for example CN code 1211.90 'other plants and parts of plants of a kind primarily used in perfumery, in pharmacy or for insecticidal, fungicidal or similar purposes', which also covers herbs like marjoram, sage, mint, etc.)

For some herbs, however, one cannot exactly trace under which product group they are classified.

Data in Chapter 1 (consumption) are based on Eurostat data, FAOSTAT data and own calculations. Chapter 2 (production) also uses FAOSTAT and Eurostat data. In Chapter 4

(imports and exports), on the other hand, Eurostat data are used, which are more extensive than FAOSTAT data.

### Statistical product classification

#### **Combined nomenclature (CN)**

This survey uses trade data based on the Combined Nomenclature. The data are provided by Eurostat, the statistical body of the EU. The abbreviation CN stands for Combined Nomenclature. This Combined Nomenclature contains the goods classification prescribed by the EU for international trade statistics. The CN is an 8-digit classification consisting of a further specification of the 6-digit Harmonised System (HS). HS was developed by the World Customs Organisation (WCO). The system covers about 5,000 commodity groups, each identified by a six-digit code. More than 179 countries and economies use the system. In this survey, CN data are used to indicate imports and exports.

#### **Statistical data: limitations**

Trade figures quoted in CBI market surveys must be interpreted and used with extreme caution.

In the case of intra-EU trade, statistical surveying is only compulsory for exporting and importing firms whose trade exceeds a certain annual value. The threshold varies considerably from country to country, but it is typically about € 100,000. As a consequence, although figures for trade between the EU and the rest of the world are accurately represented, trade within the EU is generally underestimated.

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

The following spices and herbs are discussed in chapter 4 (imports and exports) of this survey:

<b>CN/ HS CODES</b>	<b>PRODUCT (GROUPS)</b>	<b>GROUP NAME IN CHAPTER 4</b>
0904 11/12	pepper	Pepper
0904 20	fruits of the genus Capsicum or of the genus Pimenta	Paprika, chillies and allspice
0905	vanilla	Vanilla
0906	cinnamon and cinnamon-tree flowers	Cinnamon
0907	cloves: whole fruit, cloves and stems	Cloves
0908 10 0908 20 0908 30	nutmeg mace cardamoms	Nutmeg, mace and cardamoms
0909 10 0909 20 0909 30 0909 40 0909 50	anise or badian seeds coriander seeds cumin seeds caraway seeds fennel seeds or juniper berries	Spice seeds
0910 10	ginger	Ginger
0910 20	saffron	Saffron
0910 30	turmeric – curcuma	Turmeric
0910 91	mixtures of two or more of the products of different headings	Mixtures
0910 99	other spices	Other spices

FAOSTAT provides specific production data of only a few of these products. Besides, FAOSTAT also uses different names. To prevent a lack of clarity in chapter 1 and 2, the same terminology is used as in chapter 4 (see table above).

HS CODES	FAOSTAT NAME	GROUP NAME IN CHAPTER 1 and 2
0904 20	Chillies and peppers, dry	Paprika, chillies and allspice
0905	Vanilla	Vanilla
0909	Anise, badian, fennel, coriander.	Spice seeds
0910 9aa	Spices nes (not elsewhere specified)	Other spices and herbs, including mixtures

Spices nes sums up 'other spices' and 'mixtures' and will therefore be named spices and herbs, including mixtures.

## Product explanation

### SPICES

#### *Anise seed*

*Pimpinella anisum* is a native of the Middle East. The leaves have a more delicate flavour than the seeds and can be used fresh in salads and with vegetables, soft cheese and yoghurt dishes. In Western cuisine, anise is mostly restricted to bread and cakes; occasionally, fruit products are aromatized with anise. In limited dosage, anise seeds are sometimes contained in spice mixtures for sausages and stews. Their main applications are, however, anise-flavoured liquors, of which there are many in different Mediterranean countries: Ouzo [Ούζο] in Greece and Pernod in France.

#### *Caraway seed*

This is a member of the parsley family and a dried fruit of the biennial herb. It grows well in temperate climates and has been used in Europe for a long time. It has a warm, pungent, slightly bitter flavour with aniseed overtones. It is used in rye breads, coffee cakes, seed cake, cheese spreads, goulash, sauerkraut and with vegetables. Caraway is often recognized as the most typical spice of the German-speaking countries. Caraway is the spice that gives Southern German and Austrian foods, be it meat, vegetable or rye bread, their characteristic flavour. It is also popular in Scandinavia and particularly in the Baltic states, but is hardly known in Southern Europe.

#### *Cardamom*

Cardamom is the dried fruit of the *Elettaria cardomomum*. It is used in domestic cookery. In ground form it is used in industry for baked goods, curry powder, sausages, soups and tobacco flavouring. Its oil and oleoresin is used for canned soups and meat products.

#### *Chillies/Paprika/Allspice*

Paprika is made from the grinding of the dried fruits of bell peppers or chilli peppers (*Capsicum annuum*). In many European countries the word *paprika* also refers to the bell peppers themselves. Paprika powder is used as a colouring agent both in domestic cookery and in industrial food preparation. The mildly pungent chilli, also referred to as chilli pepper, is used mainly as a spice. Chilli is sold worldwide fresh, dried and powdered and is mostly used in a numerous variety of sauces. Allspice, also pimento, is one of the most important ingredients of Caribbean and Middle Eastern cuisine. In the EU, it is also often used as an ingredient in commercial sausage preparation, curry powders and barbecue sauces.

#### *Cloves*

Cloves are the dried unopened flower buds of the *Syzigium aromaticum*. Cloves are widely appreciated in many cuisines worldwide, however less in Europe, where their strong flavour is not so highly valued. They are mostly used for special types of sweets or sweet breads and for stewed fruits (together with cinnamon). In France, cloves often go into long-simmered meat stews or strong meat broths. In England, they are most popular in pickles. Many spice

mixtures contain cloves. They form an essential part in the Chinese five-spice powder and frequently appear in curry powders. A well-known European spice mixture dependent on cloves is the French *quatre épices* and the taste of Worcestershire sauce, an Indo-British contribution to international cuisine, is markedly dominated by clove aroma.

#### *Cinnamon/Cassia*

Cinnamon is the dried bark of the *Cinnamomum verum*. Cassia is the dried bark of other species of the *Cinnamomum* and is considered to be somewhat inferior to cinnamon. Cinnamon is used mainly in the food industry (puddings, sauces, pickles, beverages, biscuits, cakes, curry mixes, candies, chewing gum, confectionery) as well as domestic cooking. The oil is used in bin spice mixes, pickles, ketchups and coca-cola type beverages.

Although cinnamon was very popular in Europe in the 16th to 18th centuries, its importance is now diminished: the main application for cinnamon in Western cooking is several kinds of desserts, with a mixture of cloves and cinnamon. Cinnamon is, however, only rarely used for spicy dishes.

#### *Coriander*

Coriander is an annual herb, native of the Mediterranean region. Both the leaves (herbs) and the dried native seeds (spices) are used. The leaves are used for soups and other foods. The seed is an important ingredient in curry powder, pickles, sausages and pastries as well as a flavour for gin. The seed is also the basis for coriander oil and oleoresin. Coriander is indispensable in Thai, Mexican and Indian cuisine. As ethnic cuisine is growing in popularity across Europe, coriander is much more widely used nowadays.

#### *Cumin seed*

Cumin is the aromatic seed of an umbrella-shaped plant similar to cow parsley. Originally from the Middle East, it is now a popular spice throughout the East, Mexico, North Africa and India. It has an earthy, pungent, aromatic flavour which is slightly bitter but not hot. It is used in curries, Mexican dishes, minced meat, meat loaf, pickles, marinades, chutneys, cream cheese dips, cabbage and sauerkraut dishes.

#### *Fenugreek*

Seed of the annual herb, belonging to the pea and bean family. It is grown in warm climates such as the Mediterranean, Morocco, France and India. Fenugreek's powerful, pungent, aroma has a strong and bitter flavour which often dominates curry powders. It is used in a variety of mixes (Indian shambar powder), hot seasonings for stews (Ethiopian berbere) and in mixes for chutneys and pickles.

#### *Fennel seed*

Fennel seeds are the dried ripe fruit of a graceful, feathery leafed, perennial belonging to the parsley family. Once native to the Mediterranean, it is now grown world-wide, especially in Egypt, India and South-East Asia. The oval, yellowish brown seeds have a subtle, sweet anise-like flavour. As fennel is native to the Mediterranean, it is most typical for the cuisines of Southern Europe. It is used for meats and poultry, but even more for fish and sea food. Fennel is popular in Southern France and often contained in the Provençal spice mixture *herbes de Provence*. Italians are also particularly fond of fennel, employing it for many different kinds of foods, e.g., for sausages or pasta sauces. It is often contained, together with herbs (thyme, oregano), in olive-oil-based marinades for vegetables and, sometimes, sea foods. The marinated vegetables are usually eaten as appetizers (antipasti), together with white bread and red wine.

#### *Ginger*

Ginger is the rhizome of the *Zingiber officinale* rose. It is traded in three forms: fresh (green) ginger, preserved ginger (candied in sugar syrup) and dried ginger. Both preserved and dried ginger is used for domestic culinary purposes as well as for the food-processing industry, notably for jams, marmalades, cakes, confectionery and desserts. Dried ginger is also used for



oil extraction. The oil is mixed in beverages, confectionery and perfumery. When ginger is used fresh, it has a spicy and pungent taste and is widely used in South East Asian cuisine.

#### *Juniper berries*

These are the deep purple fruit of the Juniper bush found growing across the northern hemisphere. They have a bitter sweet, pine flavour with a peppery aftertaste. They are traditionally used to flavour sauerkraut, and can be used in rich beef stews, marinades, pâtés, veal, venison or pork meats. They are also used in drink manufacturing (gin and liquors).

#### *Nutmeg/Mace*

Nutmeg is the kernel of the seed of the *Myristica fragrans*. Mace is the dried aril which surrounds the single seed within the fruit. Grated nutmeg flavours milk dishes, cake and punches. Mace is used for savoury dishes, pickles and ketchup. Both nutmeg and mace are also used for oleoresin and oil extraction.

The combination of spinach with nutmeg is a classic European combination, also widely used for Italian stuffed noodles, e.g., ravioli. Also, nutmeg is the characteristic flavouring of sauce Béchamel (white sauce), which, despite its French name, is today common to several European cuisines.

#### *Pepper*

Black and white peppers are the dried fruits of the *Pepper nigrum* L. White pepper is the fruit from which the mesocarp has been removed. Black pepper is used directly as a spice as well as for the preparation of oleoresin and oil. White pepper is only used directly as a spice. Both are important ingredients in domestic cooking and in the food industry. A third variation, green pepper, is a speciality item used only for luxury foods.

#### *Pimento*

Pimento is the dried unripe fruit of the *Pimento dioica*. It is also called "Allspice" as the flavour is said to resemble a mixture of cinnamon, clove and nutmeg. The ground berries are used for flavouring and curing processed meat and canned meat as well as in bakery products. Ground berries are also used for domestic cooking. The oil of the berries is used in the food industry for meat and fruit flavouring, while in perfumery it is used to create men's fragrances. The oil of pimento leaves is cheaper than that of the berries, but less suitable for flavouring.

#### *Saffron*

This, the world's most expensive spice, is the dried red stigmas of the autumn-flowering crocus. It is known as much for its properties as a dye as for its unique and distinctively pungent, honey-like flavour and aroma. It used to come from Greece and Asia and now it comes from Spain and Portugal. Spanish saffron from La Mancha is now considered to be the best quality. Saffron is used for colouring and flavouring rice for Spanish (paella) and Italian dishes, cakes and Mediterranean fish soups.

#### *Turmeric*

Turmeric is the dried rhizome of the *Curcuma domestica* val, valued for its yellow-orange colouring power but also its aroma and flavour. Turmeric is used for domestic cookery and is also an important ingredient of curry powder. Ground turmeric is used extensively in a wide range of processed food and sauces, as well as for dyes. The oleoresin is used like the ground spice in industrial applications.

#### *Vanilla*

Vanilla is the fully grown fruit of the orchid *Vanilla fragrans*, harvested before it is fully ripe after which it is fermented and cured in the producer country. It is used by households and the food industry to flavour ice cream, chocolate, beverages, cakes, custards and puddings. It is also used in certain perfumes.

## HERBS

### *Basil*

The two main varieties of basil traded are sweet or common basil *Ocimum basilicum* L. and bush basil *O. Minimum*. Because of its larger leaves and richer fragrance, sweet basil is commonly used as a culinary herb, while bush basil is used mainly for decorative purposes and as an insect repellent. Basil is used extensively in French, Greek and Italian cooking, also as an ingredient in industrial production/processing of prepared meats, baked goods, sauces, vinegar and liqueurs.

### *Bay (laurel) leaves*

The leaves of the bay tree *Laurus nobilis* are used to flavour a wide range of domestic dishes and various types of commercially canned and preserved vegetables, meat and fish. They are a traditional ingredient of curry and of the *bouquet garnish*. Bay berries are pressed or distilled to give a thick greenish oil, used in some liqueurs.

### *Dill*

Two species of dill are traded internationally: the leaves of the European dill *Anethum graveolens* and the fruit (seed) of the Indian dill *Anethum sowa*. Both are used for food flavouring but are not interchangeable: dill weed is herb-like and bitter, whereas dill seed is herb-like but slightly spicy. Dill seed and oils have many commercial applications in compound seasonings and pickling flavouring for food products, as well as in the perfume and soap industries.

### *Marjoram*

Marjoram *Majorana hortensis* is a perennial herb of the mint family used widely in European cooking. The dried herb faces competition from oleoresin in the production of some prepared meats and cheese. The essential oil is an ingredient in compound oils for flavouring sauces, canned meats and other food products. Marjoram also has medicinal uses.

### *Mint*

Peppermint *Mentha piperata* and spearmint *Mentha spicata* are commercially cultivated. Mint is probably the world's most important flavour after vanilla and citrus. The essential oils meet a large part of the demand for mint flavouring and the leaves are one of the world's most important herbs. Spearmint is the variety in highest demand for culinary purposes and peppermint is used mainly for medicinal applications. Mint tea is prepared from peppermint, the most extensively consumed of the herbal teas, and mint also goes into other beverages including liqueurs. Mint oils and menthol are aromatic agents in toothpaste, mouthwashes and chewing gums.

### *Oregano*

Oregano *Origanum vulgare* is very important in Italian and other European cooking and is also used by food processors as an anti-oxidant to curb rancidity in foods of high fat content, such as sausages. The dried herb, tincture and essential oil have applications in food flavourings and certain liqueur formulations.

### *Parsley*

Parsley is one of the best known and most used cooking herbs, grown world-wide and used primarily as a fresh herb. The top part of the plant is used as a flavour and a garnish in cooking, while the stems in dried and powdered form serve as a food colour and a dye. The essential oils and oleoresin are used to flavour canned and cured meats and as condiments for compound aromas.

### *Rosemary*

Rosemary (*Rosemarinus officinalis*) is a vegetable herb used in cooked dishes. Because of its anti-oxidant properties, it also goes into the manufacture of meat-based products. The essential oil of the leaves is an ingredient in cosmetics, perfumes and insect repellents.

### *Sage*

The most commonly traded sage herb is *Salvia officinalis*. The dried herb is used widely both in home cooking and in commercial meat processing and packing. It also goes into herbal teas and medicinal preparations. Sage oils are used to flavour liqueurs, bitters, condiments and cured meats and are an ingredient in perfumery formulations. Sage oleoresin, probably the second leading oleoresin after celery seed, is a substitute for the dry herb as a flavouring agent in industrial meat processing.

### *Savory*

Two species of savory, *Satureia Hortensis* and *Satureia montana* are generally commercialised. The herb is used as flavouring in home cooking in Northern Europe in particular. The dried form and tincture are also ingredients in vermouths and bitters. Very small quantities of the essential oil serve as a flavouring in the food industry and as a perfume ingredient.

### *Tarragon*

The fragrant leaves of tarragon *Artemisia dracurculus* are used, fresh or dried, as a gourmet herb in French cooking and as a popular herb in other European countries. It is an ingredient in commercial preparations including vinegar, mustard, liqueurs and perfumes. The essential oil of tarragon goes into similar commercial products.

### *Thyme*

Thyme is a common kitchen herb, especially in South Europe. It is especially typical for France. The type traded internationally is derived mainly from the flowering tops of garden thyme and white thyme. Thyme has a wide range of culinary, medicinal and decorative uses. It is commonly used for stuffing and is an essential component of *bouquet garnish* and mixed herbs. It is widely used as flavouring in both domestic and industrial food preparations. The essential oil goes primarily into medicinal and germicidal products but also has applications in perfumes, bath preparations and other toiletries. The meat industry uses small quantities of thyme oleoresin as flavouring.

## Appendix B Introduction to the EU market

The European Union (EU) is the current name for the former European Community. Since January 1995, the EU has consisted of 15 member states. Ten new countries joined the EU in May 2004. In January 2007 two more countries – Bulgaria and Romania - joined the EU. Negotiations are in progress with a number of other candidate member states. In this survey, the EU is referred to as the EU27, unless otherwise stated.

Cultural awareness is a critical skill in securing success as an exporter. The enlargement of the EU has increased the size of the EU, and also significantly increased its complexity. Because there are more people from culturally diverse backgrounds, effective communication is necessary. Be aware of differences in respect of meeting and greeting people (use of names, body language etc.) and of building relationships. There are also differences in dealings with hierarchy, presentations, negotiating, decision making and handling conflicts. More information on cultural differences can be found in chapter 3 of CBI's export manual 'Exporting to the EU (2006)'.

General information on the EU can also be found at the official EU website [http://europa.eu/abc/governments/index\\_en.htm](http://europa.eu/abc/governments/index_en.htm) or the free encyclopaedia Wikipedia <http://en.wikipedia.org/wiki/Portal:Europe>.

### Monetary unit: Euro

On 1 January 1999, the Euro became the legal currency within eleven EU member states: Austria, Belgium, Finland, France, Germany, Italy, Ireland, Luxembourg, The Netherlands, Spain, and Portugal. Greece became the 12th member state to adopt the Euro on January 1, 2001. Slovenia adopted the Euro in 2007 and Cyprus and Malta joined the euro zone in January 2008. As from 2002, Euro coins and banknotes replaced national currency in these countries. The newest member of the Euro-zone is Slovakia, where the Euro was introduced on January 1, 2009. Denmark, the United Kingdom and Sweden have decided not to participate in the Euro.

In CBI market surveys, the Euro (€) is the basic currency unit used to indicate value.

## Appendix C List of developing countries

### OECD DAC list - January 2006

When referring to developing countries in the CBI market surveys, reference is made to the group of countries on this OECD DAC list of January 2006.

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



**CBI countries – January 2008:**

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

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