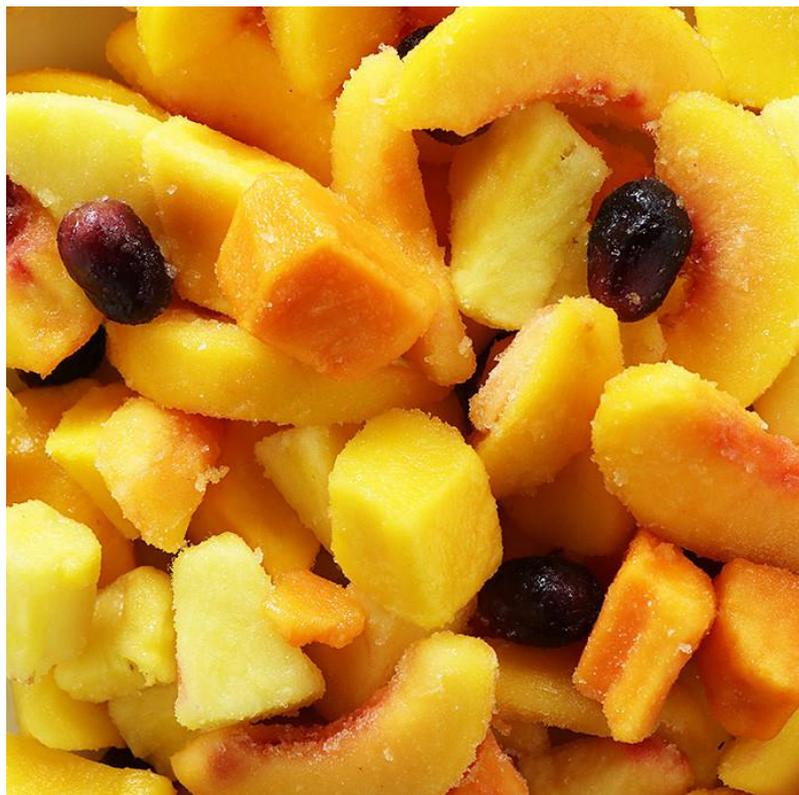




Swiss Import Promotion Programme

Market Intelligence EFTA for the Philippines
Sector: Processed Food



Source: www.themeatguy.jp

General Introduction

Back-ground	<p>This market study was conducted under the Swiss Import Promotion Programme SIPPO, which is a longstanding, well-established flagship program for export promotion financed by the Swiss State Secretariat for Economic Affairs SECO. SIPPO is specialized in bridging the «last mile» of the supply chain, which covers the route from the supplier to the buyer. The programme works in eleven core countries and supports six economic sectors. The Philippines is not part of these core countries, so the market study was financed under a special budget for ad-hoc one-off activities and implemented against the background of the Free Trade Agreement FTA between the EFTA States (Iceland, Liechtenstein, Norway and Switzerland, and the Republic of the Philippines) signed in Bern, Switzerland, on 28 April 2016 and entered into force on 1 June 2018.</p> <p>This study is part of the initiative to increase the Philippines' exports to the EFTA and to improve its competitive position with regard to the EFTA/EU markets. In order to meet these targets, three market studies have been conducted focussing on the following aspects:</p> <ul style="list-style-type: none"> • Three product groups including: Processed Food, Natural Ingredients and Value-Added Textiles; • The «last mile» of the export promotion: market access to EFTA & EU, market entry activities, market information, opportunities and challenges for Philippine products; • Recommendations for accessing EFTA & EU markets;
How to read this study	<p>All three studies are structured as follows:</p> <ul style="list-style-type: none"> • Introduction to the EFTA countries; • Introduction to EU countries with most trade potential for the Philippine products; • Trade Regulation, FTAs and non-tariff measures; • Market Access Requirements; • Trade related environmental and social issues; • Analysis and knowledge on selected Philippine products or product groups;
Implemented by	<p>SIPPO, November 2020</p> <p>Swiss Import Promotion Programme, Gutenbergstrasse 14, CH-3011 Bern, www.sippo.ch</p> <p> www.linkedin.com/company/swiss-import-promotion-programme</p>
In collaboration with	<p>Department of Trade and Industry Export Marketing Bureau, Manila</p>

Table of Contents

Executive summary	6
1. The European Market	9
1.1. EFTA and the EU	9
1.1.1. EEA.....	10
1.1.2. The European Monetary Union & the Euro	10
1.1.3. Economy	10
1.1.4. Europe and global trade	11
1.2. Switzerland	12
1.2.1. History and European cooperation	12
1.2.2. Economy	13
1.2.3. Demographic indicators.....	14
1.2.4. Doing business	15
1.2.5. Culture	16
1.3. Liechtenstein	16
1.3.1. History and European cooperation	17
1.3.2. Economy	17
1.3.3. Demographic indicators.....	18
1.3.4. Doing business	18
1.3.5. Culture	18
1.4. Norway	18
1.4.1. Economy and European cooperation	19
1.4.2. Doing Business	20
1.4.3. History and culture	21
1.5. Iceland	22
1.5.1. History and European cooperation	22
1.5.2. Economy	23
1.5.3. Demographic indicators.....	24
1.5.4. Doing business and business culture	25
1.5.5. Culture	25
2. The Processed Food Sector in EFTA & selected EU countries	26
2.1. Main Product Lines	26
2.2. Switzerland and Liechtenstein	28
2.2.1. Consumption & Production	28
2.2.2. Imports & Exports	29
2.2.3. Trade structure	32
2.3. Norway	34
2.3.1. Consumption & Production	34
2.3.2. Imports & Exports	35
2.3.3. Trade structure	39
2.4. Iceland	40
2.4.1. Consumption & Production	40
2.4.2. Imports & Exports	40

2.4.3.	Trade structure	42
2.5.	Germany	42
2.5.1.	Consumption & Production	43
2.5.2.	Imports & Exports	44
2.5.3.	Trade structure	47
2.6.	France	47
2.6.1.	Consumption & Production	48
2.6.2.	Imports & Exports	49
2.6.3.	Trade structure	52
2.7.	The Netherlands	52
2.7.1.	Consumption & Production	53
2.7.2.	Imports & Exports	54
2.7.3.	Trade structure	55
2.8.	United Kingdom	56
2.8.1.	Consumption & Production	56
2.8.2.	Imports & Exports	57
2.8.3.	Trade structure	60
3.	EU and EFTA Market	61
3.1.	Present trade regulations	61
3.1.1.	Trade Relations between the Philippines and the EFTA & EU Market	63
3.1.2.	Free Trade Agreements between the Philippines and the EFTA & EU Market	63
3.1.3.	Identification of non-tariff measures and technical regulations of the importing country.....	63
3.2.	Market Access Requirements	65
3.2.1.	Packaging, size marking and labelling	72
3.2.2.	Standards and certifications	73
3.3.	Trade related environmental and social issues.....	74
4.	Information on Philippine Products and Communications Tools.....	75
4.1.	Existing Competition Studies in the Processed Food sector (pricing, logistics and distribution channels)	76
4.2.	Dried fruit	77
4.2.1.	Pricing	77
4.2.2.	Logistics	78
4.2.3.	Distribution Channels	78
4.3.	Frozen fruit and vegetables.....	79
4.3.1.	Pricing	79
4.3.2.	Logistics	80
4.3.3.	Distribution Channels	81
4.4.	Fruit purées	81
4.4.1.	Pricing	81
4.4.2.	Logistics	83
4.4.3.	Distribution Channels	83
4.5.	Muscovado sugar	84
4.5.1.	Pricing	85

4.5.2.	Logistics	86
4.5.3.	Distribution Channels of raw cane sugar	86
4.6.	Coconut Palm Sugar, Coconut Palm Syrup, Stevia	87
4.6.1.	Coconut palm sugar	87
	Distribution channels of coconut palm sugar (and natural sweeteners in general).....	89
4.6.2.	Coconut palm syrup	90
4.6.3.	Stevia	91
4.7.	Nuts	93
4.7.1.	Pricing	94
4.7.2.	Logistics of Pili Nuts	94
4.7.3.	Distribution Channels Pili Nuts.....	95
4.8.	Jams, Jellies, Marmalades	95
4.8.1.	Pricing	96
4.8.2.	Logistics	97
4.8.3.	Distribution Channels	97
5.	Relevance of Social Media / Media tools for the promotion of Processed Food Products to EU/EFTA markets	98
6.	Conclusion.....	100
6.1.	General conclusions for Processed Food	100
6.2.	Conclusions dried fruit	102
6.3.	Conclusions frozen fruit	103
6.4.	Conclusions fruit purées.....	104
6.5.	Conclusions muscovado sugar, natural sweeteners	104
6.6.	Conclusions nuts.....	105
6.7.	Conclusions jams, jellies, marmalades.....	106
6.8.	Unique Selling Proposition/Point of Processed Food of the Philippines	106
6.9.	Market Advantages	107
6.10.	Bottlenecks.....	107
6.11.	COVID-19 in the Processed Foods sector	108
7.	Overview of relevant buyers in the Processed Food in the EFTA /EU market.....	109

Executive summary

The present report has been elaborated between May and October 2020. It focuses on the market potential of certain processed food categories from the Philippines in the four EFTA countries and in selected EU countries. During this very period the first reactions of the COVID19 pandemic on the markets were already tangible. However, it was too early to incorporate these first effects with consolidated data into this study.

The statistical databases Trademap of the International Trade Center (Geneva) and Eurostat, the statistical office of the European Union, served as main tools to investigate the exports and imports of the selected product categories over the time period 2015-2019 and sometimes beyond. The figures of the mentioned international databases were confronted with trade figures from the national authorities in each country. In the context the data sets of PSA, the Philippine Statistics Authority, were confronted with the ones of other countries worldwide providing the same products to the investigated markets in this survey to find out about possible competitors. Beside the research on trade volumes and trade flows also the market situation regarding production and consumption in the surveyed buyer countries was scrutinized. Together with the major consumer behaviors and trends in Europe recommendations are emitted how Philippine production and processing of food stuffs may match the current market situation in Europe. On the base of the investigated figures the study reveals that Philippine processed foods products although meeting international trade standards regarding food security and offering excellent quality products they are still traded with low volumes in the investigated markets.

Hereinafter the findings with regard to the product categories in the scope of the present study. The dried and frozen exotic fruit are showing in general a raising demand on the focused markets. To be noted that dried fruits for snacks have more acceptance when in a “natural” presentation (without additives as oil, sugar, others) while dried fruits treated with some additive mainly will find their way into the confectionery, bakery and dairy industry. On the salty side banana chips from the Philippines have already gained an interesting part of the European market. Further growth of Philippine products in this sub-sector is more than possible as this market segment results having a strong upstream tendency in the last years. Frozen exotic fruit consumption has had a steady growth in Europe within the last decade. All segments – industry, gastronomy and end-consumers – bet on this product group and realistic forecasts show a further growth in the upcoming years. Supporting the frozen fruit sectors with tailor made market research and adapted marketing strategies, there is no doubt that the Philippine will get shares on this raising market. Fruit purées made out of exotic fruit and provided from emerging economies have resulted to have a growing demand over the last five years and it is mainly the industry of beverages, dairy, ice cream and confectionery which absorbs these volumes. To be noted in the context of trade flows: All products out of these product categories are in their majority not imported directly by EFTA countries but pass through trade hubs in northern Europe before coming to their final destination.

Another product category on which the study was investigating the opportunities for Philippine products on the EFTA- and selected EU-markets were sugar and alternative sweeteners. With the growing health awareness - and concerns - of consumers, sugars have nowadays a negative connotation on the western European market. Overall sugar consumption is stagnant (Switzerland) or dropped by 44% since 2000 (Norway), representing the two bigger EFTA economies. Though raw cane sugar, muscovado, of the Philippines might anyway find more market in EFTA and EU countries, not by satisfying an increased consumption, but rather substituting white sugar consumption (out of sugar beet) being muscovado sugar's nutrition values more wholesome. Using marketing techniques integrating the excellency of this

type of sugar in the narrative about the product, “the story behind”, certainly will help to broaden and consolidate its presence on the market surfing on the growing health consciousness between the consumers. Regarding the alternative sweeteners as coconut palm sugar and stevia at this very moment the Philippines have mainly a potential with the first one. Whilst the high end- consumer price of coconut palm sugar is a hindering issue to gain new buyers, its health benefits might compensate this aspect mainly between the people having diabetes. Also, Stevia has good potential on the Philippine export market. Combining the growing demand on the world markets with the ideal climates, adequate soils and well skilled farmers on the archipelago, in the mid-term the probability to have success by growing and exporting important volumes of Stevia as an alternative sweetener is very good.

The product category jams, jellies and marmalades face a more challenging situation. The European market absorbs and trade these products in big quantities but most of them are produced locally and regionally. Besides that European industry has a priority on manufacturing (fruit) spreads with reduced sugar and more fruit contents. Although the Philippines count with numerous creations of innovative products ready to eat, in this product category the probability to open new market markets is small. Only a very reduced market niche might be interested to get these spreads with exotic flavors. Philippine producers-exporters have to ponder if marketing inputs to sell individual marmalade units or family size units are worth the probably small success in the markets tackled in this survey. Another finding of the study shows that exotic fruit flavors in jams, jellies and marmalades are mainly bought in bulk and manufactured into end consumer recipients in Europe. Organic and Fairtrade certifications might in some extent compensate these obstacles and facilitate the fostering of new customers.

The Pili nut, specialty coming mainly from the Philippines, is a highly appreciated kernel. Today in Europe it is only present in small market segments, available often online having to face fierce competition with many other tropical nuts traded in huge volumes as commodities. Low end and middle range markets are to be excluded when prospecting new markets for Pili nuts. However, looking for, and targeting high-end markets this product has good potential to further penetrate this very specific market segment.

In some smaller extent also results from questionnaires sent to European importers and to Philippine producer-exporters were integrated in the study. On both sides - demand and offer - the amount of returns of the questionnaires was scarce and could only partly be compensated with interviews held with different stakeholders out of these groups. Consequently, these results did not represent a sufficient number of informants to consolidated data and did not serve to build in relevant information from these exporters and traders into the study. Nevertheless, the punctual statements from importers and traders confirmed the positions on the demand side and consolidated the finding that players in Europe are looking for products which go beyond the obligatory legal requirements. Compliance with Corporate Social Responsibility standards schemes on the environmental and/or the social side are becoming common and even mainstream and very often are required to be at least at a stage of “work in progress”. Responding so to increased awareness of and driven by consumers such CSR certifications have clearly gained much importance in the decision making of importers in the last two decades and increasingly influences the buyer side.

Conclusions of the survey point out that at this very moment processed foods products from the Philippines are still present only in minor extent in the EFTA and EU markets despite of their excellent quality. The three sub-groups dried and frozen fruits as well as fruit purées are the ones representing the biggest

potential in these markets. Raw cane sugar results having some potential to substitute white sugar consumption of sugar beet. So has the alternative sweetener coconut palm sugar with its components said that they are generating some health benefits. If tailor made market research is combined with “the story behind” the products and backed by a national Unique Selling Proposition for processed foods, opportunities are within reach to successfully raise parts of the Philippine products in the surveyed markets.

1. The European Market

The European market today, comprises of 27 countries as part of the European Union, Great Britain as a country in transition and four EFTA countries with around 500 million consumers. The cornerstone of the European market is the principle of free movement of goods, capital, services and people within the European Single Market, also called Internal Market.

The European market as such a diverse conglomerate offers vast opportunities for producers and exporters from developing countries and emerging markets. Companies aiming to succeed in Europe must develop a thorough understanding of Europe as a region.



How are European countries interlinked? Are European states completely different, or does the continent show signs of homogeneity? And what about European consumers? Are consumption patterns similar across national borders, or do country differences and peculiarities result in a fragmented consumer market? Ultimately, this leads to the question of how much common ground there is amongst the country markets that make up the European region.

*Figure 1. The European Market: the 27 EU states and 5 non-EU states, incl. four EFTA states.
Source: Wikipedia.*

1.1. EFTA and the EU

In 1952, the European Union was founded by France, Germany, Italy, the Netherlands, Belgium and Luxembourg. After shaken times of war, a union was formed to create economic and political stability to ensure long term peace in Europe. The Treaty of Maastricht, signed in February 1992, and later the Treaty of Lisbon in 2007 established the European Union EU as it is known today. Since February 1, 2020 the EU members states are Belgium, Bulgaria, Denmark, Germany, Estonia, Finland, France, Greece, Ireland, Italy, Croatia, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Austria, Poland, Portugal, Romania, Sweden, Slovakia, Slovenia, Spain, Czech Republic, Hungary and Cyprus. The United Kingdom has left the EU and is now a country in transition, still holding its status within the European Economic Area EEA, just like the EFTA states, except for Switzerland.

The European Free Trade Association (EFTA) is the intergovernmental organisation of Iceland, Liechtenstein, Norway and Switzerland. It was set up in 1960 for the promotion of free trade and economic integration between its members. The EFTA was founded as an alternative for European states, which were not eligible or not interested in joining the EU.

1.1.1. EEA

The European Economic Area EEA includes EU countries and also Iceland, Liechtenstein and Norway. It allows them to be part of the EU's Internal Market. Out of the four EFTA countries, only Switzerland opted not to join the EEA but decided to focus on bilateral agreements with the EU. Switzerland is therefore, not an EU, nor an EEA member, but is part of the Internal Market. The internal or single market entails free movement of goods, services, capital and people. This implies that EU legislation is aligned on a national level with the EEA countries, and Switzerland is successful in facilitating trade.

A crucial aspect in the context of the single market is the Customs Union with the same rules of customs along all external borders. Products entering the EEA can move freely, are accepted beyond national borders as well as the same duties and tariffs apply for products entering any EEA state.

1.1.2. The European Monetary Union & the Euro

The European Monetary Union EMU is the cooperation of the European countries representing a major step in the integration of EU economies. Whilst all 27 EU member states take part in the economic union, not all adopted the Euro as common currency since its introduction to the world financial markets on 1 January 1999, and physical Euros in 2002. The monetary union, also called the Euro Area, of 19 out of 27 EU member states adopted the Euro as common currency, whilst the remaining eight¹ states still use their respective national currencies.

1.1.3. Economy

In the second half of the 20th century, the abovementioned cooperation amongst European states created not only stability in the political, but also economic context. Combining interests, collaborating on different levels made the states dependent on each other and formed hence a zone of global significance.

Table 1. Comparing EU-27 and EFTA figures, average of 2019 calculated. Source: Eurostat. (no specific Liechtenstein data available)*

	EU-27	EFTA
Population	446.8 million	14.2 million
GDP per capita (in PPS) ²	100	143.3
Real GDP growth rate	1.5%	1.3% *
Unemployment rate	6.7%	3.8% *
Main trading partners		EU-27 and FTA partners

Among all the countries involved, there are significant differences from the size of the country, to consumer numbers and the purchasing power. Taking the GDP per capita value of 100 as a base for the EU-27 countries, the EFTA amounts to 143.3 which clearly presents the EFTA countries as a more affluent

¹ Bulgaria, Croatia, Denmark, the Czech Republic, Hungary, Poland, Romania and Sweden are not part of the Euro Area or Eurozone. There are exceptions, which allow non-EU member countries the use of the Euro such as the European microstates, for instance.

² Gross domestic product (GDP) is a measure for the economic activity. It is defined as the value of all goods and services produced less the value of any goods or services used in their creation. The volume index of GDP per capita in Purchasing Power Standards (PPS) is expressed in relation to the European Union average set to equal 100. If the index of a country is higher than 100, this country's level of GDP per head is higher than the EU average and vice versa.

group. Furthermore, in terms of employment, for instance, the north-south divide is shown in employment rates across the EU. Employment rates in the EFTA countries were higher than in the majority of EU member states.³

The EU has set an agenda - Europe 2020 - for jobs and growth for the current decade. It emphasises smart, sustainable and inclusive growth as a way to strengthen the EU economy and prepare its structure for the challenges of the next decade. The strategy's main objectives strive to deliver high levels of employment, productivity and social cohesion in the Member States, while reducing the impact on the natural environment. However, to reflect the various national circumstances, a general target needs to be translated into national targets and from a national perspective.

With the latest developments of the long, on-going process of Brexit, the turbulence in the economy, the drifting of Europe, the environmental changes and the latest Covid-19 challenges, as well as consciousness and individualism have all influenced the consumers' behaviour. Additionally, the household size decreased to an average of 2.3 persons in Europe.

There are common baselines for economic regulations, thresholds etc. in the EU and EFTA context. However, it is important to be aware of the tax systems in specific countries, as there is no harmonised system in place. Although partially aligned, there are still major discrepancies between the European countries in terms of the Value Added Tax (VAT) rates.

1.1.4. Europe and global trade

The EU and its member states are with the United States and China the three largest players in world trade. And the four EFTA States are world leaders in several sectors vital to the global economy. After the financial crises and all the waves which have influenced the world economy since then, the European economy has been stable and with positive developments. For comparison, the annual growth rate of GDP in 2018 for the whole world was 3.1 %, with the EU-27 recording slightly slower growth (2.1 %).

COVID-19

The COVID-19 pandemic has adversely affected Europe – and many other parts of the world - through the collapse in global commodity prices, disruptions to global and regional supply chains, and heightened risk aversion in financial markets. The widening of domestic outbreaks of the virus has steepened the decline in domestic demand, exacerbated supply disruptions, and brought much activity to a halt.

Widespread virus outbreaks throughout the Euro Area have prompted governments to impose various mitigation measures such as nationwide lockdowns, extended school closures, and border restrictions. These have significantly disrupted domestic economic activity. In contrast to the United States, the rise in unemployment has been modest so far, in large part due to the widespread use of short-time work policies. Euro Area output is expected to contract by 9.1% in 2020—10.1% points below previous projections—with all major member countries experiencing recessions before a gradual recovery gets underway late in the year. Growth is forecast to rebound to 4.5% in 2021, reflecting fading pandemic-related drag, and the eventual effects of accommodative fiscal and monetary policy.⁴

³ Eurostat

⁴ Worldbank: Global Economic Prospects, June 2020

The spread of the pandemic has essentially halted international travel and disrupted global value chains, resulting in a sharp contraction in global trade. Moreover, the consequences and potential waves are unpredictable.

Covid-19 has clearly exposed the interlinkages of global trade players, and also on a smaller scale the dependencies amongst EU and EFTA states, as well. Hence, sustainability gains new meaning and importance in the sense of creating true resilience of economies and of supply chains.

1.2. Switzerland

Switzerland is situated in the heart of Western Europe. Its neighbours are in the north Germany, in the east Austria and Liechtenstein, in the south, Italy and in the west and north-west, France. The territory of the country covers 41,285 km² (15,940 sq mi). The swiss topography is characterized by the Alps with many peaks above 4,000 m.a.s.l. (12,000 ft) situated in the southern half, the Jura mountain chain in the north elevating between 1,000 and 1,500 m.a.s.l. and in between the Central Plateau. Roughly 25% of Switzerland counts as an unproductive area due to the adverse climatic and topographic conditions. By 31.12.2019 approx. 8,6 million people lived in Switzerland, most of them concentrated in the region of the Central Plateau. It is also there where the main cities of the country are situated: Zurich, Basle, Geneva and Bern. The first three are cities of major importance due to their economic performance, the services they deliver to the international community and the industrial complexes, many of which are amongst the world's leading categories. The latter city, Bern, is the capital of Switzerland with the seat of the federal authorities. The country is politically established as a federal republic consisting of 26 cantons.



There are three main languages spoken in Switzerland. German, French, Italian. Another fourth language, Romansh is spoken to a minor extent in the south eastern region. All four idioms are official. Therefore, also the four names given officially to the country: Schweiz (German), Suisse (French), Svizzera (Italian) and La Svizra (Romansh). The ISO country codes are CH and CHE deviated from the Latin Confoederatio Helvetica.

Considering the fact of the existing four linguistic regions, there is not one unique linguistic or ethnic identity which would predominate in Switzerland. The shared values forging together the Swiss people are direct democracy, federalism and its neutral position the country always emphasizes in its international relations. Also, the historical background of the country established officially on 1st of August 1291 – the Swiss national day - and the Alpine symbolism omnipresent in the Swiss mentality, play an important role holding together the Swiss people.

1.2.1. History and European cooperation

The Swiss people were always committed to their independency and neutrality. From the very beginning in 1291 throughout the centuries the Swiss confederation always managed its national position towards

Europe with well pondered diplomatic tact and intuition. Major European powers have respected Switzerland's sovereignty and neutrality and since 1815 the country has not been in a war with any other nation.

In one of Switzerland's major cities, Geneva, representations of many international organizations are based: World Trade Organization (WTO), World Health Organization (WHO), United Nations Conference On Trade And Development (UNCTAD), International Organization of Standardization (ISO), to mention just a few. Switzerland is a member of a number of international economic organisations, including the United Nations, the World Trade Organisation, the International Monetary Fund, the World Bank, and the Organisation for Economic Cooperation and Development. The presence of these organizations with their wide-ranging tasks and many-sided duties account for a favourable climate of multiculturalism and openness to the world.

On the European level it was a founder of the European Free Trade Association (EFTA) and is part of the Schengen Agreement.

1.2.2. Economy

Table 3: Segmentation of Switzerland's economy is as follows⁵

	Enterprises		employees	(part of) GDP
Total	606,090	100%	5,180,000	100%
Primary sector: agriculture	53,353	8,8%	160,000	1%
Secondary sector: industry	90,805	15%	1,089,000	25%
Tertiary sector: services	461,932	76,2%	3,931,000	74%

Between the European countries belonging to the two economic blocks EU and EFTA, there are large differences. The four EFTA countries have a slightly higher GDP than the ones belonging to the EU. The GDP per capita in Switzerland, in purchasing power standards was EUR 48,200 (2019)⁶ the second highest of the four EFTA countries.

One of the world's strongest currencies with the lowest inflation rate is the Swiss franc, CHF.

Figure 2. Swiss franc expressed in Euro and US dollar with highs and lows June 2016-June 2020⁷

Euro Low-high June 2016 - June 2020	US dollar Low-high June 2016 - June 2020
0.83-0.95	0.92-1.03

⁵ Source: www.bfs.admin.ch / STATENT 2017

⁶ Source: EFTA annual report 2019

⁷ Source: www.xe.com (2020/06/13)

Figure 3. Indexed inflation rate between June 2016 and June 2020 (Index basis: 12.2015 = 100)⁸

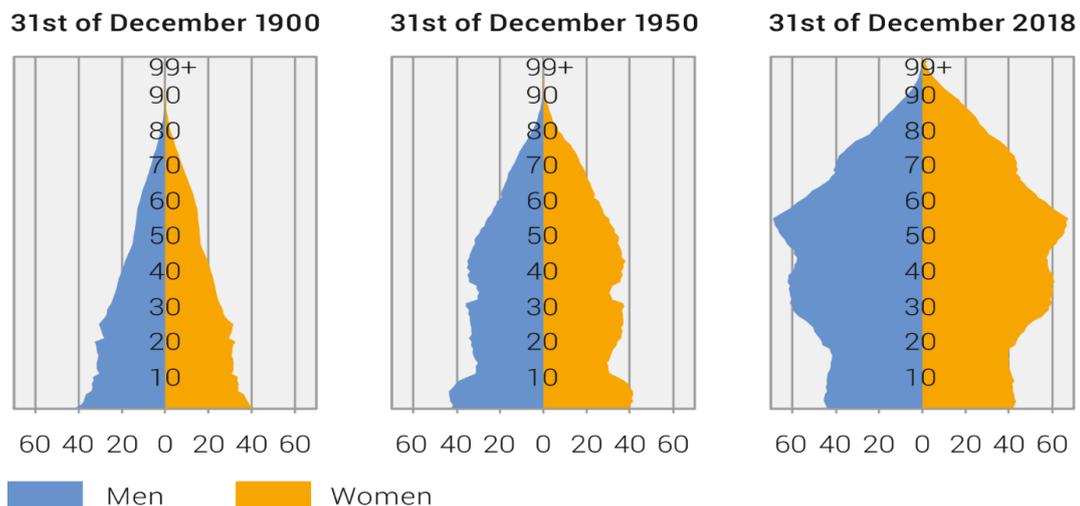
Indexed Inflation Rate	
Final value June 2016	Final value June 2020
100,6	101,3

Since January 2018 VAT in Switzerland has been 7.7% for most of the services and products traded. A reduced VAT of 2.5% is applicable to food, most agricultural goods, medicaments and printed matter.⁹

1.2.3. Demographic indicators

By end of 2019 Switzerland's population was 8,542 million inhabitants. With the country's surface area of 41,291 km², the population density per km² is 206. Two thirds of the population live in the geographical region between the Jura mountains in the North and the Alps in the South. This region represents only 30% of the territory, therefore the population density there, is much higher. On average the population growth of Switzerland is a little bit less than 1% annually, since 1999. In 2019 it was 0,7%. Switzerland has a growing segment of elderly people. Nearly 20% are aged +65 years, the same % as for the group 20 years and less, whilst 61 % are aged between 20 and 64. This situation is having an increasing effect, with the elderly people being an increasingly important consumer group.

Figure 4. Demographic pyramids of Switzerland 1900, 1950, 2018: Age structure of population, number of people in 1,000. Source: FSO 2019



Many products and services are being adapted and designed for this proportionally faster growing population segment.

⁸ Source: <https://lik-app.bfs.admin.ch/en/lik/rechner> (2020/06/13)

⁹ source: <https://www.ch.ch/en/vat-rates-switzerland/>; 2020/06/13)

The level of education is high and many enterprises invest in Research and Development tackling the constantly changing situations of society and environment with innovation and efficiency. Consequently, new business opportunities are increasing, being a source of employment. The positive employment situation has an important complementary function to the increasing portion of the elderly population living in the country.

By end of 2019 approx. 60% of the Swiss population, 5,18 million people, were working. For ten years the unemployment rate has been between a 2,1%, low in 2019 and a 3,6%, high in 2016¹⁰. However, it is without doubt that the consequences of the COVID19 pandemic situation also will affect the good performance of the Swiss labour market in the near future, even though it has proven formerly to have impressive resilience after recent shocks.

1.2.4. Doing business

Efficiency and accountability are key words in doing business with Switzerland and all business-related activities are very results orientated. In the yearly ranking of the World Bank, Switzerland is considered an easy place to do business. Benchmarked in May 2019 the country ranks 36th of 190.¹¹ One of the ten indicators of this ranking is “trade across border”. For this specific indicator Switzerland holds the 26th place.

The Swiss economy is highly integrated in the international economy. Only the Swiss agriculture sector benefits from some protection, whilst industrial products are embedded in an open trade regime.

Swiss product legislation is broadly in line with the rest of Europe. Although Switzerland does not take part in the so called “single market” through the EEA, which the other three EFTA states do, doing business with Switzerland does not differ significantly from the rest of Europe. The Swiss Government negotiated bilateral economic agreements with the EU, which culminated in Bilaterals, a cross-platform agreement covering seven sectors: research, public procurement, technical barriers to trade, agriculture, civil aviation, land transport, and the free movement of persons. In recent years and in order to maximise the country's international competitiveness, Switzerland has brought most of its practices into conformity with European Union policies and norms.

Exports of goods (machinery, chemicals, metals, watches, agricultural products) and services account for 66% of the Swiss GDP. The economy is therefore strongly geared towards exports.¹² The EU is Switzerland's main trading partner. Of all Swiss exports 52 % go to the EU, being Germany, France and Italy, the main export destinations in the EU. In 2019, Switzerland was the EU's 4th largest partner: Imports of goods and services from Switzerland into the EU were ranked 4th behind the USA, China and the UK.¹³

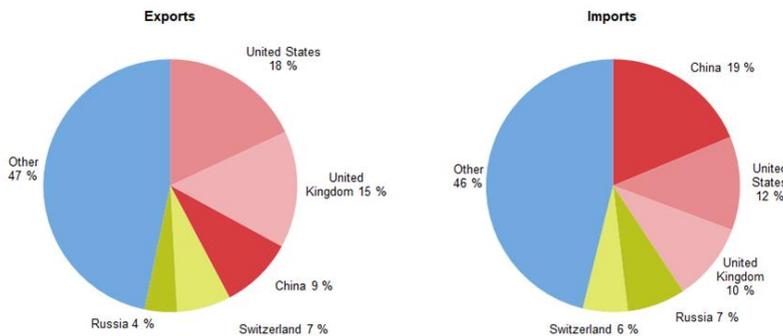
¹⁰ source: <https://tradingeconomics.com/switzerland/unemployment-rate>; 2020/06/14

¹¹ source: <http://www.doingbusiness.org/economyrankings/>; 2020/06/14

¹² source: <https://tradingeconomics.com/switzerland>; 2020/06/14

¹³ source: <https://ec.europa.eu/trade/policy>; 2020/06/14

Figure 5. Main trade partners of Switzerland. Switzerland among the EU 27's main partners for trade in goods, 2019. Source: Eurostat.



Another proof of Switzerland's business friendly environment is the fact that the country is home to several large multinational corporations. Nestlé, Hoffmann-La Roche, Novartis, ABB, Swiss Re, UBS AG and the Swatch Group, are just a few of the many enterprises which operate in and from Switzerland, spreading their company philosophy to Europe and also worldwide.

1.2.5. Culture

Switzerland belongs to Western Europe in terms of its culture. The country is located in the centre of Western Europe, where the Latin influenced culture from the South and southwestern Europe melt together with the various cultural elements of the rest of Europe. Therefore, in doing business you can show emotion, but you have to be measured in how you do so. Formality in business in this part of Europe is strong.

Swiss people in particular and Western Europeans citizens in general, tend to be receptive to new business if they can see a reasonably quick return. Transparency, accountability and punctuality paired with fairness, equality and quality are important values if not to mention, core elements of trading with the Swiss.

The Swiss people value order, privacy and punctuality. Their home is very important to them. They are also hard working and have been called perfectionist. There is a strong desire for belonging, as well as a sense of community and social conscience.

Swiss people value everything to be highly structured and have respect for rules that make people know what is expected of them. They value respect for, and submission to, timetables and schedules.

1.3. Liechtenstein

In the East of Switzerland and the West of Austria, lies the Principality of Liechtenstein, which is landlocked by these two countries. It is the river Rhine which forms mainly the western border towards Switzerland. With an area of only, approximately 160 km² (about 62 sqm) this microstate lies completely in the geographical region surrounded by the Alps mountain range. The lowest point of Liechtenstein is at 430 m.a.s.l. and its highest peak at 2,599 m.a.s.l.; its biggest city is Schaan.

Liechtenstein is a constitutional monarchy divided into 11 municipalities and its capital is Vaduz. It is the smallest German speaking country in the world and the only one which does not share borders with Germany.

1.3.1. History and European cooperation

The post-war period after 1945 was a period of reconstruction. Liechtenstein joined the Statute of the International Court of Justice in 1950, signed the Helsinki Final Act of the CSCE (now OSCE) with 34 other



States in 1975, joined the Council of Europe in 1978, and was admitted to the United Nations (UN) in 1990. In 1991 Liechtenstein entered the European Free Trade Association (EFTA) as a full member and since 1995 has been a member of the European Economic Area (EEA - an organisation serving as a bridge between the EFTA and the EU) and the World Trade Organisation (WTO). From the perspective of economic and integration policy, Liechtenstein's relations within the framework of the EEA and the EU play an important role in Liechtenstein foreign policy. In addition, the good relations with the neighbouring countries of Switzerland and Austria are a particular priority. The government of Liechtenstein is working constantly on the topics to harmonize its economic policies with those of an integrated Europe.

1.3.2. Economy

The years following the second world war were marked by prosperous development and within only a few decades, Liechtenstein developed from a mainly agricultural state into a modern society with a diversified economy. The highly specialized industrial firms are competitive throughout the world, and trade occupies an important position in the region. In 2017 the GDP per capita in purchasing power standards was EUR 91,500, the highest of the four EFTA countries.¹⁴

Today the economy of Liechtenstein is mainly based on services. More than 60% of the GDP is generated in this sector. The main services are banking, fiduciary companies, asset management and investment fund companies and common-benefit foundations and trusts. Whilst agriculture accounts for less than 1%, this sector contributes to the beautiful landscape of the Principality, which attracts many tourists. The industry sector is highly export oriented and also very specialized. Its main branches are electronics, metal manufacturing, dental products, pharmaceutical products, precision instruments, to mention the most important ones. These industries contribute roughly 37% to the GDP.

The handling of VAT is the same as in Switzerland, however Liechtenstein has its own VAT administration. The general VAT rate is 7.7%. A reduced rate of 2.5% is applicable to deliveries of food, drugs, newspapers, magazines, and books.

In December 2016 a new agreement on double taxation was signed by the two EFTA members Liechtenstein and Switzerland and took effect, replacing a former one from 1995.

Since 1924 the Swiss Franc has been the official currency in Liechtenstein. All coins, bank notes and other means of payment used in Switzerland were then recognized as official legal tender in the country. Also, in the same year the two countries formed a customs union, which is still in place today.

¹⁴ source: www.efta.int/statistics ; 2020/07/22

1.3.3. Demographic indicators

Whilst in the mid-fifties there were 15,000 people living in the Principality, this number was slightly higher than 27,000 in the mid-eighties. Today it has an estimated population of 38,000 people and its density of population is 242 people living on 1 km². Roughly one third of the inhabitants does not have the nationality and are foreign residents. In 2017-2018 the population growth rate was 0,8%.¹⁵ As in many other countries in Europe, Liechtenstein has an ageing population, being 20% older than 60 years old. However, it is calculated that the relatively high population growth rate of the last 60 years will be lower than 0,15% beyond 2040 and by then the number of citizens living in Liechtenstein will remain around 40,000 inhabitants.

Liechtenstein offers high living standards and thanks to its tax regulations, attracts many citizens to choose the country as their residence.

1.3.4. Doing business

Liechtenstein participates in a customs union with Switzerland and as mentioned above, employs the Swiss franc as national currency.

In Liechtenstein more than 4,600 enterprises are registered, which offer more jobs than the country has inhabitants. Thus, more than 20,000 people commute daily to the Principality to work there, coming mainly from Switzerland, Austria and Germany.

More than 70,000 holding (or so-called 'letter box') companies have established registered offices in Liechtenstein, thanks to relatively low business taxes as well as easy Rules of Incorporation. This provides about 30% of the country's state revenue. Liechtenstein also generates revenue from Stiftungen ("foundations"), which are financial entities created to increase the privacy of non-resident foreigners' financial holdings. The foundation is registered in the name of a citizen of Liechtenstein, often a lawyer.

1.3.5. Culture

Situated in the heart of the Alps, Liechtenstein has many of its own traditions. It's customs are often drawn from Alemannic culture influenced by alpine heritage, agricultural habits and also closely linked to the Catholic church and its holy days and rites. The particular, geographical situation and its small size has influenced the country, also by external cultural influences, most notably those originating in the southern German-speaking areas of Europe, including Austria, Bavaria and Switzerland. Bearing this in mind, it has to be pointed out that the Principality is nowadays a striving society where the modern way of living has a sound place in everyday life. The cultural elements influencing "doing business" in Liechtenstein are the same as in Switzerland.

1.4. Norway

Norwegians have a deeply rooted respect for traditional values and a clear orientation towards what the future can offer; combine this with a very modern infrastructure, broad wealth and highly grounded culture then it may explain their reputation for innovation in all areas.

¹⁵ source: www.efta.int/statistics ; 2020/07/22

Modern Norway is prosperous, urbanised and has a diverse population. Income and wealth are broadly distributed, compared to most industrialised countries.

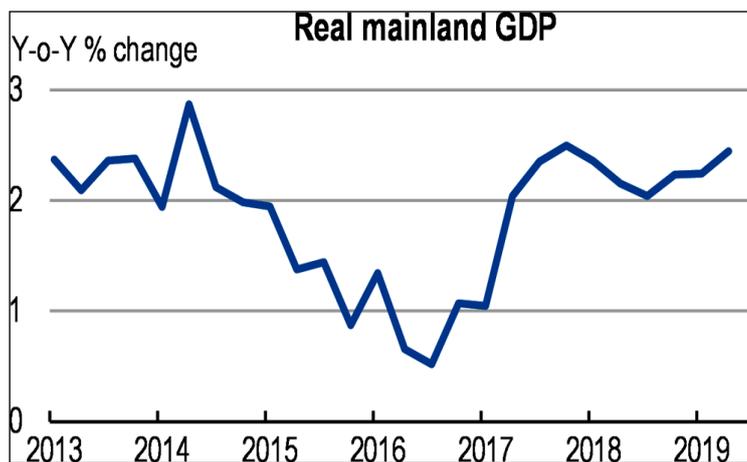
1.4.1. Economy and European cooperation

Although it notes a number of challenges facing the country (slowdown in trade and investment, vulnerability to property-market risks, faltering business and consumer confidence in the euro area etc.) the latest OECD report on Norway's economic situation¹⁶ confirms the high level of income and well-being enjoyed by most Norwegians.

Norway ranks fifth (after Liechtenstein, Switzerland, Iceland and Luxembourg) among European countries with the highest purchasing power (EUR 29,072 in 2018). GDP growth has resumed since 2017.

Norway is, with Switzerland, the only EFTA founding member still part of the organization, and as such trades freely with the EU.

Figure 6. Norway's GDP development 2013-2019, real mainland GDP



The country has an efficient social protection system, a large public sector (e.g. the oil, gas and wind power sectors are managed by the state-owned company Equinor, oil and gas production accounts for approximately 20% of national economy) and a particularly active private sector.

Oslo is one of Europe's youngest capitals. It is a hub of creativity where leading companies are concentrated, where numerous start-ups are developing and where young actors of the cultural scene, including those in the fashion and textile industries, are constantly innovating by relying on the latest technologies, digital or otherwise, but also by remaining faithful to the deeply Scandinavian value of attachment to nature.

It is therefore not surprising that Norway, together with its neighbours Sweden and Denmark, is one of the most advanced and demanding countries in terms of sustainability, the new credo of the times.

The Norwegian nature is rich in oil, gas, forests, minerals and fish, all active economic sectors (the country is the second largest exporter of marine products after China).

¹⁶

Europe, which absorbs about 80% of the total value of Norwegian exports, is by far the country's main export market, followed by Asia (11%), North America (6%) and Africa (2%).

Norway is ranked 9 among 190 economies in the ease of doing business, according to the latest World Bank annual ratings¹⁷. The country is in an excellent position (3rd) on the issue of compliance with contractual commitments, in other words it is a very safe place to do business.

1.4.2. Doing Business

Norway is a particularly egalitarian society. In the professional field this is reflected in companies organised according to a flat hierarchy and organisation. Norwegians often work across hierarchies rather than down through the line. The leadership style is informal and is based on employee freedom with responsibility.

Table 2. Norway's main trading partners in 2019, source¹⁸

Trading partners	Values exported to these countries	Percentage share of Norwegian exports
United Kingdom	USD 20.7 billion	20.1 %
Germany	USD 14.7 billion	14.3 %
Netherlands	USD 11.4 billion	11.1 %
Sweden	USD 7.9 billion	7.7 %
France	USD 6.1 billion	5.9 %
Denmark	USD 4.7 billion	4.5 %
United States	USD 4.5 billion	4.4 %

English is widely spoken, usually to a very high standard. Norwegians are direct and ready to negotiate, straight to the point, with minimum small talk. They will be primarily interested in the facts, in your product, the details of your commercial offer, its practical, logistical, commercial aspects, rather than your personality or social skills.

From a commercial point of view, the number of cities of critical size is limited in Norway, the four most important being:

- Oslo: leading international hub. Norway's fast-growing, governmental, economic and cultural capital. A uniquely compact global city on the rise and one of Europe's youngest capitals.
- Bergen: gateway to the Fjords and a global maritime centre: Boasting a vibrant maritime and energy sector, the Bergen region is also the portal to world-famous natural tourist attractions. With its direct access to the famous Norwegian fjords, Bergen attracts a growing number of tourists from around the world.

¹⁷ <https://www.doingbusiness.org/content/dam/doingBusiness/country/n/norway/NOR.pdf> (World Bank Group)

¹⁸ <http://www.worldstopexports.com/norways-top-15-import-partners/>

- Trondheim: Norway's science and technology hub. Trondheim region is a leading European science and technology centre. The region's capital, also called Trondheim, is a vibrant city, with major business activity and cultural attractions. Trondheim has more than 45,000 students in its universities and research institutions.
- Stavanger: Europe's leading energy region, is also going through exciting developments in business and tourism. The Stavanger region is Norway's third largest urban area, with about 400,000 residents, 130,000 of them in the city. The area has generally been Norway's most successful economic region.

Whatever your field of activity, it is highly likely that your business will be discussed with partners based in one of these four cities

1.4.3. History and culture

Norway claims the heritage of early Norse seafarers, raiders, colonizers, explorers, and merchants for whom the "Viking Age" (793 to 1050 c.e) was named. In the ninth century Harald Fairhair became the first king of all of Norway, consolidating smaller kingdoms through alliance and conquest. Harald's descendant, Olaf Trygvesson (Olaf I), converted to Christianity while in England and came to Norway in 995 to force conversion of the country from the Norse religion. Killed in 1030 at the Battle of Stiklestad, Olaf II (Saint Olaf) was the first king to organize an administration for church and state.

The emergence of the nation-state can be traced to the development of a national culture, then to that of a national identity, and finally to the political events that led to the country's final emergence as an independent nation in 1905. The Napoleonic Wars resulted in the dissolution of the union between Denmark and Norway in 1814, the year in which the Norwegian constitution was established. Norway had been a province of Denmark for nearly four hundred years before it was ceded to Sweden. The union with Sweden was dissolved in 1905.

The foundation for the development of a national culture can be traced to the national romanticism of an intellectual elite. In the late eighteenth century, Norway was predominantly rural, with a tiny elite of religious and government officials that began to collect information about national history and culture.

Later, the educated bourgeoisie wrote about the history of the country, tracing the connection between the present and the Icelandic sagas, the Viking period, the medieval period etc. Those intellectuals also began recording and describing rural culture, including folktales, architecture, customs, clothing, mythology, music, and peasant dialects. From a national romantic perspective, this information helped make the case for a distinct Norwegian land, culture, and history, quite different from those of other Nordic countries. Rural culture became identified as Norwegian culture, a culture that could be traced back to Viking times.¹⁹

¹⁹ <https://www.everyculture.com/No-Sa/Norway.html>

1.5. Iceland

1.5.1. History and European cooperation²⁰

What we know²¹ of Iceland's earliest settlers can be largely traced back to the Landnamabok, or the « Book of Settlements », a five-part medieval manuscript that tells the story of the Norsemen discovering and settling the country in the 9th and 10th century.

Thankfully, the Icelandic language is largely unchanged from that of Old Norse, meaning stories contained in the « Landnamabok » are just as accessible today to native speakers as they were nearly 1000 years ago. Iceland was given its name by a Scandinavian sailor after he spotted some drift ice in the fjords during an especially brutal winter.

In order to sustain life in Iceland, it was a necessity for the early inhabitants to trade with the outside world. In 1262 the Iceland became a vassal of the Kingdom of Norway. One century later, Iceland would be granted to the Danish. Disaster struck Iceland with the violent eruption of the Lake Volcano in the 18th century, killing 9000 Icelandic citizens and causing widespread famine.

Iceland finally became a republic on June 17, 1944 (Iceland's parliament, Althing, is the oldest surviving parliament in the world, founded in 930 AD. Gaining independence meant that Iceland had to reinvent its position on the world stage as culturally separate from the Danish, as well as their relationship with the rest of mainland Europe. The second half of the 20th century saw substantial economic growth driven primarily by the fishing industry.

Iceland is highly integrated with the EU through membership in the [European Economic Area \(EEA\)](#), the [Schengen Area](#) and the [European Free Trade Association \(EFTA\)](#). It is also a signatory of the [Dublin regulation on asylum policy](#) and a partner in the EU's Northern Dimension policy to promote cooperation in Northern Europe.

Through the EEA, Iceland participates in the single market and contributes financially towards social and economic cohesion in Europe. A significant proportion of the EU's laws are applied in Iceland today. Iceland also participates, albeit with no voting rights, in a number of EU agencies and programmes, covering areas including enterprise, environment, education and research. Iceland has a bilateral Free Trade Agreement with the EEC since 1972. Two thirds of Iceland's foreign trade is with EU Member States.

²⁰ Sources: https://ec.europa.eu/neighbourhood-enlargement/countries/detailed-country-information/iceland_en and <https://guidetoiceland.is/history-culture/history-of-iceland>

²¹ Source of Island history data: <https://guidetoiceland.is/history-culture/history-of-iceland>

1.5.2. Economy²²

In many ways living conditions are good in Iceland. There was a great deal of economic progress in the last century and this is reflected in the fact that, between 1945-2009, the GDP per capita increased by 450%. In 2019 Iceland's GDP was the 7th²³ highest in the world (USD 60,180 per capita).

Iceland's economy combines a capitalist structure and free-market principles with an extensive welfare system. Except for a brief period during the 2008 crisis, Iceland has in recent years achieved high growth, low unemployment, and a remarkably even distribution of income, indeed inequality is among the lowest in the OCDE, as is the gender gap.

Iceland's economy has been diversifying into manufacturing and service industries in the last decade, particularly within the fields of tourism, software production, and biotechnology. Abundant geothermal and hydropower sources have attracted substantial foreign investment in the aluminium sector, boosted economic growth, and sparked some interest from high-tech firms looking to establish data centres using cheap green energy.

Tourism, aluminium smelting, and fishing are the pillars of the economy.

For decades the Icelandic economy depended heavily on fisheries, but tourism (39%) has now surpassed fishing (18%) and aluminium (17%) as Iceland's main export industry, however tourism is putting pressure on the environment and making the economy more dependent on tourist inflows (particularly reduced flows due to the sanitary crisis).

Despite promising economic growth in the long term, economic instability²⁴ and volatility have been more pronounced in Iceland than in other countries (e.g. in 2008 worsening global financial conditions resulted in the collapse of Iceland's three largest banks, a 6.8% fall in GDP and unemployment peaked at 9.4% in February 2009). The lack of good governance for decades led to much more elevated inflation than elsewhere, with consequent costs, damages and uncertainty regarding value.

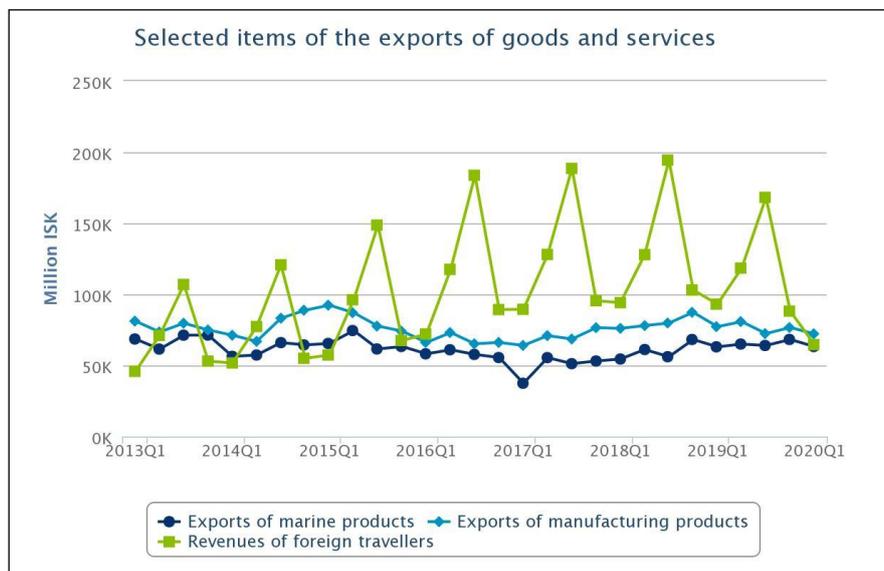
Since the collapse of Iceland's financial sector, the government's economic priorities have included stabilizing the krona, implementing capital controls, reducing Iceland's high budget deficit, containing inflation, addressing high household debt, restructuring the financial sector, and diversifying the economy.

²² Sources: <https://www.stjornarradid.is/media/forsaetisraduneyti-media/media/2020/iceland2020.pdf> , https://www.cia.gov/library/publications/the-world-factbook/geos/print_ic.html , <https://www.oecd.org/economy/iceland-economic-snapshot/> , https://www.chamber.is/files/utgafa/skyrslur/the_icelandic_economy_2019_report.pdf

²³ After Luxemburg (Nbr. 1), Singapore, Ireland, Switzerland, Norway and the USA.

²⁴ Small economies are by nature often more volatile than larger economies. This is mainly caused by a lack of diversification and relatively large external influences Beedon, Pétursson and Rose (2011): <http://faculty.haas.berkeley.edu/arose/BPR.pdf>

Figure 7.: Iceland exports selected items and the (fluctuating) income from tourism, source²⁵



The EU makes up 53% of Iceland's total trade in goods, followed by the United Kingdom (8.1%), the United States (8%), Norway (7.9%), and China (5.2%).

The coronavirus pandemic and the restrictions around it, have had a deep impact on the Icelandic economy which shrank at a record 9.1 % on quarter in the second quarter of 2020. The country did not impose a lockdown, but some types of businesses were ordered to close and travel restrictions hurt both imports and exports of services.

1.5.3. Demographic indicators

The total land area is 103,000 km² and the population is 360,384 (of which nearly 44,000 are foreign citizens), compared with 348,450 in January 2018. The population growth was 3.4% in 2 years. This increase was mainly due to positive net migration in 2018, together with natural population growth (more births less deaths). The population has grown in the past five years by an annual average growth rate of 1.9%.

Iceland is one of the 10 countries in the world with the highest life expectancy (average 84 for both sexes). It is a relatively urbanised country with 94% of its inhabitants living in urban areas and almost two-thirds of the entire population live in Greater Reykjavik, the country's capital.

The nation is relatively young and amongst the more educated in OECD; 42.4% of people aged 25-64 years old have graduated from university.

²⁵ <https://www.statice.is>

1.5.4. Doing business and business culture

Iceland is ranked 26 among 190 economies in the ease of doing business, according to the latest World Bank annual ratings. It has a strong import market that has grown every year from 2014 to 2018. Apart from a dip in 2019, the import market is projected to grow until at least 2024 (IMF, 2019). Still, due to the small size of the country, it remains a small market.

Iceland's economic and trade relations with the EU are mainly governed by the European Economic Agreement EEA <https://www.efta.int/Legal-Text/EEA-Agreement-1327> The European Economic Area extends the laws of the single market (except for agriculture and fisheries laws) to the European Economic Area countries. This means that Iceland is legally bound to add EU directives and regulations about the free movement of goods, persons, services and capital into Icelandic law.

As Iceland is one of the four members of EFTA, the free trade agreement signed in 2016 between the Philippines and EFTA, now in force, applies to exports from the Philippines to Iceland under the terms and conditions set out in the treaty.

« Icelanders are hard workers, and willing to work overtime to get things done. They're not too focused on their work mandate, but more on 'doing it for the team'²⁶ » As well as being well educated, the workforce is very young – half the population is under 35 – which means a results-driven mentality. Everybody speaks English.” Icelanders can be quite reserved but very direct.

Indeed, as in the case of other Scandinavian countries, professional contacts are extremely direct and focused on the product and the essential. Half-measures, the temptation to negotiate on points that are in reality, non-negotiable, the use of approximations, etc. are badly perceived.

Before any commercial contact is made, it is essential to have an offer that is as close as possible to the customer's expectations, which implies having put in place, upstream, all the necessary measures to study the market in depth and prepare a perfectly targeted and mastered offer.

1.5.5. Culture

The isolation of the island has helped to preserve an authentic culture and language. As previously mentioned the Icelandic language has changed very little in 1000 years, so much so that its contemporary speakers can still read the sagas and eddas (the famous tales that tell the lives of legendary and invisible characters gnomes, elves, giants, goblins) of the Middle Ages. Indeed, the population is still very much imbued with ancient cultures, myths and legends, all very much linked to the forces of nature so fully expressed in this highly volcanic country.

This age-old literature is an integral part of reading from childhood, and Icelanders are very proud of their cultural heritage. Museums are filled with traces of this surprising past.

The capital Reykjavík boasts a burgeoning contemporary art scene. Icelandic art comes to life in innovative galleries sprinkled throughout the streets, showcasing everything from cutting-edge experimentation to more mainstream forms of creative work.

²⁶ <https://www.director.co.uk/doing-business-in-iceland-international-report-19039-2/>

« Freedom, expression and experimentation are descriptions that come to mind when thinking about the contemporary art scene in Reykjavík (...) The scene here is vibrant²⁷. Everyone is incredibly passionate about art and the language and dialogue that comes with it » says Ingibjörg Sigurjónsdóttir, one of the capital's most acclaimed artists²⁸.

Traditionally, Icelandic artists have always pursued their education abroad before returning home, bringing an international flavour to the scene that contrasts with the community vibe in Reykjavík.

This is what characterises contemporary art in the city: the diverse experience of its artists coming together in a progressive and very egalitarian society, where they're able to encourage each other and in turn expose younger creative talents to different international influences. It makes for some explosive and high-quality work that's as varied as it is interesting.

This openness to the world is favourable to international exchanges, whether private or commercial. For example, the Icelandic fashion scene has, despite the country's small size, many very creative designers at the forefront of international trends.

2. The Processed Food Sector in EFTA & selected EU countries

2.1. Main Product Lines

In this study on Processed Food the following product groups are the subject of this investigation to realise the potential of products from the Philippines in EFTA- and four selected EU markets:

Frozen foods: Temperatures below -18 degrees Celsius slow the growth of micro-organisms, and the reduction of enzymes and increase the shelf-life of products extensively. Modern freezing techniques assure the quality of the frozen product, which is nearly the same as the original product. Freezing methods are increasingly used to preserve fruit and vegetables. Specifications for frozen fruit and vegetables can be found in the FAO Codex Alimentarius.²⁹

Dried foods: Extracting water from a product (dehydration) creates unfavourable conditions for the growth of micro-organisms. In addition to drying, certain preservatives may be added to maintain the quality. For instance, sulphur dioxide is added to prevent fruit from discolouring. Sugars (sucrose, invert sugar, invert sugar syrup, dextrose, fructose, glucose syrup or dried glucose syrup, edible oils) or salt (sodium chloride) is also used to reduce the growth of bacteria and extend the shelf life of fruits/vegetables. The use of preservatives in food is regulated by the EFTA (and the EU).³⁰

Canned Food: The subsector of canned fruit and vegetables is not covered in this study. However, to have a common understanding, the definition is as follows: Canned food includes fruit and vegetables in closed containers such as barrels, drums, big bags for bulk transport, and metal cans, glass jars, cartons and, increasingly, flexible pouch packs for individually packed products in smaller quantities. Vegetable products can also be preserved as pickles, by means of acidification, which creates unfavourable

²⁷ Sometimes a good glass will help to create the right vibe!... Alcohol is widely integrated into Icelandic culture; its consumption is a national tradition.

²⁸ <https://theculturetrip.com/europe/iceland/articles/iceland-s-10-contemporary-artists-and-where-to-find-them/>

²⁹ www.fao.org, Codex Alimentarius, CXP_008e.pdf

³⁰ www.fao.org, Codex Alimentarius, CXP_003e.pdf

conditions for the growth of micro-organisms. Canning is a widely used method to increase the storage life of fruit and vegetables. During the canning process, micro-organisms are inactivated by applying heat up to a specified temperature (pasteurisation or sterilisation).

Within the canned food product group, only the sub-group **Jams, Jellies, Marmalades** are covered in a specific chapter in this report.

Fruit purées: Purée is a thick, smooth product which has been processed such that the insoluble fibrous parts of ripe fruits are broken up, so as to be able to fit through a fine sieve. In some cases, the purée is pasteurised to increase shelf life. Fruit purées also retain all of the juice and a large proportion of the fibrous matter naturally found in the raw fruit. Concentrated purées for use in the manufacture of Fruit Juices and Nectars are obtained by the physical removal of water from the fruit purée in an amount sufficient to increase the Brix level (sugar-to-water mass ratio of a liquid) to a value at least 50% greater than the Brix value established for reconstituted juice from the same fruit. “Bag in steel drum” packaging and “bag-in-box”- BIB - packaging are the most common transport means.

Raw sugars from cane and natural sweeteners: Muscovado sugar is a type of partially refined to unrefined sugar with a strong molasses content and flavour. It is technically considered either a non-centrifugal cane sugar or a centrifuged, partially refined sugar, according to the process used by the manufacturer. Muscovado contains higher levels of various minerals than processed white sugar and is considered by some to be healthier. Its main uses are in food and confectionery, and the manufacture of rum and other forms of alcohol.

Coconut blossom sugar, also known as palm sugar, was until recently still relatively unknown and difficult to find; today it is in fashion. The sugar, also known as "luxury sugar" due to its high prices, is obtained from the flowers of the coconut palm. In terms of taste, the brownish crystals do not taste like coconut, but are more reminiscent of caramel. The final marketing argument for coconut blossom sugar as a sugar substitute, is its leading glycemic index. According to a study of the Food and Nutrition Research Institute, FNRI, in the Philippines coconut blossom sugar contains more vitamins and minerals and is characterized for having a “great potential as a natural and cheaper alternative for synthetic sweeteners derived from natural ingredients”.³¹

Stevia, *Stevia rebaudiana* (Bertoni) is a plant belonging to the Asteraceae family and contains sweet steviol glycosides, of which stevioside and rebaudioside A are the most abundant ones. Stevia products can be classified into: fresh leaves, dried (ground) leaves, crude extracts, refined extracts and by-products (stems, seeds, flowers). Refined extracts are used for stevia-based sweeteners, but an estimated 30% of stevia is not processed for the extraction of sweetening ingredients. Most fresh and dried leaves are used for tea and sometimes in bakery, while the by-products can be used in animal feed and fertilizers.

Nuts: Of the various tropical nuts on the market, this study only investigates the market potential in EU/EFTA of Pili nuts (*Canarium ovatum*). This nut is specifically grown in the lowlands of The Philippines. Its excellent nutritional characteristics make it a potentially interesting product to be promoted in high-end markets. Standards to access international markets are given by FAO, Codex Alimentarius.³²

³¹ <https://www.fnri.dost.gov.ph>

³² www.fao.org, Codex alimentarius for tree nuts, CAC/RCP 6-1972

2.2. Switzerland and Liechtenstein

The two countries Switzerland and Liechtenstein with 8,57 Mio and 38,000 inhabitants respectively, share a customs union together. Besides that and looking in particular at the elements of the Processed Food market, both countries have many elements in common and virtually the same market conditions: Very good purchasing power, a similar retail market, with many identical role players, strong growth of convenience food segment and shopping habits to purchase food by on-line shopping on the internet, to name but a few of many similitudes. Demand is a thriving market element in the processed food sector. It is very diversified and fragmented. This is also reflected in the statistical data, which the author had to combine from different sources to obtain a realistic, but still approximated picture of volumes, values, market development and trends in the processed food sector.

2.2.1. Consumption & Production

For being two small countries, Switzerland and Liechtenstein have a high degree of self-sufficiency defined as the ratio between domestic production and the total domestic consumption. Both countries together produce a relatively high percentage of their own food consumption. Differentiation has to be made between food coming from animal sources and food origins from agricultural crops and its derivatives: In 2017 79% of meat and 113% of milk and milk sub-products were produced by themselves.³³ But self-sufficiency in animal products is also relative and has to be differentiated: When imported feed is factored into the calculation, the rate drops below 80%. On the other hand, plant-based food self-sufficiency is around 40%, a rate that fluctuates year on year as harvests are highly weather-dependent. Looking at the total overall food consumption in 2018, the two countries covered 58% of their internal food consumption (units TJ)³⁴ through local production.

In Switzerland and Liechtenstein the most popular dried tropical fruits consumed are dried mangos, pineapples, bananas and papayas. Slowly but surely other types of dried tropical fruits, such as guavas, star fruit (carambola), pitahaya, passion fruit and others are gaining consumer acceptance. At home, dried tropical fruit is used as a snack, or as a cooking ingredient. The food industry preparing breakfast cereal mixtures, or the bakery sector, to mention just two, are other important clients of dried fruit. The consumption in restaurants, hotels and by catering services are others, beside the home segments, where the demand for dried tropical fruit is important.

The two countries also have a rising number of people seeking a healthier lifestyle, leading to the demand for fruit juices, as well as sophisticated combinations of different fruits in customized beverages like smoothies. Whilst oranges and apples are the market leaders in fruit purées/pulps, tropical fruit purées have been showing considerable growth recently. Furthermore, the consumption patterns of eating out-of-home are a growing opportunity for the beverages sub-sector of processed foods, with brands and private labels playing an important role in this sub-sector.

Growing segments of the Swiss population are reducing their meat consumption, whilst looking for alternatives, such as pulses and nuts. Consequently, the consumption of nuts is growing and many associated opportunities for nuts from sub-tropical and tropical countries are on the increase. This includes varieties such as macadamia, cashew, pistachios and brazil nuts.

³³ source: www.agrarbericht.ch; agristat report 2019, 2020/07/21

³⁴ source: Federal Statistical Office, www.bfs.admin.ch; agristat; 2020/07/23

Sugar consumption in Switzerland and Liechtenstein is 40,7kg per capita/y³⁵ (including the sugars contained in elaborated food stuffs); this has been a constant quantity over the last decades, oscillating little, but with a slight decreasing tendency. Most of the consumption is of white sugar, with roughly 74% from national production. Less than 1% of swiss sugar comes from organically certified producers. Sugar imports (HS 17, sugars and sugar confectionery) come mainly from EU countries. Within the top ten supplying countries of Switzerland, only Paraguay is a non-EU country. The South American country supplies EUR 4,312 (x1,000) accounting for 2% of total sugar imports into Switzerland. In terms of raw cane sugar, muscovado, HS 170113, Switzerland records stable imports of around 500 MT/y, amounting to EUR 906,000. The top five supplying countries are (incl. the share of total imports and tendency over the last three years): Brazil 48%, +; Philippines 22%, -; Costa Rica, 11%, +; Germany (as re-exporter), 10%, ++; Paraguay, 7%, -.

Import taxes, which are higher for non-EU trade partners, are a hindering aspect for supplying sugar to Switzerland.

2.2.2. Imports & Exports

In this study trade figures are classified according to the Harmonized Commodity Description and Coding System generally referred to as "Harmonized System" or simply "HS". It is a multipurpose international product nomenclature developed by the World Customs Organization (WCO). At times the statistics do not allow the extraction of exact figures of the specific elaboration of a food item. Nevertheless the comparison of data from the specific sectors in the different countries allows combining accurate assumptions on the market position and trends for the different food items.

Trade data for this chapter and all others in this study are - if not mentioned separately - derived from the United Nations Commodity Trade Statistics Database, Comtrade, from www.trademap.org and from www.trade.ec.europa.eu/tradehelp. Important to note: Trade figures for **Liechtenstein are included in Switzerland's trade figures due to the existence of the Swiss-Liechtenstein Customs Union.**

Main HS Codes³⁶ used in the following chapters are:

- HS 07 Edible vegetables and certain roots and tubers (fresh, dried, frozen)
- HS 08 Edible fruit and nuts, peel of citrus fruit and melon (fresh, dried, frozen)
- HS 12 Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder; Stevia leaf powder HS Code 12119099
- HS 17 Sugars and sugar confectionery
 - HS 170290 "sugars not elsewhere specified"
 - HS 17011390 "Raw cane sugar"
- HS 20 Preparation of vegetable, fruit, nuts or other part (incl. jams, marmalades)

³⁵ source: www.bfs.admin.ch/bfs; 2020/08/29

³⁶ Regarding the specificity of information to extract 2-, 4-, 6- or 8-digit HS codes were applied.

HS 200710, 200791, 200799)

HS 21 Miscellaneous edible preparations

HS 29 Organic chemicals

HS Code 2938909090 Stevia leaf extract, which refers to other glycosides, natural or reproduced by synthesis, and their salts, ethers, esters and other derivatives.

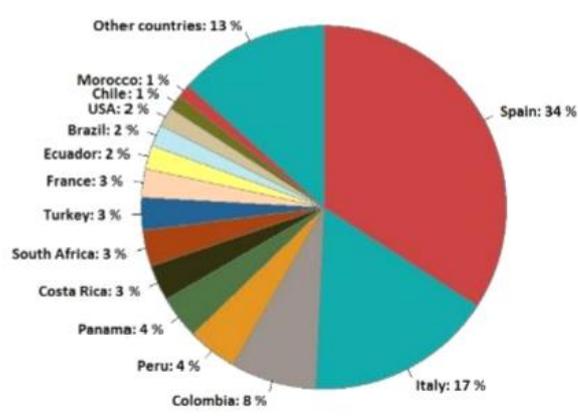
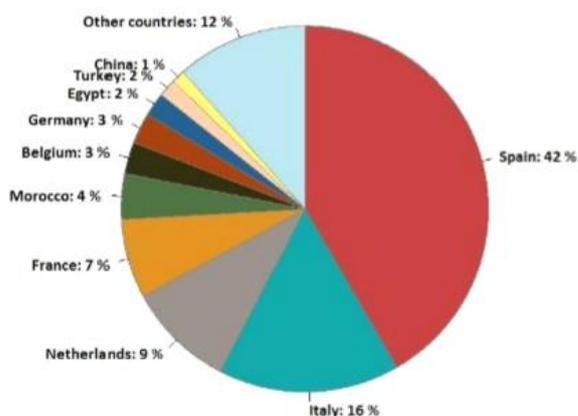
Imports

The following picture shows the imports of fruit and vegetables (incl. processed) to Switzerland and Liechtenstein in 2019 by weight/volume.³⁷

Figure 8. Imports of vegetables and fruits to Switzerland and Liechtenstein in 2019. Source: PCA

Imports in tariff chapter 7, vegetables, in 2019: 290 276 metric tons

Imports in tariff chapter 8 fruits, in 2019: 559 428 metric tons



In 2019 total values of fruit and vegetables imports to Switzerland from the world (HS Code 08 and 07, fresh and processed, HS 20)) amounted to EUR 2,183.8 Mio³⁸.

The following table shows the value of imports in 2018 and 2019 of fruits and vegetables, (fresh, dried, frozen, other processed) to Switzerland from the top 10 countries and the value of direct Philippine exports of these items to Switzerland:

Table 3. Switzerland's imports of respective HS code product groups, value in EUR1,000, Source: trade-map

Switzerland's imports from... (unit EUR x 1,000)								
Imports from	World: Total imports 2018	World: Total imports 2019	EU & UK: top countries 2019	Americas: top countries 2019	Africa: top countries 2019	Asia: top countries 2019	PH: 2018	PH: 2019

³⁷ source www.sbv-usp.ch

³⁸ source: www.trademap.org; 2020/07/27

HS codes								
	Values	Values	% of 2019 total world imports (values)				Values and %	
HS 08 fruits	1,152,772	1,130,135	SP, IT, FR, DEU 49,4%	USA, PE, COL, CHL 16,1%	RSA 3,1%	TUR 6,9%	1,888 0,16%	1,455 0,13%
HS 07 vegetables	531,597	570,063	SP, IT, NL, FR, DEU, BEL, PL 76,7%	nil	MA 3,5%	THA, CHN 4,4%	1	1
HS 20 Preparations of F&V	475,547	483,617	DEU, IT, FR, SP, NL, AUT, BEL 64,4%	USA, BRA 9,6%	Nil	TUR 4,8%	1,221 0,25%	1,309 0,3%
Total HS 08 + 07 + 20	2,159,916	2,183,815	X	X	X	X	3,110 0,14%	2,765 0,13%

As a landlocked country Switzerland purchases many of its products through trade hubs, most of them situated in the north of Europe.

Dried tropical fruit came mainly from Latin American countries and from Ghana and South Africa.

Frozen tropical fruit (HS 08119029, 08119021) was imported at a value of EUR 2,1 Mio. into Switzerland, representing an increase of 59% since 2015. EUR 1,3 Mio came from developing market economies (Peru, India, Sri Lanka, accounting together for 77% of this country group), of the rest of EUR 0.8 Mio. 87% of this figure came from the following European trade hubs: Germany, Italy, The Netherlands, France and Belgium.

Imports of jams, jellies and marmalades to Switzerland are stable, however not very important, as one of the leading European spread manufacturers has its factories in the country (Hero Group): The top 5 exporters to Switzerland are all EU countries. They account for 92,1% of sales to Switzerland. In the last decade they never exceeded a value of EUR 27 Mio/y.

Imports from the Philippines

The value of fruit (HS 08) imported in 2019 from the Philippines to Switzerland consisted of virtually only desiccated coconut (97%). This value represents 47% of desiccated coconut imports from the world to Switzerland and 0,0056% of total Philippines exports of desiccated coconut to the world.

The value of preparations of vegetables, fruit, nuts or other parts (HS 20) imported in 2019 from the Philippines to Switzerland amounted to EUR 1,3 Mio and was mainly prepared and preserved fruit. PH ranks 26th in 2019 statistics of total world imports of HS 20 products to Switzerland, accounting for 0,3% of the same. The previous year HS 20 imports from the Philippines were 7,2% lower, whilst in 2017 they had reached EUR 1,92 Mio, 47% more compared to 2019.³⁹

Switzerland has not had direct imports of frozen fruit from the Philippines since 2017.

³⁹ www.trademap.org; 2020/07/29

Sugar imports (HS 17) from the Philippines amounted to EUR 247 (x 1,000), what represents 0,1% of total sugar imports of Switzerland from the world.

Regarding the product group dried plantains, dried bananas (HS 08031090 and 08039090) the Philippines recorded very low values of exports directly to Switzerland: In 2015 there were none, in 2019 they amounted to EUR 3,000. All dried fruits imports from the Philippines to Switzerland had a cumulative value of EUR 30,023 (USD 33,626) in 2019, a share of 0,02% of Philippines total exports of dried fruit and vegetables.⁴⁰

Jams, jellies and marmalades (HS 200710, 200799) imports from the Philippines directly to Switzerland have never exceeded 0,13% of total Swiss imports in this product category from the world in the last decades.

Growth of total imports from the Philippines to Switzerland were calculated as having 12,3% CAGR over the last five years.⁴¹ However under the product group “Processed Food and Beverages” ranked 15th under the main product groups exported by the country, the Philippine authorities showed a negative CAGR of -11,1% with trade partner Switzerland.⁴²

The Swiss Customs Authority reports that in the period between January 2015 and July 2020 the value of processed foods imported from the Philippines directly or indirectly (through trade hubs in northern Europe) to Switzerland amounted to EUR 15 Mio (CIF-value in Switzerland). In 2015 products with a value of roughly EUR 3,01 Mio were imported from the Philippines, whilst in 2019 this figure had dropped to EUR 2,37 Mio.⁴³

Exports

Looking at the total exports of fruits (HS 08; incl. processed) from Switzerland to the world, these have remained stable between 2015 -2019, with an annual value of around EUR 15,000 (x 1000). In the same time period vegetables exports (HS 07; incl. processed) recorded a large increase of + 45%.⁴⁴ The third product group with the HS 20 code accounted for exports valued at EUR 70,910 (x 1000) in 2019. The main export destinations were the US market, followed by six EU countries and Norway and on the Asian continent China and Japan.

2.2.3. Trade structure

The European food industry is the world’s leading exporter and has a positive trade balance. However, its market share of the global export market has been shrinking over the past ten years to the benefit of Brazil and China.

The Swiss food industry comprises around 200 companies with 70,000 employees (excl. the employment in the primary sector) and generates around 3,5 bn Swiss francs in sales abroad⁴⁵. As numerous emerging countries are increasingly changing from self-producing to consumer markets, new opportunities are constantly opening up for high-quality Swiss-made food.

⁴⁰ Source: Philippine Statistics Authority (PSA), processed by DTI-EMB; 2020/09/03

⁴¹ Source: Philippine Statistics Authority; 2020/07/25

⁴² source www.tradelinephilippines.dti.gov.ph; 2020/08/06

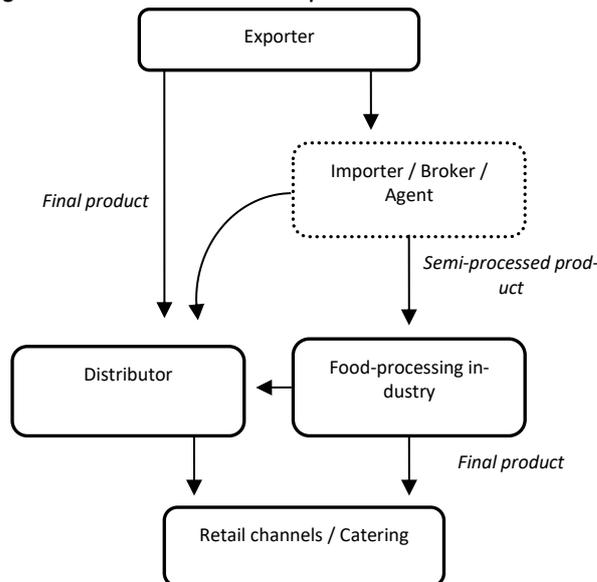
⁴³ Source: www.ezv.admin.ch/ezv/en; 2020/09/10

⁴⁴ source: www.trademap.org based on figures of Swiss Customs Administration; 2020/07/29

⁴⁵ source: Federal Statistical Office, www.bfs.admin.ch; 2020/07/03

Since Switzerland is landlocked and does not have any major ports, most processed foods enter Switzerland through other European countries. Major entry points into Europe are the port of Rotterdam in The Netherlands and the port of Hamburg in Germany. From there they are distributed by vessel, inland barge, or truck, to storage facilities and customers all over Europe. Large scale consignments (e.g. full container loads) are not tariffed by the EU, but delivered in transit to Switzerland.

Figure 9. Trade structure of processed food in the EU & EFTA⁴⁶



The most common players in the processed foods market are:

Agents / brokers: Agents sell or buy products on behalf of their clients, such as exporters in developing countries. A broker is not tied to an individual buyer/seller. Agents and brokers often play an important role as they have extensive knowledge of the market. They typically receive a commission on the sales. Note that the products which they trade do not come into physical possession of agents and brokers.

Importers: In contrast to agents, importers take over ownership of the products. Their activities focus on the import of goods. Importers take ‘long’ or ‘short’ positions in the market, depending on their expectations on price developments. Most importers have large storage facilities, which enable them to import large amounts of products and benefit from economies of scale. The facilities also allow the importers to store the products until prices are more favourable, or to deliver Just-In-Time (JIT).

Food processing industry: Processed foods have a wide variety of applications. Co-packers, or contract packers, re-pack major amounts into smaller portions, as for example with dried fruits. Co-packers often put the smaller portions in consumer packaging and/or mix the products with other processed foods. Manufacturers of further processed foods, such as dairy, use other processed foods as one of many ingredients. They focus on product development and the actual manufacturing of the products. Their purchasing department generally works in response to requests from the manufacturing department.

⁴⁶ Source of figure 9 : CBI, NL

Distributing Wholesalers: Sometimes extra intermediaries are required to distribute the processed foodstuffs to smaller and more remote end-users. These wholesalers purchase from agents, importers and food processors and break the bulk into smaller amounts. Due to the limited value addition by distributing wholesalers and increasing competition from agents and importers, the number of distributing wholesalers is decreasing.

Retail and food service providers: Retailers and food service providers do not often import themselves. They buy their products through all of the above channels and sell the final products to consumers. Both channels require relatively small but frequent supplies of consumer-packaged products, which often cannot be supplied directly from countries outside Europe.

The most suitable distribution channels for exporters of processed food products from emerging markets like Indonesia and the Philippines are agents and importers. Agents and importers are the leading suppliers of the Swiss food industry, which is the biggest segment in the processed foods market. Direct trade between exporters and the food industry is not very common. The costs and risks associated with importing from developing countries are too high for most food processors. Direct imports are only feasible when quantities are large and supplies are frequent. Therefore, direct imports are generally limited to a few leading food processors, which import from their own subsidiary farms or long-term suppliers. Most food processors prefer to purchase from importers and agents.

2.3. Norway

Early 2020 Norway accounted 5,4 Mio inhabitants. 31% lived in agglomerations of over 100,000 inhabitants, situated mainly in the south-east and south-west of the country. Living standards are high, purchasing power is one of the highest worldwide and modern life style is taking over from traditional habits. In food consumption this is reflected by less time available to prepare food from raw materials, increasing consumption of preserved food, raising of out-of-home consumption and the habit to order food (fresh or preserved) by internet for home delivery. Furthermore, catering services have more importance than a few years ago.

2.3.1. Consumption & Production

The Norwegian consumption of food shows the same pattern as in Western Europe. Food prices in Norway are amongst the highest in Europe, but in general having a very good acquisition power, Norwegians spend a lower share of net income on food than most Europeans.

Formerly, the Norwegian food industry has benefited from protection from international competition, for reasons of national food security and rural employment and value creation. Nowadays the country increasingly adapts to international regulations and trade liberalisation which influences the food processing industry. Considering that a majority of agro- based raw materials like meat, grain and milk, eggs and potatoes come from domestic production, Norway can be considered practically self-sufficient in these sub-sectors.

Fruit juice and nectar consumption in 2018 was 126 Mio lt, which was a decline of 1,3% compared to 2017, and 13% down since 2014.⁴⁷ Consumers are increasingly looking for premium fruit juices, new

⁴⁷ Source : European fruit juice association, www.ajjn2019report.com; 2020/09/03

and innovative mixtures, less sugar mixed into nectars. At the same time they are willing to pay more per unit. 95% of fruit juices in Norway are branded or private label beverages.⁴⁸

Sugar consumption is declining rapidly in Norway: In 2000 the per capita consumption was 43 kg, in 2018 it was only 24 kg. The reduction is felt throughout the industry: Confectionery, sugary drinks, bakery are all affected and they have to be innovative in looking for alternatives when composing their processed food stuffs.

There are no exact figures for frozen food consumption. The fact is that, in Norway people also invest less time in preparing food and want to have ready to eat meals, vegetables and/or fruit available at any time. Therefore in the Scandinavian country's supermarkets and grocery stores consumers easily find a large choice of frozen food: IQF frozen fruit, ice cream, frozen potato products, frozen fries, frozen vegetables, frozen herbs, frozen meat products, frozen pastry products, frozen ready meals and snacks. In addition, frozen products are promoted in a way saying "you just buy what you need". Consumers are reminded that they can choose selected fresh food items which have just been through the process of freezing. They therefore do not have to prepare raw materials and as a consequence they do not have waste.

The agriculture-based food and beverages industry primarily targets the domestic market which consists of 5,4 Mio. inhabitants and thus is relatively small. Additionally, it must be noted that people's tastes still predilect local and regional fruit like raspberries, strawberries, other berries, apples and more of these kinds of fruit from temperate climates. Volumes of tropical frozen fruit, purées, dried fruit are therefore needed, but only in smaller quantities and procurement of these is done in The Netherlands, Belgium, Denmark, France, Germany or Scandinavian countries.

The food processing industry in Norway has its strength in the fish, meat and dairy sectors. The fishing industry, on the one hand, exports more than 90 % of its output. The bakery and confectionary industry is also well structured and is probably the only industry which might be worth being prospected directly by Philippine exporters of fruit purées, marmalades, coconut products, although probabilities for success are small. The beverage industry is mainly concentrated around mineral waters and brewery products. The processed food industry in Norway has to deal with fierce competition from companies in other Scandinavian countries and from northern Europe.⁴⁹ However, bearing in mind the circumstances mentioned above, it could be worthwhile to approach the following companies with tailor made offers: Lerum (jams, marmalades), Tine SA (dairy, juices), Orkla Group (out-of-home, grocery, bakery; also operating in all other Scandinavian and some Nordic countries).

2.3.2. Imports & Exports

Imports

For products such as sugar, rice, tropical fruit, and vegetables outside the Norwegian season, there is no tariff. All developing countries have reduced tariffs on exports of agricultural products to Norway.⁵⁰

The Norwegian Statistical Database reports for 2019 that food imports had a value of NOK 46,819 Mio which corresponds to EUR 4,485 Mio. If the share of imported beverages is added, imports of food and

⁴⁸ Source : European fruit juice association, www.aijn2019report.com; 2020/09/03

⁴⁹ www.regjeringen.no/en/dokumenter/Business-and-industry-in-Norway; 2020/09/04

⁵⁰ www.regjeringen.no/en/topics/food-fisheries-and-agriculture; 2020/09/04

beverages account for 7,2% of total imports of manufactured goods.⁵¹ The total domestic demand for food can only be satisfied by roughly half of the domestic production. This means that an important part of these products needs to be imported in order to complement and satisfy the demand for food consumption in the country.

The following table shows the values of imports in 2018 and 2019 of fruits and vegetables (fresh, dried, frozen; HS 08 and HS 07) and preparations of the same (HS 20) to Norway of the top 10 supplying countries and the value of Philippine sales of these items to Norway and their % of total Norwegian imports from the world.

Table 4. Norwegian imports of fresh and processed food in 2018 and 2019. Source: trademap

Norway's imports from... (unit EUR x 1,000)								
Imports	World: Total imports 2018	World: Total imports 2019	EU & UK: top countries 2019	Americas: top countries 2019	Africa: top countries 2019	Asia: top countries 2019	PH: 2018	PH: 2019
HS codes	Values	values	% of 2019 world total import (values)				Values and %	
HS 08 fruits	801,256	752,032	SP, IT, NL, POL 36,2%	USA, PE, CR, CHL 22,2%	RSA, MA 10,8%	Nil	1,088 0,14%	636 0,08%
HS 07 Vegetables	381,206	376,145	SP, NL, FR, DNK, POL, IT, LTU, BEL, UK 77,2%	nil	nil	ISR 2,3%	1	1
HS 20	239,227	224,914	IT, SP, NL, FR, DEU 40,2%	BRA, USA 15,6%	nil	CHN, THA, TUR 13,5%	877 0,37%	923 0,41%
Total HS 08 + 07 + 20	1,421,689 100%	1,353,091 100%	X	X	X	X	1,966 0,14%	1,560 0,12%

Food imports to Norway of tropical origin, either fresh or processed, come mainly through trade hubs in northern Europe like NL (Rotterdam), Germany (Hamburg), Belgium (Antwerp) and UK.

It should be noted that Norwegian consumers have developed greater awareness over time of healthy food consumption (less sugar, less fat, more fibres, balanced food intake) and also for some, even with hesitating inclination, to specific tastes of a number of international brands. Imports have been influenced correspondingly. Cosmopolitan food stuffs can now be found in many Norwegian supermarkets. Specialty products and snacks are often branded and are mainly imported from the EU and the USA. They also contain food from tropical origins like dried fruit or nuts, or fruit juices elaborated with pulps and concentrates from southern countries.

⁵¹ Source: www.ssb.no; 2020/07/17

Norwegian imports of jams, marmalades and jellies from the world have been stable in value: They accounted with EUR 7-8 Mio/y over the last ten years, with a drop in 2017 slightly under EUR 6 Mio. Looking at the imports from developing market economies in this product group, these figures are very modest varying around EUR 100,000 per year.

Tropical juices incl. citrus have shown stable import figures over the time period 2015-2019. There has been a small decline in value of 3%. In 2019 the main supplier in this category was Brazil accounting for 26% of values imported. The following countries are ranked in the next places with its respective plus or minus– (values) since 2015: Spain (-42%), Netherlands (+874%), France (+248%), Denmark (+288%), Germany (-11%). Combined with the figures of Mango purée the trade hubs France, The Netherlands, Denmark and Belgium are worth being prospected by the respective Philippine exporters of fruit purées.

The import figures of mango purée import to Norway are given as an example. Between 2015 and 2019 the imports of mango purée increased by 28% in value. European countries are main exporters to Norway: The three biggest trade partners are France accounting for 19,6% of values imported (+ 256% compared to 2015), Sweden 9,7% (-56%), Thailand 9,1% (-5%). The overall picture of the last five years shows clearly that Norway ensures its procurement for mango puree increasingly through European trade hubs: France gained 256% in values exported to Norway since 2015, the Netherlands +553%, Denmark +32%, Belgium + 3,000% (!).

Raw cane sugar (HS 170113) has a small market in Norway: Looking back as far as 2011, annual imports from the world were rising slowly, but account for less than EUR 50,000. Brazil and UK (as re-exporter) are the main suppliers delivering 87% of values imported (2019).

Imports from the Philippines

The Philippines exported products listed in their product group “Processed Food and Beverages” valued at EUR 615,874 directly to Norway in 2019. They recorded a CAGR of 5% for this product group exported to Norway for the years 2015-2019. The products “other Sauces and preparations thereof” accounted for 38,9% of the total, as the leading product category.⁵²

Dried fruits were imported directly from the archipelago for an amount of EUR 22,600 (USD 25,312) in 2018, which increased considerably to EUR 104, 886 (USD 117,472) in 2019.⁵³

In line with the above-mentioned health awareness, Norway’s sugar imports are slowly declining. Between 2015-2019 imports of sugar dropped by 15%. Only 8,9% came from developing market economies. In 2018 the Philippines exported a value of EUR 66,437 (USD 74,409) of “other sugars” directly to Norway; in 2019 there were no exports.⁵⁴ This panorama is a difficult starting point in considering the market, being combined with falling demand. Regardless, this it is certainly worth prospecting the specific trade channels which deliver to health stores, or to stimulate and create more demand through a Unique Selling Proposition of Philippine muscovado sugars.

Fruit purées were exported directly from the Philippines to Norway for a value of EUR 8,186 in 2019. In 2018 there were no exports.⁵⁵

⁵² Source www.tradelinephilippines.dti.gov.ph; 2020/08/06

⁵³ Source: Philippine Statistics Authority (PSA), processed by DTI-EMB; 2020/09/03

⁵⁴ Source: Philippine Statistics Authority (PSA), processed by DTI-EMB; 2020/09/03

⁵⁵ Source: Philippine Statistics Authority (PSA), processed by DTI-EMB; 2020/09/03

Imports of jams, marmalades and jellies from the Philippines to Norway never exceeded EUR 8,500/y. All other developing market economies show trade relations in this category which are similar to the Philippines. This indicates that the Norwegian market is rather difficult to penetrate directly in this product category from the tropical regions.

Exports

The Norwegian Statistical Database reports that food exports for 2019 had a value of NOK 51,993 Mio which corresponds to EUR 4,980 Mio.⁵⁶ The value of food exports represented a share of 5,7 % of the total of all exported manufactured goods from Norway.

The total of Norway's exports of all products under HS codes 20, 08 and 07 increased by 7,8% over the period from 2015 to 2019, to reach a total of EUR 18,441 (x 1,000). They are ranked in the respective positions 65, 73 and 83 of Norway's total exports. However, together they represent only 0,02% of total exports of the country's exports to the world. Mineral oils and fuels (HS 27) rank 1st with 56% of total values exported in 2019. As far as the position of food products in Norway's exports, is concerned, fish and crustaceans (HS 03) account for 11,4% of total exports and are ranked 2nd overall of Norwegian export product groups.

To a small degree Norway also re-exports food products of tropical origins. This is mainly coconuts and cashew nuts (HS 0801), which in 2019 were exported at a value of EUR 563,000.

In general, exports of processed foods from Norway are limited (with the exception of fish and crustaceans), which means that almost all of the products imported are consumed or further processed within the country. The main destinations of Norwegian food products are the EU 27 countries and UK.

2.3.3. Trade structure

A straight line along Norway's sea borders (the coastal perimeter) is 2,650 kilometres long. On the contrary to Switzerland, Norway has a huge coastline and several ports through which products enter the country. Most major importers and distributors are located in the Oslo region. Norwegian retail trade is focused around main commercial centres, such as Oslo, Bergen, Trondheim and Stavanger. In the grocery sector a structural change has taken place in recent years with close collaborations taking place between two or more companies increasing the negotiating power of these market players. Some market players have sub-agents or sales offices in other Norwegian cities than those mentioned above.

The Norwegian trade channels do not differ much from the channels in Switzerland. Please refer to chapter 2.2.3

The retail market is structured as follows: The figures from 2018 show that NorgesGruppen was the largest food retail company in Norway, based on its turnover of EUR 9 bn. In comparison, the second largest food retailer was Reitangruppen with its chains, 7-Eleven, Narvesen, Rema 1000 and YX, with a turnover slightly over EUR 5.2 bn.⁵⁷ In recent years, Lidl from Germany and ICA Group from Sweden withdrew from the country due to the fact that the domestic market is small, compared to other Scandinavian countries, and companies are not very active internationally.

⁵⁶ source www.ssb.no; 2020/07/17

⁵⁷ www.statista.com; 2020/08/29

2.4. Iceland

With approx. 360,000 inhabitants (2019) Iceland is the second smallest country of the four EFTA members. It is completely surrounded by the ocean having approx. 4,800 km of rugged coastline. The distance to the European mainland is approx. 2,000 km.

2.4.1. Consumption & Production

Consumer behaviour is similar to that in many other high-income countries. Trends such as healthy lifestyles and convenience food are combined with increased awareness for sustainability issues. However, the market for organic is well behind the other Nordic countries. Organic products are mainly imported. In retail outlets the products present are increasingly imported products from Western Europe and from the USA.

The geographical situation and its climate prohibit Iceland from producing all its food in a self-sufficient way. For certain varieties of vegetables Iceland has good local production and is mostly self-sufficient. Meat (sheep, poultry), dairy products and fish-and seafood are produced to such a level that self-sufficiency is guaranteed to a high degree. Hay for fodder, potatoes and other root vegetables are some of the main crops. Cereals, barley and oats, are cultivated as staple crops. Thanks to the energy resulting from geothermal water, vegetables (and flowers) can be produced in greenhouses to overcome the adverse climatic conditions which are present several months of the year. Nevertheless, total production of food products and beverages (excluding certain agricultural products and the seafood sector) is very small.

2.4.2. Imports & Exports

Imports

Iceland relies heavily on the import of processed foods. The EU and UK from Europe, USA and Canada from the other shores of the Atlantic Ocean provide > 81% of processed food to Iceland, recorded under HS 20 and are also the largest suppliers of **fruits and vegetables** recorded under the HS 08 and HS 07 codes. Obviously, this share is much higher for fresh and dried tropical fruits specifically. Until now, The Philippine's role has been very limited and accounted for only 0.2% (value) share in 2019.

Table 5. Iceland's imports of fresh and processed food in 2018 and 2019, source: trademap.org

Iceland's value of imports from... (unit EUR x 1,000)								
imports HS codes	World: Total im- ports 2018	World: Total im- ports 2019	EU & UK: top countries 2019	Americas: top countries 2019	Africa: top countries 2019	Asia: top countries 2019	PH 2018	PH 2019
	Values	values	% of 2019 world total import (values)				values and %	
HS 08 fruits	54,736	54,140	SP, NL, FR, IT 27,9 %	USA, ECU, CHL, PE, BRA	RSA 5,2%	nil	22 0,04%	24 0,04%

				36,8%				
HS 07 vegetables	29,795	32364	NL, SP, BEL, IT, UK, DK, FR, IE 78,2%	USA 8,7%	nil	CHN 1,9%	0	0
HS 20	39,068	39315	UK, NL, BEL, DK, IT, DEU, SE, FR 64,7%	USA, CA 16,6%	nil	nil	207 0,53%	217 0,55%
Total HS 08 + 07 + 20	123,599	125,819	X	X	X	X	229 0,18%	241 0,19%

In 2019 the value of Iceland's total imports from the Philippines was EUR 377,000 (2018: EUR 634,000). 60% of these imports comprised of wood and charcoal of wood.⁵⁸ Food items imported directly from the Philippines were desiccated and fresh coconut. Raw materials such as these from tropical countries and the Philippines would most probably be used as ingredients in food items like fruit bars, fruit juices from exotic fruit, mixture of nuts for snacks and other (composed) processed food products.

Iceland also imports raw cane sugar. Since 2015 the average annual value of imports has been around EUR 80'000. In 2019 Iceland sourced this product in Denmark 70%, Finland 16% and Sweden 7,5%. Denmark, whose raw cane sugar imports dropped by 84% since 2015 sourced its raw cane sugar in the following top 5 supplying countries: Germany 63% (stable volumes since 2015), UK 10% (tendency sharply decreasing), Italy 10% (stable), The Netherlands 5% (sharply decreasing), Sweden 5% sharply decreasing.

The abovementioned brief explanation of the trade flow of raw cane sugar sold to Iceland is representative of the trade flows for most processed food sold to Iceland. This Nordic island will always have to pass through trade hubs to source processed foods from the tropics, which is not surprising, as this EFTA country only has a population of some 364,000 inhabitants.

Exports

Iceland's exports of products under the HS codes 07, 20, 08 products are minimal. They vary around EUR 0,5 Mio/y. These three product groups rank 58th, 63rd and 65th respectively, in Iceland's overall export statistics for 2019. For example, exported products under HS 20 accounted for min. EUR 118,000/y and max. EUR 184,000/y in the country's export figures for the period 2015-2019.

However, the country is exporting food. Iceland has a striving fish- and seafood industry (HS 03) with exports constantly growing. Fish and seafood exports amounted to EUR 1,45 bn. (10⁹) in 2015 and increased to EUR 1,81 bn. in 2019 and are ranked as the leading export sector in Iceland, accounting for 59% of total goods exported. UK, FR, USA, SP, NL, DEU are the main buyers of, fish and seafood from Iceland.

⁵⁸ source: trademap.org and www.tradelinephilippines.dti.gov.ph; 2020/07/25

2.4.3. Trade structure

Being an island, Iceland has a few ports through which imported products enter the country. The Port of Reykjavik is Iceland's principal port, receiving more than 70% of all imports to Iceland.

The trade structure in Iceland is basically the same as in the other EFTA countries and described extensively in chapter 2.2.3. However, because of the small size of the local industry and local market, there are only a few players in the field of processed foods in the country, being the fish- and seafood industry, the main sub sector.

Distribution is concentrated around the capital, but cargo to other areas can be transported by air, ship or truck. There are no railroads in Iceland. The biggest port in Iceland for cargo is Sundahofn in Reykjavik where the shipping docks handle more than 75% of all imports to Iceland. From the docks to the final destination, products are either handled through the mail for individuals or wholesalers and their distribution channels.

Very large shops are common in Iceland. One company, Hagar, organized as a holding, which apart from its operations in Iceland, also owns a number of retail and wholesale companies in Sweden, and Denmark, has a 48% market share in the food retail trade in Iceland (2017 data). The presence in continental Europe is an advantage for Hagar because the company can bundle efforts and interests, being closer to the European mainland trade hubs, where exports to Iceland are commonly arranged. Other important players in the retail sector are the companies Bonus Grocery Stores (cheapest, affordable), Krokan Grocery Stores (budget grocery store), Netto Supermarkets (budget offers).

Retail Sector Organisations such as the Federation of trade and services, the Ministry of Finance and Economic Affairs and the Iceland Chamber of Commerce attend to the specific interests of the sector.

2.5. Germany

Germany has 83 Mio inhabitants (2019). Within Europe the country has a favorable geographic position with two leading world trade hubs in the north, the port of Hamburg⁵⁹ and Bremerhaven, connected ideally by rail and road to the rest of the country and its direct neighbors Denmark, Poland, the Czech Republic, Austria, Switzerland, France, Luxembourg, Belgium and the Netherlands.

Three of these are also very important European trade hubs which make Germany's position even more attractive and important. Many European destinations are located at less than 8 truck hours away: Scandinavia, eastern European countries and also the south of Europe lie within this range.

The GDP of Germany in 2019 adjusted by purchasing power parity was EUR 48,049.⁶⁰ The GDP annual growth rate of the last 10 years was stable reaching a max. of 7,2%, but normally varying between 1-3%. A steep descent was observed in the first six months of 2020 declining by more than 10% caused by the consequences of COVID-19.

⁵⁹ Source picture: www.hafen-hamburg.de/en

⁶⁰source: www.tradingeconomics.com; Federal Statistic Office Germany; 2020/08/05

2.5.1. Consumption & Production

Industry, and in particular the food industry, is well developed. Consumer prices are stable and an average income German household will spend some 10,4% to buy food.⁶¹ This is 1,6% less than the EU average.

For German consumers, two of the key factors leading their purchasing decisions are quality and price. Germany is blessed with a high market competitiveness and widespread availability of grocery discounters.

As in many other European countries with a similar economic situation, many consumers are also becoming more aware of the environmental and societal issues in producing food and are turning towards products which are certified organic, or follow Corporate Social Responsibility standards as Fair Trade, BSCI, SMETA and others. An ageing population and health consciousness of the population also considerably influence consumer patterns in Germany. In addition, the 7 million foreigners who live in Germany introduced and contributed to a change in eating habits and consumption patterns.

Consumption of processed foods is many sided and the different subsectors show different developments. The situation in early 2020 in the context of the COVID19 meant that certain statistical data changed completely by the particular behaviour of the population purchasing more than they normally did in the same time period of previous years. On the other side some specific value chains were seriously interrupted, such as the delivery services to gastronomic entities, or the procurement of school canteens to mention just two examples. However, statistics of the last five years give a meaningful picture of processed food imports to Germany (see chapter 2.5.2). A large part of the products of this category originating from tropical countries are often purchased from a European trade hub in the Netherlands, France and UK where considerable volumes of dried tropical fruits and nuts are imported and then re-exported into other EU countries like Germany.

Dried fruits are consumed as a snack or as ingredients of cereal mixtures, bakery products or fruit-cereal (energy) bars, mostly consumed without added sugars or flavouring. In decreasing order the dried fruits most consumed in Germany are grapes, dates, and figs accounting for roughly two thirds of consumption. The most consumed tropical dried fruits are mango and pineapple. The extensive usage variations of dried fruits and the large consumer base ensure that this market segment has a very promising outlook for the upcoming years.

Canned and frozen products are omnipresent on the German market. Ready-to-eat dishes with local or international, exotic tastes, fruits to make desserts or smoothies, or prepared and sometimes precooked vegetables are largely available. The same is applicable to (semi-)elaborated bakery products like vegetable- or fruit pies, bread or sweet cakes and of course, frozen meat and fish & seafood products.

Fruit purées are an important product traded by German enterprises. They go into the fruit juice and nectar industry where Germans are top consumers: 2,321 Mio. liters. were consumed in 2018, a small minus of -1,5% compared to 2017 and -3,6% change with 2014 consumption. The dairy industry, ice-cream producers, the bakery industry also absorb fruit purées of local origin or imported.

⁶¹source: Eurostat and www.bve-online.de; 2020/08/03

White sugar consumption in Germany has been stable since the seventies and is around 30-35 kg/capita/y. However, there is also a steadily growing segment of German consumers who are looking for alternatives in sweetening their beverages and dishes. Health arguments are predominant for these people. Raw cane sugar or alternative sources as maple, honey, coco nut palm sugar, or sweeteners based on stevia are becoming more popular.

German production factors in the food industry are characterized by high competitiveness. Raw materials are available, either locally or from not far away in the EU domestic market, and if not available, procurement is assured through sustainable trade relations all over the world.

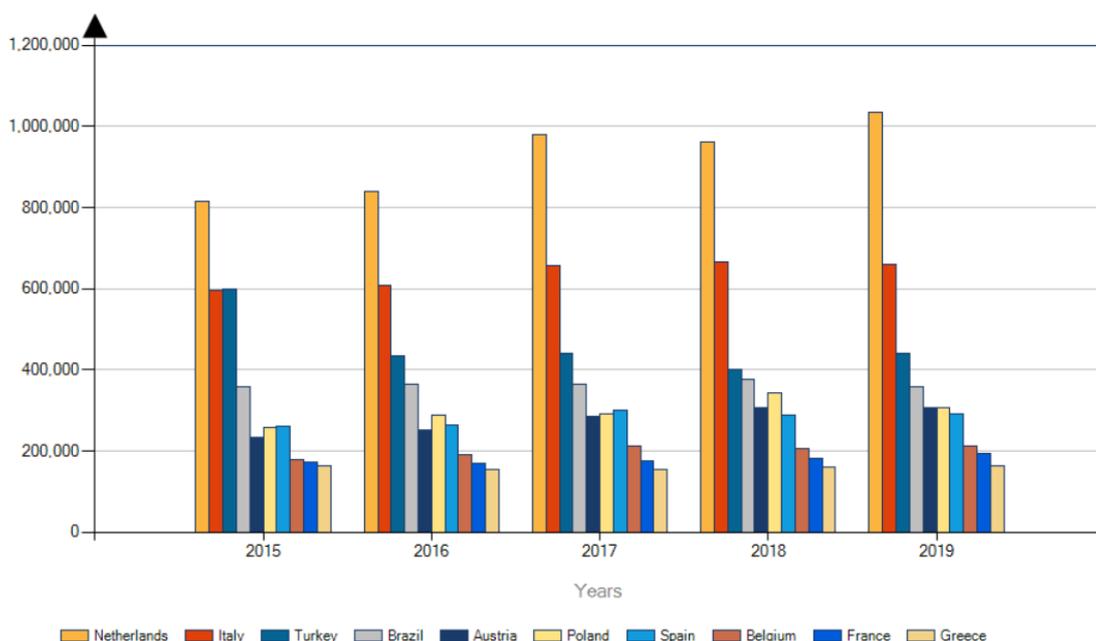
Additionally, very high technology standards and a qualified workforce benefit the industry and make it internationally competitive.

2.5.2. Imports & Exports

Imports

German foreign trade statistics for processed food (HS 20, including jams, jellies and marmalades) show that the two main trading partners are the Netherlands and Italy. They are followed by firstly Turkey, mainly for dried and preserved fruit and vegetables, as well as nuts (dried figs, dried apricots, hazelnuts) and secondly Brazil, mainly for baseline products to elaborate fruit juices (orange juice).

Figure 10. List of supplying markets for a product imported by Germany. Product category 20: Preparations of vegetables, fruit, nuts and other parts of plants. Imported value in EUR 1,000. Source



Tropical Nuts and dried fruit are purchased by Germany mainly on trade hubs intra-EU: 61,5% come from The Netherlands, 17,7% from France and 16,2% from Belgium. Imports from the latter two countries are decreasing whilst the procurement from the Dutch is stable and even increasing slowly. Procurement is seldom done directly from the country of origin.

German imports of raw cane sugar (HS 170113) from the world have continued to grow constantly. In 2015 imports amounted to close to EUR 4 Mio., in 2019 this value was EUR 5,42 Mio. Shares of the top five suppliers were the following (+positive growth, - negative growth compared to 2018) : Cuba 14%, -; The Netherlands 13%, ++, Brazil and Costa Rica with 12% each, + both, The Philippines 9%, +. It is worth noting that Colombia and Paraguay which follow these top 5 supplying countries, ranking 6th and 7th respectively, showed exceptionally good and constant growth rates since 2015: Colombia + 469%, Paraguay + 653%

Imports from the Philippines

The Philippines share in Germany's imports of HS 20 products was 0.49% in 2019. The following example of pineapple juice, brix > 20%, HS 200949 shows the reality of trade flows. In 2019 the mentioned product was imported directly to Germany from the world for a value of EUR 10,346 (x 1,000), with the Netherlands having a share of 37% of these imports to Germany, Thailand 24%, Costa Rica 23,9%, Vietnam 4,7% and the Philippines 1,7% (EUR 163,000). In the same year the Netherlands, the neighbouring country of Germany, sourced the mentioned product from the world for a value of EUR 61,755 (x 1,000), the main supplying countries being Thailand 32%, Costa Rica 19%, Indonesia 13,6% and the Philippines 10% (value EUR 6,153,000 or 37 times more than to Germany). Two important facts can be deduced from this example: I) For this product the Philippines have main competitors: Thailand and Costa Rica and to a lesser extent, Indonesia and as an emerging pineapple juice exporter Kenya. II) The Netherlands is an important trade hub for the Philippines.

However, the Philippines modest export figure of pineapple juice, brix > 20%, does not delude the following facts: During the previous few years the sourcing of raw materials was characterized by periods of scarcity of resources. This can lead to positive developments, like more direct and long- term relationships between traders in Europe with producers-exporters, which in comparison to spot markets, can constantly improve and facilitate quality assurance and the integrity of brands. In this context this is a potential opportunity for Philippine processed food exporters to foster their commercial links to a country like Germany.

Sugar imports (HS 170113) from the Philippines to Germany in 2010 were valued at EUR 363,184. Imports grew to reach a peak in 2016 of EUR 850,323 and then declined to EUR 481,087 (245,000 kg) in 2019.⁶² This is certainly a very small volume in relation to the German population of 83 Mio. people, but it also illustrates the potential which is still unexhausted. Not all of these sugars imported into Germany from the archipelago were raw cane sugars. As awareness of health issues are growing, the saturation of the market has certainly not been reached. Therefore, it would be worthwhile for Philippine exporters to prospect this market accordingly.

Exports

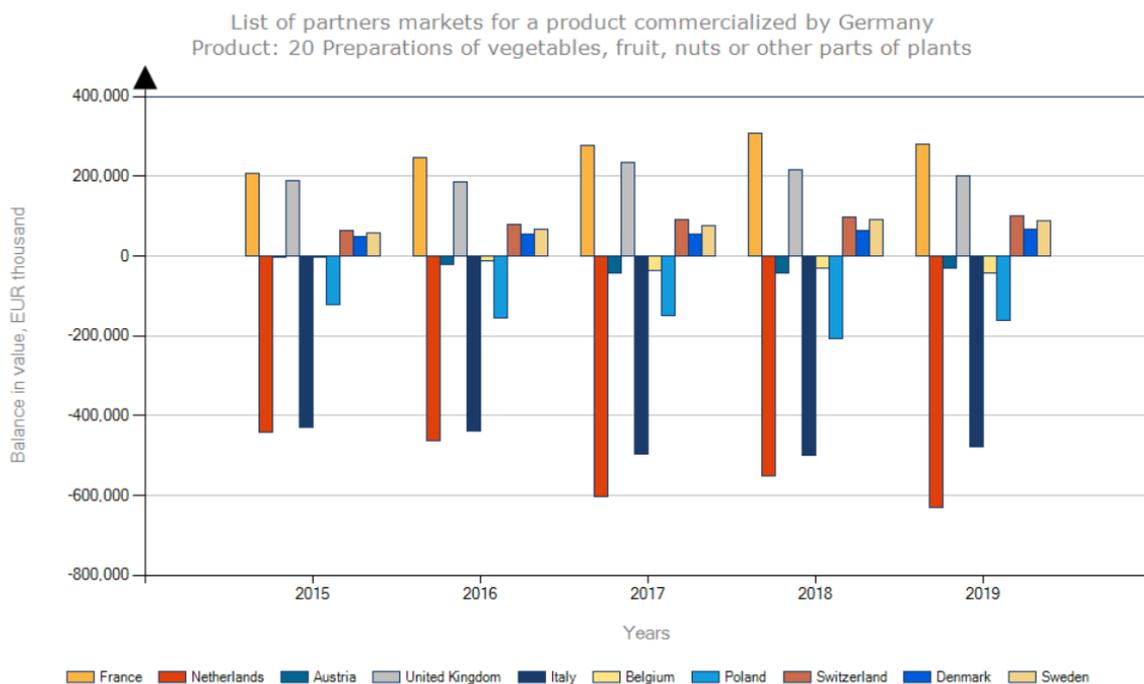
As mentioned above, Germany is an important European trade hub. In 2019 the country imported HS 20 products valued at EUR 5,0 bn. and exported products under HS 20 code for a value of EUR 2,9 bn. Roughly 1 out of 3 Euros is earned in exports. The unique benefits of exporting food the EU domestic market are: duty free, same rules and standards and short transport routes.

⁶² Source: Eurostat, trade.ec.europa.eu/tradehelp/statistics; 2020/08/02

Due to the difficult domestic business environment - characterized by rising production costs, high competitive pressure and the strong concentration in the food retail sector - exports in particular have become an important sales strategy for companies in the German food industry. While domestic sales are only increasing as a result of price factors, exporting to other countries allows food manufacturers additional growth through increased volumes. High Quality combined with food safety, but also reliability and competitive pricing make food “Made in Germany” an export hit.

Expectations forecast that intra-EU sales remain strong but only growing slowly, with the exception of exports to Austria and Poland. Trade partners like China and Russia and to a smaller extent Switzerland, South Korea and Japan remain within the focus of the German food industry for representing ongoing good opportunities.⁶³

Figure 11 Trade balance (value, EUR) Germany - 10 main trade partners, 2015-2019



A total of EUR 62,2 bn. of processed food is exported.⁶⁴ With a share of over 77%, the food industry exports the majority of its products to the European single market.

Close to 57% of the German processed food exports are traded within the four following categories: 18,7% by meat and meat products, 15,4% by sweets, semi-finished bakery products and ice-cream,

⁶³ source: Federal Association of the German Food Industry, www.bve-online.de/themen/aussenwirtschaft; 2020/08/01

⁶⁴ source www.bve-online.de; 2020/08/07

13,4% milk and derivatives of milk (except ice-cream) and 9% by ready-to-eat meals. Processed Fruit and Vegetables account for 5,7% of the total of exported processed food.

2.5.3. Trade structure

In general, the trade structure of processed food is very similar to that described in chapter 2.2.3. Brokers, agents and importers in Germany, when undertaking their procurement, consider wholesalers and retail chains on the inland market. However, they very often consider the re-export of the products purchased, a particularity which has to be taken into account when approaching this segment of traders.

The retail segment is constantly undergoing a consolidation process. Often the bigger players like Aldi, Edeka, Lidl, Rewe Group have outlets not only in Germany and/or they are integrated in international partnerships with other bigger supermarket chains in Europe. They are selling larger amounts of many of their food stuffs they offer in their hyper- and supermarkets. Others, which are still small, are growing parts of their sales through orders by consumers over the internet and delivered at home, or they find their way to the consumers through their convenience stores. Summing up these sales, the bigger volumes needed are purchased within strategic partnerships from importers and the food processing industry and sometimes also directly in the countries of origin. Without any doubt these players in the trade structure have an important economic power. But the retail segment in Germany also has to take into account the rising awareness of consumers on sustainability, health, social issues and therefore create innovative offers and food concepts taking into account these elements of consumers wanting to purchase increasingly “good” food: Organic certified, issued from fair trading conditions, labelled along standards which guarantee corporate social responsibility in the whole value chain.

Other players in the trade structure are, on one hand the (hard) discounters (Penny Markt, Netto Marken Discount and others), where cheap price is the first purchase argument. These outlets are often extensions of the bigger players mentioned above and integrated in national and international networks and food retail groups.

Additionally, there are specialized grocery stores which only sell organic food, often combined with good trading practices which respect the rights and conditions of growers and workers. It is very rare that exporters from foreign countries, and even less from other continents succeed to establish direct commercial relationships with the specialized players mentioned in this paragraph.

2.6. France

France has 67 Mio inhabitants (2019). After its neighbour Germany it is the 2nd largest economy in the European Union. Situated in the north west of Europe the country has a very particular geographic position. With different big sea harbours situated on the Mediterranean sea in the south (Marseille) and on the English Channel in the north (Le Havre, Dunkerque, Calais) which are combined with a very good railway and road system, France complies with many favourable criteria to be a performant European trade hub. Spain, Belgium, Switzerland, Italy, Germany and three minor countries, Andorra, Luxembourg and Monaco, are its immediate neighbours.

With a GDP (adjusted by purchase power parity) of EUR 41,235 France lays slightly behind the three bigger countries of the EFTA markets, and behind the EU countries Netherlands, Germany and UK

treated in this study, but still in the middle field of the Euro-Area⁶⁵. The GDP annual growth rate of the last 10 years was stable varying between 0-3%. A steep decline was observed in the first two quarters of 2020 losing aprox. 19% as a result of the COVID-19 situation.

2.6.1. Consumption & Production

In France, consumption of food is very much related with pleasure and quality. At the same time a growing number of French consumers follow the international trend that food must be healthy and that its production should not harm, neither the environment nor the people who produce it. The trends labelling the food items with “rich in” or “free of” have developed in recent years. In the wide range of food consumer patterns in France, a segment of fine food addicts can be found as well as the people who prefer products from the fast-food sector. Low income often leads to consumption of this latter type of food which in terms of nutrition is often of inferior quality. However, the new lifestyle of having only a short break at noon has its influence in the context of consuming fast dishes. The offers in this segment are, not automatically of inferior quality.

The principal expense of a French household is for housing. This is followed by the spending for food and non-alcoholic beverages, at with 13,4% of spending. This is 1,2% above the EU average and half of the percentage, which was spent 50 years ago for eating and drinking.⁶⁶

Food consumption habits have been changing in recent decades and years: More organic food is sold and at the same time consumers are aware of optimizing the balance of food intake. Often functional food, which is said to possess physiological benefits is part of their daily meals and snacks. A steadily growing part of consumers also look for the origin of the products and “the story behind”. This opens the door for a range of certifications in the social ambit, such as there are Fair Trade, Fair For Life and others. Corporate Social Responsibility standards are becoming more of a voluntary must for growers and exporters to be able to sell their products on the western European market.

Frozen and canned food has its important place in French households. The tendency shows that every year less time is spent in preparing food at home. On the other side, the demand for the ready-to-eat-dishes, either with traditional ingredients or with an exotic touch, is increasing. Frozen, canned or cooled down convenience dishes, packed under strict hygienic conditions and meeting the highest food safety standards are the ways to spare time. Additionally, increased health awareness contributes to the consumption of more fruit and vegetables. The “5-a-day-campaign” promotes these consumption patterns, not only referring to fresh but also to processed food.⁶⁷

It should be noted in the context, that French consumers are very good jam and marmalade consumers, however the local fruit flavours are preferred by people using fruit-spreads, also they are characterized by being mainly elderly persons.

Furthermore, as mentioned above, for reasons of time, more and more people purchase ready-to-eat fruit and vegetable salads or fruit processed into smoothies. The latter consumption patterns are mostly in the segment of out-of-home consumption.

⁶⁵ source: www.tradingeconomics.com; www.insee.fr; 2020/08/10

⁶⁶ Source: INSEE, Eurostat; 2020/08/09

⁶⁷ www.ifava.org/

The food processing industry in France is one of the best performing in the world. For example, with the company Bonduelle the country hosts one of the largest European vegetable processors, working in the sub-sectors of canned and frozen vegetables, ready to eat convenience vegetable mixes and fresh-cut-salads for households and restaurants. Bonduelle is currently active and/or delivering to more than a hundred countries worldwide. The food processing sector, together with the primary sector is one of France's strongest export performers. After the aerospace and chemical sectors, it is the third largest. Beverages and cereals in particular, dairy products, meat, sugar and companies from the sugar industry, working with advanced food processing technologies are leaders in Europe for their domestic R&D expenditure. Danone, Lactalis, Pernod Ricard are just three of the leading enterprises. The industry delivers in country, intra-EU and world-wide. France is the biggest fruit purée producer in Europe. In 2018 the country was by far the European leader and produced 80% of the volumes of purées coming from local and European fruit.⁶⁸

Figure 12. European production of fruit puree compotes 2017-2018, volumes in metric tons.



PROFEL - Production of Fruit Puree and Compotes (by country)

Fruit Puree and Compotes (Net tons)	2017	2018
FRANCE	401.052	400.445
BENELUX, GERMANY, DENMARK	104.141	90.989
FINLAND	425	425
SPAIN	0	11.000
ITALY	0	0
AUSTRIA	-	-
TOTAL	505.618	502.859

* Source: National production statistics and industry estimates

Red = best estimate

However, French exports from the primary sector are declining and the agrifood sectors export figures are only positive thanks to the contribution of beverages. The trade balance is positive with USA, UK, Japan and China, but with most EU partners and with Switzerland it is negative. The trade balance with developing countries is mostly positive; out of the top 50 trade partners of this group the trade balance of processed food and agro-based products was positive with 37 countries in 2019.

2.6.2. Imports & Exports

France plays an important function as an international trading hub, including in the processed food sector. The following illustrates the role of France as an international platform, looking at some details of the country in the international context.

⁶⁸ source: European Association of fruit and vegetable processors, www.profel-europe.eu; 2020/08/03

Imports

Processed food imported into France comes from Belgium, Spain, the Netherlands, Italy and Morocco (processed tomatoes, olives). To a minor extent Brazil, Canada, Turkey deliver important quantities under the HS codes 20 and 08 (main products orange juice, cranberries, hazelnuts, dried figs and raisins).

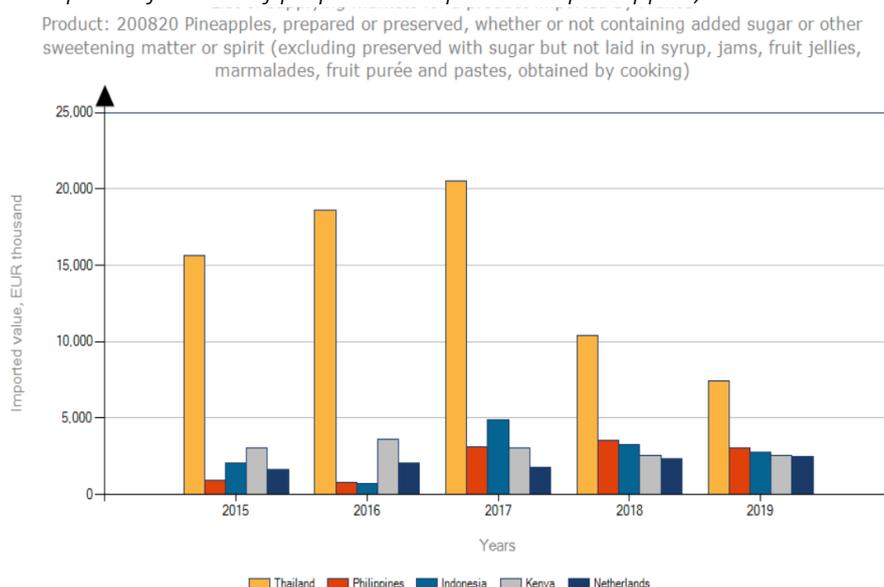
The market for tropical fruits and nuts (frozen) also has an important dimension in France: In 2019 France imported products from this sector for a value of EUR 173 Mio, of which 72,1 % were purchased intra-EU and 27,9% from trade partners outside the EU.

Imports from Philippines

In the charts of total Philippine exports (values) of agro- based products canned pineapple (29,7%; CAGR -2,0%), desiccated coconuts (29%; CAGR +4,0%) and “other fruits and vegetable” (+26,8%; CAGR)⁶⁹ are the three leader products o sold to the French market in 2019.

The Philippines was the top supplier of desiccated coconuts to France 2015-2019, followed by Indonesia and Ghana.⁷⁰ Imports of processed food and beverages, subgroup tropical nuts from the Philippines amounted to EUR 621,425 in 2019 (HS 081190). Over this five-year period the highest amount recorded was in 2017 with EUR 671,451, and the lowest in 2018 with EUR 98,606; CAGR was -0,4% in the period 2015-2019.⁷¹

Figure 13. Imports of France of prepared and preserved pineapples, values 2015-2019



The subgroup pineapples, otherwise prepared or preserved (HS 200820) recorded imports from the Philippines to France for a value of EUR 4,786,572 in 2019. The highest amount recorded over the five years, was in 2017 with EUR 6,520,046 and the five years low was in 2019 ; CAGR was -2,0% for the period 2015-2019.⁷² This sum represents 16,8% of France’s total imports from the world under HS

⁶⁹ source: www.tradelinephilippines.dti.gov.ph; 2020/08/08

⁷⁰ source: www.trademap.org; 2020/08/02

⁷¹ source: www.tradelinephilippines.dti.gov.ph; 2020/08/08

⁷² source: www.tradelinephilippines.dti.gov.ph; 2020/08/08

200820. After Thailand the Philippines was the second most important supplying country of pineapples, otherwise prepared or preserved, to France.

Dried fruits and extracts were exported for a stable value around EUR 2 Mio./y from the Philippines to France.⁷³

Sugars (HS 17) were imported into France for EUR 848 Mio.in 2019. The first nine trade partners were all from the EU, EFTA and from the UK; ranking 10th was Canada. For the last 10 years these import values have been stable. The Philippines ranked 45th in 2019 with 0,1 % of total imports to France under HS 1701. The performance of sugars imported from the Philippines showed a steady increase over the period since 2010, when the value imported was EUR 96,534. Ten years later after constant growth, values reached EUR 1,019,809. This is a trend to be seriously taken into account by the Philippine sugar exporters community. More health awareness between French and European consumers could even help to catalyse this positive export trend of the last ten years.

France is a very important player in the stevia market: in the long term, after alignment of production in the Philippines, choosing the right stevia varieties and the best microclimates for production, dried stevia leaves might have good market potential in France.

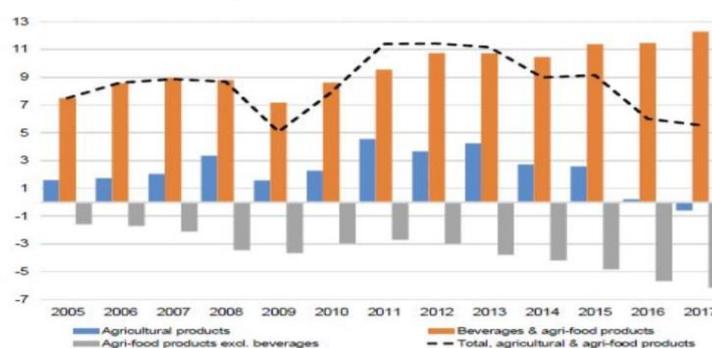
In the sub-sector tropical juices and purées the Philippines has sold products for an amount of EUR 3,878 (x 1,000) directly to France in 2019, ranking it 21st in terms of suppliers and with 0,4% of the country's total imports from the world. Imports are dominated by four EU trade partners (Belgium, Germany, Netherlands, Spain) and Brazil, accounting together for 73% of supplies. It should be noted that many of the products of this product category, apart from being used for juice elaboration also go into the processing industry of jams and marmalades, bakery- and dairy products.

Between 2017-2019 Jams, jellies and marmalades (HS 200799) imports varied between EUR 2,155 – 42,963 - 3,986 whilst French exports to the Philippines over the same period for these products amounted to values of EUR 305,114 – 243,765 – 187,628.

Exports

In 2018, France was the world's sixth largest agri-food exporter after the United States, the Netherlands, Germany, China and Brazil (UN Comtrade). Of all agrifood products exported, the top four export groups by value of France are beverages (EUR 15.9 bn; wine accounting for 61%of this value), dairy products (EUR 6.6 bn; mainly cheese), meat and meat-based products (EUR 4.5 bn), and products processed from cereals (EUR 2.7 bn).

Figure 14. France' trade balance of agri-food products, values EUR, 2005-2017, sources. French customs.



⁷³ source: Philippine Statistics Authority (PSA) and processed by DTI-EMB; 2020/09/03

Being an international trade hub of importance France is selling its processed food exports mainly to the domestic market of the EU and UK: Belgium, Spain, Netherlands, Germany and the UK ranked in 2019 in the top 7 countries where processed food (HS 20, HS 8011) is exported. Other countries which regularly import processed food (incl. beverages) from France in large amounts are: USA, Portugal, Switzerland, and the UAE.

2.6.3. Trade structure

Trade channels in France (and the EU) are similar to the ones in Switzerland, as described in chapter 2.2.3. The difference between France and the Swiss trade structures is mainly the number of players in the field. The French/ EU food processing industry is huge and, consequently, the number of players is extensive. Many agents and importers do not only focus on the country of their residence, but also operate throughout the EU and increasingly also outside the EU in countries with emerging economies and raising acquisition power. The EU plays an important role as entry point for products that will be distributed to the EFTA countries. Big specialized, consolidated traders buy impressive quantities of raw materials which are available all year round in all quantities and different qualities.

The retail sector in France is dominated by several large groups (subdivided into different types of stores such as discounters, hypermarkets, supermarkets, convenience stores, organic supermarkets): E.Leclerc group, Carrefour Group (Carrefour, Carrefour Bio, Proxi, Supeco, others) Les Mousquetaires (Intermarché, Netto), Groupe Casino (Géant, Leader Price, SPAR, Monoprix, Naturalia, others), Système U Group.), Auchan Group, together have a market share of 88% in France. The rest of the grocery market is shared by Delhaize (Belgium) and Lidl and Aldi (Germany).

2.7. The Netherlands

The Netherlands has slightly more than 17 Mio inhabitants (2019). Situated in the northern part of Europe the country has excellent infrastructure: Road- and railway-systems are very well developed and the port of Rotterdam is the gate to the world, ranking number 1 in Europe ahead of the port of Hamburg in Germany. These infrastructural elements contribute to the fact that the Netherlands has an impressive foreign trade performance which helps the country to develop a prosperous and open economy.

Figure 15. The port of Rotterdam, the Netherlands



With a GDP (adjusted by purchase power parity) of EUR 51,019 the Netherlands is ranked 6th of the European countries, slightly behind the two EFTA countries Switzerland and Norway, followed by Austria, Iceland and Germany.⁷⁴ With the exception of 2013 (-1,7%) the GDP annual growth rate of the last 10 years was stable varying between 0 -3%. For 2020 a declining curve is expected, due to the commercial activities being affected by the COVID19 situation, with the exception of the food and processed food sector which was less affected.

2.7.1. Consumption & Production

It is a fact that in the Netherlands the consumption of basic (raw) foods is decreasing, to the benefit of more processed food. Also, the variety of food supply increased in recent years coming from more different origins. Another changing consumer pattern is that a slowly but constantly growing number of consumers choose healthy and sustainably sourced foodstuffs often combined with a convenient presentation (ready-to-cook, ready-to-eat). If consumption at home is important, the out of home consumption at worksites, schools, restaurants as well as the foodstuffs acquired from take away food facilities is constantly growing. An increasing demand for plant-based foods and private label brands combined with online shopping habits - already popular in The Netherlands - is expected to gain an even more important place in the market. It should also be noted that in this context the Dutch every year, increasingly make more use of the possibilities of home delivery services for their groceries.

The expenditure in The Netherlands for food is relatively low compared to the European average (12,1%) and accounts for 11,4% of a Dutch household's food and non-alcoholic beverages expenses.⁷⁵

Despite its small surface the Netherlands definitively has several qualities that make it a great country for agricultural production and for a food processing industry. Its location is advantageous and import and export activities are encouraged by its position in the EU. The Dutch have some of the world's largest food and beverage companies and private investments in the agricultural sector. Being a member of the European Union the Netherlands has to comply with all the applicable Directives and Regulations of the food law. The Netherlands own Food and Drugs Law is harmonized with the principles of the European Union. The Dutch law applies both for domestic-use products as well as for imported products.

⁷⁴ source: www.tradingeconomics.com; World Bank; 2020/08/13

⁷⁵Source: Eurostat, Household_expenditures_EU_2018

The country has a strategic location and is a key producer and manufacturer of agricultural products working with raw material produced in country (meat, dairy products, vegetables grown in greenhouses) or with imported food products purchased with advantageous logistic conditions.

Top companies in the food processing sector, including R&D, are Unilever, Cargill, Mars, Mead Johnson, ConAgra, Pepsico and others. Not less important nor to be neglected are all the smaller and medium sized companies benefitting from the excellent geographic position of The Netherlands and its thriving R&D initiatives, which allow these SMEs to be on the forefront of national, but also international food business.

Product innovation is an important asset in the Dutch processing industry and also considered as essential for the creation of new market opportunities: For instance, in the processes to transform raw materials and conserve them, considerable effort has been made towards the reduction of salt and sugar in glass jarred and canned vegetables and fruits. Another example is sugar reduction in jam: It has been on the agenda for a long time and has contributed to jam being available in even more varieties.

The list below shows the products processed in the Dutch processed food industry. It should be noted, that the industry also works with certain products imported from tropical origins.⁷⁶

2.7.2. Imports & Exports

High service efficiency ensures that The Netherlands is often the first choice for traders to enter Europe, to forward their products to the final destination in Europe, or to the rest of the world. As a high performing logistics trading hub for Europe and for many other important world markets, the Netherlands plays a key function as a platform buying and selling goods and commodities.

Mineral fuels and in general (electrical) machinery are the Netherlands top product groups of its overall imports worth EUR 557 bn in 2019. In terms of the food, drinks and feed sectors, a large share of imports are coffee, tea, and cocoa, as well as vegetable oils and fats. The import of animal feed (raw materials like shredded soybean or cereals) facilitates the creation of favourable and interesting conditions for the Dutch animal husbandry sector (milk, meat, eggs). The food sector of HS codes 08,07,20 (fresh and processed fruit, vegetables and nuts) account for only 2,5% of total import values.

Imports

The suppliers who deliver processed food to the Netherlands come from all over the world. The country is supplied by a wide range of nations: South Africa, Chile, Brazil and Peru are the largest suppliers outside Europe.

The Philippines was ranked in the following positions regarding the overall processed food imports to the Netherlands in 2019: In the product group HS 08 the Philippines ranked 35th, the products being desiccated coconut, the lighthouse product. Certain of which is re-exported: In 2019 EFTA countries purchased from the Netherlands for a value of EUR 235,000. Norway and Iceland purchases are growing (+130% resp. + 44% compared to 2015). However, in total, EFTA purchases from the Netherlands dropped by 32% compared to 2015.

In the product group HS 20 the Philippines ranked 28th, with pineapple juice being the main product.

⁷⁶ Source: Dutch food processing industry; www.vigef.nl; 2020/07/31

Imports from Philippines

The products exported from the Philippines to the Netherlands are to a major extent desiccated coconut (HS 080111). Total Netherlands imports of the product, in 2019 amounted to EUR 50,012 (x1,000), with imports from the Philippines amounting to EUR 38,206 (x 1,000) which represents 76,4 % of the Netherlands imports from the world. Indonesia is the 2nd largest supplier of desiccated coconut to The Netherlands with 12,8% of the country's imports in 2019.

Regarding pineapple juice (HS 200949) values imported by the Netherlands in 2019, these amounted to EUR 61,755 (x 1,000), which is the lowest value in the time range since 2015. Thailand and Costa Rica are the leading suppliers, ranking 1st and 2nd respectively and totalling 51,4% of Dutch imports. The Philippines follow with 13,5%, Kenya with 10% and South Africa with 9,6%. Interesting is the fact that in 2019 re-export of pineapple juice from the Netherlands amounted to EUR 69,799 (x1,000). Comparing imported and exported quantities of this specific product traded by the Netherlands, the country exported 8,7% more than the imported value. This confirms the efficiency of the country benefiting from its value adding industry and from its excellent conditions and services as a trade hub for processed food.

Exports

In general the Netherlands exports more prepared fruit and vegetables and nuts (HS 20) than it imports. This means that many products imported raw or fresh, are also important parts of agricultural products of Dutch origin which are processed in the country and (re-)exported. Germany, France, UK and Belgium are the main trading partners of the Netherlands in the prepared fruit and vegetables and nuts sector (HS 20); these four countries account for 62,7% of the Netherlands's sales to the world.

2.7.3. Trade structure

In chapter 2.2.3. the trade structure of Processed Food for Europe in general reflects also the particular case of the Netherlands being similar to other European countries. The country is for many enterprises the smart choice to locate a pan- European operation. As the country is an important trade hub mainly for Europe, but also for the rest of the world, agents, brokers and importers play a very important role in the trade structure. All three often are specialized in accumulating orders of well-defined products and product groups, the ones they either channel towards their inland distribution network (processing industry, wholesale, retail, smaller grocery stores), or, as described in the antecedent chapter - an important part of imported Processed Food which is also re-exported.

One of world's leading companies and a superstructure in retail, Ahold Delhaize, is based in the Netherlands. It is one of the world's largest food retail groups and a leader in supermarkets and e-commerce. The four largest food retailers in The Netherlands, Albert Heijn, Jumbo, Lidl, Plus are controlling nearly 75% of a total turnover of close to EUR 30 bn (2019), what shows that the retail market in the country is fairly consolidated. However, players have to be innovative and will have to invest permanently in new, attractive food service concepts at their supermarkets in order to maintain loyalty of customers and gain new ones. The large supermarket chains buy independently, while many of the smaller chains are members of the wholesale purchasing cooperative Superunie. The rest of food service sector (hotels and restaurants, catering, "take-away" sales points make their procurement in general, with the wholesalers and specialized agents.

2.8. United Kingdom

The United Kingdom has slightly less than 67 Mio inhabitants (2019). Until the end of 2019 the country was an EU member. In 2019 the British GDP was calculated to be EUR 41,696 per capita, adjusted by purchasing power parity.⁷⁷ In spite of the modern, well performing sea ports like Felixstowe, Southampton, Tilbury and London Gateway, a quality highway system and good logistic services, the UK is not an outstanding trade hub for food items to be imported, processed and then re-exported. However, the UK is looking for and prospecting new markets because the departure from the EU common market will bring many uncertainties, which can be an advantage but also mean difficulties. Nobody knows however, exactly where the journey will end and in the meantime innovative ideas, combined with skills and perspicacity must foster the way to new horizons facing a number of headwinds, which the country and in particular the food processing industry may still have to face.

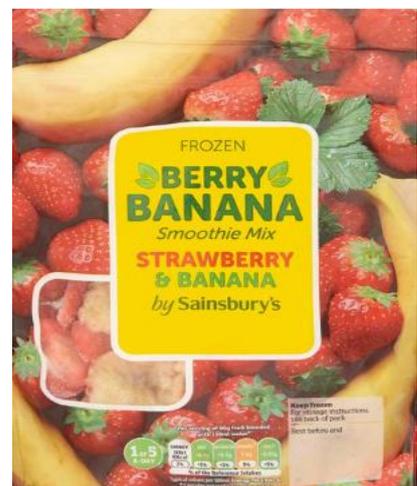
2.8.1. Consumption & Production

With 7,8% of total expenses the United Kingdom has the lowest household expenditures for food and non-alcoholic beverages of all European countries.⁷⁸



British households always used to have some stocks of preserved food (canned or frozen) at home consisting mainly of conserved beans, broths, fruits, to mention just a few.

The same as in other European countries changing lifestyles and altering eating patterns of the consumers in the UK have resulted in an increasing intake of healthy and



quick sources of food like convenience fruit- or vegetable-salads or packaged fruit juices of multiple flavours and blends, to mention just two of a growing market of such foodstuffs. The growth of the market is thereby positively influenced and the local industry is responding accordingly. Looking at the details of consumption of fruit juices and nectar in the UK, purchases of these beverages are declining. Since 2015 a decline of 8% in volume is noted. In value the decline of fruit juice consumption is not as pronounced, as it is shifting to more premium juices and special combinations of different fruits in smaller consumption items.⁷⁹ These fruits (for juice preparation) are also for sale in the retailer shelves of frozen fruit to prepare the smoothie at home. By introducing a so called "Sugar Tax" on soft drinks in 2018, manufacturers have reduced sugar and partly replaced it with natural sweeteners such as stevia. This has led to the growing demand for stevia in the United Kingdom.

⁷⁷ source: www.tradingeconomics.com; 2020/07/25

⁷⁸ source: www.ec.europa.eu/Eurostat; 2020/08/14)

⁷⁹source: European Fruit Juice Association, www.ajjnreport2019.com; 2020/08/02

The production of processed food in the UK is at a very high level. It combines long lasting experience in food safety, traceability and the skills of a well capacitated labour force with product innovation, know-how and excellent logistics. At the beginning of the value chain optimized procurement of raw-materials from inland sources or purchased abroad, adds to the possibility for the industry to have a very good ratio of quality-price for those ingredients needed for processing.

The British Frozen Food Federation states that the industry is partly a solution for food waste, that it is ideally prepared to serve health awareness of consumers and that it helps its clients to spare time offering them ready-to-cook dishes. Figures of the British frozen food industry prove that an already strong demand has grown around 4% year on year.⁸⁰ Top processors in the frozen industry of UK Frozen Food Market are Sainsbury's, Birds Eye, McCain, Brakes Group, and Total Foodservice

Total consumption of fruit juices and nectars is in decline in the UK. Albeit the UK is the third largest fruit juice and nectar consumer of the European countries, the per capita consumption is low, half of the German per capita consumption of 30,5 liters in 2019. Apple Juice, orange- and multivitamin juices account for > 75% of total juice consumption. The other 25% are juices elaborated with berries or with raw materials of tropical origins such as mango, pineapple, or guava. Main players in the juice industry are Innocent, Orchard House, PepsiCo Intl, to mention only the three largest ones.

In addition to supplying the inland market, food and drink manufacturers are also increasingly focused on expanding into new markets. There is rising demand for UK food and drink in non-EU countries and non-EEA countries like China, India, Russia, UAE and other markets like Japan and East Africa.⁸¹

2.8.2. Imports & Exports

The UK has a very high demand for food which has to be imported from abroad. Government statistics in 2018 showed that the UK is approximately 61% self-sufficient in all foods and 75% in "indigenous (British) type food". Governmental figures reveal that UK self-sufficiency has been declining for the past 30 years from 74% in 1990 to 60% nowadays.⁸²

Imports

Total imports of all goods sold to the UK had a value of EUR 618 bn in 2019. Ten countries supplied 62,7% of this value. Germany was the main trading partner. Two countries out of the UK's top ten trading partners are not European countries (USA, ranking 2nd; China, 3rd) and two are EFTA members (Switzerland, ranking 9th; Norway 10th).

General food imports into the UK (fresh and processed fruit and vegetables, processed, incl. beverages; excl. fish, meat, cereals and flours, oils and fats) amounted to EUR 23,9 bn., which was 3,9% of the total value of imports in 2019. The first seven countries supplying food to the UK in the category as defined above, are EU members, followed by the USA, South Africa and Chile. Looking at the time period 2015-2019 and for the same product category, the largest trade surplus between the UK and its partners is with the USA. With the following EU members the trade balance is negative: The Netherlands, Spain > EUR 2bn./y per country, with France and Germany it varies between EUR -0,8bn./y and EUR -1,7bn./y per country.

⁸⁰source: www.bfff.co.uk; 2020/08/21

⁸¹source: www.fdf.org.uk, Food and Drink Federation UK; 2020/08/18)

⁸²source: www.gov.uk, Department for Environment, Food and Rural Affairs (Defra); 2020/07/13

The main trading partners of the UK for processed tropical fruits, in the sub-group for dried fruits, are Colombia, Costa Rica, Dominican Republic, Peru, Chile and Ecuador. The percentage of imports of dried tropical fruit directly from developing economies' markets amounts to 88% of total purchases by the UK. This shows that these foodstuffs very seldom pass through trade hubs in Europe. The Netherlands delivered 3,2% and Germany 2,5% of tropical dried fruit to UK, of the annual total in 2019 amounting to EUR 1,245,717 (x1,000). Looking specifically at dried banana chips, the UK is the leading importer for this HS 08039090 product: The following exporters rank on top: 1. Uganda, 2. Philippines, 3. Ecuador, 4. Thailand, 5. Colombia.

The product segment for frozen tropical food is much smaller than dried fruit and from the same suppliers. However, the tendency is that the UK has had rising imports of frozen tropical fruit from all around the world over the last five years. Values were at EUR 97,188 (x1,000) in 2019, 34,6% higher than in 2015. Main origins were Germany (14,4%), Belgium (7,9%) and Poland. Looking at developing economies' markets and their aggregated values, the rise of tropical frozen fruit sales to the UK is even steeper: EUR 41,945 (x 1,000) in 2019 with a value 84% higher than in 2015.

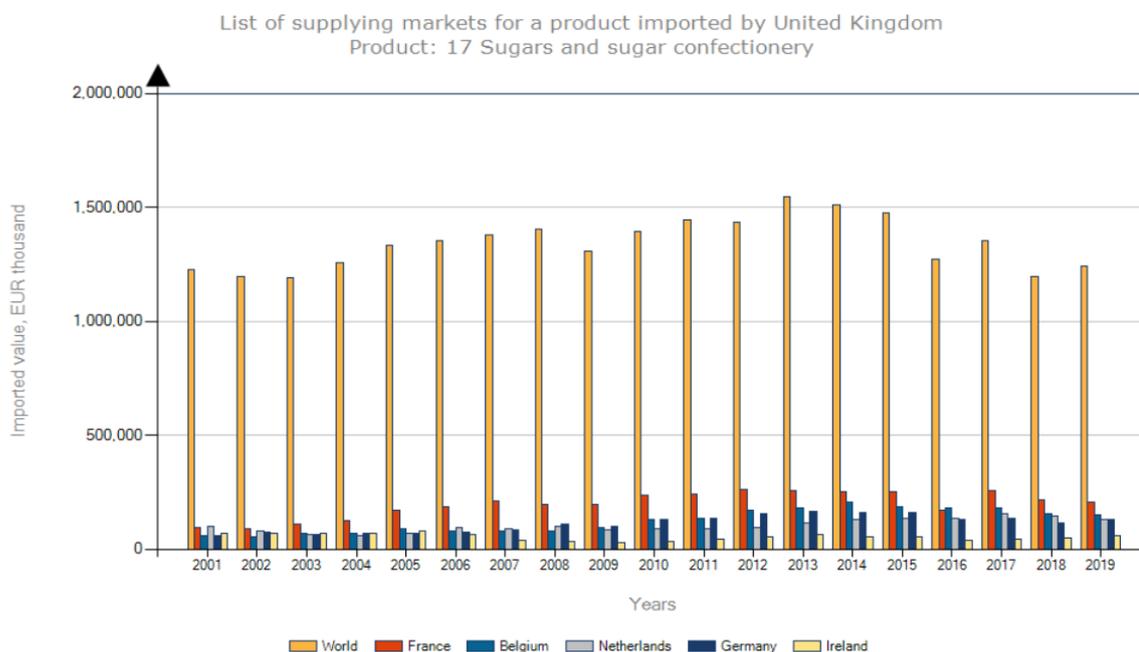
Tropical nuts, mixtures of the same and mixtures of tropical nuts with dried fruit, are mainly imported from EU countries. Germany, France, Italy and Spain delivered 50,4% of total values imported in 2019. The main suppliers from outside Europe are Chile, Peru, Turkey and Canada, delivering 16,5% of values imported in 2019.

Furthermore, tropical fruit juices (incl. citrus) were imported mainly from the EU: Belgium, Spain, Germany, France and the Netherlands delivered >75% of total values purchased by UK enterprises in 2019. Sourcing in the Philippines was of little importance.

Sugars and sugar confectionery were imported for a value of EUR 1,25 bn. into the UK in 2019. It is the food and beverage industry which absorbs roughly 75% of sugar consumption in the UK. Of this amount, a total of EUR 310 Mio, roughly 25%, came from developing market economies, with these countries supplying cane sugars. In the last 19 years there has been a notable, albeit slow, but clear tendency of decline of sugar imports into the UK.⁸³ Alternative sugars have a small share in the sugar business of the

⁸³ source: trademap.org; 2020/08/29

UK, possibly because the Kingdom has enterprises which have a very long history of raw cane sugar



imports: Billington’s, Tate & Lyle.

Imports from the Philippines

In 2019 overall total exports from the Philippines to its trading partner the UK accounted for 1% (EUR 623,831 (x1,000)) of the total value of all goods exported from the south east Asiatic country. Amongst the edible products exported to the UK from the Philippines “Prepared and preserved fish” (HS 1604) accounts for 7,4% of the total value imported, ranking these products in 3rd position. “Preparations of vegetables, fruits, nuts” (HS 20) imports to the UK from the Philippines accounted for 2,5%. In this category the main products were canned pineapples.

Dried fruits are exported in very low volumes from the Philippines to the UK, except banana chips (HS08039090). The archipelago ranks second after Uganda for this specific product, before Ecuador, Thailand and Colombia. In general in this category (dried tropical fruit) the main suppliers of the UK are located in Latin America (Colombia, Costa Rica, Dominican Republic), and in the top ten there are only The Netherlands (as re-exporter) and Israel which are not on the Latin American continent delivering to UK. The fact that dried tropical fruit imported into the UK seldom passes through trade hubs, it would be worthwhile for Philippine exporters of these foodstuffs to look at how to maximise this situation by approaching UK traders directly.

Frozen fruit imported directly into the UK from the Philippines is insignificant. In 2019 the value amounted for EUR 1,193 (x1,000). However, looking at the 5 years period back until 2015 the values of these specific imports have constantly grown. The Philippines accounted for 2,8% of the value of tropical frozen fruit sold to the UK in 2019. What seems to be a modest figure has to be seen in the context of recent years. In 2019 the exports of tropical frozen fruit were 15x higher than in 2015⁸⁴, a tendency to

⁸⁴ Source: www.trademap.org; 2020/08/29

be analysed in depth by the respective exporting companies from the Philippines and to build on if possible.

Pineapple juice, unfermented, brix value > 20 (HS 200949) directly imported into the UK from the Philippines had a market share of 1,3% of total UK imports of this product in 2019. The main destination of the Philippines exports in 2019 for this product was the USA with 68,7% and the Netherlands with 11,6%. To have the full picture in context, one should note that UK imports of this product have fallen by 43% compared with values from 2015.⁸⁵

For direct sugar exports to the UK (HS 17) from the Philippines, the country ranks 22nd in the group of the countries classified as “developing market economies”. Direct sales to the UK amount to EUR 2,757 (x 1,000), which is 0,9% of the aggregated values of the mentioned countries. Under the Asian countries the Philippines ranks 6th in values of HS 17 product group imported into the UK in 2019. As mentioned above, there are two large companies in the UK, Tate & Lyle and Billington’s, which started the import of raw cane sugar since middle of the 19th century, at that time mainly from the countries of the British Empire.⁸⁶ Both companies focus on adapting their procurement to the constantly changing consumer demand, wherein they emphasize aspects like health, sustainability, taste and dietary preference. They also partly have the advantage that nowadays the British consumer is one of the most aware of the benefits of raw cane sugar and alternative sweeteners like stevia and origins not from cane or sugar beets.

Exports

Total exports from the UK to the world were valued at EUR 418 bn in 2019. Under edible products, only meat, fish, dairy products and eggs figure in the top 50 categories. Food exports from the UK to the world (fresh and processed fruit and vegetables, processed, incl. all type of beverages; excl. fish, meat, dairy-products, eggs, flours, oils and fats) showed a constant figure throughout the last 10 years. 70% of the values of the mentioned food categories exported, came mainly from exports of alcoholic beverages and only 10,9% of food (values) exported can be assigned to fresh or processed fruit and vegetables (HS 07,08,20).⁸⁷

The UK re-exports banana chips mainly to Spain, other export trading partners for this product are Ireland, the Netherlands and Poland.

This clearly shows that the majority of food, and especially tropical food imported into the UK stays in the country and is not re-exported and also that the UK in terms of the products covered in this study does not act as a trade hub.

2.8.3. Trade structure

Trade channels in the UK (and in continental Europe) are similar to the ones in Switzerland, as described in chapter 2.2.3. As the UK is a sea locked country, it is in a very particular situation compared to the rest of Europe. Agents and brokers in the UK, but also importers, most of whom are specialized in certain product groups, purchase their products abroad whilst at the same time they do re-export business focussing on Europe or other continents. They seldom let the products be physically imported into the UK, but rather do it through a branch establishment in continental Europe. Besides these branch offices

⁸⁵ Source: www.trademap.org; 2020/08/29

⁸⁶ www.tateandlyle.com, www.billingtons.co.uk

⁸⁷ Source: www.trademap.org; 2020/08/31

and as a consequence of the UK's peculiar geographic situation, European mainland players also participate to a considerable degree in trading with UK. This is also the case with food products from tropical countries. The Netherlands, Germany and France rank at the top of these countries delivering products having their origin in the regions of the tropical belt to the UK.

It also has to be mentioned that in the UK, as in many other European countries, processed food importers are more and more engaged in delivering other services than the ones related only to trade: Often packing and/or branding are also offered on top of the trading services and some of them also do mixing, blending or coating of the products. With these procedures they are able to offer tailor made, customized preparations before reselling them to particular players, which use these products in retail channels, in gastronomy, in the bakery industry, or in juice processing facilities. For exporters from the Philippines it is important to prospect and look closer at the different additional services which importers are offering and to prospect where their products might be integrated.

The retail sector in the UK is dominated by four big retailers which are Tesco, Sainsbury's, Walmart (Asda) and Morrisons. Together they made sales totalling EUR 110 bn in 2019. This quartet, often referred to as the "Big Four" in 2019 accounted for more than 60% of the UK grocery market.⁸⁸ They have an important negotiating and purchasing power and also set requirements on which certifications and labels products should comply with in order to have access to their stores and distribution networks.

The comparison between offline- and online- markets shows that it is the former which still is selling the major part of food, either fresh or processed. However, the online markets are more frequently used by consumers to have their food stuffs delivered directly at home. Retailers are closely observing this development and constantly adapt their concepts in order not to lose market share. Established retailers therefore offer more and more home delivery services in an effort not to lose clients and to compete with the businesses which solely sell online.

3. EU and EFTA Market

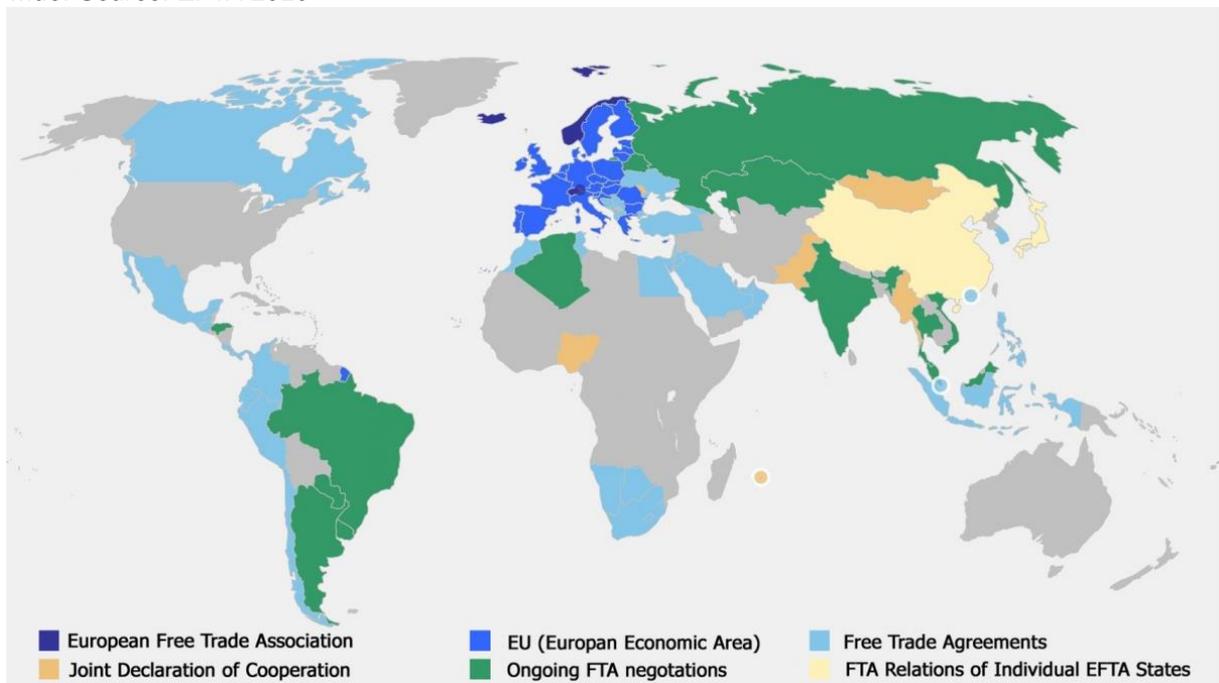
3.1. Present trade regulations

The EFTA States jointly negotiate free trade agreements (FTAs) with partners outside the European Union in order to strengthen their competitive position and increase market access for their products. As a result, economic operators in the EFTA countries enjoy access to one of the world's largest networks of preferential trade relations, which continues to expand thanks to an ambitious agenda of negotiations. Today, EFTA has 29 FTAs covering 40 countries and territories outside the EU.⁸⁹

⁸⁸ source: www.statista.com/statistics/280208;2020/08/11

⁸⁹ www.efta.int

Figure 16. The Free Trade Map. Overview of EFTA's preferential trade relations with partners worldwide. Source: EFTA 2020



Trade agreements – individual countries' commitments to specific custom tariffs - are negotiated at the World Trade Organisation WTO⁹⁰, as the forum for governments. The WTO operates a system of international trade rules, legal ground-rules for international commerce, to which the EU and EFTA states adhere. Meaning, in principle the same legal requirements apply to all European countries. When it comes to standards, the International Organisation for Standardisation ISO provides a broad set of technical guidelines and standards for a various products and process management. The internationally acknowledged standard Codex Alimentarius focusses on food safety and builds the base for the European food legislation.

The EU Trade Helpdesk offers the latest and profound information on the requirements for the import and export to and from the EU, even specifically for the respective, relevant HS code. These requirements are also valid for the EFTA markets.

In the EU, the Generalised Scheme of Preferences GSP removes import duties from products coming into the EU market from vulnerable developing countries with the aim of alleviating poverty by increasing the means of income generation. This is to integrate developing countries and emerging markets into the world economy. Standard GSP reduces EU import duties. As a special incentive arrangement for sustainable development and good governance, GSP+ grants full removal of tariffs on over 66% of EU tariff lines. For least developed countries, the EU offers a duty-free, quota-free access for all products except arms and ammunition – EBA Everything But Arms.⁹¹

⁹⁰ Established in 1995, located in Geneva, Switzerland and has 164 members representing 98% of world trade

⁹¹ For further information please check the EU website: <https://ec.europa.eu/trade/policy/countries-and-regions/development/generalised-scheme-of-preferences/>

3.1.1. Trade Relations between the Philippines and the EFTA & EU Market

The Philippines is a member of the WTO since 1995 and since 2014 enjoys enhanced trade preferences with the EU under the EU's Generalised Scheme of Preferences plus GSP+. In order to maintain GSP+, the Philippines is subject to a regular monitoring of its obligation to the effective implementation of 27 core international conventions on human and labour rights, environmental protection and good governance.

Trade in goods between the two partners equalled € 14.9 billion in 2019 while bilateral trade in services between the EU and the Philippines reached € 3.7 billion in 2018.

The EU is the Philippines' fourth largest trading partner, accounting for almost 9% of the country's total trade in 2018 (after China, Japan and the US). The Philippines is the EU's 39th largest trading partner globally, accounting for 0.4% of the EU's total trade. EU exports to the Philippines are dominated by machinery, transport equipment, chemicals and food products while the Philippines' main exports to the EU are office and telecommunication equipment, machinery, food products, and optical and photographic instruments.⁹²

3.1.2. Free Trade Agreements between the Philippines and the EFTA & EU Market

In 2016 the Free Trade Agreement between EFTA states and the Philippines was signed and entered into force on 1 June 2018 for the Philippines, Switzerland, Norway and Liechtenstein. Iceland followed on 1 January 2020. As a broad-based agreement, the FTA covers trade in goods and services, investment, competition, the protection of intellectual property rights, government procurement, and trade and sustainable development. In the area of trade in goods, EFTA abolishes all customs duties on industrial products as of the entry into force of the Agreement, whereas the Philippines will gradually lower or abolish its duties on the vast majority of such products. In the context of this study, it is important to state that the FTA provides tariff concessions on both basic and processed agricultural products (Annexes VIII to X of the Agreement).⁹³

The EU-Philippines Framework Agreement on Partnership and Cooperation entered into force in March 2018. As a key aspect thereof the trade and investment agreement was developed with the aim to conclude an agreement covering tariffs, non-tariff barriers to trade, trade in services and investment and others. The Philippines' strategic objectives in engaging the EU in an FTA is to secure additional duty-free market access beyond those covered under the GSP+ scheme and on a permanent basis, to provide a conducive framework for attracting greater investments from the EU, and to be at par with other ASEAN member states who are pursuing FTAs with the EU.⁹⁴

3.1.3. Identification of non-tariff measures and technical regulations of the importing country

In a globalised world with increasing economic liberalisation, the importance of trade barriers resulting from non-tariff measures has increased. Non-tariff measures⁹⁵ NTMs refer to government regulations

⁹² European Commission EC, Trade policy

⁹³ EFTA

⁹⁴ European Commission & DTI

⁹⁵ NTMs including technical requirements, conformity assessment requirements; pre-shipment inspections and other entry formalities; trade remedies; quantity control measures; charges, taxes and price control measures; finance measures; anti-competitive measures; trade-related investment measures; distribution restrictions; re-

that affect exports and imports. For the most part, these are non-discriminatory regulations aimed at preserving security and health of consumers or the environment. While such regulations are most often perfectly legal and legitimate, compliance with differing requirements across countries might be complex and costly for companies seeking to export, particularly for small and medium-sized enterprises (SMEs). As a result, multilateral rules in the World Trade Organization (WTO) and most regional and bilateral trade agreements (already implemented or under negotiation) include provisions on NTMs. The objectives of these rules are to facilitate regulatory convergence, promote transparency and prevent and address trade frictions resulting from NTMs without challenging their legitimate objectives.⁹⁶

To conclude, non-tariff measures NTMs are policy measures, other than ordinary custom tariffs, that can potentially have an economic effect on international trade in goods – changing quantities traded, or prices, or both.⁹⁷

The Top 3 Non-tariff Measures reported in the context of import and export from and to Europe are meeting technical and conformity assessment requirements related to technical barriers to trade (TBT). As well as sanitary and phytosanitary measures (SPS) imposed by respective partner countries. Importers and exporters raise further issues regarding compliance procedures with the EU or home country regulations (export-related measures), and procedures to obtain certificates of origin.

Figure 17. International classification of non-tariff measures. Source: UNCTAD.

Import measures		Export measures	
Technical measures	Non-technical measures		
A: Sanitary and phytosanitary (SPS)	E: Non-automatic licensing, quotas, prohibitions and quantity control measures other than for SPS or TBT reasons	I: Trade-related investment measures	P: Export-related measures (e.g. export taxes, export quotas and export prohibitions)
B: Technical barriers to trade (TBT)	F: Price-control measures, including additional taxes and charges	J: Distribution restrictions	
C: Pre-shipment inspection and other formalities	G: Financial measures	K: Restrictions on post-sales services	
D: Contingent trade-protective measures	H: Measures affecting competition	L: Subsidies	
		M: Government procurement restrictions	
		N: Intellectual property	
		O: Rules of origin	

The classification of NTMs include those measures considered relevant to international trade – import and export measures. Import measures are applied by the government of the importing country and encompass technical measures and other instruments of commercial policy. On the other hand, export measures can be restrictions on the quantity of goods, price-control measures, etc. The most frequently identified NTMS for the EU, importers and exporters commonly encounter, are the SPS and TBT measures. SPS measures apply to protect human or animal life from risks arising from additives, contaminants, toxins etc. Technical barriers to trade are measures referring to technical regulations and procedures to assess conformity with technical regulations and standards, including product identity requirements or labelling requirements.⁹⁸

restrictions on post-sales services; subsidies; government procurement restrictions; intellectual property requirements; preferential rules of origin and related certificates of Origin; Non-preferential rules of origin and related certificates of origin; and export-related measures.

⁹⁶ ITC & European Commission study: Navigating NTMs.

⁹⁷ UNCTAD

⁹⁸ UNCTAD

NTMs regarding specific regulations (REACH⁹⁹, Novel Food etc) or the labelling, claims, certification and standards are rather procedural than regulatory obstacles of trade. As well as import and export requirements according to CITES¹⁰⁰ set limitations to trade, however, not doubting their need and benefits for the environmental protection.

To address NTMs, to name a few aspects, standardisation of processes and documentation – aligned with international market requirements - along the entire chain is crucial. Human resource development by capacity-building and awareness-rising builds the grounds to understand traceability, customs in the country of origin and target market. But to start with, a clear identity of the product – raw material, (semi-)processed or final – is key in terms of safety for the workers along the chain, the consumers and the environment.

3.2. Market Access Requirements

For the Processed Food sector there exists a multitude of requirements when it comes to imports to EU/EFTA markets. It starts indirectly with the aspect that products -before processing – must come from cultivation respecting Good Agricultural Practices, G.A.P., taking into account strict norms of applying agrochemicals, hygienic issues and more, but also a bunch of environmental issues when cultivating. Further the aspect of strictly applying all food safety measures when receiving and processing the products in the food factory is of utmost importance. And last but not least the aspect of being safe for consumption after packaging, transport and storing are the major requirements which any product from the processed food sector must comply with. In this context contaminants are part of controls but also the use of food additives (colorants, preservative substances, smoothening / thickening agents, others) is regulated. Other important, regulated aspects are the ones of labelling (minimum size of labels, size of fonts, mandatory product information, others), and packaging. The EU law on food information to consumers, Regulation (EU) No 1169/2011 on the provision of food information to consumers entered into application on 13 December 2014.¹⁰¹ The obligation to provide information on nutrition applies since 13 December 2016. The new law combines two Directives into one Regulation¹⁰²:

2000/13/EC - Labelling, presentation and advertising of foodstuffs (applicable until 12 December 2014)

90/496/EEC - Nutrition labelling for foodstuffs.

In general, it has to be differentiated between two groups of requirements: The mandatory, i.e. legal, requirements: Products which fail to meet these requirements are not allowed on the EU and EFTA market.

Furthermore, the group of requirements set by the importer or retailer which can be additional requirements on food safety, tests done by internationally accredited laboratories examining eventual contaminant residues on request of private buyers. There are also the requirements to comply with Corporate Social Responsibility, CSR, and Sustainability standards which consider social, environmental and ethical activities of the producer-processor-exporter which are becoming more and more important every year. It is most probable that without complying to one or the other of this second group of requirements, export opportunities are reduced and only a limited circle of buyers/importers will show interest to an

⁹⁹ European Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals

¹⁰⁰ Convention on International Trade in Endangered Species of Wild Fauna and Flora

¹⁰¹ <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32011R1169>

¹⁰² <https://eur-lex.europa.eu/legal-content/en/ALL/?uri=CELEX:32000L0013>

offer. However it is important to note that many buyers/importers nowadays are open to assist and accompany with time, technical advice and sometimes even financially support the exporters which show interest getting through one or several of these processes to comply with non-mandatory, private requirements. This probable support is complementary to the additional efforts the exporter has to go through when entering such voluntary processes, which mean investment of money, investment in human resources, changing the mindset of staff and adapting or renewing processes in the company.

In the following more details on these two groups of requirements, are given.

Mandatory Requirements

Apart from customs procedures, almost all mandatory requirements related to importing processed fruit and vegetables (and food in general) are related to food safety. The General Food Law is the legislative framework regulation for food safety in Europe. The General Food Law specified the establishment of the European Food Safety Authority (EFSA).¹⁰³ For the official food controls, specific food safety legislation is developed by EFSA. It is the same authority which is in charge to create the framework for official food controls.

From the beginning to the end and throughout the entire value chain it is compulsory that all food must be traceable. To achieve traceability from the production through the processing and the handling for export, food business operators need to implement the Hazard Analysis of Critical Control Points (HACCP) system. This is compulsory for every processed food batch and must be implemented by any operator in their daily operations. A complete overview on important and imperative food safety requirements is extensively explained in an extensive document of the Worldbank.¹⁰⁴

There exists the official border control for food imported to the European Union.

You should be aware that repeated non-compliance with the European food legislation by a particular country may lead to stricter import conditions or even suspension of imports from that country. Those stricter conditions usually include a health certificate and an analytical test report for a certain percentage of the shipments from specified countries. Products from countries that have shown repeated non-compliance are put on a list included in the Annex of the Regulation on increased level of official controls on imports.

Nevertheless, only a small number of the products imported and marketed in Europe is subject to official (physical) controls, since the first responsibility for their safety lies with the commercial operators such as the importers. Importers will therefore conduct most of the checks required to assure a product is safe and may also demand certification and other proof of quality and food safety.

¹⁰³ www.efsa.europa.eu/en

¹⁰⁴ <https://documents.worldbank.org/en/publication/documents-reports>, food safety handbook; 2020/08/18

During 2018, RASFF reported 3,699 non-compliances found by official inspections, of which 1,404 were classified as border rejections. The most problems were related to the import of edible nuts and seeds followed by fruit and vegetable products. However, it is estimated that the number of non-compliances is much larger, since results of many controls conducted by private companies are not recorded by RASFF. The picture on the left shows the type of notified food non-compliances in 2019.¹⁰⁵

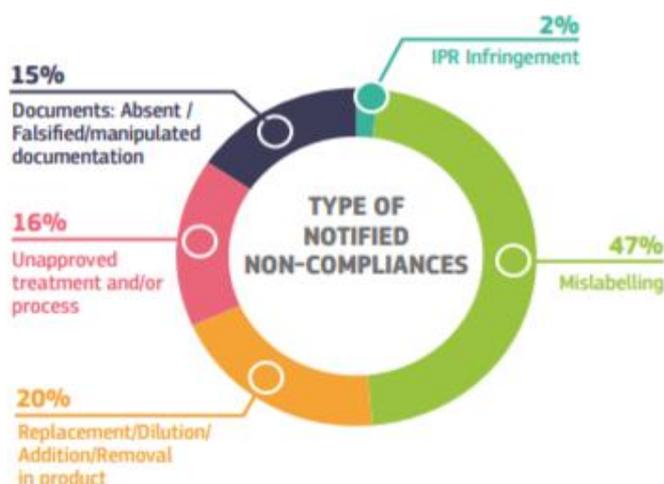


Figure 18. Type of notified food non-compliances in 2019. Source: European food fraud network. Annual report 2019.

Below is an extensive but not exhaustive table of basic EU regulations and directives for the food business. All texts also have EEA relevance (European Economic Area; Switzerland is not part of EEA; UKs status is in negotiation during the transition period of Brexit processes ending December 31st 2020). As these legal texts mentioned below are constantly reviewed and are in so called consolidation processes. Some reviews are done quarterly, so the reader is invited to check the most updated versions on the internet for his /her specific purposes.¹⁰⁶

Food safety is the key issue in EU food legislation. The General Food Law is the framework regulation in EU food safety legislation. The legislation also introduces requirements on traceability.	Regulation (EC) 178/2002
The EU legislation on hygiene of foodstuffs (HACCP) is legally binding for food processors, and is recommended also for farmers (primary production). ie to: identify food hazards, where they occur and how they can be prevented, eliminated or reduced to acceptable levels	Regulation (EC) 852/2004
EU legislation has been laid down to regulate the presence of pesticide residues (MRLs) in food products.	Regulation (EC) 396/2005 Regulation (EC) 178/2006 Regulation (EC) 149/2008

¹⁰⁵ source: ec_europa-eu_food_fraud_network: annual report_2019

¹⁰⁶ pls consult: www.eur-lex.europa.eu/legal-content/EN

<p>The EU food safety policy has set maximum levels for certain contaminants in specified products or product groups.</p>	<p>Regulation (EC) 1881/2006 Regulation (EC) 2008/629</p>
<p>The EU has set microbiological criteria for food borne micro-organisms, their toxins and metabolites.</p>	<p>Regulation (EC) 2073/2005</p>
<p>The EU has set a list of permitted additives and enzymes and a number of requirements for flavourings and their use in foodstuffs intended for human consumption.</p>	<p>Regulation (EC) 1331/2008 Regulation (EC) 1332/2008 Regulation (EC) 1333/2008 Regulation (EC) 1334/2008</p>
<p>Vitamins and minerals added to food are regulated in the EU.</p>	<p>Regulation (EC) 1925/2006</p>
<p>In the EU, there are rules for the marketing and use of extraction solvents used in the production of foodstuffs and food ingredients.</p>	<p>Directive 88/344/EEC</p>
<p>In the EU, irradiation of food is permitted only in specific cases.</p>	<p>Directive 1999/2/EC Directive 1999/3/EC Decision 2002/840/EC</p>
<p>The EU sets legislation on quick-frozen foodstuffs intended for human consumption.</p>	<p>Directive 89/108/EEC Directive 92/1/EEC Directive 92/2/EEC</p>
<p>The Novel Food Regulation covers foodstuffs that are newly developed by industry, but also “exotic” natural foodstuffs or ingredients which were not “consumed to a significant degree within the EU before 15 May 1997”.</p>	<p>Regulation (EC) 258/97 Recommendation 97/618/EC</p>
<p>The EU has laid down rules for materials and articles coming into contact with food (including for example packaging) in order to prevent any unacceptable change in the composition of the foodstuffs avoiding migration from packaging materials to food. The main intention is to protect human health.</p>	<p>Regulation (EC) 1935/2004 Directive 84/500/EEC Directive 007/42/EEC Directive 2002/72 EC Regulation (EC) 975/2009 Regulation (EC) 282/2008 Regulation (EC) 2015/1906 Regulation (EC) 372/2007 Directive 78/142/EEC Directive 93/11/EEC Regulation (EC)1895/2005</p>

	Directive 2008/39/EC
EU packaging legislation restricts the use of certain heavy metals, among other requirements.	Directive 94/62/EC
The EU sets requirements for wood packaging materials (WPM) such as packing cases, boxes, crates, drums, pallets, box pallets and dunnage (wood used to wedge and support non-wood cargo).	Directive 2000/29/EC
This document provides an overview of the legislation on general food labelling requirements applicable to all foodstuffs. In addition, it outlines requirements related to nutrition and allergens labelling.	Directive 2000/13/EC Directive 90/496/EC Regulation 1924/2006/EC Directive 2005/26/EC Directive 2007/68/EC Regulation 1169/2011/EC
In the EU, requirements related to composition and labelling of fruit juices and certain similar products intended for human consumption are laid down in legislation.	Directive 2001/112/EC
The EU wants to prevent the misleading of consumers by allying the use of nutrition or health claims to certain conditions related to nutritional profiles of foods.	Regulation (EC) 1924/2006
The EU has established requirements on the production and labelling requirements with which an organic product of agricultural origin must comply in order to be marketed in the EU as “organic”.	Regulation (EC) 834/2007 Regulation (EC) 889/2008 Regulation (EC) 271/2010 Regulation (EC) 1235/2008
All food products entering the EU are subject to official controls to check whether they are in compliance with the relevant food legislation. Some specific products are subject to an increased level of control.	Regulation (EC) 882/2004 Regulation (EC) 669/2009
The EU introduced the European rapid alert system for food (and feed) products (RASFF) as a tool to exchange information on the enforcement of EU food safety legislation.	Regulation (EC) 178/2002
The EU has developed Good Manufacturing Practice (GMP) for manufacturers of materials and articles intended to come into contact with foodstuffs. It is not directly applicable to producers outside the EU. However, it may be indirectly relevant, because of buyers’ demands for a quality system.	Regulation (EC) 2023/2006

Developments of new EU food legislation are monitored by the Expert Group on Foodstuffs, which facilitates the implementation of relevant legislation into the EEA Agreement. Currently, new EU legislation on food additives, food flavourings and food enzymes is being reviewed. The Expert Group is also closely following the discussions in the European Parliament and the Council on the Commission proposal for a Regulation on food information and the Commission proposal for a revised Regulation on novel foods.

EFTA legislation

Swiss legislation

Existing regulations have been revised constantly, as Switzerland has made continuous efforts to harmonise its food law to EU food law. The equivalence of the legislations aims in particular at the elimination of barriers to trade and the possibility of simplified market access.¹⁰⁷

The regulations of the Swiss food law are to be found in different hierarchically arranged provisions. Firstly, imported foodstuffs have to comply with the requirements of Swiss food legislation. The basis for enforcement and implementation of food legislation is formed by the Swiss Food Act (Lebensmittelgesetz SR 817.0/ Loi sur les denrées alimentaires (LDAI) RS 817.0), the Ordinance on Food (Lebensmittel- und Gebrauchsgegenständeverordnung SR 817.02/ l'Ordonnance sur les denrées alimentaires et les objets usuels (ODAIOUS) RS 817.02) and further related ordinances. These provisions apply to the manufacture, treatment, storage, transportation and delivery of food, for the labelling and advertising of food, as well as for agricultural food production.

One of the most relevant principles highlighted in the Swiss Food Act, is 'self-inspection'. Under Art. 23 of the Swiss Food Act,¹⁰⁸ food importers are responsible for ensuring by means of self-inspection that their goods comply with the relevant legal requirements.

In addition to the Swiss Food Act and the Ordinance on Food, the most important ordinances applicable to exporters of processed fruits and vegetables, sugars, jams/marmalades, are the following:

Ordinance on indication of country of origin of foodstuffs, ingredients and raw materials used in foodstuffs (817.021.51)

Ordinance on food hygiene (Hygiene Verordnung, Hyv) (817.024.1)

Ordinance on food additives (817.022.31)

Ordinance of Foreign and Inherent Components in Food (817.021.23)

Ordinance on food labelling (817.022.21)

Ordinance on the addition of essential or physiologically useful substances to foods (817.022.32)

Ordinance on vegetables, fruits, jams and jam-like products (817.022.107)

Ordinance on soups, spices and vinegar (817.022.103)

Ordinance on beverages (mostly tea, herbal tea, coffee, fruit juices, syrups and soft drinks) (817.022.111)

Ordinance on organic farming (910.181)

¹⁰⁷Source: www.rentschpartner.ch/en/industrial-law/food-law

¹⁰⁸Source: www.admin.ch/opc/en/classified-compilation/20101912/

Unfortunately, full legal texts are solely available in German, French and Italian. Only a selection of Swiss acts and ordinances is available in English at present. But the homepage reminds that: "English is not an official language of the Swiss Confederation. This translation is provided for information purposes only and has no legal force."¹⁰⁹

Rentsch & Partner¹¹⁰ provides an introduction to Swiss food law in English at: www.industriallaw.ch.

Norway

As member of the EEA, Norway follows in general EU food legislation. Any food imported to Norway must comply with Norwegian food regulations. Due to the EEA-agreement, Norwegian food legislation is harmonized with the EU, and Norway is obliged to follow the EU legislation on the food and veterinary area.

In order to import foodstuffs to Norway, you need to have a responsible person/consignee in Norway. If not, importers are required to cooperate with a business operator in Norway. The business operator in Norway shall be registered as the recipient/ consignee of the foodstuffs and shall perform the required control of the goods. According to Norwegian legislation, the first recipient/consignee shall perform the control necessary to ensure that the consignment complies with Norwegian food regulations.

Currently, Norwegian food law is based on the principles of the EU General Food Law (Regulation (EC) 178/2002). The basis for food law in Norway is laid down to ensure safe and wholesome food, to promote health, quality and consumer concerns along the whole production chain, and to provide for sustainable production (Norwegian law: LOV-2003-12-19-124). The law is applicable to matters related to the production, processing and distribution of foodstuffs, either from inland sources or imported, including drinking water and all materials and objects coming into contact with food. It is the responsibility of the Norwegian Food Safety Authority (NFSA or Mattilsynet in Norwegian) that the EU General Food Law is implemented in the country. For more information please refer to Mattilsynet.¹¹¹ Arriving in Norway the Norwegian Border Control Posts (BCP) and Inspection Centres (IC) are in charge of supervising that foodstuffs are within the legal standards established by the law. All arrivals of food must be noticed and are randomly checked against compliance with Norwegian food regulations. It is the importer who is responsible that the foodstuffs are within the legal framework set by the government.

Iceland

Iceland is implementing the EU legislation on veterinary matters, foodstuffs, feed and other food chain related issues. The Icelandic Food and Veterinary Authority (MAST) has in its portfolio the I) Supervision of municipal food inspection authorities, II) Interpretation and information on food legislation for food sector operators and consumers, III) Publication of education material on food, IV) Control of food imports and exports.

The municipal food control authorities are responsible for application of this legislation. For more information please refer to MAST.¹¹²

Reclining on certain products of non-animal origin that originate from third countries are subject to official controls and must enter the country through border control posts (BCPs) established in Iceland.

¹⁰⁹ Source : www.admin.ch/opc/en/classified-compilation/20101912/index.html; 2020/08/30

¹¹⁰ www.rentschpartner.ch/en/industrial-law/food-law

¹¹¹ www.mattilsynet.no.

¹¹² www.mast.is

These products are listed in Commission Implementing Regulation (EU) 2019/1793. Import of these products must be notified with at least 24-hour notice in the TRACES system.¹¹³ Icelandic authorities review Annexes to EU Regulation 2019/1793 on a regular basis, at least every six months.

In recent years increased attention was laid on nuts, products containing nuts (flours, meals, confectionary), oil cakes and other correspondent foodstuffs due to contamination risk by mycotoxins, including aflatoxins, pesticide residues, pentachlorophenol and dioxins and microbiological contamination. Therefore Icelandic import authorities are checking and controlling increasingly this type of foodstuffs imported to the country.

3.2.1. Packaging, size marking and labelling

It is compulsory that packaging of food items destined for export must be in line with the European legislation on weighting, be safe for consumer health and for the environment. Packaging made of wood or vegetable materials may be subjected to phytosanitary controls. The labelling of packed products must contain various items of information relevant to the consumer. Indication on weight or volume must correspond of the packaging, must correspond with information on the label. There exist limits of tolerable errors. Importers check regularly packaging size and weight to ensure conformity with labelling of the product.

Specific health controls apply for consumer packaging materials that come in contact with food (like cans, jars). Materials in contact with food must be composed in order that components may not migrate and may not transfer their constituents to food in quantities that could endanger human health, change the composition of the food in an unacceptable way or deteriorate the taste and odour (pls check also chapter 3.2, where the respective EU directives and regulations are listed).

One of the substances in special observation is Bisphenol A (BPA). BPA is known for its use in plastic bottles and is also sometimes used in inner coatings of jar lids. The use of BPA is currently still allowed, but its use is under review. The official opinion of the EU Food Safety Authority will be published in 2020.

The European Union has announced the introduction of new legislation concerning plastic packaging. From 2021 onwards, some types of single-use plastic will be banned and the use of other types will be restricted. Items on the banned list include oxo-degradable plastic and expanded polystyrene take-away food and drink containers. From 2029, member states are obliged to collect 90% of their plastic throw-away bottles. By 2030, all bottles in the European Union must be made from at least 30% recycled materials. Any exporter also from non-EU countries must by then follow the content of this legislation and send his/her products with new export packaging materials.

Retail food products: How to label them?

In the European Union, the labelling rules ensure citizens get comprehensive information about the content and composition of food products. Labelling helps consumers make an informed choice while buying their foodstuffs. Regulation on the provision of food information to consumers must always be in a minimum font size of 1.2 mm for the mandatory information. The regulation defines obligations such as:

- Labelling of energy value and the quantities of fat, saturates, carbohydrates, protein, sugars and salt

¹¹³ European Commission Food Safety Platform; <https://ec.europa.eu/food/>

- Presentation of allergens (like soy, nuts or gluten) for pre-packed foods in the list of ingredients.
- Mandatory allergen information for non-pre-packed food, including in restaurants and cafes.

Some of the obligations (such as the minimum font size) relate to consumer-packed products only. But if shipping bulk, it is the duty of a supplier that relevant information on allergens and the composition of your bulk products is provided on the etiquette of big bags, drums, master cartons, etc.

The European nutrition and health claims are important for exporters from developing countries aiming to sell labelled retail products directly to the final consumers. It does not apply to business-to-business communication. European labelling legislation forbids misleading consumers (Chapter 2, Article 3). Claims that any food is preventing, treating or curing a human disease cannot be made on labels in the European Union. So, an exporter is well advised not to mention health or nutritional claims. If anyway such a claim is written on a label, then scientific tests must have been done beforehand and in an extensive way and evidence of the claim must have been proofed.

There is a possible extension of the regulation regarding compulsory labelling of the country of origin for ingredients that represent more than 50% of a food. In this case, the country of origin would be stated for each major ingredient.

3.2.2. Standards and certifications

Not mandatory, voluntary requirements

Non-legal requirements reach beyond legislation, as companies can go further in their requirements than legislation. The main categories of additional, voluntary requirements are on the one hand belonging to quality and safety issues. On the other hand a fast growing repertoire of additional requirements are pushed by retailers and their networks, importing companies, civil society and consumer associations to be enhanced by producers-processors-exporters. These requirements, others than concerning quality and safety issues, mainly cover the following subjects and scopes:

Environmental: organic farming, water-, energy-, waste-management, biodiversity

Social: labour conditions, non-discrimination, gender, engagement with the communities where the enterprises work, others

Trade practices: fair prices, sustainable trade relations

For processed foods, standards recognized by the Global Food Safety Initiative (GFSI)¹¹⁴ are important, as for example the British Retail Consortium's (BRC) Global Standard for Food Safety, the Safe Quality Food (SQF) 2000 Code and the International Food Standard (IFS). There are different initiatives doing efforts to bundle the multitude of standards and certification schemes in order to harmonize them. ISO 22000 is one of these.¹¹⁵ It is an internationally recognized standard, which harmonizes various existing national and industry certification schemes. Another important player working on the globalization of environmental and social standards for the whole value chain is AMFORI.¹¹⁶ This institution is targeting the implementation of BSCI standards existing since 2003 and with the BEPI-methodology (founded in

¹¹⁴ www.mygfsi.com/

¹¹⁵ www.iso.org/fr/iso-22000-food-safety-management.html

¹¹⁶ www.amfori.org

2013) it provides a comprehensive range of services that enable companies to drive focused environmental improvements in their supply chain and to trade with clear purposes.

Specific industries often lay down minimum requirements for specific products, supplementing EU legislation. In the frozen food sector for example, the standards of many frozen food importers on contamination levels are stricter than the standards in EU regulations. As noted before the application of an Integrated Pest Management and minimisation of the use of crop protection agents are important issues. Some importers do their own check on compliance with their standards, while others rely on third-party certification systems. As an example of a private institution looking out to bring together different aspects in view of a common regulation in the juice industry The European Fruit Juice Association (A.I.J.N.) has formulated a Code of Practice for the Evaluation of Fruit and Vegetable Juice, which is accepted and used by the National Fruit Juice Associations within the EU, by national food inspections as well as by fruit processors and traders all around the world. It is also acknowledged by the EU Commission.¹¹⁷

The European Association of fruit and vegetable processors, PROFEL, has drawn up several codes of practice to provide a necessary voluntary reference framework that sets out fair and traditional practices for the production and marketing of preserved fruit. It includes a code of practice for heat preserved vegetables, one for heat preserved fruit and one for good hygienic practices for the jams, jellies and marmalades industry.¹¹⁸

3.3. Trade related environmental and social issues

ISO 9001 and ISO 14001 certification show European importers that quality and environment issues are taken into account.¹¹⁹ Organic certification requires the most rigorous standards on prevention of negative effects on the environment. In recent years organic certification schemes have frequently developed social chapters in their standards, putting an important focus on labour conditions.

Social requirements can be based on ILO standards (on working conditions), such as SA 8000, but also on OHSAS 18001 (occupational health and safety assessment series). OHSAS 18001, is a British Standard for occupational health and safety management systems. Compliance with it enables organizations to demonstrate that they have a system in place for occupational health and safety. However it is important to note that BSI¹²⁰ cancelled BS OHSAS 18001 to migrate to and adopt ISO 45001. ISO 45001 was published in March 2018 by the International Organization for Standardization. Organizations that are certified to BS OHSAS 18001 can migrate to ISO 45001 by March 2021 if they want to retain a recognized certification.

Furthermore, standards regulating the activities and conditions in the primary sector, the production of food, offer possibilities to add additional checks on social issues. Some of these standards on social issues are: GRASP of GlobalG.A.P., SMETA, or the social chapters of different organic certifications as Bio Suisse, Soil Association or Naturland, to mention just three of many. They all pledge to include aspects of worker safety, social welfare, community empowerment and go under the umbrella of what nowadays is called SCorporate Social Responsibility, or CSR.

¹¹⁷ <http://www.aijn.org/>

¹¹⁸ www.profel-europe.eu

¹¹⁹ www.iso.org

¹²⁰ www.bsigroup.com

Further, Fair Trade certification schemes are other important voluntary standards which certain importers, distributors or retail chains are asking for. There are different organizations offering a Fair Trade certification: www.fairtrade.net, www.fairtradecertified.org, www.fairforlife.org to mention just three of the most important ones. Fair Trade standards target, in general, the improvement of livelihoods of producers and workers in agriculture, industry and mining. It is the duty of the producer-processor-exporter to prospect in detail if a Fair Trade certification is a valid instrument to improve the livelihoods of its providers and workers and also its access to markets and overall in its business performance. It is recommended to make a strategic decision to adhere to any Fair Trade certification scheme, considering the context and the consequences for the whole enterprise.



Any certification is also investment of time, of human resources, of installing new working- and documentation processes and money. It is important that an estimate calculation is done to know more or less when Return on Investment, ROI, will be accomplished.

The SME Trade Academy of the International Trade Centre, ITC, in Geneva, offers excellent introductions but also deepening courses on the subjects of standards, sustainability, Corporate Social Responsibility and others in the context.¹²¹ Another valuable tool to know about sustainability standards, make in depth comparisons between standards and make a self-assessment which standard(s) suit(s) to a particular business or value chain, is sustainability map of the International Trade Centre in Geneva.¹²²

4. Information on Philippine Products and Communications Tools

The following chapters and sub-chapters intend to give general information on the different product groups in this study. A short introduction on the product and its market situation in Europe is followed by how to realize pricing and how to choose adequate logistics. An overview on the existing distribution channels for each product group of processed food shall help to sharpen the exporters look on the market landscape in Europe.

Furthermore, the chapter responds on how to use communication tools in order to target existing or new, potential buyers. Given that the main focus of the study are the markets for processed food, the

¹²¹ <https://learning.intracen.org/yes>

¹²² www.sustainabilitymap.org

hints and information on communication tools are non-exhaustive and shall give Philippine processed food exporters only a short overview on how to use them in order to support their marketing.

Nowadays information is cruising with incredible speed through the communication channels. As a basic principle, Philippine exporters using or setting up these modern communication tools must constantly pay attention that their contents stay updated and attractive. Their performance must constantly be analyzed and the tools adapted where necessary.

4.1. Existing Competition Studies in the Processed Food sector (pricing, logistics and distribution channels)

CBI¹²³ in The Netherlands, the Center of Promotion of Imports from developing countries, and the Import Promotion Desk¹²⁴ in Germany, both long lasting partners of SIPPO in Switzerland, have elaborated excellent fact sheets and product specific studies on many products and product groups exported from developing countries, including the products treated in this study. In the following chapter some information has been extracted and adapted from documents published recently by CBI or by the Importpromotiondesk. The mentioned homepages of these two import promotion agencies can be highly recommended also in view of their constantly updated content.

Pricing is a very important aspect in any business and so it is in the trade with processed food stuffs. It is of utmost importance that an enterprise interiorizes all its costs when offering its products. In a cost calculation must be included: Raw material costs, processing activities, energy, stocking the products before selling them, logistics to export destination, human resources, administration, financial costs, certifications, taxes, investments, Research and Development, marketing activities, margins. If producers-exporters add value to their produce through differentiated quality, food safety, certification and processing steps, their prices can be higher than indicated in the examples below.

The following pricing examples have to be used with much caution. They must be compared with exactly the same products you intend to export. While seasonality is not a factor in processed food, harvests remain the key price determinant. Processed fruit and vegetables are not subject to seasonality. The top level pricing in the processed fruit and vegetables categories is shaped by the harvest yield of both local and global producers, consumer demand as well as country of origin. So the price indications underneath also vary from country to country and from year to year depending on harvest results and market conditions. Retailers tend to keep the prices for final consumers stable even when the import prices fluctuate. At the stage of the importer gross margins are found to be between 5-15%. Importers working mainly on the spot market intend to be at the higher end of this range. On the other hand importers whose businesses integrate providers in a sustainable, long lasting commercial partnership normally have lower gross margins.

Logistics are a very important chain link in your sales activities They are “the way” your products get from the source to the markets. They are an essential “ingredient” for the long life of your products. This chain link must be watertight. Do investigate what are the optimum conditions for your product which is going to be exported: Ideal temperature (avoid fluctuation of temperature), regulated humidity and gases surrounding your products, time to deliver and others. All these elements help, that you can

¹²³ www.cbi.eu

¹²⁴ www.importpromotiondesk.de

offer a longer shelf life of your products to the buyer, and it also gives you a better position and valuable arguments to sell your products within a frame of advantageous conditions.

4.2. Dried fruit

In Europe consumers have become increasingly health-conscious and prefer eating healthy diets with a growing consumption of fruit and vegetables to the detriment of meat, sugar, confectionery, food with high shares of fats and fast food. If dried tropical fruit is treated with artificial colouring, or has added sugars or preservatives, its opportunities are rather in the processing industry and less on the European end-consumer market. Furthermore, a rising trend to eat fresh tropical fruits is a serious tendency which impacts on the European dried tropical fruit snacks market.

The major and best established exporters of dried tropical fruit from developing countries and delivering to the European market are from West African countries, South Africa, India, Thailand, Bangladesh, Peru, Colombia and Mexico. They are at this moment better positioned than the Philippines in the sector of dried tropical fruit in Europe. Some examples of competing enterprises from developing countries include the following:

Country	Enterprise / Company
Thailand	Unity Food, Phootawan, TanTan, Smile Fruit, Chin-wong Food Company, Fruit House
India	Sresta, Krishnakath Foods, Jainys Cereals, Saraf Foods, and Yesraj Agro Exports
South Africa	Grassroots Group, Cape Dried Fruit Packers, JAB Dried Fruit, Levubu Dried Fruit, Mamusa Marketing, M Pak, and Mohlatsi
West Africa	HPW, Gebana Afrique, Mango-So, GIE NAFFA, Fruiteq, Woul Association, and Sanle

4.2.1. Pricing

Calculating margins according to final retail prices for dried tropical fruit is not very indicative and will only give a very rough general overview of price developments. However, the CIF price is estimated to represent approximately 30% of the retail price of a pack of dried tropical fruit. If dried tropical fruit is used as an ingredient, it is even more complicated to estimate the added value, due to the number of different ingredients and the production processes the product is going through (grading, mixing, etc.)

Prices also very often fluctuate due to harvests which change from year to year. In some cases other products used in the production process influence the price considerably. As an example, if the price of coconut oil is changing, which is used in the production process of banana chips, then also the price of the end product is higher/lower.

In 2017/18, FOB prices for natural dried mangoes ranged between EUR 8 – 10/kg, while the price of most sugar-infused dried fruit from Thailand was between EUR 2.6 - 4.3/kg. The latter has not as many opportunities in end consumer markets of western Europe. Sweetened dried fruits have a good market in the processing industry where they are integrated in breakfast cereals, fruit-/energy bars and bakery products to mention just three of many uses. End-market prices in Europe for selected dried tropical fruit (not sugar-infused) show the following ranges: Dried mango: EUR 20 - 27/kg — prices of organic dried mangoes are higher; Dried pineapples: EUR 15 - 20/kg; Dried banana (banana chips): EUR 6 - 10/kg.

Table 6. Average share of retail price of dried fruits and vegetables, estimates, source: CBI

Step in the value chain	% of retail price
Raw material price (farmers' price)	5-20%
Handling, processing and selling bulk product FOB or FCA price	20-30%
Shipment CIF price	35-50%
Import, handling and processing Wholesale price (value added tax included)	60%
Retail packing, handling and selling Retail price (for average packaging of 250g)	100%

4.2.2. Logistics

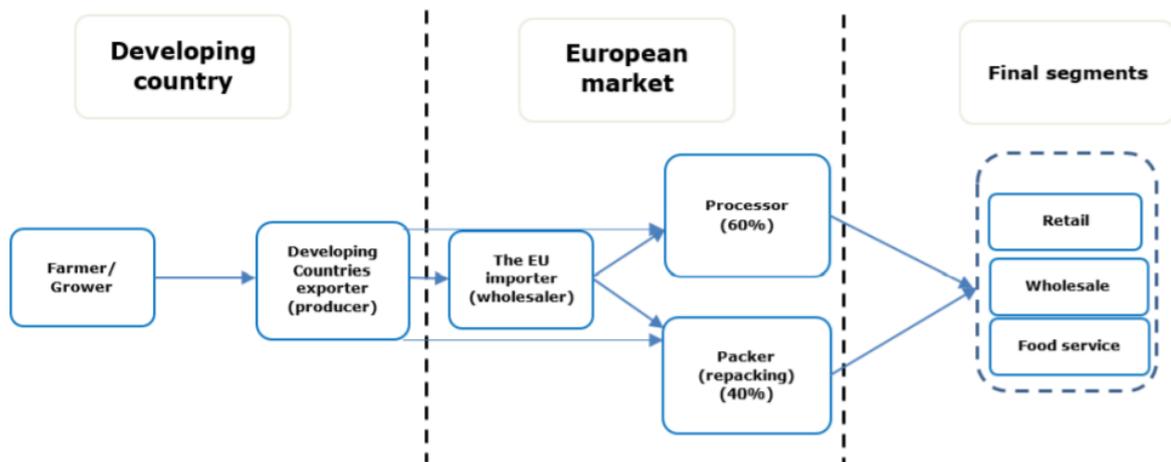
Mostly potential European buyers of dried fruit will ask exporters for sending dried fruit bulk and not individually packed. Dried fruit is normally shipped in boxes, also in wooden crates and/or bags. Dried fruit should be free of mould and foreign matter (stalks, sand, pests, especially mites), should be of an attractive colour and should be clean.

Mould is encouraged by high humidity and possible wetting before shipment. Improper drying may also lead to mould, making the produce inedible. Heat and pressure will cause crystallization and lumping together. Dried fruit should be stowed away from wet, moist and odorous goods.

4.2.3. Distribution Channels

60% of the total imported dried tropical fruit in Europe is used as an ingredient for further processing, while some 40% is re-packed and sold by retailers or used in the food service segment. Please note that this share reflects the continued leading role of tropical dried and sweetened fruit used by the industry as an ingredient with natural origins. However, as mentioned above, when it comes to natural dried tropical fruit without added sugar, a much larger share is sold in the retail segment as a snack. Dried tropical fruit, including sweetened fruit, is used as a snack without further processing except repacking by commercial brands or private label brands of retail chains. In the food processing industry, dried tropical fruit has many applications in breakfast cereals, in the bakery and confectionery industry, fruit preparations for dairy industry and snack- and fruit-cereal bars

Figure 19. common_trade_channels_for_dried_tropical_fruit_in_the_European_market, source: CBI



4.3. Frozen fruit and vegetables

Today a growing number of European consumers invest less time preparing food. On top consumers aspire to have something ready-to-eat at home: convenience food. Furthermore, most households are composed of only 1-2 persons which leads to the fact that the market is adapting its offers in the category food. Europe is the largest market for frozen fruit and vegetables in the world, representing nearly 50% of the total world imports. Large importing and consuming markets such as Germany, France, Belgium and the United Kingdom offer opportunities for exporters from developing countries. Besides using the frozen fruit in their inland processing facilities, these countries also play an important role as trade hubs re-exporting to foreign markets, in between them to EFTA countries like Switzerland and Norway.

4.3.1. Pricing

The sector of frozen food has many segments. The sector is characterized to have a high amount of variation of products. Additionally, frozen food gets to the consumer through different distribution channels. This makes it difficult to give precise information on margins the respective operators in the value chain are earning. Other variations which influence on the prices are the origin of frozen food, the type of the products, its variety and quality. Indicative prices can be found when doing research on the pricing and offers of main competitors (countries, enterprises) selling the same product on world markets. Doing this, it must be assured that comparison is done with identical products and the investigated prices must be monitored frequently. Therefore, in the following example, it is only possible to give a very rough general overview of the price development. It can be estimated that the Cost, Insurance and Freight (CIF) price represents around 35%-40% of the retail price for a retail pack of frozen fruit or vegetables.

Table 7. Breakdown of the price for frozen foods, Source: CBI

Steps in the value chain	Type of price	Average share of the retail price
Production of Fruit	Framers price	5-20%
Handling, processing and selling bulk product	FOB or FCA price	20-30%
Shipment	CIF price	35-40%
Import, handling, processing	Wholesale price incl. VAT	60%
Retail packing, handling and selling	Consumer bags of 250 gr	100%

Of course the type of frozen fruit has a big influence on the final retail price. Fruits which, for instance, are more difficult to harvest, which might even have to be handpicked, fruit which has to be peeled, or of which the seeds have to be removed, have a higher share in the retail price. As well the country of origin plays its role, having certain producing countries with considerably higher fixed and/or variable costs than others. Using the breakdown in the table above, these particularities have to be taken into account.

4.3.2. Logistics

Before considering the conditions of a good logistic chain of frozen fruit, here are some explanations for its packaging. The most common types of bulk packaging for frozen fruits are polyethylene bags and cardboard boxes lined with plastic foil. There is no rule but usually first-class IQF frozen fruits are placed in smaller packages while second-class frozen fruit, crumbles or frozen blocks are packed in larger packages. Cardboard packaging is usually smaller in size (commonly between 10-15 kg) while the bags are larger in size (usually up to 25 kg). The retail packaging of frozen fruits may vary greatly depending on the buyers' requests but it usually consists of plastic bags or cartons.

The cardboard boxes are packed on Euro-pallets (80 x 120 cm) and protected with polyethylene foil. The cardboard must be durable enough to keep its shape under the weight on the pallet during prolonged storage and have proof quality not to get soaked by ambient humidity. Cardboard boxes are sealed with tape.

Logistics of frozen fruit is a crucial element in the value chain. The correct temperatures below zero have to be 100% maintained from the factory to the buyer, without any interruption. It is also important to assure at what temperature below zero that your product needs to be in optimum condition, in order that it does not lose quality. Knowing about the ideal temperature you will be able to choose the best forwarder and also to obtain the conditions and prices which assure a shelf life for as long as possible, for your product.

4.3.3. Distribution Channels

In the frozen food sector specialised importers are the preferred channels to enter the market. It is common nowadays that trading with frozen food is combined with other services, such as packing, blending, mixing and also delivering to the wholesale players in the value chain. It is up to the exporter of frozen food to prospect if it is possible to gain entry into these sector segments of the frozen food market, thereby avoiding intermediaries.

Important players in the European frozen fruit market with origin in the tropics are the following: Greenyard Foods (Pinguin), Loragro, Kreyenhop & Kluge, Ardo Group, Unilever, Uren, Crops NV (fruitby-crops.be), Vivartia S.A. and Agrana.

Please also consult the sub-chapter “Distribution Channels” on the product group, fruit purées and the chapter “Relevant buyers” at the end of this survey.

4.4. Fruit purées

Europe is a large and growing market for tropical fruit purées. The thriving market for beverages consumed at home or out-of-home, the segment of convenience food, the ice-cream and baby-food industry and the jams and marmalades industry are creating a growing demand for fruit purees (see also chapter 4.8.). For exporters from developing countries it is possible to access the countries and their importers, where the main industries in the sector are located and where agents and brokers of these products have their offices: Germany, France, Belgium and the UK, and in recent years have shown an impressive increase of handling these type of products, recommend themselves. Additionally, if exporters take a strategic decision and invest in one or several of the following certification processes, the chances to match with interested buyers are multiplied: Food safety- and Corporate Social Responsibility, CSR-, certifications are crucial in this context. If additionally, the products have an organic certification, importers in the EU and end-buyers, processors in EFTA countries will develop increased interest towards such products.

4.4.1. Pricing

It is extremely difficult to give precise figures on fruit purée prices and indications of margins in the different stages of the value chain through which the puree passes.

Indications of margins according to final retail prices for tropical fruit purées are not very precise, as the whole sector contains many different products where tropical purées are used as ingredients and rarely as final product.

The prices also differ between producing countries regarding type of juice, fruit variety and quality of products. Therefore, it is only possible to give a very rough general overview of the price breakdown. For instance, Alphonso mango purée (origin India) in line with all food safety requirements always achieves premium prices compared to other varieties with less intense taste, such as Tommy Atkins purée (origin Mexico, South America).

Very roughly it can be estimated that the Cost, Insurance and Freight (CIF) price of fruit purées represents around 25% to 50% of the retail price of the retail pack of fruit juices made from concentrates.

The best option to monitor prices is to compare your offer with the offer from the largest competitors making sure you are comparing the same variety, same type of juice (aseptic, frozen, FC, NFC, etc.), same quality (Brix, acidity level, Brix: acidity ratio, pulp content, colour, food safety measures complied with during cultivation, harvest, transport to factory, processing, filling), packaging materials used, same incoterms (FOB, CFR, CIF, etc.), same certifications.

To be noted: Some fruit juices are traded as commodities and exporters of this product group have to be clear that some of their products are covered in the stock exchange. In these institutions, , specialized market analysts work on constantly updated market data supplied from the specific industry, based in regions over the world. Later these data are combined with a set number of specific process criteria and weighted. The output from these formulas is a price per fruit which represents the momentarily price level for that specific fruit juice or purée for that specific week. For exporters it is crucial to be aware of these mechanisms of price fixing and to monitor the development frequently.

Pineapple

Indication of margins according to final retail prices for pineapple juice is not precise and Developing Countries exporters can only have a very rough general overview of the price developments. An additional problem is that the majority of pineapple juice is exported as concentrated, so prices of retail juice packing aimed for immediate consumption, are not comparable with prices of concentrates. However very roughly it can be estimated that the CIF price of NFC pineapple juice represents around 25% of the retail price of a 100% pineapple juice. The best option to monitor prices is to compare your offer with the offer from the largest competitors: pineapple variety, type of juice, Brix levels, pulp content, acid level, and incoterms must be identical to get a meaningful comparison.¹²⁵

Current price outlooks are difficult to predict. The spike in trade also consists of the unpredictable output of harvests in the different countries. Reduced harvests in one or several of the main production countries where pineapple is processed - Philippines, Thailand, Costa Rica, Indonesia which together produce some 80% - might cause sharp increasing prices. Another influence on the prices are the energy prices.

The fact of the high variability of many parameters to define the author therefore omits giving accurate price indications in this context.

Mango

The above explanations for pineapple also apply to mango purée: Looking at the final retail prices for products elaborated with mango purée, exporters from developing countries can only have a very rough general overview. In most cases mango puree is mixed together with other types of fruit or vegetable purees to produce multifruit-or multivitamin beverages. Furthermore, dairy products such as mango ice-cream or mango yogurt normally have many other ingredients, than mango puree. Price calculations back into the value chain can therefore be rather unprecise.

¹²⁵ Source: CBI, Exporting pineapple juice to Europe; 2020/07/29

4.4.2. Logistics

An optimum packaging is the base for all activities involved in the logistics of storing and forwarding fruit purées and fruit juices. Only with adequate/appropriate packaging will products reach export destinations successfully.

The organoleptic characteristics and quality of the product must not suffer any change due to the packaging used for purée transport. It must also protect the product from bacteriological and other contamination. Packaging must also protect the product from moisture loss, dehydration and leakage, and must further not impart any odour, taste, colour or other foreign characteristics to the product.¹²⁶

Storage after processing and preparing for export, as well as transport to the harbour and on the vessels towards final destinations are the core elements of the appropriate logistics of fruit purées. Temperature trackers set by the exporters should be used to constantly monitor the forwarding conditions in the containers from origin to end destination.

Particular attention must be paid to the choice of the forwarding company. Companies providing these services must have a longstanding reputation in your country and in your region. Conditions should be fixed with the company in writing, in advance and specified in a contract, how issues dealing with problems during transport will be handled (temperature failures, missing the compulsory date of delivery at destination, loss of containers, etc.)

4.4.3. Distribution Channels

In the European Union, the majority of fruit purées are used as an ingredient by the fruit juice and nectar industry. It is not very common to find juices on the market containing one single tropical fruit only. It is most frequent to use a combination of fruits with other fruit purees and compose juices which have several ingredients and are sold as fruit juice mixtures sometimes called multi fruit drinks or multi vitamin beverages.

Similarly as the product group of frozen (tropical) fruit, tropical fruit purées are also used as an ingredient in desserts (jams, sweets), in the dairy industry (ice cream, yogurts, milk drink preparations) and in the baby food industry. Only very large fruit juice producers import purées directly; most medium and smaller players in the industry rather source (raw) materials from specialised importers. Very often, these specialised importers are also, at the same time, producers of different fruit preparations. Examples of different trade channels for purée in the European Union are the following (pls consult also to the last chapter of this survey “Relevant buyers”):

- I) Importer (wholesaler/ingredient supplier): SVZ, Agrana, Prodalim, David Berryman, Ariza, Global Fruit, Cobell
- II) Fruit preparations: Doehler, Wild, Grünewald International, SVZ, Binder International, Agrana, Prodalim, David Berryman, Ariza, Global Fruit, Cobell, Zentis, Carrière, E E & Brian Smith

¹²⁶ Pls compare also CBI study, Entering the European market for Mango Puree, April 2020

- III) Fruit juice and soft-drink producers: Coca Cola, PepsiCo (Tropicana brand), Lactalis Group, Eckes Granini Group, Refresco Gerber, Conserve Italia, Rauch Fruchtsäfte, Rubicon.
- IV) Bottlers (retail sale/largest players): J. García Carrión, Coca Cola (Cappy and Minute Maid brands), Pepsico (Tropicana brand), Lactalis Group (Santal brand), Eckes Granini Group, Refresco Gerber, Conserve Italia, Rauch Fruchtsäfte

Working directly with the bottlers cuts the supply chain, but there must be a considerable investment in quality in order to become a preferred supplier.¹²⁷

4.5. Muscovado sugar

Raw cane sugars which have not been centrifuged are commonly called Non-Centrifugal Sugar (NCS) or whole raw cane sugar. They still contain high concentrations of molasses and have a dark colour. Depending on the origin of the sugar, it can also be called jaggery (Africa, South Asia), panela or rapadura (Latin America), muscovado (the Philippines) or Barbados sugar (Barbados).¹²⁸

Specialized importers of natural, organic and/or Fairtrade products are the best choice for an exporter of raw cane sugar to partner with, in order to supply the European market. Exporters can find these specialised importers preferably in the UK, the Netherlands, Germany and Italy, where this type of sugar is better known. Furthermore, in the EFTA countries, in Switzerland and to a lesser extent in Norway, there are growing consumer segments aware of the benefits of muscovado sugars. The importers located in the trade hubs in the abovementioned countries are those which are best integrated into the distribution network of raw cane sugar in Europe. Their services are targeted to go hand in hand with the growing awareness of consumers to consume natural and unrefined food products. However, the lobby of the players in the white refined sugar sector remains strong and “its” product is several times less expensive than muscovado sugar. In this context, it is even more important that exporters should make a detailed cost calculation to be able to offer raw cane sugar at competitive prices in order to gain access to this market (see chapter 4.4.1.). The elaboration of a Unique Selling Proposition will also help to consolidate the export of muscovado sugar.

It is highly recommended to have all updated necessary documents and proofs showing that the exported products have been produced respecting food safety standards, that the products are GMO free and that quality is identical to samples sent prior to shipment, to potential buyers. Tests relating to ash levels, acrylamide levels, MRLs, etc. must be on hand and traceability is compulsory: The exported goods must guarantee food safety, both after packing and during shipping. They must be traceable back to their origin, in order that, in case of any claim by importers, retailers or even by consumers, the exporter can immediately identify where the problem lies. It is the General Food Law which provides the legislative framework for food safety in Europe.¹²⁹

¹²⁷ Source, CBI; 2020/08/08

¹²⁸ Source, www.panelamonitor.org/media/docrepo and CBI, exporting raw cane sugar to Europe; 2020/09/07

¹²⁹ ec.europa.eu/food/safety/general_food_law_en

4.5.1. Pricing

European retail prices for raw cane sugar purchased in grocery stores, supermarkets or online, are listed in the table below.¹³⁰ Some retailers define in detail the type of raw cane sugar they sell, others do not. To compare: Prices for conventional refined white sugar in 2020 are, on average, around EUR 0.65-0.90 /kg or ten times cheaper than muscovado sugar.

Table 8. European retail prices for raw cane sugar, sources: author's compilation.

Origin, product name/ outlet company/ country	Certificates	Retail price unit of....	Average price in EUR/ kg
Various origins, deBardo, France	Conventional	1kg EUR 5.87-7.65	6,76
Philippines, Alter Eco, France	Organic, Fairtrade	0,5kg EUR 3,25	6,50
Philippines, claro fairtrade, Switzerland	Organic, Fairtrade	1 kg CHF 7.90	7.30
Philippines, claro fairtrade, Switzerland	Organic, Fairtrade	25kg CHF 125,00	4,55
various origins, buywholefoodonline, UK	Conventional	250gr EUR 1,93	5,27
Philippines, gepa, Germany	Organic, Fairtrade	1kg EUR 5,49	5,49
Philippines, sevelia, France	Organic, Fairtrade	0,5kg EUR 3,30	6,60
Various, Migros, Switzerland	Conventional	750gr CHF 4,00	4,93
n.a, Kellys Expat Shopping, NL	Conventional	500gr, 1,95	3,90

Raw material sugar cane	5%
Processing and export	25%
Shipment	5%
Import, packaging and distribution to wholesalers	25%
Distribution to retailers	15%
Retail	25%

¹³⁰ Online survey by the author; 2020/09/01

Price breakdown for raw cane sugar (HS 170290 “sugars not elsewhere specified”, HS 1701.13.90 “Raw cane sugar, obtained without centrifugation, not for refining”), panela, in consumer bags or cubes/blocks).¹³¹



4.5.2. Logistics

Prior to sending raw cane sugar for export, it is important to ensure that the correct packaging material is chosen. It is important that the products do not suffer any alteration after being packed, according to the quality and food safety standards. Neither additional moisture, nor foreign odours/materials or other contaminants must get into, or close to, the raw cane sugar. Normally this type of product is packed in 10, 25 or 50-kilogram Kraft paper bags, or polypropylene (PP) bags with a polyethylene (PE) inner bag, which provide protection from above-mentioned negative influences. Another type of packaging sometimes used, consists of a 25kg master cardboard case (12.5kg box x 2) where the sugar is packed in the same polyethylene (PE) inner bags as mentioned above. Buyers may have specific packaging requirements as well.

In general, it is highly recommended to supervise or let supervise the following three elements in the logistic chain: I) after standardized processing, preserve the products to be exported from moisture during the loading- and transport activities, assuring adequate ventilation; II) track temperature III) protect export ready, raw cane sugar from insects or other biological contaminants. Well prepared, structured and updated “product data sheets”, containing all of the above specifications and details on the product, will be a big advantage to convince and serve the potential future trade partners.

4.5.3. Distribution Channels of raw cane sugar

Market segments

The end-consumer market is the largest segment for raw cane sugars. A condition to deliver this segment requires retail-packed raw cane sugar in granules or cubes of high quality (correct humidity, correct granulate size, correct colour). Although packing costs are higher in Europe, most raw cane sugar is generally packed for retail, after arrival from the country of origin (India, Philippines, Mauritius, Indonesia, others). Importers have the required certificates, packaging- and logistical capabilities to supply

¹³¹ Source CBI and author’s research; 2020/09/05

retailers. Retailers need small and frequent deliveries, because they do not want to be constrained by storage of products which generate additional costs.

The probability that mainstream manufacturers would purchase raw cane sugar is very small. This market segment uses mainly white, refined beet- or cane sugar to sweeten its products. On the other hand, it can be of interest to prospect between the manufacturers of fair trade and/or organic products, which form an important segment and which is worth being approached by exporters of muscovado sugar.

4.6. Coconut Palm Sugar, Coconut Palm Syrup, Stevia

Natural sweeteners are increasingly present on the European market. This market is clearly concentrated mostly in the north western regions like for instance in the UK, the Netherlands and Germany. Some share of the market is also in Italy. Though the share of natural sweeteners in the total sugar market is still very small. The reason is partly because the natural sweeteners have a relatively high price and also because intra-EU sugar prices – partly due to higher production in recent years - have declined from around EUR 650/t in the early 2000 to an average of slightly above EUR 400/t end 2019, and are still struggling downwards towards EUR 350/t in mid-2020.¹³² It is difficult to know exactly how much of natural sweeteners are traded (volume and value). The HS Codes do not exist/allow specifically to extract accurate figures from the existing data bases, concerning natural sweeteners.

Notwithstanding the above mentioned facts, it can be stated that a health-conscious segment of consumers is constantly looking for alternatives for white sugar and it is open to try new possibilities on how to sweeten their meals or beverages. If producers / exporters invest in organic and/ or Fairtrade certification processes, access to premium market segments and grocery stores offering dietetic food is an option for exporters. The processing industry might also be a client for palm sugar, to disserve a specific consumer segment with increased health awareness combined with the readiness to pay more for the sweetened food products. Palm sugar is a sweetener derived from different varieties of the palm tree.

4.6.1. Coconut palm sugar

Palm sugar is sometimes qualified and named after the type of palm from which the sap is extracted. Harvested and processed from different palms the sugars may have slightly different compositions. Palm sugars are used by consumers to sweeten their solid food and their beverages.¹³³ In the following examples, palm sugar always makes reference to coconut blossom palm sugar.

A particularity to be taken into account by exporters for the marketing of palm sugar, is its low glycemic index (GI) when compared to normal sugars (30 – 35 compared to 60). This indicates that it takes longer to process the sugar in the human physiology and that blood sugar levels rise slowly. Research has shown that foods low in GI are a healthier alternative for foods high in GI and can help to prevent diabetes. But on the other hand, consumers know very little about GI of foods and it is a task to be taken seriously for exporters and their trade partners to grow awareness amongst all segments of consumers about the benefits of palm sugar in this context. However, it is important to note that labelling palm

¹³² Source: www.ec.europa.eu ; European Commission, AGRI G4, Sugar market situation Aug 2020; 2020/09/08

¹³³ For further information fact sheet “Palm sugar in Germany” on www.importpromotiondesk.de; 2020/08/21

sugar products according to the European law forbids making any allusions that coconut palm sugar is healthier than any other type of sugar for people with diabetes.¹³⁴

Pricing coconut palm sugar

Palm sugar also competes with natural sweeteners such as stevia. This sweetener is increasingly being used to replace sugar. Compared to stevia, palm sugars are expensive and considered less healthy due to their high calorific value. However, palm sugar has the advantage that it does not have the negative aftertaste associated with stevia. As for any product, a meticulous cost calculation must be done when offering the product on the market. For identifying the market price that suits the exporting company, it is also important to observe and watch the price development of other origins of palm sugar. Also, last but not least, defining the price must also fit in the overall product range of the exporting company. It might be that with a product that is sold in larger volumes you may calculate with a smaller margin, whereas for a speciality for which you have very few competitors you adapt a higher % for your margin.

Many offers of palm sugar are organic and also Fairtrade certified. End consumer prices in Europe generally range between EUR 7.80 and 12.00, but also go up to EUR 25.00/kg. For premium products with special packing, organic and Fairtrade certified, some prices come close to EUR 50,00/kg. For gastro-nomic users such as food/beverage take-aways, restaurants or coffee bars there exists an availability of 10, 25, 50 kg bags. Prices per kg of these range between EUR 5.40-8.00.¹³⁵

The price breakdown for small lots (5 tonnes) of coconut palm sugar and shares in the different stages of the value chain are the following: Sap from collectors: 10% , Processing and export: 10% , Shipment: 5%, Import, packaging and distribution to wholesalers (100 kg lots): 25%, Distribution to retailers (2.5 kg lots): 20%, Retail (health food shops): 30%¹³⁶

Coconut palm sugar competes with palm syrup and stevia a healthy natural sweetener. The advantage that coconut palm sugar and – syrup have over stevia is that they do not have the negative aftertaste that is associated with stevia.

Logistics of coconut palm sugar and natural sweeteners in general

Quality packaging is the base that the exporter can be assured that his/her products arrive in optimum conditions at the destination. The best logistics cannot correct a deficient choice of how a product – bulk or individually packed – is prepared for export. It is imperative to make sure that big-/ jumbo-bags, the smaller packaging items, cardboard boxes, master boxes, drums, flexitanks, etc. are produced with the materials authorized in Europe and that they protect the products from any alteration (pls consult chapter 3.2.).

For all products in the product group palm sugar, natural sweeteners, it is important to comply with all norms when exporting. Often the products in this group come from organized small holders trained by the exporter accordingly to the international standards of food safety, in order that the products meet the requirements. As origins are diverse, a strong focus must be laid on traceability so that it is clear

¹³⁴ Pls consult Regulation (EC) 1924/2006

¹³⁵ author's online research between June-August 2020

¹³⁶ Source CBI, Exporting Palm Sugar to Europe; 2020/09/03

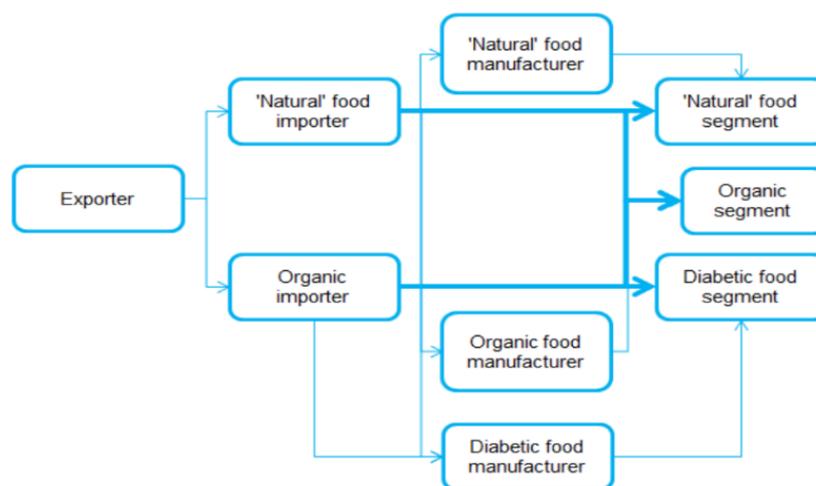
where from the products for export originate. Batch numbers and correct product labelling (mainly in English, unless otherwise specified by the buyer) is of utmost importance. It is extremely rare that a European buyer will ask for individual packaging ready to be sold to the end-consumer. Therefore, an exporter has to make sure that an adequate packaging is chosen for the transport of bulk products in line with the European regulations (see also chapter 3.2. and indications for muscovado, raw cane sugar).

Furthermore, the choice of the forwarder is a very important decision to assure that the products arrive at the importer in optimum conditions. Offers from freight forwarders with services including temperature-, moisture-, oxygen- and CO2-control, combined with an, as direct shipping route as possible - where trans-boarding of containers is reduced or even excluded - should have preference. Their prices might be slightly higher, but exported products on their way to destination will be in safe hands and also importers will appreciate the good choice of the forwarding company because they gain shelf life for the products purchased.

Distribution channels of coconut palm sugar (and natural sweeteners in general)

If one does not have an already established sales network to work with, a specialized agent is an advantage. Important elements to be considered by an exporter once establishing a trade relationship with an agent of palm sugar or natural sweeteners, are the following: The sales network of the agent is protected by law. Production in sugar is a very concentrated business, whilst in trade many more players are involved. Specialised importers, e.g. organic or fairtrade importers, compete in the market for brown sugars and natural sweeteners. It is with them where the best opportunities for an exporter of palm sugar and natural sweeteners lie to establish a sustainable trade relation. Conventional importers are not expected to adopt niche products such as palm sugar, - syrup or stevia leaves.

Figure 20. Distribution channels, source: CBI



For instance, in Germany, some specialised importers are Rapunzel, Worlee, Care Natur, GEPA, Real Foods and Naturata¹³⁷, in the UK it is Tate & Lyle and Billington's. In France the consumer cooperative

¹³⁷ www.rapunzel.de, www.worlee.de, www.care-natur.de, www.gepa.de, www.realgoodfoods.com, www.naturata.de

Ethiquable¹³⁸, in Switzerland claro fair trade AG¹³⁹, in NL Raw Superfoods¹⁴⁰, to mention just a few. Palm sugar for the consumer markets is sold in health food- and Fairtrade stores and in specialised retailer outlets, where many people (expats) from countries where palm sugar is produced are shopping. It is important to target exports on specialised importers, such as organic or Fairtrade importers, or ethnic food retail chains.

4.6.2. Coconut palm syrup

Palm syrup is produced from the sap of a number of palms, also from the coconut palm. In general, palm syrup is produced by boiling the collected sap until it thickens. For this process, stainless steel recipients are of utmost importance to reach international quality requirements and fulfil legal standards of the EU. The boiled and thickened sap is then sold as palm syrup. The typical recipients are bottles or tins. Further extraction of water leads to thickening of the syrup which crystallizes over time. It is produced in the hot coastal regions in Asia and South America. As well, in the EU in the Canary Islands where some palm syrup is produced. It is used to accompany many pastries and desserts, such as pancakes and ice cream. The syrup is widely used in Southeast Asian, Middle Eastern and North African cooking. In Europe it is known as a sweetener mainly by people coming from these producing countries, but there is also a slowly increasing consumer segment which purchases these sweeteners guided by health concerns.

Pricing coconut palm syrup

Consumer end prices vary between EUR 6,78 and 26,50 per lt. Organic and Fair-Trade certified products are not always the most expensive. The price breakdown is similar to palm sugar and shares in the different stages of the value chain are the following: Sap from collectors: 10% , Processing and export: 10% , Shipment: 5%, Import, packaging and distribution to wholesalers (100 kg lots): 25%, Distribution to retailers (2.5 kg lots): 20%, Retail (health food shops): 30% (see above)

Logistics coconut palm syrup

In the majority of cases palm syrup is sold bulk and transported in flexi-tanks, barrels or drums. It is important to make sure that the coating of the bulk recipients is in line with European legislation. All other observations respect to logistics to successfully export palm syrup were described previously.

Distribution channels coconut palm syrup

For the distribution channels the information is similar to indications in chapter 4.5.3. Once again it is recommended that exporters having organic and/or Fairtrade certified products approach the respective trade partners in Europe, because it is these importers which are willing to accept, to buy at higher prices. Also, the players which work for, or in, the dietetic industry are worth contacting, taking into account certain benefits attributed to palm syrup (low GI-index)

¹³⁸ www.ethiquable.coop

¹³⁹ www.claro.ch

¹⁴⁰ www.Rawsuperfoods.com

4.6.3. Stevia

The European market is increasingly interested in stevia (*Stevia rebaudiana*). Mainly the food and drink market and the processing industry offer export opportunities for stevia suppliers in developing countries. As for raw cane sugar, and sugars derived from palms, the demand for stevia is driven by rising consumer demand for healthier and natural food products. Regulatory changes after 2010 in the EU stimulated the demand for stevia in Europe.

Thereafter, in October 2016, an amendment to the EU food additives regulation removed a rule whereby stevia blends were required to contain at least 75 percent stevioside or reb A. This amendment to the EU food additives regulation was welcomed by the processing industry because it allows further sugar reductions in food and beverage formulations and improvements in taste.

Figure 21. Stevia rebaudiana: plant and leaves



As stated several times in this study, European consumers are increasingly looking for healthier and natural products. Consumer awareness of stevia is rising in Europe, and also in addition, applications in food and drink products are widening. The European stevia market grew substantially after the EU approved the use of stevia in November 2011. The global stevia market was worth USD 539 Million in 2019 and is expected to grow to 900 million USD by 2025, according to the IMARC group.¹⁴¹

After the approval of stevia extracts for use in the European Union in November 2011, the market has grown rapidly. All presentations of stevia extract are interesting: Liquid, powder and leaves. However, the market relies on imports of stevia leaves because the plant is mainly processed in Europe, to produce stevia-based products. It has zero calories and a high protein content, making it a favoured ingredient in the healthy drinks and sports nutrition product markets.¹⁴²

Pricing Stevia

Most of stevia leaves have their origin in production countries in Latin America (Paraguay or Brazil) or in Asia (China, Philippines, Indonesia, Malaysia, Thailand). Some buyers in Europe have set their own objectives to source locally and in Spain, France and Greece, commercial stevia producers have set-up

¹⁴¹ Source: www.imarcgroup.com/stevia-market; 2020/09/01

¹⁴² Source CBI; the European market potential for stevia; 2020/08/23

their farms. Chemical composition of the leaves, the ratios of the steviol glycosides and other constituents, are distinct according to countries of origin. The pricing of stevia end-products is very complex. Only a small part of the exported dried leaves is used without processing. Most of the leaves are bought by the processing industry which elaborates liquid sweeteners from them. The liquid use of stevia is the most common use in Europe, followed by stevia powder or pastilles.

The following shows the end consumer prices of dried stevia leaves, found on the internet¹⁴³ : They range between EUR 45.00 - 66.60/kg. Stevia powder is sold between EUR 28,70 – 80,90/kg. Price differences in powder are often conditioned by lower or higher ratios of the steviol glycosides in the product.

Logistics for Stevia

In most cases stevia is transported as dried leaves from its origins to the markets. Big bags or cartons with a polyethylene (PE) inner bag are the state of the art to forward dried stevia. As in any logistics activity, when packing the container, the packaging should be checked for intactness. Dried product must not alter its humidity. An effective method of protecting them from moisture is to form cargo units wrapped in shrink films. Contents and cartons of wet strength paperboard are preferred. The cartons should be secured with tear-resistant adhesive strips.

As for the forwarding of any dried product, tracking of temperature and humidity is recommended (see chapter 4.2.). The choice of the forwarding line is crucial to assure the exported goods arrive in optimum conditions at the purchaser.

Distribution channels for stevia

The following table shows the market performance of France, Germany and Spain with often two digits growth figures in the food and beverage market (conventional and organic). The following different segments of the food processing industry have shown an increasing interest to integrate stevia into the composition of their products: Beverages, table-top sweeteners, dairy, bakery and confectionary, convenience food.

In the EFTA countries, Switzerland and Norway where health awareness of consumers also contributes to a growing organic market there are two large companies which are very much engaged in the alternative sweetener market: Jungbunzlauer¹⁴⁴ in Switzerland and Harlemfood¹⁴⁵ (PureCircle) in Norway.

¹⁴³ Online research by the author; 2020/08/13

¹⁴⁴ www.jungbunzlauer.com/en/products/sweeteners

¹⁴⁵ www.harlemfood.no

Since 2015, the top 6 European importing countries showed the following tendencies (increase, decrease, stagnant) of stevia imports (HS Code 29389090, other glycosides, natural or reproduced by synthesis, and their salts, ethers, esters and other derivatives) from the respective top three origins:

Table 9. *Food and beverage country markets development in Europe, source: Sources: Food and Drink Europe, Eurostat, FIBL*

Country	Food & beverage market bn EUR	Growth %	Organic Food & beverage market bn EUR	Growth %	Main enterprises and market players
Germany	204	19%	10	5,9%	Denk Ingredients, Organic Stevia GmbH, Steviavida, Stevia Group, Naturbursche Getraenke GmbH, Hengstenber GmbH, Rewe, Edeka
France	228	27%	7,9	17,6%	Provia Sud, Stevia Natura, Firmalis, Oviatis (organic), Stevia SAS
Italy	140	4%	3,1	18,6%	Ambrogioitalia Srl, Moralco
Spain	119	16,4%	1,9	13%	Azucares Prieto, Mercostevia
The Netherlands	77	4,2%	1,2	2,9%	Cargill, Hyet Sweet, Van Wankum
The UK	119	3,8%	2,3	5,3%	Tate & Lyle, Prinova, Tesco

France +++ (origins China +, Malaysia +, India +), Germany (China +, USA +, France +), Netherlands (China +, Sweden +, USA (stagnant)), UK (Malaysia +, China +, Germany +), Spain (China +, France (stagnant), UK +).

For exporters it is advisable to approach enterprises which process stevia in Europe. There are also trade opportunities with distributors of dried leaves. Exporters who have certified their products according to organic and CSR standards, have a considerable advantage in the latter market segment.

4.7. Nuts

Nuts are experiencing something of a resurgence in Europe. As meat production is searching for new arguments not to lose consumers, people are also looking for alternative food stuffs. The product group of nuts is one of these which is often the consumer's choice when taking some distance from meat consumption. The healthy fats and proteins and other nutritional values contained in nuts are arguments which lead consumers to buy hazelnuts, macadamia, cashew, almonds, pistachios, walnuts and others. Possibilities to sell on the European market are many folded and at present, the panorama is positive. This study will not look at the above mentioned nuts, but will have a specific focus on Pili nuts native to the low lands of South East Asia, Papua New Guinea and Northern Australia. Pili trees (*Canarium ovatum*) are most prominent in the archipelago of The Philippines.

The current favourable demand situation on the European market must be backed with the efforts of producers-exporters of Pili nuts to strictly follow all food safety aspects. Producers-Processors-Exporters

must avoid any contamination with pesticides, aflatoxins, mycotoxins, microbiological alterations and take measures that such cannot occur during transport to buyers and in the period for which shelf life of the product is guaranteed.¹⁴⁶

4.7.1. Pricing

The edible nuts market is rather segmented in Europe. In the case that Pili nuts are imported through an importer and a packer directly to a retailer, some rough price estimations can be done under condition that the nuts are not mixed with other nuts or dried fruit. If the way to the end consumer is as straight as described above, then a price estimation for the end consumer price of + 50-75% on top of the CIF price can be made.

If nuts are processed by being salted, sweetened, coated with cocoa, mixed with other nuts, composed with other ingredients into fruit bars, etc. then it is very difficult to give price indications.

An exporter must always be conscious that depending on the origin where Pili nuts come from the volume of harvests might differ from year to year. It is of utmost importance to make all possible efforts in order to buffer the fluctuations and have the processing and stocking of nuts well prepared to avoid losses after harvests, have regular volumes available and be able to comply with contracts and maintain stable pricing.

Furthermore, it has to be mentioned that it is possible to add value to the nuts with specific certifications as organic or Fairtrade, or with environmental efforts undertaken by the producers, special energy-saving-processes when shelling, or through precise sorting and grading, etc. Additionally, the markets in Europe, and the end-consumers particularly, look more and more to the story behind the product. People want to know who the producers are, how the trade with the Pili nuts helps them to empower certain living aspects in their communities, etc. It is recommended to check with the providers of Pili nuts, with the team in the export facility and the marketing staff what the corresponding contents are, which could be highlighted to promote Pili nuts. These contents should be integrated into the marketing documentation and should be kept updated. Such efforts can assist an exporter to have a strong position when negotiating prices with buyers.

Herewith are some samples of end consumer prices in EUR for Pili Nuts- Pls note that all products are processed: 75,35/kg (cocoa coated; sweetened with coconut palm sugar; origin PH), 81,80/kg (salted; origin Bicol, PH), 85,90/kg (chili, salted; origin PH).¹⁴⁷

4.7.2. Logistics of Pili Nuts

To succeed in exporting Pili nuts, it is important to consider appropriate packaging. Generally the shelled pili nuts are packed in cardboard boxes with a plastic in-liner inside. For peeled nuts it is common to use jute bags, plastic bags, wooden or paperboard cartons.

¹⁴⁶ Pls consult amending regulation (EC) 401/2006: <http://extwprlegs1.fao.org/docs/pdf/eur92977.pdf>

¹⁴⁷ Online research by the author; 2020/09/03

Commercial matches with buyers who want to receive individually packed pili nuts, ready for retail sale are possible, but rare. Plastic bags, plastic containers, stand-up bags, would then be the packaging required. Individually packed food items always need to be re-packed into master cartons of 10kg, or as agreed upon with the buyer. Retail packaging also requires particular labelling, complying with all labelling standards of the European Union (pls check chapter 3.2.)

Normally the export contracts are in bulk. When sending standard bulk package to Europe the weight of cartons is 10 kg, but 12-kg cartons, 12–15-kg plywood joint boxes and 25–70-kg linen fabric bags are also used. When packed in corrugated or millboard cartons, the product should be transported on pallets. The selected packaging size should be such that the dimensions conform to the conventional pallet sizes (800 x 1,200 mm and 1,000 x 1,200 mm) and cargo units may thus be produced. Additionally, for bulk products, specific information must be placed on the labels (see chapter 3.2.)

For goods for export, particular attention must be paid to cost-efficient routes, combined with quality management during transport, reliability and adherence to delivery dates. Temperature and humidity control are of utmost importance to assure any alterations of product quality of Pili nuts. Edible nuts are a delicate product and contamination with myco- and aflatoxins, as particular enemies of nuts quality, have to be avoided. To reach this goal an efficient logistic chain is crucial, and the level of effectiveness must be precise in order to avoid complications. Delays in moving products from one facility to the next can give these negative issues more than one chance to manifest and make exporters lose time and money.

4.7.3. Distribution Channels Pili Nuts

It is the exporter's decision which distribution channels to explore. A strategic decision must be taken to sell either to I) importer/ agents or traders or to select II) the market segment of the nut manufacturing / processing industry or III) focus directly on supplying to retail channels. Within the channels under II) and III) it is more feasible to negotiate higher prices, possibly to enter into a dialogue to brand specifically the Pili nuts from the Philippines and obtain cooperation for longer lasting, sustainable trade relations.

Pili nuts are still rather hard to find in Europe. They normally may be found in the shelves of high end stores : Germany: Edeka Group, Globus, Handelshof, Rewe perfetto; France: Monoprix; Belgium: Carrefour; Switzerland: Manor. Pili nuts are also available in many online stores.

As Pili nuts are not sold in larger volumes, most retailers do not buy them directly from the origin. It is therefore recommended to approach traders which are specialised in the product group of edible nuts. Mainly, exporters who are still unfamiliar with the European market should rely on these agents which have their specific trade contacts and network with retailers and the processing industry. It is in the UK, Germany and in the Netherlands, where exporters can find these agents particularly well placed in the European nuts market.

4.8. Jams, Jellies, Marmalades

It is not always possible to give statistical indications on the European jam, jellies and marmalade market, excluding properly the volumes of the fruit purées. The following figures are extracted with the HS Codes 200710 (homogenized preparations of fruits), 200791 (citrus fruit jams, jellies, marmalades),

200799 (fruit preparations, excl. citrus). In the statistics from the specific processors, working with processed fruit destined for the production of jams and marmalades, sometimes values/volumes of fruit purées are also integrated, which makes it difficult to define the exact figures for jams and marmalades only.

The European food spread market is very segmented: The fruit based spread is one of the bigger segments, competing with nut and seed-based spread, honey, chocolate-based spread, and other product types. Apart from fruit spread manufacturing, the main users of jams, jellies, purées and marmalades are the following segments of the food processing industry in Europe: fruit juices, dairy manufacturing (milk-drinks, yogurt), ice cream production, bakery (fillings for pies and biscuits, others), fruit bars- and baby food are some of these industries.

New tendencies in the fruit-based spread market are the reduction of sugar content, the complete or part-substitution of sugars with other sweeteners (stevia) and the new combinations of tastes (multifruit jams as banana-kiwi; berries-mix; exotic fruits mix such as passionfruit-mango).

Exotic flavors have some, but not larger opportunities in the fruit-spread market in Europe and the demand is slowly growing. However, these jams and marmalades have to face fierce competition with the local fruit spreads like strawberry, apricot, diverse berries, plums, peaches etc. A way to increase interest of buyers is to offer organic certified raw materials or end-consumer products, as well as jams of tropical fruit with extraordinary tastes. In addition to a consumer segment with high health awareness, the segment of the infant-food industry has a relative high demand for raw materials to process organic jams and jellies for babies. Furthermore fruit-based spreads which declare authenticity and have special region of provenience also have promising opportunities. If organic certification and the particular focus on origin is combined with a Fairtrade certification, an even broader consumer segment can be reached.

It should be noted that distinguishing products by offering higher quality assists exporters to reach specific buyer and end-consumer segments. High brix levels in the raw materials, high fruit content, possibly enhanced with fruit pieces, moderated use of, and well declared additional ingredients such as pectin, fruit juices, sweeteners and essential oils, are all specific product elements which can assist an enterprise to have additional contacts and matches with importers.

Regarding the general quality indications for jams, jellies and marmalades the Codex Alimentarius gives detailed information.¹⁴⁸

4.8.1. Pricing

To give concluding indications on pricing and price levels for the jams and marmalades market, is very complex. It is difficult to give consistent/reliable pricing information for this segment due to the following factors: The raw materials supplied into the processing industry, having either a lower or higher percentage in the end product; but also the finished products for end-consumers having been prepared in their region of origin, causing substantially more costs by filling individual portions, special packing, labelling, etc. The following is a simplified example extracted from the CBI study “Exporting jams and marmalades to EU,¹⁴⁹ from which exporters can gain insights into price ranges in the value chain:

¹⁴⁸ Pls consult: www.fao.org, standard for jams, jellies and marmalades, CXS 296-2009, amended 2017

¹⁴⁹ Source: Exporting Jams and Marmalades to EU, www.cbi.eu; 2020/08/12

Table 10. Share of retail price in jams, marmalade value chain. Source: CBI.

Steps in export process	Type of Price	Average share of retail price
Production of fruit and vegetables	Farmers price, raw material price	10% in case fresh or frozen fruit is used as raw material 15-25% if the product is already processed
Handling, processing and selling of bulk product	FOB or FCA price	30%
Shipment	CIF price	32-35%
Import, handling, processing	Wholesale price (incl. VAT)	60%
Retail packing, handling, selling	Retail packaging, unit approx 0,8-1kg	100%

4.8.2. Logistics

For the forwarding of bulk product the sub-sector of jams, jellies and marmalades uses Flexitanks (up to 24,000 lt or medium sized of 1,000 lt), drums and barrels. It is recommended that exporters check in detail that these containers for transport are coated with authorized, standardized materials for food transport to avoid any contamination from the packaging migrating into the food products.¹⁵⁰.



Figure 22. Flexitank bag in a container.

4.8.3. Distribution Channels

Compared to other sectors of processed fruit and vegetables, the sector of jams, jellies and marmalades from developing countries is exporting rather semi elaborated products than finished products. Main importers of this product group, jams and marmalades”, from developing countries are the Netherlands,

¹⁵⁰ basic Regulation regarding migration of packaging materials to food stuffs: (EC) 1935/2004

Germany and France. All three have Turkey as their main trade partner/supplier. France is also the largest consumer of fruit-spreads and it is the elderly population who are the main consumer group of fruit-based spreads.

In the sector of jams, jellies, marmalades direct deliveries to specialized fruit processors is the most common way used by exporters to enter into the European market. These specific importers often do the packing in smaller weight units, mainly glass jars, and stick the labels of their customers on the packaging used for the product.

The segment of bakery and confectionary industry absorbs roughly 30% of bulk imports of jams and marmalades. The same percentage accounts for the dairy industry, whilst the fruit-spread industry itself has an approximative market share of 25%. The smaller industry segments are the dietary, baby food and the beverage industry which absorb together some 15%.

Processing, trade and doing wholesale business is often done by the same market players. Top European producers include, in France Andros¹⁵¹ (brands Bonne Maman, Le Berger des Fruits, Andros), Andresy¹⁵² (processing mainly for the gastronomic segment), Georgelin¹⁵³ (their claim “100% without GMO”), St Dalfour (do use fructose instead of white sugar); in Switzerland Hero Group¹⁵⁴; in Spain the company Helios; in different European countries, US and Canada the company Hain Celestial; in Germany the companies Goebber, Zentis, Zuegg.

By distribution channel, the jams and marmalade market is segmented into supermarkets/hypermarkets, convenience stores, specialist retailers (dietary, organic, Fairtrade) and online retail stores. In addition, the supply of fruit purées to food processors of infant foods, preferably combined with an organic certification are market segments which are well worth being prospected by exporters.

Deliveries to the market segment of end-consumers is an additional possibility to sell to the European market. This possibility demands that the exporter should comply with additional services for the buyer (labelling the same product with different languages, packing in smaller transport units (master cartons), etc. requests which sometimes could mean adapting considerably factory processes and additional investment. On the other hand an exporter offering its products to this market segment can ask for a higher unit price if end-consumers are its target group.

5. Relevance of Social Media / Media tools for the promotion of Processed Food Products to EU/EFTA markets

In all European markets covered in this study the majority of the population in each country, is active using social networks. These markets are led by Facebook, Pinterest and Twitter and of course by the leading online shopping platforms. There are still differences in the use of social media platforms according to age: Elderly persons are less active, but still their presence is increasing using the opportunities of e-commerce. People < 45 years are constantly checking business platforms and marketplaces searching for food or just with regularly making their food purchases frequently on the internet.

¹⁵¹ <https://www.andros.fr/nos-produits/confitures/>

¹⁵² www.andresy-confitures.com

¹⁵³ www.lucien-georgelin.com/en

¹⁵⁴ For further commercial links pls refer to the list at the end of the document

Therefore, it can be of interest to Philippine companies to work on their presence within the mentioned communication tools. This presence must be based on a strategic decision of the enterprise and posts have to be constantly updated and adapted, informing on changes in the offer (new products, new prices, new quality, seasonal offers, etc.). Posts must be in a frame which transmits seriousness, interest to best serve the customers or consumers and as much as possible in line with visual habits of the target groups. Additionally, the “story behind the products” is of growing interest for the marketing of the same. Well documented CSR activities with short texts and good pictures can help to boost sales.

Table 11. Overview on social media use for marketing, reach out and threats.

Social media channel for marketing	Main target group EU / EFTA	Creating new contacts	For existing contacts	Potential reach	Critical aspects	Priority
	Buyers, Opinion leaders	+++	Yes	Large	Many possibly irrelevant Hashtags & followers	1
	Buyers, opinion leaders, experts	+	Yes	Medium	Groups	2
	Buyers, Opinion leaders	+/-	Yes	medium	Search	3
	More B2C	++	Yes	Medium-large	Hashtag & search	4
	B2C, staff, buyers	++	Yes	large	Boosting Ads and posts may disturb	1

When starting out, it’s better to pick a few platforms that you think your target audience would be using, than on targeting all platforms. Do not consider Tumblr, Tik Tok, and Anchor, and social messaging platforms, such as Messenger, WhatsApp, and WeChat. With social media now being omni present, it is mandatory to use these communication channels in order to maximize the company’s reach. However, not all social media channels are equally appropriate to distribute your message. A good way of informing your network and your target group about your company and the products you market, is to post relevant information on business networks like LinkedIn. Ideally, these posts should not only be technical but should also include information that is relevant to your target group. For instance, your company has developed a new energy saving technique processing your raw materials, or that for a certain time you had no labour accidents in the factory, or that your last tests on pesticides residues have all had favourable results, showing that your products are safe, etc.

With your marketing, whether you are publishing some of the content mentioned above, or on your newly developed product, the next shipping consignment to a customer, etc., you will want to know how your social media marketing is performing. Are you reaching more people on social media than last month? How many positive mentions are you getting per month? How many people used your brand's hashtag on their social media posts?

The social media platforms themselves provide a basic level of such information. To get more in-depth analytics information, or to easily compare across social media platforms, you can use the wide range of social media analytics tools available, such as Buffer Analyze, Loomly and others.¹⁵⁵

6. Conclusion

6.1. General conclusions for Processed Food

General conclusions for the whole sector of processed food discussed in this chapter have been covered. The following are some concluding remarks and tips on the various sub-sectors covered in this study.

Notwithstanding the fierce competition in and the complexity of the European processed food market, many buyers in Europe and in regional markets have an open mind for new suppliers of special products. The Philippines have intrinsic opportunities for certain small windows in the European processed food market, although the number of potential products from the archipelago is still limited. Competition on regular bulk markets is high and with the exception of a smaller group of products (banana chips, pineapple products, muscovado sugars & others) the volumes which the Philippines can deliver do not match with main world regions which produce the same products. There is in fact a group of medium-sized and large Philippine producers-exporters with the motivation and capacity to prospect new markets and foster new export opportunities. In some product groups, in particular, processed pineapple, coconut products, raw cane sugar, where various entrepreneurs have already developed the capacity and methods to prepare produce that meets all European mandatory market requirements and which even comply with voluntary standards.

Paying more attention to market intelligence with respect to trends and buyer requirements in the target markets of EU and EFTA certainly will help the entire sector. It is important to closely follow the latest trends and developments in these markets. Regional markets, and especially Europe, increasingly require tailor-made and specific approaches because of the dominance, negotiating power and strict requirements of large buyer clusters serving hyper and supermarket chains and food services.

It is edifying to see a lot of natural production without chemical-synthetic inputs in the fields, plantations and orchards in the Philippines. The frame of this survey did not focus on the production side in the archipelago. But the author of this study dares to suppose that it might be as in many places around the globe that the lack of these chemical-synthetic inputs is not fruit a strategic decision of the people cultivating the land in order to protect their environment, health and physical working conditions. The reason of absence of such inputs of the agroindustry is rather a consequence of restricted budgets for production available for some of the farmers. Implement and document certified organic production is

¹⁵⁵ <https://buffer.com/analyze>; www.loomly.com

not yet known in a broader way in the archipelago what might change very soon in the future. In November 2019 the National Organic Agricultural Board¹⁵⁶ approved the resolution for the inclusion of Participatory Guarantee Systems into the national organic standards. This certainly will pave the way for thousands of farmers to label their products as organic. Thus organic certification will progress from 1,8% of the cultivated area in 2018¹⁵⁷ to substantially more surface and it will be a realistic short-term option specifically for coconut palms which often have not received any chemical treatments or synthetic fertilizers to get into certified organic agriculture. Limited attention to organic production might also be caused by lack of awareness of the market potential. The organic market is an ongoing growth market, especially in Northwest Europe. As said the Philippines count with numerous areas where there is no practise of intensive agriculture and input of agrochemicals is often non-existent. However the area certified against organic standards has just started to grow. Once reached increased organic production volumes the Philippine exporters on the European organic market will get huge opportunities.

There is an obvious tendency for market requirements all over the world to become stricter. Consumer preferences in the national market and in regional markets follow the same trends as in European high-end markets. There is a need in any case to improve working methods all over the value chain and prepare for this new reality. Corporate Social Responsibility (CSR) merits to stay high on the agenda, a statement received from the interviewed importers during the elaboration of this study.¹⁵⁸ CSR is a topic in many economic sectors, so also within the processed food sector, which gains constantly a growing role and importance in the society and in rural communities as well as in the business environment in export destinations.

Improving an already existing national vision on sustainable agriculture, awareness campaigns and increasingly addressing CSR issues with producer associations, processors and exporters, might help open doors to the European and EFTA markets for the excellent processed food products of the Philippines.

Another topic to be looked at when considering exports into the European market is cooperation in the domestic supply chain, in order to reach larger volumes with homogenous quality of the crops to match with the demand of bigger market players. Horizontal cooperation and aggregation models as well as vertical integration in the chain might be part of the solution. Such approaches would greatly help overcoming the many obstacles to reach export competitiveness (in volumes and quality) and also increase the indirect participation of small and medium scale farmers in export market channels.

It is possible to have a closer look at the European processors of food, consulting the list of the European Federation of the Trade in Dried Fruit, Edible nuts, Processed Fruit & Vegetables and Processed Fishery Products, FRUCOM. It gives a good orientation with which enterprise, in which channel and in which specific segment to approach.¹⁵⁹

¹⁵⁶ <http://organic.da.gov.ph/>

¹⁵⁷ <https://www.fibl.org/fileadmin/documents/shop/5011-organic-world-2020.pdf>, pages 211 ff

¹⁵⁸ References received by Narimpex (www.narimpex.ch), Biopartner (www.biopartner.ch), et al.

¹⁵⁹ www.frucom.eu

6.2. Conclusions dried fruit

For dried fruit the market becomes more demanding regarding efficiency in supply chains. Advanced skills in processing, food handling, innovative solutions for drying, packaging and product handling are advantages and door openers to the markets.

At the beginning of the dried fruit value chain, a basic bottleneck may arise: When raw material supply shortages limit the processes to produce dried fruits. This is also why processing factories hesitate to invest in the industry elements mentioned below.

As in any country producing dried fruit, the supply chain is divided into processors for the local market and exporters. End- consumer market requirements and branding must guide exporters to do either high value added in processing and packaging or to rather work for wholesale segments. If high end is the option then processing and packing steps need further, higher investments in machines, in packaging material and personnel with the right skillset must be recruited. These are reasons that, at present, these steps are mainly done in foreign markets with the consequence that selling bulk dried fruit is actually the option to access EU/EFTA or the UK markets. The main opportunities are in the German market, in the Netherlands and in the UK, which buy for their own markets, but also for re-export to other European countries.

A direct link with end consumer markets is of the utmost importance. Constant updating on requirements and trends is key to drive the industry forward. For instance, it is important to take into account that the growing health awareness of European consumers to ingest less sugar is adverse to any promotion of sugar-coated or -infused dried fruit. Dried fruits prepared with adding sugar have possibilities in the processing industry, like in multifruit-energy-bars combined with cereals, bakery products or cereal mixtures for breakfast. Also, the dairy industry is using this type of sugar-infused dried fruit.

On the other hand, opportunities in the end-consumer-, retail segment are diverse. High quality fruit, gently dried, with high Brix-, and adequate acidity- levels and an ideal Brix-acidity ratio combined with an attractive colour with the right size have very good acceptance in growing consumer segments in EU and EFTA countries. Mango is one of the top-ranking dried fruits, sold as such and in mixtures together with other tropical dried fruit (pineapple, guava, others), with local dried fruit from Europe and/or together with different nuts.

On the salty side the dried fruit market mainly absorbs banana chips which are sold as such, or also in mixtures together with nuts. The following markets in EU are promising: UK ++ (absorbs 50% of EU market, EUR 6,1 Mio, growth since 2015 + 44%), NL ++ (constant import value around EUR 2 Mio), Spain ++(bought 27x more value in 2019 than in 2015, 1/3 came from UK), Germany (stagnant).

The Philippines is blessed with several fruits of which the industry is already processing high quality dried fruit. Entrepreneurs who want to prospect the EU/EFTA market must decide on the market channel they opt for, in order to prepare a tailor- made marketing program and specifically target potential buyers.

6.3. Conclusions frozen fruit

In Europe the consumption of frozen tropical fruit is gaining market share. The largest consuming countries of frozen tropical fruit are Italy, Germany and France, accounting together for more than half of total European consumption. It is expected that consumption of frozen tropical fruit will continue to grow in the next several years.

The competitors of the Philippines in the frozen tropical fruit market are currently Peru, India, Vietnam, Madagascar, Mexico and Guatemala. Observing the offer from these countries may help exporters take decisions regarding their own products and markets to prospect.

When targeting your markets, make a distinction between countries that import frozen tropical fruit for their own consumption and countries that import products and re-export them to other countries. In the first category, more attention should be paid to developments in the retail sector and to local consumption trends.

Larger importing and producing companies are used to complement their portfolio with imported frozen fruit. Frozen food companies in Europe offer a lot of different products, but do not produce frozen tropical fruit, so this provides an opportunity for long-term cooperation for developing country suppliers.

Invest in marketing via social media doing it with professional support in order to increase awareness of frozen tropical fruit in targeted European consumer segments. Nowadays European consumers know the main tropical fruit such as bananas, pineapple, mangos and passionfruit. As there exist many offers (= competitors) worldwide, buyers and also consumers must be provided with information from Philippine exporters on outstanding quality, innovative combinations of flavours and new product development.

Strategic customizing of your frozen fruit will help to better penetrate the market segment you target. If as an exporter you are focusing on the processing industry, manage as best as possible that the chemical composition of your frozen fruit is adapted to the needs of your buyers of the processing industry. If your frozen product must reach end-consumers passing through packers, then taste, colour and size/shape is of utmost importance.

Investing to export frozen fruit to the European market, including EFTA countries is a feasible strategic option for the Philippines. Though mainly EFTA countries are difficult to reach directly, also because their population is just 3,2% of EU 27. Focussing on specific trade hubs will be the best option: Netherlands and Belgium are first choice, followed by UK and Italy. The first two trade hubs use some of the imported frozen fruit for procurement of their retailers, but a large part of imports is re-exported. Some of the destination countries of re-exports as Poland and Bulgaria might also be worth prospecting, although Philippine exporters must be aware that acquisition power of these mentioned East European countries is lower. To supply Philippine frozen products to Switzerland, Liechtenstein and Norway and to a lesser extent to Iceland, it is recommended to approach the bigger trade hubs in the Netherlands and Belgium first.

6.4. Conclusions fruit purées

Fruit purées as an ingredient of many food and beverages preparations have a promising status in the EU and EFTA markets. In chapter 4. it was explained which the preferred trade hubs are to approach: Agents and brokers of fruit purées have their offices in Germany, France, Belgium and the UK. From there they will match the products from the Philippines to reach the target markets in the rest of Europe, including Scandinavia.

Know your competitors! For instance, India and Mexico are the main exporters of mango purées. Observe the development of the sector in those countries.¹⁶⁰

As for all products surveyed in this study, as well as for fruit purées, the market opportunities increase considerably when they count with the compulsory food safety certificates, as well as CSR certifications and (if feasible) also compliance with organic standards. It is the growing consumer awareness on sustainability-, environmental- and health issues that increases the demand of products having these certificates.

Distribution channels can be split in two segments. Processing industry and end-consumer markets. Take strategic decisions with which segment you want to work. Please refer to explanations in chapter 4 (fruit purées)

What is also important to take into account when prospecting the EU and EFTA markets is that most importers have a preference for concentrates and in a lesser extent for single strength purées. EFTA countries very seldom source in the countries of origin, buying their tropical fruit purées mainly from the mentioned trade hubs.

6.5. Conclusions muscovado sugar, natural sweeteners

The production volumes of muscovado sugar still have potential to be exploited more towards export and satisfy demand of certain consumer segments. Distinguish yourself from stevia, other natural sweeteners and conventional sugar. In between the EFTA countries only the Swiss market is interesting to be further explored. In Norway imports are very small and awareness of this type of sugar is not developed. Swiss consumers are very aware of sustainability issues. The further exploring of the potential how to rise the already substantial exports from the Philippines to this EFTA country is worth doing. Social media can be important tools to catalyse sales. Main import hubs are Germany, the UK, France and The Netherlands in the Northern part of Europe and Italy and Spain in the South.

Observe your main competitors: It is Brazil, Paraguay, Costa Rica which deliver to the European market. Colombia also serves European markets but mainly Italy and Spain.

If trading with sugar and syrup of the coconut palm: Be conscious that this type of sweetener are premium products and much more expensive than muscovado sugar. Consequently, and preferably consumer segments with higher acquisition power, respectively importers which have the distribution net to serve the grocery and retail stores with these customers, have to be focussed, when marketing these

¹⁶⁰ Please consult: www.jainfarmfresh.com/industrial-products or www.apeda.gov.in, <http://frozen-pulps.com.mx/>; www.CBI.eu, Entering the European Market for Mango Purée

products. Stress the unique selling proposition of the product not having the negative aftertaste of stevia, being healthier than conventional sugar and other natural sweeteners because of its low glycemic index. Out of this reason the consumer segment of people who suffer from diabetes is another target group. It is therefore advised to approach the distribution channels of the health stores when marketing sweeteners derived from the coconut palm.

Stevia: Once important commercial volumes of these leaves are available the main country to approach in Europe is France.

6.6. Conclusions nuts

This survey only focused on Pili nuts, excluding commodities of tropical nuts like cashew, macadamia, etc. Pili nuts have been found to have good nutritional values for well-balanced diets. This makes them popular for end consumers looking for a healthy lifestyle. Their origin, which is largely associated with the Philippines, must be an element to explore when formulating the Unique Selling Proposition for this product. The quasi exclusivity of the Philippines to produce this nut will certainly assist to position the product accordingly in the markets. It is important to work with “the country of origin claim”, eventually also work on the Controlled Designation of Origin, AOC, or give them a Geographical Indication, GI.¹⁶¹

Prices of Pili nuts compared to the tropical nuts traded as commodities like cashews, macadamia, peanuts, etc. are relatively high. Therefore, it is important to show why Pili nuts deserve this price and that it is worthwhile to spend some amount of money to buy such a valuable nut. Social media can help. Exporters must work on the dissemination of adequate information on the appropriate social media channels. Aligning the social media strategy with the overall business and strategy of your enterprise posting respective information on Pili nuts about their natural origin (maybe they are cultivated without or with very little inputs of chemical products used in conventional agriculture), their positive influence on health, their unique taste, etc. will support in raising awareness of this nut and making consumers understand that the market price is a fair price for the exporter and the nut growers.

To assess which buyers to contact to place Pili nuts on the European market is not easy to describe in a few lines. Being very peculiar an exclusive nut, your buyers should also have an openness to integrate such a special product in their food range which they market. These buyers working mostly for the premium segment might have wide open their doors to partner with you in trading Pili nuts. Most probably these traders having already premium, high quality and other exclusive origins in their product range, having also established a specific customer base, who are eager to find innovative new products and tastes. It is advised to prospect market presence in Europe preferably with such specialized importers.

Probability to introduce the product in the European market is higher where GDP is above average combined with the consumers curiosity to try new, exclusive products. However, it must be stated that for the coming years Pili nuts will still remain a niche product in the European markets. This does not exclude that volumes will grow constantly, backed by consumer demand in destination countries and of course by strict compliance with food safety standards and eventually standards going forward.

¹⁶¹ Please consult: Quality schemes explained, www.ec.europa.eu

6.7. Conclusions jams, jellies, marmalades

The largest producers and also several of the main European enterprises importing jams, jellies and marmalades are situated in France. The main European importer of jams, jellies, marmalades (and purées) from developing market economies is the Netherlands, with Turkey as a main partner of the countries of this type, group of products. The Netherlands is followed by other large trade hubs and importers, such as Germany and France. The main supplier of the latter two countries is also Turkey. The share of jams, jellies, marmalades from the Philippines is actually very small and stagnant without showing any tendency to grow.

As in any processed food product category, including in the segment of jams, jellies and marmalades, it is of utmost importance to guarantee the compliance with legal food safety standards. Beyond this, the exporters from the Philippines have to be circumspect and aspire to standards which exceed legal requirements of food safety to attract the attention of potential buyers. It is worth taking a closer look at CSR standards and after subtle research in the markets, taking strategic, entrepreneurial decisions in terms of industry- and consumer segments you plan to target and choose of the certification schemes. If alternatively, or beside your CSR decision, an organic certification is feasible in cooperation with your raw material suppliers, increasing probabilities exist to find trade partners in Europe.

Innovation is an important driver of jams, jellies and marmalades markets. Less sugar content, the use of alternative sugars, new flavours by mixing different types of fruit, are some elements to be studied on the side of processing.

Also market prospection must be done in a differentiated way, searching for new consumer segments: Elderly generation, premium product buyers, people with health concerns (diabetics), baby food lines and others can open opportunities to this product group of the Philippines in the European end-consumer market. But also, if your decision is to rather deliver to the processing industry, bear in mind above mentioned consumers and offer products to the industry which can be integrated in the composition of specific products for elderly people, infants, diabetics or health consciousness consumers.

As written in the introduction of this sub-chapter, the main trader of this product category importing from developing market economies is the Netherlands. France as one of the world leaders manufacturing, exporting and consuming jams and marmalades can be an entry point to Europe which is worth looking at. In the EFTA countries, mainly in Switzerland, world leading food processors and raw material wholesalers might have open doors for innovative, exotic raw materials for the jams, jellies and marmalades industry. Updated, documented compliance with all international standards is a key factor to start negotiations.

6.8. Unique Selling Proposition/Point of Processed Food of the Philippines

An Unique Selling Proposition, sometimes also called Unique Selling Point, USP, is a short statement of an enterprise why an importer/ consumer should decide for buying solely and with preference the product of this enterprise. A USP is also something like: "What I have, my competitors don't have". It differentiates a product from its competitors, such as the lowest cost, the highest quality or the first-ever product of its kind, the product processed with utmost respect to the environment like "Delicately irrigated with the pristine waters of the lake Balanan."

A USP must be explicitly formulated for a product or for a company. For a whole product group of processed food, or even for all processed foodstuffs of a country like the Philippines, it is the exporters associations and/or the governmental agencies promoting exports or working in the marketing of processed agricultural products, which have to find a consensus, what might be their common USP. Origins of raw materials are often very diverse, regions where products are cultivated too wide spread, companies working with different empathy with producers/growers and with the environment as that in this survey, the author may give you an USP valid for the whole sector, or all of the treated sub-sectors.

USP can be widespread by social media in order to maximise its outreach. It is important and as a matter of course your message should always have a claim to something congruent with reality and that what you say is entirely true. If it is not, a message also might weaken the position of your company or even destroy the reputation of your enterprise, or a whole sector.

6.9. Market Advantages

The Philippines has many elements which make the country a very interesting business location.

- Business-Friendly Economy¹⁶²
- Different tropical climates with regions which adapt to the cultivation of many different types of plants.
- 94% of Filipinos are base literate¹⁶³. Notwithstanding many challenges to overcome the Philippines offer growing opportunities through public and private providers. Every year a bigger number of skilled academic, technical manpower, higher literates and English-speaking people are an increasing part of the pool of working population.¹⁶⁴
- International reputation to be a 1A origin for many tropical processed food stuffs from coconut palm trees, pineapple, sugar cane and many other major or minor food crops.
- Governmental spending for developing infrastructure focussing on transportations of goods and people, energy and water resources have increased from 3% (of GDP) between 2011-2016 to 5,3% in 2018.¹⁶⁵ Keen to adapt to a maximum to global growth requirements in a challenging set-up of thousands of islands of which aprox. 880 are inhabited these public investments into infrastructure will be the backbone of further economic development in the archipelago.

6.10. Bottlenecks

During the elaboration of this study the main focus was laid on market access opportunities for Philippine exporters in the EFTA and selected EU markets. It was not feasible to tackle in depth the peculiarities of the different value chains of the sub- groups of the processed food sector dealt with in this survey. However, with the interviews held with business operators in Europe¹⁶⁶, issues related to trade with

¹⁶² www.worldbank.org/en/country/philippines

¹⁶³ psa.gov.ph/people/education-mass-media, FLEMMS survey 2019

¹⁶⁴ ched.gov.ph/ched; Commission on Higher Education, office of the President: “Vision, Mission and Mandate”

¹⁶⁵ www.imf.org/en/News/Articles/2020/02/06; “A good time to expand the infrastructure push”

¹⁶⁶ Berricofood.com, narimpex.ch, boeschbodenspiess.com, sunray.ch, et al.

processed food in general, and from the Philippines in particular, could be developed. Therefore, the following main bullet points are the requirements needed to make successful trade with the EFTA- and some selected EU countries trade hubs. Complying with these requirements, the Philippine exporters will avoid the trade related bottlenecks which might occur in trading with Europe:

- A good seasonal and annual planning with producers and their associations helps to always have sufficient raw material, a high degree of processing capacity utilisation and in consequence always the necessary space to negotiate with buyers backed by your company's relatively stable costs of operating
- Product quality must be 100% aligned with food safety standards. Occurrence of any negative impact to the products must be reduced to a strict minimum all along the value chain
- Basic and legal standards are a must, starting at production level (cultivation) ending with the export ready processed food product.
- Going beyond legal standards (i.e. GRASP, SMETA, GFSI, Organic, Fairtrade, etc.) is a door opener to trade with EFTA and EU countries.
- Documentation on your company (history, size, equipment, process charts, R&D, etc.), your products (product fact sheets/specifications, precise cost calculations integrating all company expenses, product and packaging innovations, etc.), your CSR activities (community empowerment, water recycling, waste (water) management, energy saving activities, etc.) must always be updated with the latest information and pictures.
- Market your company, your products, your innovations with subtle handling of social media channels, being smart, transparent and fast. Frequently analyse the performance of the medias you are active in.
- Albeit the recommendations given in this survey to approach, in certain cases, agents and brokers in Europe, a goal to achieve for Philippine exporters is also to enter into direct-sourcing partnerships with EU importers e.g. in order to facilitate compliance management with the rising number of requirements, together with the interested buyer party, possibly try to get foreign investments and foster a sustainable, long lasting trade relation together.
- A must is the market research to be done in a targeted way in all segments of the processed food sector. Better than a general market research is one tailored to your products and needs, in order to match, as precisely as possible with potential buyers in the European markets.

6.11. COVID-19 in the Processed Foods sector

One of the first reactions after COVID19 outbreak across Europe was the fear of scarcity. People started to buy huge amounts of shelf-stable and processed food. This panic buying has positively affected the demand for canned beans, fruit and vegetables, but also for Sales of "comfort" foods such as potato chips, cookies, popcorn, pretzels, candy have taken off since early March 2020. All canneries around the world have large orders for smaller retail can sizes. But the demand for bigger cans (5-15 kg) for the foodservice sector has decreased, due to the closures of restaurants. Producers of fresh products have

had many order cancellations, forcing them to redirect products to processing. Reports of breakdowns in conventional food supply chains and COVID-19 hotspots among frontline food workers in the fields and in the factories have exposed food system vulnerabilities.

Fruit juice sales have also increased. The majority of bottling companies are focusing on the production of orange and apple juice, as exotic ingredients are hard to source. From an importers point of view, major ingredients, such as frozen concentrated orange juice were also being 'panic bought'. Frozen berries were also in higher demand (and had higher prices as a result) because of the idea that they strengthen the immune system.

In the supply chain the following issues raised: The logistics sector reported problems in finding enough truck drivers, the restrictions on sea transporters and a lack of air freight Ocean freight is facing a shortage of containers, which is a major problem for exporters from developing countries. Also, in Europe, there are transport delays. Internal border controls can cause long waiting times of up to 18 hours. To ease food supply, the European Food Safety Authority is about to introduce alternative checks. For example, they may accept digital copies of documents and have meetings online or on the phone.

It is not possible to complete the exhaustive list of consequences, action to take and solutions in the COVID-19 context. However the author recommends to consult the link in the footnote where comprehensible hints are given how to adapt processed food businesses in the midst of this very particular situation.¹⁶⁷

7. Overview of relevant buyers in the Processed Food in the EFTA /EU market

Some buyer links have been given in the former chapters. As a compilation below the lists of the most important European operators involved in the trade of the processed foods out of the subsectors treated in this study. In brackets are mentioned the country they operate from (HQ and subsidiaries), their function(s) in trade and eventually specialities they are manufacturing or dealing with.

Dried tropical Fruit & Nuts

Importers:

- Community Foods, www.communityfoods.co.uk/ (UK; importer & manufacturer)
- Chelmer Foods, www.chelmerfoods.com (UK; importer)
- Evolution Foods, www.evolutionfoods.co.uk (UK; importer & manufacturer)
- Global Grains, www.globalgrains.co.uk/nuts-dried-fruits (UK; importer & manufacturer)
- Berrico Food Company BV, www.berricofood.com (NL; importer, wholesaler; some organic)
- Catz International, www.catz.nl (NL; importer)
- Nutland, www.nutland.nl (NL; importer, agent/broker & manufacturer; some organic)
- Tradin Organic, www.tradinorganic.com (HQ in NL, branch offices in Germany, France and overseas; importer & manufacturer; only organic)
- Rhumveld Winter & Konijn, <https://rhumveld.com> (NL; importer & manufacturer; some organic)
- Egesun, www.morgenland.bio/?lang=en, (Germany; importer & manufacturer; only organic)

¹⁶⁷ www.cbi.eu/market-information/processed-fruit-vegetables-edible-nuts: "How to respond to COVID 19 in the Processed Foods sector"

- Besana, www.besanaworld.com (Italy, branch offices in UK; importer & manufacturer)
- Manning Impex, www.manningimpex.com (UK and Ireland; importer & manufacturer)
- Delica, www.delica.ch (CH; importer & manufacturer; some organic)
- Sunray, <http://www.sunray.ch/en/business> (CH; importer & manufacturer; some organic)
- Narimpex, www.narimpex.ch (CH; importer & manufacturer; some organic)

Agents (also wholesalers):

- QFN Trading and Agency, www.qfn.nl (NL)
- HPM Warenhandelsagentur, www.hpm-agentur.info/en (Germany; some organic)
- Zieler Packer, <https://en.zieler.de> (Germany; some organic)

Retail:

- Whitworths, www.whitworths.co.uk (UK; packers, snacks)
- Seeberger, www.seeberger.de/en (Germany; brands for food retail)
- Farmer's Snack, www.farmers-snack.com (Germany; packers, manufacturers; snacks; some organic)
- Noberasco, www.noberasco.it (Italy & France; packers, internet sales; some organic)

Processor:

- Viba, www.viba-sweets.de (Germany; fruit-bars, internet sales)
- Fulwell Mill, www.fullwellmill.com (UK; speciality-bars with nuts and fruit; branding, some organic and Fairtrade)
- The Food Doctor, www.thefooddoctor.com (UK; snacks mainly with nuts and cereals)
- Mighty Bee, <http://www.mightybee.com> (UK; fruit bars; internet-sales)
- Bösch Boden Spies, www.boeschbodenspies.com (Germany; fruit-nuts mixtures, fruit powders; service provider for industries)
- Rude Health, www.rudehealth.com (UK; cereal-nut-fruit mixtures; organic)
- De-Vau-GE, www.de-vau-ge.de/en (Germany; fruit-bars, branding for private labels; some organic)

Frozen tropical fruit

- Greenyard Foods, <http://www.greenyardfoods.com> (Belgium; services for industries; also fruit purées)
- Ardo Group, www.ardo.com/en (HQ Belgium, subsidiaries in NL, FR; more vegetables than fruit; some organic)
- Crops, www.fruitbycrops.be, (Belgium; company working for wholesale, retail, bakery, industry in general;
- Bonduelle group, www.bonduelle.com/en (HQ France, subsidiaries in many EU countries and on other continents; strong convenience food producer; some organic products)
- Loagro, www.loragro.fr (France; have frozen exotic fruit in their portfolio like calamansi, papaya, pineapple, mango, lime; some organic products)
- Gelagri Bretagne SA, www.gelagri.com (France ; specialized in production of convenience-food out of local vegetables; also (semi-) elaborated products like vegetable purées available; fruit mixtures are smaller part of business; some organic)

- PinguinFoods (Greenyard Group), www.greenyard.group, (HQ Belgium with subsidiaries in NL, FR, UK and Poland; B2B, service to retailers, food services for catering; some organic and Fairtrade)
- Fairtrasa Sustainable Food B.V., www.fairtrasasustainable.business.site (NL; specialized in organic and Fairtrade certified frozen food; also purées; B2B delivering the industry)
- Unilever Group, www.unilever.com, (main offices in Europe in NL and UK, subsidiaries in different continents; work for all kind of industry customers and retail segments dealing with frozen fruit; sustainability commitment; some organic)
- Hero Group, www.hero-group.ch (HQ Switzerland, different subsidiaries in EU; beside frozen fruit the company also handles fruit purées, manufacturing of fruit-bars, baby-food, fruit spreads; some organic)
- Dirafrost (Agrana Group), www.dirafrost.com, (Belgium; single fruit, fruit mixes, smoothie mixes, do also fruit purées)
- Kerry Group, www.kerrygroup.com (Ireland, UK; besides frozen fruit they also deliver semi-elaborated ingredients (i.e. fruit purées) to the beverage industry)
- Vivartia S.A., www.vivartia.com (Greece and subsidiaries in main EU countries; strong connection to dairy industry; some branches specialized in organic frozen food)

Fruit purées & Jams, Jellies and Marmalades

- Doehler, www.doehler.com/en (Germany; do all types of food ingredients, fruit purée is a major food group; provide bakery, confectionery, ice-cream, dairy, beverage and foodservice industries)
- Agrana Group, www.agrana.com/en (Austria; delivers food and beverage industry with pure and mixed fruit purées)
- Zentis, www.zentis.de/en/ (Germany, with subsidiaries in Poland, Hungary, Russia and USA; manufacturer of a big variety of fruit based products for industry purposes including the spread industry)
- Zuegg, www.zuegg.it/EN and www.skipperzuegg.it (Italy with subsidiaries in France, Germany, Austria, Russia; work with a broad portfolio of fruit preparations for juices, snack-drinks and spreads; exotic fruit are dealt in lower volumes being pineapple and orange the important ones)
- Andros, www.androsingredients.fr/en (France; manufacturer of all types of fruit preparation for the bakery-, ice-cream-, beverage industry like frozen purées, coulis and compote; have in their portfolio pineapple, mango, guava, lime, passion fruit; do also IQF exotic frozen fruit in cubes, dices, slices)
- Grünewald International, www.gruenewald-international.com (Austria, with subsidiaries in Germany, Poland and Serbia; have a wide range of products manufactured for the dairy-, ice-cream-, bakery-, baby foods- industry; work with exotic fruit purées as such passion fruit, papaya, banana, mango and pineapple; have an important organic range)
- SVZ International BV, www.svz.com and www.netra-agro.com (HQ NL, subsidiaries in Belgium, Poland, Spain, USA; have exotic purée and concentrates in their portfolio like banana, guava, lime, mango, passion fruit, pineapple; some are organic)
- Loragro, www.loragro.fr (France; in their portfolio are many exotic fruit purées and concentrates like mango, pineapple, passion fruit and banana, all of the mentioned exotic fruit purées are available organic certified)

- Binder International, www.binder-international.com (HQ Germany with subsidiaries in Hungary, Poland, Serbia, Sweden, USA, China, Singapore, Russia; give services and provide products to the ice-cream-, bakery-, confectionery-, juice- industry; manufacturing and/or trading of/with frozen fruit, fruit juices and -concentrates, fruit purées)
- Cobell (Symrise Group, www.symrise.com), www.cobell.co.uk (UK; specialized in the fruit juice industry as producer and provider of NFC, concentrates, purées, purée concentrates; important customer network on the European continent)
- Rapunzel

Muscovado sugars and alternative sweeteners (coconut palm sugar, stevia)

- Rapunzel, www.rapunzel.de (Germany; pioneer company engaged in organic and Fairtrade certified products and direct relations to providers; have muscovado and coconut palm sugar in their portfolio)
- Billington's, www.billingtons.co.uk/sugars/dark-muscovado (UK; important trader specialized in muscovado sugar)
- Tate & Lyle, www.tateandlyle.com, www.tateandlylesugars.com (UK; well established trader of different sorts of sugars serving the industry (bakery, confectionery, others), grocery, food-services; their portfolio consists of a wide range of raw cane sugar and sweet ingredients, part of the products are organic certified)
- Jungbunzlauer, www.jungbunzlauer.com/en/products/sweeteners (HQ in CH, with subsidiaries in Austria, NL, USA, India, Indonesia, Japan; stevia trader)
- Do-It Dutch Organic International Trade, www.organic.nl/ingredients/sugar (NL; trader of sugar and alternative sweeteners as coconut palm sugar; disserves industry, gastronomy with semi-gros bulk packages; the complete portfolio is organic certified)
- Harlem Food, www.harlemfood.no/en/, (Norway; independent commodity importer for the food industry and supermarkets; sugars and more, work in all sub-sectors of processed foods treated in this survey; some organic)