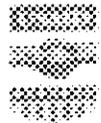




**Agriculture-Led Export Businesses**  
Supporting Egypt's Expanded Food Export Industry



Incorporated by  
Agriculture

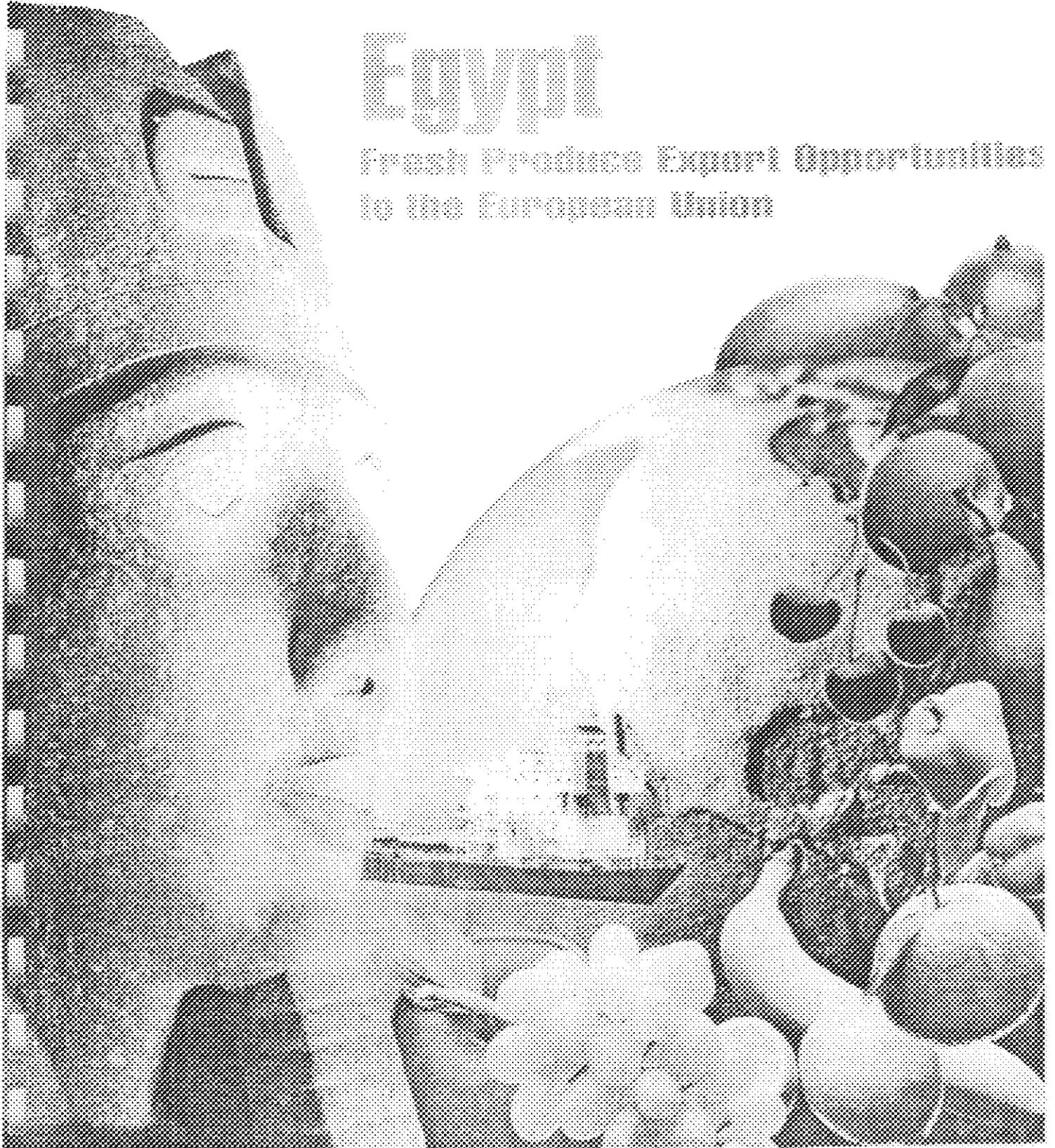


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# Egypt

## Fresh Produce Export Opportunities to the European Union



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## Market Opportunity

Egyptian market opportunity for exporting fresh produce to the European and GCC markets might be thought of as consisting of two separate types of possibilities. The first would be to capture some existing market from a competitive supplier during a part of the year when the market is saturated. The second possibility is that Egypt could supply additional fresh produce to the market in excess of current supply, during periods of the year when there is insufficient supply, i.e., when demand exceeds supply.

The concept of "profitable demand" is a very useful one in analysing the size and depth of the market window. To implement this type of demand analysis one must start with an estimate of the average Egyptian producer/exporter "break-even" price in each market to be analysed. The Egyptian "break-even" wholesale price is the sum of the following costs:

- Farm production costs (labor, materials, annualized land, machinery, etc.)
- Packing costs (labor, packaging, annualized plant, equipment, etc.)
- Transport costs (farm to pack-house, pack-house to wholesale market in Europe)
- Tariffs, handling and marketing fees.

These costs are added together to form a total cost for supplying one unit of produce to the different European and GCC markets. The break-even price will differ slightly in the various markets because of the difference in tariff and transportation cost.

The Egyptian break-even price for selected fresh produce items was estimated based on field reviews. Detailed discussion of every stage of production, including fixed and variable inputs and average yield of one feddan (acre) are studied carefully. Different scales of production were also taken into account. The Egyptian break-even prices, compared to potential shadow market window competitors, were found to be a very competitive.

### Important questions:

**Q1.** Since there are significant export opportunities for Egyptian fresh produce, what prevents existing Egyptian growers from capturing such opportunities?

**Answer:** As shown clearly throughout the following analysis, huge export opportunities for Egyptian fresh produce are proven. However, certain impediments are hindering Egypt from benefiting from such opportunities. Among those are:

**Lack of proper infrastructure:** dealing with such highly perishable commodities, a broken cold chain is among those barriers. The recently operated fresh produce terminal in Cairo airport will contribute significantly in removing this barrier.

**Unfavorable trade policy environment:** GOE tends to improve export policy regime by means of: FOREX policy, new export law, export support fund, and through bilateral and multilateral trade agreements such as EU/Egypt Partnership Agreement, which will improve the competitive position for Egyptian products and enable Egyptian exporters to compete more effectively.

**Lack of finance and proper production and handling technologies:** still a major problem as production of fresh produce for export, although it is highly profitable is highly capital intensive. Adapting proper technologies needs a lot of capital investment in the capacity building process.





While quality is demanded of all competitors in European and GCC fresh produce markets, competition among quality suppliers is based on three main factors:

- Seasonal position
- Transport cost
- Wage rate and costs of other inputs

Egypt is well situated from the transport point of view. Its transport costs are lower than most of its major competitors. Egypt can reach the major cities of Europe by refrigerated ocean carrier (Intramodal system) within less than 4 – 7 days and close to 4 – 5 days tracking to the GCC markets. Since transport costs represent a significant percentage (up to 65%) of the delivered cost of fresh produce, Egypt has a significant comparative advantage over more distant producers such as the South Africa, Chile, Mexico, Brazil, Argentina, India, and Pakistan.

Wage rates in Egypt place it in a very competitive position in comparison to all of the top fresh produce exporters.

The Egyptian competitive position may best be illustrated by examining that position against two different groups of seasonal competitors. The competitors in the first group are the "shadow" market window competitors. The second group of competitors is the "off-season" competitors. Spain, France, and Italy are by far the most important competitors during the on-season "shadow" periods just before the Egypt window opens in October – December, and just before it closes in March – April. The very high wage costs in these countries do have an impact on high delivered cost.

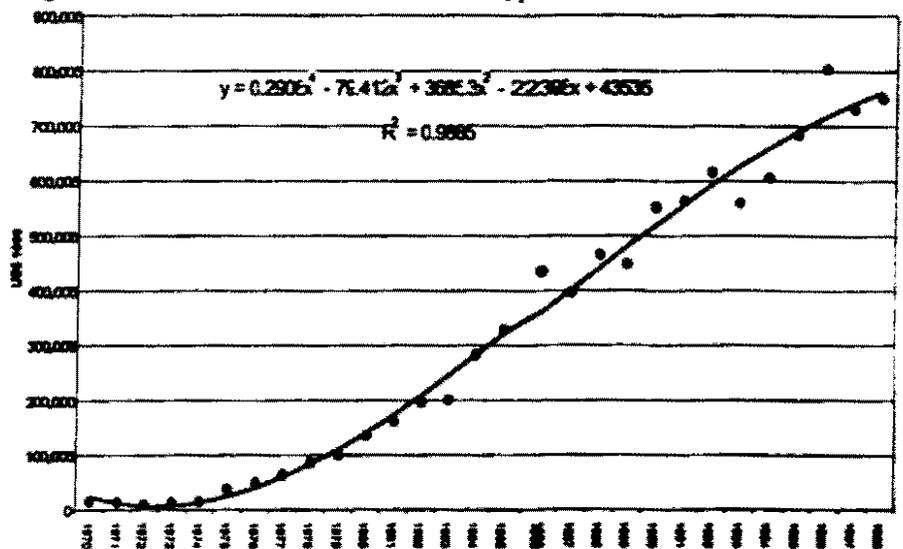
Egypt is fairly competitive, but this is only true if low cost refrigerated ocean containers are utilized, which requires very careful post-harvest cooling and field packing. Central and

**Important questions:**

**Q2. If Egypt successfully captures the fresh produce export opportunities proven in this analysis, what does the overall picture look like in terms of profitability?**

**Answer:** The fresh produce business is a highly profitable business and gaining demand. The forces driving the industry from the demand side are: healthy life (anti-cholesterol) trend, year-round demand, and high Income from the demand side. From the supply side the driving forces are: off-season capabilities, improved post-harvest and transportation technologies and techniques, and limited local supply in the target export markets. Countries positioning themselves well in this regime showed huge benefits, such as Chile and South Africa.

**Figure 1 Chile total horticultural exports, 1970 - 2000**



Egypt enjoys market windows of the same depth and width as those open for Chile and South Africa with different timing. At the same time, Egypt enjoys advantages over other potential suppliers during Egyptian market windows as shown clearly in the analysis.





South American countries represent a potential competitor, however freight costs and seasonal potentials make Egypt's position unique.

Morocco and Israel are roughly representative of Egypt's head-on-head seasonal competitors in the open field category and illustrates Egypt's local cost advantages. The Egyptian lower labor cost and production potentiality (land and water resources) gives it an excellent market opportunity. However, productivity needs to improve.

Egypt did not yet take the advantage of the off-season high and large, as well as increasing fresh produce markets in most West European and GCC markets. However, Mediterranean competitors extend their efforts in this direction, though Egypt has many advantages over them. Mediterranean strawberry exports to Europe increased rapidly during the last few years. Egypt lies in the most flexible possible climatic position able, with new technologies and varieties, to combine all of its competitors' seasonal strategies.

### **Methodology**

Methodology of this market report follows a pattern of a "global" overview of the EU fresh fruit and vegetable market. The first section provides a market potential summary that provides an overview of EU production versus consumptive demand, including a brief statistical narrative on current suppliers and subsequent export opportunities. This is followed by a detailed commodity and market (country) specific analysis of selected commodities in selected markets with significant export potential.

This report is rich with graphs that validate market potential. The Annex explains the econometric modelling based on the "Profitable Demand" analysis methodology utilized to derive our findings.

The following section summarizes in an easy to read table the current and potential Egyptian export opportunities that we have determined based on the analyses that follow. We hope the Egyptian reader and/or potential investors take time to digest this market critique and implement our findings and recommendations to profitably realize the potential the EU fresh produce market represents for the Egyptian agricultural industry.



Egypt Fresh Produce Export Opportunities to the European Union 2003



Crops	Exports (MT)					Export Market Windows (MT) [1]			Major Competitors	Capability [2]		
	Volume 1998	Volume 1999	Volume 2000	Volume 2001	Volume 2002	Export Window 2002	EU15	GCC		Q	F	S
Green Bean	22,000	25,500	24,000	25,500	28,000	80,000	Oct.-Apr.		Kenya, Senegal, Burkina-Faso		.	
Herbs	21,000	20,000	21,000	21,000	22,000	130,000	Year Round		India, Argentina	.	.	.
Galia Melon	100	150	200	350	550	200,000	Oct.-Apr.	Oct.-May	Israel, Spain, Central America	.	.	
Artichoke	1,800	2,000	2,100	2,000	2,300	30,000	Nov.-Apr.	Lebanon (Nov.-Apr.)	France			.
Green Onions*	10	15	70	85	80	20,000	Year Round		Israel, Morocco, EU	.	.	.
Fresh Onions	150	200	250	300	320	30,000	Nov.-Apr.	Nov.-Apr.	India, Pakistan, Morocco	.	.	.
Dry Onions	18,000	20,000	21,000	20,000	22,000	40,000	Year Round	Year Round	India, Pakistan, Morocco	.	.	.
Fresh Garlic	8,000	7,500	8,000	8,500	8,000	45,000	Year Round	Year Round	China, India, Argentina	.	.	.
Sweet potato	40	30	25	30	32	22,000	Year Round	Year Round	South Africa, Israel	.	.	.
Dates	7,000	7,000	6,500	6,000	7,500	80,000	Year Round		Tunisia, Algeria, Morocco, Iran	.	.	.
Cut Flowers	200	230	500	550	700	65,000	Oct.-Jan		Israel, Kenya, Thailand		.	
Potato	250,000	249,000	21,000	200,000	210,000	200,000	Winter		Cyprus, Morocco, Israel	.	.	.
Okra	5	5	5	5	5	5,000	Winter	Year Round	Israel, EU	.	.	.
Mango	1,500	1,650	1,500	1,500	1,500	90,000	Sep.-Dec.	Sep.-Dec.	Mexico, Brazil, Guatemala		.	.
Grapes	3,200	5,100	6,000	6,500	8,000	200,000	Apr.-Jul.	Apr.-Jul.	Israel, Morocco, Italy, Spain, Chile, South Africa, India	.	.	.



Crops	Exports (MT)					Export Market Windows (MT) [1]			Major Competitors	Capability[2]		
	Volume 1996	Volume 1999	Volume 2000	Volume 2001	Volume 2002	Export Window 2002	EU15	GCC		Q	F	S
Baby corn	0	0	2	4	4	10,000	Year Round		Israel, EU	*	*	*
Lettuce	0	0	3	2	6	5,000	Year Round		Israel, EU	*	*	*
Asparagus	0	0	0	0.5	0	7,000	Year Round		Poland	*	*	*
Sugar Snaps	0	0	0.5	0	0.5	3,000	Year Round		Poland	*	*	*
Snow Peas	0	0	0	0.2	0.3	3,000	Year Round		Poland	*	*	*
Ground Nuts	20,000	19,000	22,000	20,000	23,000	120,000	Year Round		USA, Argentina, India, EU	*	*	*
Strawberry	3,000	4,800	5,000	5,500	6,000	55,000	Nov.-Apr.	Nov.-May	Israel, Morocco	*	*	*
Molokhyia	0	0	0	0.8	0.5							

\* Export data collected from major producers and exporters such as El-Hoda Farms, Al-Franaa, Hornain - Exports mainly to the UK market

\*\* Seeds exports mainly to Japan

[1] Egypt Export Data collected and compiled from Agricultural Quarantine, Import data and PD estimated using EUROSTAT and Weekly EU market prices as presented by ITC.



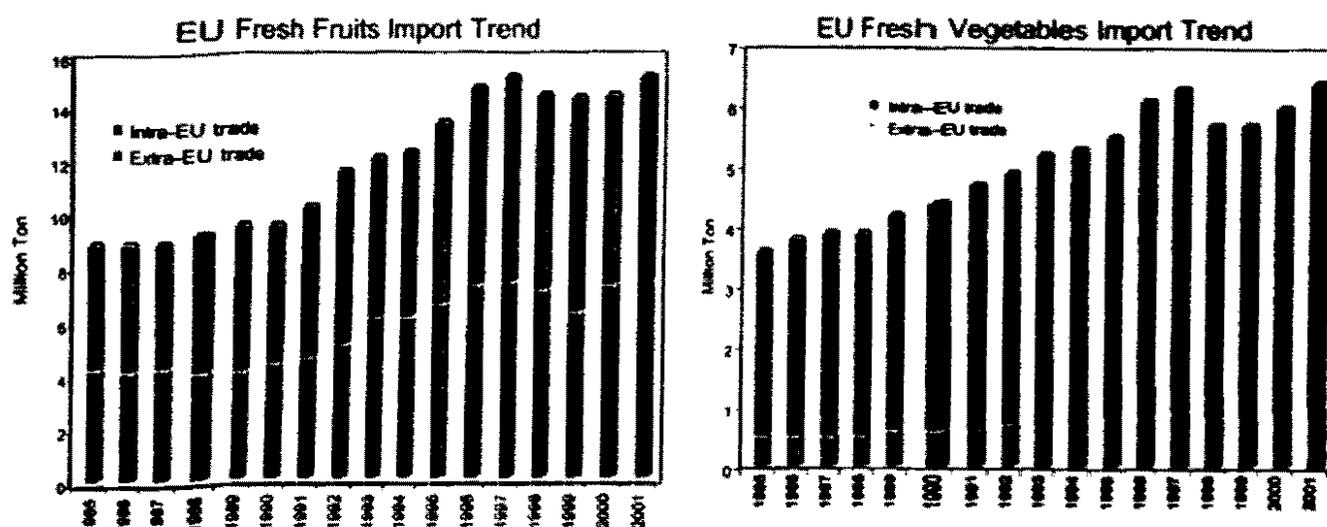


## European Fresh Produce Market

### MARKET POTENTIAL SUMMARY

The fruit and vegetable assortment for the European consumer includes an enormous variety of products from all over the world, delivered on the basis of the supply calendars of the supplying countries and the seasonal supply of the European homegrown production. According to available data, total EU consumption of fresh fruit amounted to 25 million tonnes in 2002, while vegetable consumption (including potatoes) amounted to around 30 million tonnes. Italy, Germany and France, together accounting for around half of total consumption, largely dominate the EU market for fresh fruit and vegetables. The market for fresh fruit and vegetables showed rapid increase in the past few years.

Figure 2 EU fresh fruits and vegetables import trends



### Characteristics of the present-day European consumer

#### Health food

European consumers have a strongly increased interest in a healthy life and, consequently, in the consumption of health food. Healthy food refers to food products that are low in fat and have limited sugar and salt content.

#### Organic food

Since European consumers have recently experienced several food scares, many people are concerned about the safety of food, as well as the effects of intensive farming on the countryside and on the environment in general. These factors, combined with the increasing awareness of the importance of diet and nutrition, have intensified interest in organic foods.





### ***Food safety, quality and environment-consciousness***

Food production, especially primary growing, should be environmentally friendly (organic). Waste, including packaging waste, should be avoided or at least reduced.

As a result of several food scares (BSE / mad cow disease, dioxins) consumers increasingly pose questions on the production process and demand open, honest, and informative labelling. This has resulted in a discussion in the fruit and vegetable industry about "tracking and tracing". The industry is paying increased attention to chain management and labelling systems with which products can be traced back to the producer. The European Commission also recognises the importance of food safety and set up the European Food Safety Authority (EFSA) in January 2002.

### ***Convenience and exotics***

West European consumers have a growing need for convenience meals. This has resulted in an expanding demand for pre-packed products and consumer packs containing semi-prepared vegetables. The consumption of exotic fruits and off-season products is now well established in the EU. Some new and special varieties still enter the European market. Initial increases in sales of new tropical fruits and vegetables generally take place through ethnic minorities.

## **PRODUCTION IN THE EU**

Most countries in the EU have extensive domestic production of fruit and vegetables. However, the temperate climate of northern Europe limits the production of various fruit and vegetables. Production in greenhouses partly compensates for the restrictive climatic conditions, but, for bananas and a wide range of exotics, there exists a large and developing market that cannot, or only insufficiently, be supplied by domestic (European) production. EU production is substantial for some products like citrus fruit and apples. However, at the same time the production is season-bound, offering opportunities for suppliers from outside the EU to supply the European market in off-season periods, although improved storage and distribution has enabled producers to reduce the negative influence of the seasons.

Production is season-bound, offering opportunities for suppliers from outside the EU to supply the European market in off-season periods

The total EU production of fresh fruit amounted to almost 31.5 million tonnes in 2002. The leading producers of fruit are by far, Italy (10.6 million tonnes) and Spain (10.4 million tonnes). Total EU production of fresh vegetables amounted to around 52.5 million tonnes in 2002, representing an increase of 4 percent compared to 2001. Also in the case of fresh vegetables, Italy (15.5 million tonnes) and Spain (11.7 million tonnes) are the leading supplying countries.

## **Imports**

### ***Fruit***

In 2002, EU member countries, representing a value of US\$ 12 billion of which extra-EU countries supplied 40 percent, imported almost 18.3 million tonnes of fresh fruit. Germany is





the major market for fresh fruit accounting for 24 percent of total imports (in value) by EU member countries in 2000, followed by the United Kingdom (17%) and France (14%).

The leading imported fresh fruit product is bananas, accounting for almost a quarter of total fruit imports by EU member countries. Other leading products are citrus fruit (21%), apples (10%) and grapes (10%). In 2002, the leading supplier of fresh fruit to the EU was Spain, supplying 21 percent of imports (in value) by EU member countries, followed by Italy (10%), The Netherlands (10%), and France (8%).

More than seventy countries from all continents are responsible for the immense product flow directed at the European countries. The share of developing countries in imports by EU member countries of fresh fruit amounted to 34 percent in 2002. Developing countries play a major role in the supply of tamarinds & lychees, papayas, dates, bananas, and pineapples to the EU, accounting for more than 60 percent of total imports by EU member countries in 2000. The leading developing countries exporting fresh fruit to the EU are South Africa and Latin-American countries like Costa Rica, Ecuador, Colombia, Chile, Argentina and Panama. Other important developing country suppliers are Côte d'Ivoire, Morocco and Turkey.

## Vegetables

Although smaller than fruit, the imports of fresh vegetables by EU member countries still amounted to almost US\$ 6.6 billion or 8.1 million tonnes in 2002.

Germany was the leading fresh vegetable importing EU country, accounting for 33 percent of total imports by EU member countries (in terms of value) in 2000, followed by the United Kingdom (22%) and France (14%). Spain was the leading supplier of fresh vegetables to the EU by far, supplying 34 percent of imports (in value) by EU member countries in 2002.

The leading imported fresh vegetable product is tomato, accounting for more than a quarter of total vegetable imports by EU member countries. Other leading products are capsicum/pimienta (13%), lettuce/chicory (10%) and cucumbers (8%).

Whereas Latin-American countries dominate the extra-EU import of fruit, African countries are important extra-EU suppliers of vegetables in particular to France, United Kingdom and The Netherlands. Nevertheless, intra-EU trade dominates vegetable imports to a larger extent than fruit imports. Developing countries play a significant role in the supply of peas & beans and sweet corn, supplying respectively 59% and 50% of total imports (in value) by EU member countries.

## Exports

In 2002, total EU exports of fresh fruit amounted to US\$ 8.8 billion, a strong decrease in terms of value since 1998. In terms of volume, exports increased by 2 percent, reaching more than 14 million tonnes in 2000. The major EU exporting countries, Spain, Italy, Belgium and France exported large quantities of fruit. The leading fresh fruit products exported by EU member countries are bananas, apples, mandarins, grapes and oranges.

Between 1998 and 2002, exports of fresh vegetables by EU member countries decreased by 13 percent in value and 5 percent in volume, amounting to US\$ 6.6 billion (8.5 million tonnes) in 2002. Spain and The Netherlands are the leading exporters, together accounting for 70





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percent of total EU exports in 2002. Contrary to the Spanish exports, which consist mainly of domestic produce, a large part of the Netherlands' exports consists of re-exports. Major exported fresh vegetable products by EU member countries are tomatoes and capsicum.

### Re-exports

Increasing internationalisation, which is also the case in the European Union, marks the fruit and vegetable trade. A total of US\$ 18.6 billion of fruit and vegetables entered the EU in 2002, but not more than 20 percent of this value remained in the same country to which it was originally exported. The major share of it was transported to other destinations, partly as re-exports, partly as transit trade.

### Trade structure

A strong tendency towards concentration and consolidation can be noticed in the horticultural trade, both on the buyers' and suppliers' level. As a result, demand for consistent volumes and qualities of fresh produce increases, causing firms to introduce procurement methods that manage the supply chain more efficiently.

Importers, trade fairs and increasingly the Internet are valuable sources for finding trading partners in the EU.

### Opportunities for exporters

Leading fresh fruit products from developing countries are tamarinds, table grapes, strawberries, dates, guavas, mangoes and figs. However, in the trade of fresh vegetables, developing countries play an important role in supplying peas & beans, sweet maize and baby corn, and winter vegetables. Opportunities for developing country exporters in the EU fresh fruit and vegetable market could lie in the trade of exotics and off-season fresh fruit and vegetables. If trade in lesser-known exotic products is considered, marketing strategies should specifically take into account ethnic minorities familiar with these products. The organic food market is also particularly interesting for growers in developing countries, since much of their production is already organic or can easily be changed to organic. Moreover, although exporters to the EU are not obliged to have an HACCP (Hazard Analysis Critical Control Point) system and their system will not be subject to control by the food inspection service in the importing country, the adopting of an approved HACCP system, or working according to a similar principle of quality control, will be a very positive argument in the export business.

In the scope of the increasing environment-consciousness in the EU, a group of leading European food retailers launched the EurepGap Protocol in 1999. The objective of EurepGap (Euro-Retailer Produce Working Group for Good Agricultural Practice) is to raise standards for the production of fresh fruit and vegetables by promoting food safety, sustainable use of natural resources and more environmentally friendly production. Producers in developing countries experience difficulties in complying with the Eurep standards and some interested parties are calling for relaxation of the standards. For more information on the Eurep Group and EurepGap Protocol, please refer to [www.eurep.org](http://www.eurep.org)





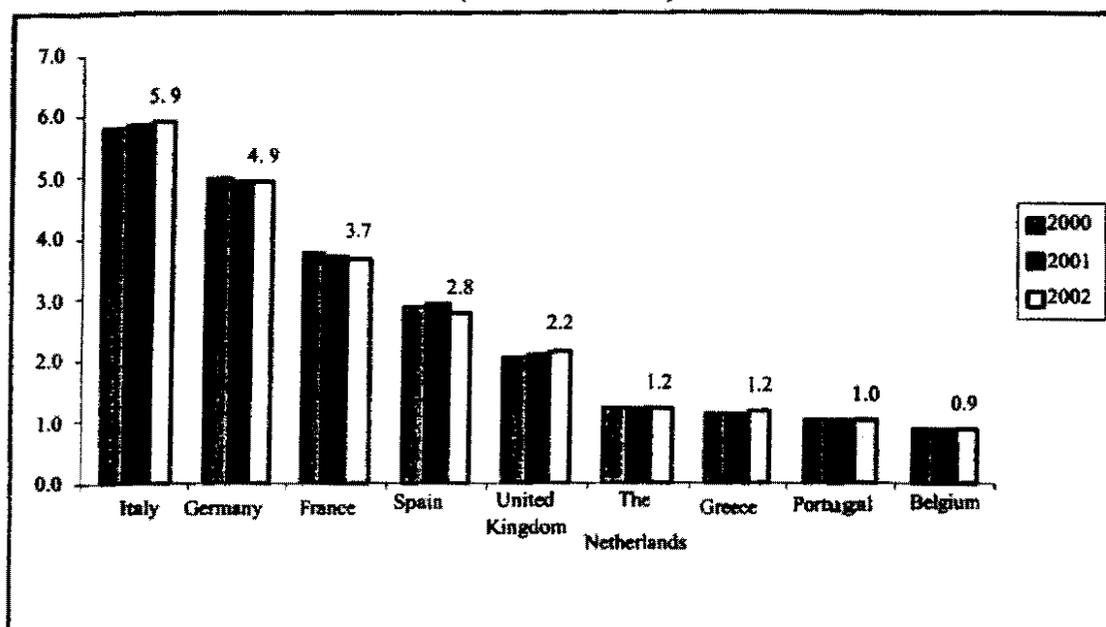
## Consumption

### Market size

#### Fruit

According to *Euromonitor*, total fruit sales in the EU amounted to around 25 million tonnes in 2002. More than 30 percent of the fruit sales consisted of citrus fruit, which was consumed relatively more in Mediterranean countries like France, Spain, Italy and Greece. The major EU fruit market is Italy with a consumption of 5.9 million tonnes in 2000, followed by Germany with 4.9 million tonnes, and, at a considerable distance, France, Spain, and the United Kingdom. Consumption of fruit over recent years has been quite stable.

**Figure 3** Volume sales of fruit in major EU markets, 2000-2002 (million tonnes)



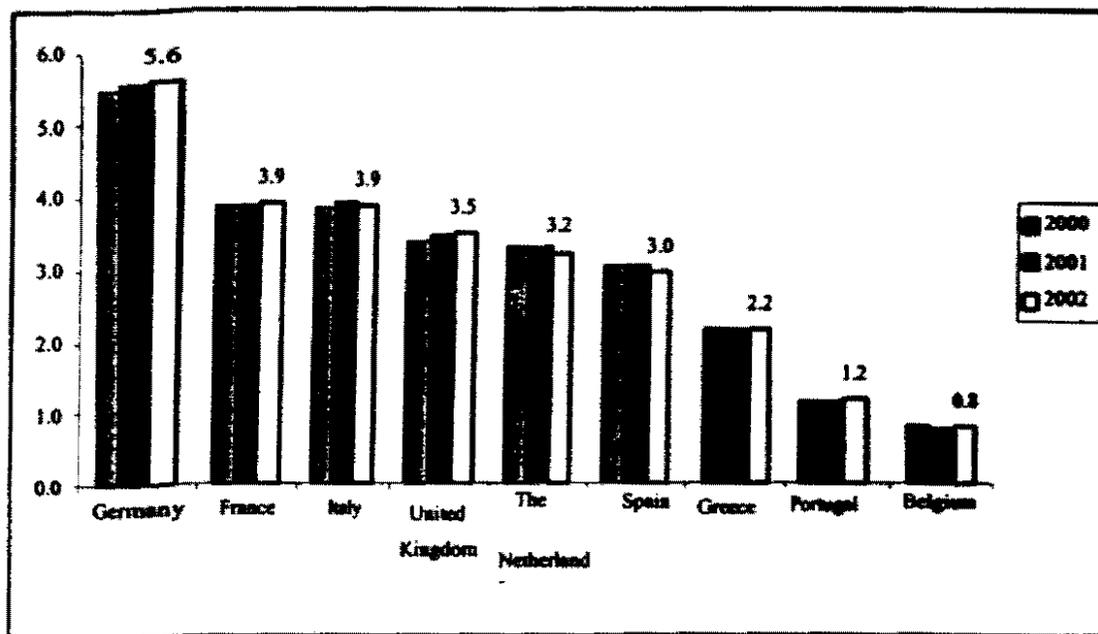
#### Vegetables

In 2002, total vegetable sales (including potatoes) in the EU amounted to 30 million tonnes, which was about the same volume as in the previous years. More than half of total vegetable consumption consisted of potatoes, while tomatoes accounted for around 10 percent of vegetable consumption. The major EU vegetable market is Germany with a consumption of 5.6 million tonnes in 2002, followed by France, Italy and the United Kingdom, with the UK being the biggest growth market (+3.4%).





**Figure 4** Volume sales of vegetables in major EU markets, 2000-2002 (millions tonnes)



## GERMANY

According to the German organisation ZMP, per capita consumption of fresh fruit in Germany was estimated at 143.8 kg in 2001, representing an increase of 7 percent compared to the preceding year, and per capita consumption of fresh vegetables was estimated at 90.2 kg in 2000, which represents an increase of 2 percent since 1999.

### Fruit

Total fruit consumption in Germany was estimated at 11.9 million tonnes in 2001, representing an increase of 14 percent since 1998. This boost in fruit consumption is largely caused by a 25 percent increase in apple consumption, although pear, banana, orange and cherry consumption also made a significant contribution. Until 1999, bananas witnessed huge cuts in consumption, making them relatively less important, though bananas still remained the second most popular fruit product in Germany.

The leading fruit species consumed in Germany was apples, which accounted for 27 percent of total fruit consumption in 2001. Between 1999 and 2001, orange consumption increased by 11 percent, amounting to 523 thousand tonnes. The demand for other citrus fruit (grapefruit, lemons, clementines, etc.) fluctuated, with consumption increasing in 2000, but dropping in 2001. In 2001, total citrus fruit consumption amounted to over 1 million tonnes.

### Vegetables

In 2000, total vegetable consumption in Germany was estimated at 7.4 million tonnes, representing a modest increase of 3 percent since 1998. The major vegetable product consumed in Germany was tomatoes (1.44 million tonnes in 2000), and the various cabbage varieties (nearly 1 million tonnes in 2000). Other popular vegetables are carrots, onions and cucumbers. The demand for mushrooms and asparagus increased by 9% and 10%





respectively since 1998, amounting to 173 thousand tonnes and 115 thousand tonnes in 2000. The demand for peas and beans was estimated at 265 thousand tonnes in 2000.

**Table 2. Consumption of fresh fruits & vegetables in Germany, 1998-2001, tonnes (000)**

	1999	2000 <sup>1</sup>	2001 <sup>1</sup>		1998	1999	2000 <sup>1</sup>
	Fruits				Vegetables		
apples	2,605	2,760	3,255	tomatoes	1,423	1,399	1,441
bananas	844	889	976	cabbages	980	928	991
pears	548	549	664	carrots	444	513	498
oranges	473	480	524	cucumbers/gherkins	513	512	492
berries	485	538	507	onions	447	521	490
prunes	410	460	480	lettuce	249	254	269
clementines	313	325	315	mushrooms	158	164	173
grapes	314	348	293	beans	174	165	168
peaches	261	328	290	asparagus	105	106	115
cherries	209	273	276	peas	93	88	97
lemons	126	132	127	leek	98	94	94
grapefruit	77	90	65	spinach	89	62	60
apricots	35	54	43	celery	53	60	56
<i>other fruit consumption of imports</i>	428	498	417	<i>other vegetables cultivation for own consumption</i>	1,590	1,627	1,615
	3,287	3,330	3,629		787	796	854
<b>total fruit</b>	<b>10,414</b>	<b>11,053</b>	<b>11,859</b>	<b>total vegetables</b>	<b>7,200</b>	<b>7,287</b>	<b>7,411</b>

<sup>1</sup> provisional  
Source: ZMP, 2001

## FRANCE

Total fresh fruit and vegetable household consumption in France amounted to 158.1 kg in 2000, which represented an increase of 2 percent compared to the preceding year. According to Interfel, the total number of French households amounted to around 23 million.

### Fruit

Between 1999 and 2000, average household consumption of fresh fruit increased by 4 percent, amounting to 88.8 kg in 2000. The most popular fresh fruit species were apples, oranges and bananas, together accounting for 42 percent of total fruit sales in 2000. Of these fruit species, only banana consumption remained stable, whereas the consumption of the other two increased. During the past few years, exotic fruit species like lychees and mangoes gained more popularity, although their sales still account for a small share of total fruit sales.





## Vegetables

In 2000, average household consumption of fresh vegetables in France amounted to almost 70 kg, which represented only a small increase since 1999. The most popular fresh vegetables were tomatoes accounting for a share of nearly 20 percent of total vegetable sales, followed by carrots (12%) and lettuce (10%).

**Table 3. Household consumption of fresh fruit and vegetables in France, 1999 – 2000**  
(kg per year)

	1999	2000		1999	2000
total fruit	85.6	88.8	total vegetables	69.0	69.3
apples	16.1	16.5	tomatoes	14.1	13.4
oranges	10.3	11.3	carrots	8.6	8.4
bananas	9.9	9.9	lettuce	6.9	6.7
clementines	6.6	6.9	endive	5.1	5.7
melons	6.3	6.7	cabbages	4.6	4.6
peaches	6.2	6.4	courgettes	3.7	4.1
grapefruit	4.3	5.6	onions	3.4	3.6
grapes	4.2	4.9	leek	3.2	3.5
pears	4.7	4.7	cucumbers	3.2	3.0
strawberries	2.3	2.3	beans	1.7	1.9
avocados	1.6	2.2	radish	1.4	1.4
lemons, limes	2.0	2.0	peppers	1.4	1.3
kiwi fruits	1.7	2.0	artichokes	1.2	1.1
apricots	2.4	2.0	mushrooms	1.1	1.1
pineapples	1.5	1.0	eggplant	0.9	1.0
lychees	0.2	0.2	asparagus	0.9	0.9
mangoes	0.2	0.2	garlic	0.6	0.6
other fruit	4.0	4.0	others	6.9	7.0

Source: Interfel, 'Bilan Fruits & Légumes 2000'

## THE NETHERLANDS

According to a survey published by the Commodity Board for Horticulture in 1999, one of the major trends in The Netherlands is the growing demand for convenient and timesaving ways of preparing meals. This trend applies in particular to vegetables and is expressed by the growing demand for pre-packed and semi-prepared vegetables. In 1999, an average Netherlands household purchased 101 kilograms of fresh fruit and 76 kilograms of fresh vegetables (Commodity Board). The total fresh fruit consumption amounted to about € 850 million, while the consumption of fresh vegetables was slightly more, amounting to € 875 million.

### Fruit

Total purchases of fresh fruit in The Netherlands amounted to 685 thousand tonnes in 1999, which meant a decrease of 3 percent compared to 1996. As was also the case in 1996, most popular fruit species in The Netherlands were apples, oranges and bananas in 1999. They accounted for nearly two thirds of total fruit consumption. Other important fruit species





were mandarins and pears. The consumption of citrus fruit (oranges, mandarins, grapefruit and melons) decreased by 4 percent, while the consumption of exotics (mangoes, avocados and lychees) showed only a slight increase. In recent years, kiwi fruits have gained more popularity, climbing up to number 9 of the fruit top 10 in 1999. In this year, pre-packed fruit accounted for 37 percent of total fruit consumption, which means an increase of 5 percent compared to 1996. Pre-packed fruit is mostly purchased in supermarkets, whereas greengrocers and markets sell only small amounts of pre-packed fruit.

### Vegetables

In 1999, total consumption of fresh vegetables (excluding potatoes) in The Netherlands amounted to 513 thousand tonnes, which was about the same amount as in 1996. Domestically grown products like cauliflower, onions/shallots and tomatoes dominate the consumption of vegetables. In 1999, cucumbers gained popularity over carrots and climbed up to the fourth place. Together, the top 5 vegetables accounted for 42 percent of total vegetable purchases in 1999. In this year, pre-packed vegetables accounted for 45 percent of total vegetable sales, while in 1996 it took up only 37 percent.

**Table 4. Consumption of fresh fruit and vegetables in The Netherlands, 1999**  
(1,000 tonnes)

	1996	1999		1996	1999
total fruit	700.0 <sup>1</sup>	685.4	total vegetables	515 <sup>1</sup>	513.4
<i>fruit top 10:</i>			<i>vegetables top 10:</i>		
apples	187.1	185.4	cauliflower	56.1	51.9
oranges	170.3	161.4	onions/shallots	43.1	44.7
bananas	102.0 <sup>1</sup>	104.0	tomatoes	36.7	40.5
mandarins	55.9	55.1	cucumbers	38.9	40.4
pears	43.2	38.4	carrots	41.7	37.2
melons	25.3	25.2	lettuce	25.2	25.1
grapefruit	21.2	21.2	chicory	32.4	24.0
grapes	n.a.	20.3	green beans	20.4	20.6
kiwi fruits	14.0 <sup>1</sup>	15.4	leek	21.1	20.3
strawberries	16.0	14.4	endive	21.7	19.6
<i>selected others:</i>			<i>selected others:</i>		
lemons	4.9	5.2	peppers	12.6	13.2
mangoes	2.0	1.9	asparagus	3.0 <sup>1</sup>	2.9
avocados	0.7	0.7	garlic	1.1	1.2
lychees	0.3	0.5			

<sup>1</sup> estimation

n.a.: not available

Source: Commodity Board for Horticulture, 2001





## UNITED KINGDOM

According to the annually published National Food Survey, the per capita consumption of fresh fruit and vegetables in the United Kingdom amounted to 76.8 kg in 2000, which meant a slight increase of 1 percent compared to the preceding year.

### Fruit

In 2000, the British consumed almost 38.7 kg of fresh fruit per person, which was 1.7 kilogram more than in 1999. The most popular fruit species was bananas, followed by apples. Together, fresh banana and apple consumption represented more than half of the total fruit consumption. Apples and citrus fruit other than oranges showed the largest increase in consumption in 2000.

### Vegetables

In 1999, per capita consumption of fresh vegetables in the United Kingdom amounted to 38.1 kg, representing a decrease of 0.6 kg since 1999. The most popular vegetables were carrots representing 15 percent of total vegetable consumption, followed by tomatoes and onions. The composition of the fresh vegetable consumption in 2000 remained more or less the same as in 1999.

Table 5. Per capita consumption of fresh fruit in the United Kingdom, 1999-2000  
(kg per year)

	1999	2000		1999	2000
fresh vegetables	38.7	38.1	fresh fruit	37.0	38.7
<i>of which</i>			<i>of which</i>		
carrots	5.7	5.7	bananas	10.5	10.7
tomatoes	5.2	5.0	apples	8.8	9.4
onions	5.0	5.0	other citrus fruit	3.7	4.2
cauliflower	4.2	4.1	stoned fruit	3.1	3.0
leafy salads	3.0	3.1	oranges	2.6	2.8
cabbages	2.7	2.5	pears	2.2	2.4
mushrooms	1.8	1.9	grapes	2.3	2.2
cucumbers	1.9	1.9	soft fruit other than grapes	1.0	1.1
turnips	1.3	1.4	rhubarb	0.1	0.1
beans	1.2	1.1	other fresh fruit	2.7	2.8
brussels sprouts	0.9	0.8			
peas	0.3	0.3			
other fresh vegetables	5.5	5.3			

Source: National Food Survey 1999 and 2000





## ITALY

Total fresh fruit and vegetable (excluding potatoes) consumption in Italy amounted to nearly 9 million tonnes in 2000, which represented a per capita consumption of 156 kg.

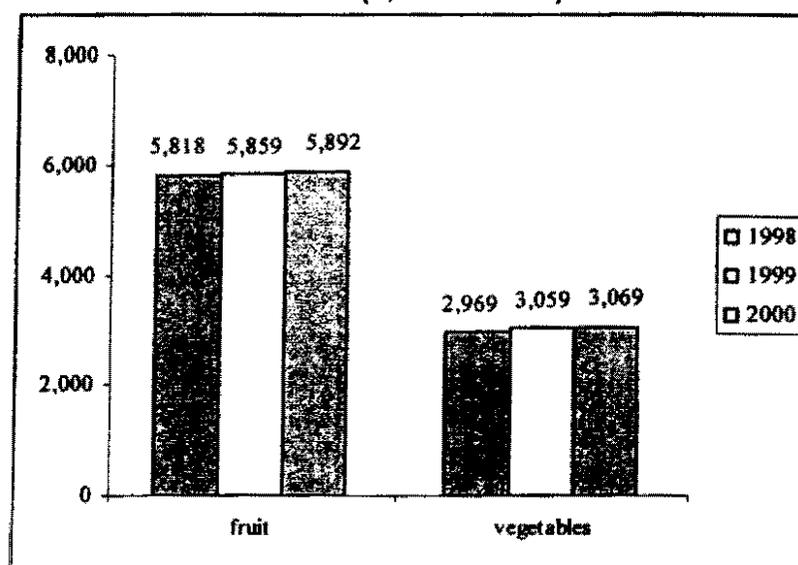
### Fruit

Per capita consumption of fresh fruit in Italy amounted to 102.2 kg in 2000, making it one of the highest fruit consumption levels in Europe. Citrus fruit sales accounted for about one quarter of total fruit sales.

### Vegetables

In 1999, total Italian consumption of fresh vegetables amounted to over 3 million tonnes. Fresh tomatoes make up around 15 percent of total vegetable sales, which represents a per capita consumption of tomatoes of 8 kg.

**Figure 5** Volume sales of fresh fruit and vegetables in Italy, 1998-2000  
(1,000 tonnes)



Source: Euromonitor 'Consumer Europe', 2001/2002

### Market segmentation

The market can be divided into segments following the quality classifications (Class Extra, I, II and III).

Another segmentation is possible with the help of the product classification. This classification reveals the following market segments:

- Domestically produced fruit and vegetables (temperate fruit and vegetable products)
- Well known products not, or only sporadically, produced in northern Europe
- Exotics (tropical/subtropical products)
- Off-season products





The market for fruit and vegetables can also be segmented according to whether the products are grown by organic farming or by conventional farming. This is particularly important since the demand for organic food is increasing in the EU member countries and these can offer interesting market opportunities for developing countries exporters. Organic products still account for a small share of the total food consumption, although most markets for organic fruit and vegetables experienced strong growth rates during the last years of the 1990s. Particularly high growth rates have recently been observed in the United Kingdom and Italy. In the period 1998-2000, organic fruit and vegetable retail sales in Italy showed annual growth rates up to 85 percent.

Because of its nature, organic production is highly suitable for small and medium-sized farmers working in areas that may not be suitable for large-scale food production. For more information on organic production and its certification, please contact SKAL, Ecocert, Soil Association or other EU inspection organisations. Please refer to Appendix 9 for contact details of these organisations.

### **Consumption patterns and trends**

The population in Western Europe is still growing and will continue to grow until about 20 years from now. It is estimated that thereafter, Western Europe will start to show a declining population size. However, the composition of the population is changing now. It shows a rapidly growing number of elderly people combined with a decreasing number of young people. We also see a family 'dilution'; family households are getting smaller because people are having fewer children. Moreover, the number of single households in Western Europe is substantial and still increasing, making these people a highly significant consumer group for food suppliers.

Prosperity in the EU has increased over years, and eating behavior is related to income and life style. Despite this increase in prosperity, the food market in the EU is highly competitive, since consumers are not going to eat more, but will only, at the very most, switch to other products.

A number of trends affecting European consumer demand for fresh fruit and vegetables can be distinguished in the past few years. These include:

#### **Health food**

European consumers have a strongly increased interest in a healthy life and, consequently, in the consumption of health food. Health food refers to food products which are low in fat and have limited sugar and salt content; this includes functional foods, which have specific health-promoting properties and food products with added vitamins and minerals or bacteria which support the intestinal function (see CBI Market Survey 'Health Foods'). Fresh fruits and vegetables are generally associated with health foods. This is because fruit and vegetables contain vitamins and natural antioxidants, which are supposed to have properties preventive to heart diseases and cancer.

#### **Organic food**

Since European consumers have recently experienced several food scares, many people are concerned about the safety of food, as well as the effects of intensive farming on the countryside and on the environment in general. These factors, combined with the increasing awareness of the importance of diet and nutrition, have intensified interest in organic foods,





which are grown according to principles laid down in Directive EC 2092/91 (see Section 1.3 of the EU Strategic Marketing Guide 'Fresh Fruit and Vegetables'). The demand for organic food is booming in several EU member countries and this can offer interesting market opportunities for developing countries' exporters. Organic products still account for a small share of the EU's total food consumption, although the market for organic products is experiencing strong growth rates. France, Denmark and the United Kingdom are the major growth markets, with annual growth rates of over 20 percent.

### ***Food safety, quality and environmental consciousness***

Food production, especially primary growing, should be environmentally friendly (organic, see above, good land stewardship, etc.). Waste, including packaging waste, should be avoided or at least reduced. In the scope of the increasing environmental consciousness in the EU, a group of leading European food retailers launched the EurepGap Protocol in 1999. The objective of EurepGap (Euro-Retailer Produce Working Group for Good Agricultural Practice) is to raise standards for the production of fresh fruit and vegetables by promoting food safety, sustainable use of natural resources and more environmentally friendly production. Producers in developing countries experience difficulties in complying with the EurepGap standards and some interest groups are calling for relaxation of the standards. For more information on the Eurep Group and EurepGap Protocol, please refer to [www.eurep.org](http://www.eurep.org).

As a result of several food scares (e.g., BSE/mad cow disease and dioxins) consumers increasingly pose questions on the production process and demand open, honest, and informative labelling. This has resulted in a discussion in the fruit and vegetable industry about "tracking and tracing". With good chain management and control within the chain, distributors are able to supervise all kinds of aspects of fresh fruit and vegetables such as plant material, growth, harvest, storage, distribution and processing. As mentioned in the box below, the consumer demands open, honest, and informative labelling. The fruit and vegetable industry is increasingly paying attention to chain management and labeling systems with which products can be traced back to the producer.

Safe Quality Food (SQF), which was originally developed in Australia, has recently been introduced in the EU. SQF aims at chain certification and combines quality concerns, HACCP and Tracking & Tracing in its certification requirements.

The European Commission also recognises the importance of food safety and set up the European Food Safety Authority (EFSA) in January 2002.

### ***Convenience***

European people (including women) are working more and more and have busy social lives. Moreover, the number of single households is increasing. Less time is left for the preparation of a full meal and, as a result, demand for products requiring extensive preparation has declined, while the opportunities for easy to prepare, semi-prepared, catered and processed products are increasing. The high cost of labor in Europe constantly encourages the shift towards adding value in the country of production. In the fresh fruit and vegetables sector, this has led to pre-packed products and consumer packs containing semi-prepared vegetables such as sliced runner beans, topped and tailed 'mangetout' peas and mixed packs of fruit and vegetables for stir-fry meals.





## Exotics

A remarkable increase can be seen in the consumption of exotic fruits and off-season products. Until the 1970s, there was hardly any consumption of exotics, though small quantities were imported to meet the demand of ethnic minority groups. The increase in ethnic minorities living in the EU is considered to be responsible for the initial increases in sales of all kinds of tropical fruits. Once the products were on the shelves, other groups were inclined to buy them. Consumption of a wide scale of varieties of exotics like mangoes, papayas, passion fruit and avocados has increased slowly but steadily over the last decades. In their search for products with more added value, major importers in The Netherlands are now promoting lesser-known exotics like kumquats, rambutan and mangosteen. Complying with the demand for convenience, they provide the exotics in easy recognisable packages, containing small amounts and with practical product information. This makes it easier for consumers to become familiar with these relatively new and unknown products. Supermarkets are increasingly interested in selling exotics in such standardized packages.

**Table 6. Key Consumption Trends to 2010**

- Greater demand for convenience
- More diversity of choice
- Growth of demand for ethnic and exotic ingredients
- Increased demand for organic products
- More ready-cooked, take-out foods
- High growth in private label
- Polarisation of markets (premium and budget)
- Demand for open, honest, and informative labelling

Source: Food Marketing, October 1999

## Production

Most countries in the EU have extensive domestic production of fruit and vegetables. However, the temperate climate of northern Europe limits the production of various fruits and vegetables. Production in greenhouses partly compensates for the restrictive climatic conditions, but, for bananas and a wide range of exotics, there exists a large and developing market that cannot, or only insufficiently, be supplied by domestic (European) production. There is a large production of citrus fruit and apples in the EU but at the same time the production is season-bound, offering opportunities for suppliers from outside the EU to supply the European market in off-season periods. However, improved storage and distribution has enabled producers to reduce the negative influence of the seasons. A decreasing number of fruit and vegetables growers can be noticed in Northern European countries. This development is partly caused by the trend towards consolidation at buyers' level, and partly by the fact that more and more suppliers find it hard to conform to the European regulations for agricultural production. As a consequence, growers have to change their production to large-scale production or consolidate in order to stay in the market.

Larger buyers are the power behind consolidation at the supplier level, forcing shippers to attempt to match the scale of their customers in order to serve them efficiently. These large-scale suppliers have sufficient financial resources and backing, and can bear the costs and risks associated with producing crops in several regions or countries over extended periods.





## Fruit

In 2001, the total production of fresh fruit in the EU was estimated at 31.5 million tonnes, a decrease of 6 percent since 1999. Remarkable is the (and in the cases of The Netherlands and Belgium, even very substantial) decrease in production in the EU member countries between 1999 and 2001, except for Finland and Luxembourg. In 2000, Italy and Spain were the leading EU producers, together accounting for two thirds of total EU fruit production. Other large producers of fresh fruit in the European Union are France, Greece and Germany.

In 2001, the harvest of apples decreased to 7.5 million tonnes, although it was still the main fruit product grown in the EU. With 2.1 million tonnes in 2001, the production of pears is also considerable. The production of peaches in the EU amounted to 2.9 million tonnes in 2001, representing a decrease of 7 percent compared to 1999.

It is estimated that in 2001 the production of citrus fruit within the EU amounted to 10.3 million tonnes. The two leading citrus fruit producing countries in the European Union are Spain and Italy, together accounting for almost two thirds of total citrus fruit production. Except for lemons, which increased by 17 percent between 1999 and 2001, the EU production of the various citrus fruits decreased moderately (mandarins and grapefruit) to strongly (oranges) between 1999 and 2001. In 2001, the estimated harvest of oranges within the EU amounted to 6.1 million tonnes, which makes it one of the major fruit species grown in the EU. In that same year, EU growers produced 2.5 million tonnes of small citrus fruits (mandarins, clementines and satsumas), and 1.7 million tonnes of lemons. The importance of grapefruit is relatively insignificant, with estimated production amounting to only 46 thousand tonnes in 2001.

Between 1995 and 2000, the kiwi fruit production in the EU was characterised by fluctuations varying from 315 to over 480 thousand tonnes. Kiwi fruit production in 2001 was estimated at 400 thousand tonnes, representing a considerable decrease compared to the record production level in the previous year.

**Table 7. Fruit production in the EU, 1999-2001 (1,000 tonnes)**

Country	1999	2000	2001 <sup>1</sup>		1999	2000	2001 <sup>1</sup>
Italy	11,068	10,888	10,608	EU 15	33,490	32,700	31,500
Spain	10,686	10,193	10,428				
France	3,790	3,791	3,427	<i>of which</i>			
Greece	3,399	3,265	3,229	apples	8,475	8,295	7,543
Germany	1,330	1,443	1,173	oranges	6,145	5,841	6,055
Portugal	976	936	921	peaches	3,175	3,097	2,944
The Netherlands	772	757	605	small citrus fruits <sup>2</sup>	2,854	2,563	2,449
Belgium	760	741	434	pears	2,331	2,381	2,146
United Kingdom	359	298	338	lemons	1,457	1,596	1,699
Austria	226	233	203	nectarines	1,186	1,197	1,170
Denmark	49	50	46	strawberries	988	933	853
Sweden	34	40	33	prunes	630	650	700
Finland	19	22	21	apricots	631	560	586
Ireland	18	18	17	kiwi fruits	437	483	400
Luxembourg	5	6	5	cherries	450	497	388

<sup>1</sup> estimated

<sup>2</sup> these include mandarins, clementines and satsumas

Source: ZMP, 2001





According to FAO data, there is a small banana production in the EU, amounting to about 440 thousand tonnes in 2001, of which Spain accounted for almost 90 percent.

## Vegetables

Total EU production of fresh vegetables was estimated at 52.5 million tonnes in 2000, representing an increase of 4 percent compared to 1998. Besides the EU production of fresh fruit, Italy and Spain also dominate the EU production of fresh vegetables, together accounting for over half of total EU production. In 2000, the total Italian production of vegetables amounted to 15.5 million tonnes, which meant an increase of 6 percent compared to 1997. Spain is the second largest producing country, accounting for a production of 11.7 million tonnes in 2000.

Production figures for selected fresh vegetables species grown in the EU are listed in Table 4.2. There is a remarkable increase in the production of the main products between 1998 and 2000, except for cauliflower, combined with a more or less stable production of the less important products like artichokes, garlic and asparagus. Tomatoes are by far the leading product group produced in the EU, which makes this product not very interesting for exporters from developing countries. Leading tomato producers in the EU are Italy and Spain, together accounting for over two thirds of total EU production. Spain and The Netherlands are the leading EU producers of onions, while France and the United Kingdom produce most of the carrot supplies.

Table 8. Vegetable production in the EU, 1998-2000 (1,000 tonnes)

Country	1998	1999	2000 <sup>1</sup>		1998	1999	2000 <sup>1</sup>
Italy	14,692	15,183	15,520	EU 15	50,708	53,048	52,536
Spain	11,907	12,144	11,685				
France	6,253	6,378	6,297	<i>of which</i>			
Greece	4,111	3,979	4,030	tomatoes	14,620	16,317	16,171
The Netherlands	3,236	3,836	3,726	onions	3,437	3,829	3,872
Germany	2,706	2,910	2,994	carrots	3,331	3,727	3,675
United Kingdom	2,855	2,914	2,749	cabbage	2,546	2,633	2,599
				lettuce			
Portugal	2,199	2,634	2,491	cauliflower	2,266	2,204	2,127
Belgium	1,393	1,569	1,578	capsicum	1,706	1,731	1,817
Austria	419	529	500	green beans	1,098	1,118	1,110
Ireland	257	249	249	artichokes	882	817	881
Sweden	246	249	247	mushrooms	793	828	823
Finland	209	245	243	eggplants	651	601	688
Denmark	223	227	225	garlic	271	271	273
Luxembourg	2	2	2	asparagus	216	214	219

<sup>1</sup> estimated

Source: ZMP, 2001

The most important fruit and vegetable growing regions in the EU, where the value of fruit and vegetable production represents more than 2.5 percent of the EU total production and more than 25 percent of the value of total agricultural production in the region, are the following:





**Table 9. The most important fruit and vegetable growing regions in the EU**

Region	Country	Share of EU (in %)	Share of region (in %)
Emilia Romagna	Italy	4.3	27
Lazio	Italy	2.5	37
Campania	Italy	3.9	43
Apulia	Italy	4.3	42
Sicity	Italy	5.9	53
Comunidad Valenciana	Spain	4.6	67
Andalusia	Spain	4.6	30
Murcia	Spain	2.5	64
Provence Alpes Côte D'Azur	France	2.9	46
Kentriki Ellada	Greece	2.6	29

Source: CIMO, 2000

## Commodity/Market Specific Analysis

The following analysis focuses on specific products in specific target market(s). The intent of this analysis is to investigate the export potential for selected fresh produce items. However, this analysis is not inclusive as several fresh produce items have certain marketing opportunities under certain conditions as indicated in the summary.

### Strawberry

Strawberry is one of the most potential for profitable horticultural Egyptian exports to the EU and GCC markets. Off-season prices are quite high, and with appropriate technology Egyptian growers could supply these markets during the highest price periods. Strawberry markets are large and growing in most West European countries and GCC markets as well. The largest two markets are Germany and France.

Study countries imports (including intra-EU trade) of strawberry have increased quickly during the last years. From 1990 to 2001, imports of strawberries increased at an average annual rate of more than 20 percent.

Germany is by far the largest importing country with about 123 thousand tonnes imported each year. The UK is a smaller but profitable market. While the Netherlands looks like a large importer, that is partly due to the importance of Rotterdam as major port for incoming produce destined for the rest of Western Europe. Quality is the key in penetrating the very demanding West European markets.

Germany and France are the two largest potential Egyptian export markets. The share of Germany imports amounted to 50% of total EU imports of strawberry 1994; France imports amounted to 25%. The two countries absorb more than 75% of total EU imports. It appears that the two countries can absorb roughly 4,000 metric tonnes per week at prices profitable to an Egyptian producer.

The major Non-EU suppliers are Poland, United States, Israel, and Morocco. Spain is the major player in the late summer market. Non-EU Imports fluctuate partly in response to the size of local European harvests, but this effect is limited to small part of season when local production is possible.





## GERMANY

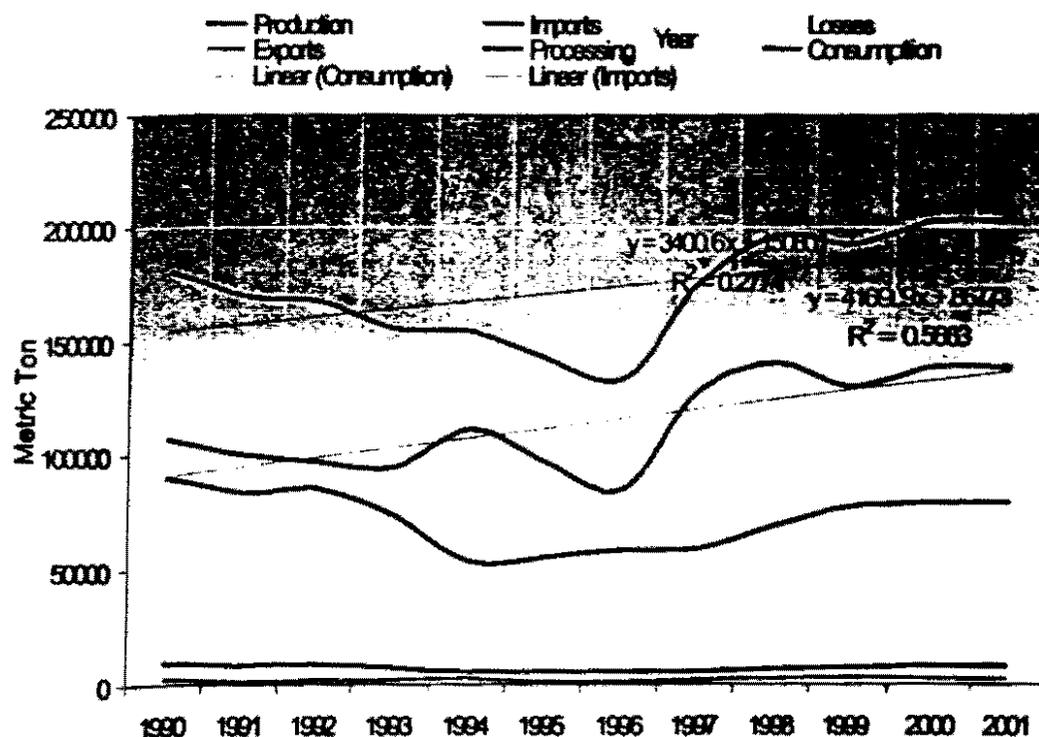
German imports of strawberries are strengthening over time. German imports increased at an average annual rate of more than 26 percent. The major non-EU strawberry suppliers to the German market are Poland and Morocco while Spain is the main EU supplier.

The German market presents the largest amount of potential Un-Met demand of the four markets. The German Profitable Demand line is drawn at roughly 26,000 metric tonnes per month. During the five months when the market window is open to Egypt, this would imply a total profitable demand of roughly 130,000 metric tonnes.

During the three months before the window closes in March, competitors are already meeting some of the profitable demand. This leaves the overall depth of the window at over 44,000 tonnes per year.

The overall shape of the weekly supply line during 1998-2001 years suggests a fairly stable supply situation. May is always the high supply period. This is when Germany and its major suppliers are at peak production. Spain and Italy supply most of the strawberry to the German market. Spanish supplies enter the market in February and reach their peak in April and May. They can supply up to 4000 MT/Week during the peak months. German domestic production enters into the market much later and usually peaks in May.

**Figure 6** Germany fresh strawberries: Production, imports, exports. Estimates of consumption and ten year trend



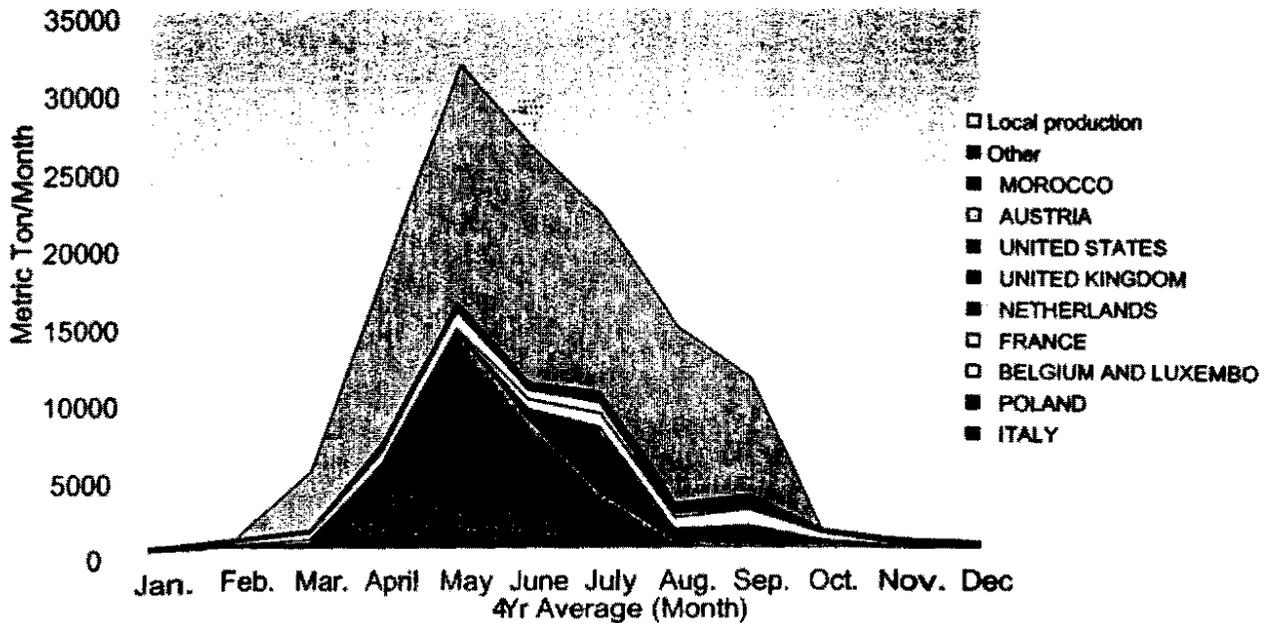
Italy, Belgium and Netherlands also supply fairly large portions of the German market. They compete directly with Spain during the on-season February-June. Italy and Belgium have





supplied over 500 MT/Week during May. Most of the competition in the German market is concentrated around on-season, leaving a large market window open for new competitors. Although profits can still be made during the on-season, Egypt should concentrate off-season supply in the German market.

**Figure 7** Germany fresh strawberry: major suppliers and Egypt comparative position



German domestic supplies do not affect the German market like the domestic supplies do in the French market. The small size of the domestic supply allows the wholesale price to remain above the break-even price for the whole year. The lack of domestic supplies also opens the market to competitor countries, but there is still a good off-season market potential in Germany.

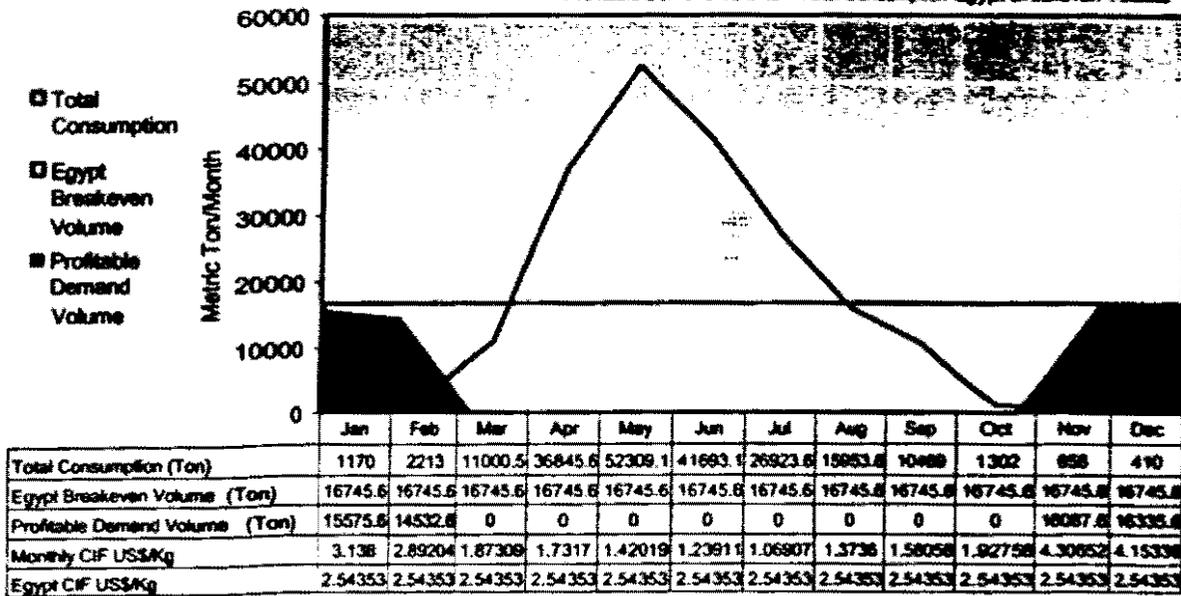




Figure 8

**Germany Fresh Strawberry**  
**Profitable Demand Volumes for Egypt**

Total Consumption = Production+Imports-Exports-Losses-Processing  
 Profitable Demand Volume = Total Consumption-Egypt Breakeven Volume



Month of 1996-2001 (4Yr Average)

Poland, USA and Morocco round out the top suppliers in the German market. These countries do not have a significant portion of the market. There are several countries that provide a significant amount of strawberry to the U.K. market during the off-season. This creates a more competitive atmosphere for the Egyptian producer. The UK has a relatively large domestic production of strawberry, but only plays a strong part in the market during May and June. The United States is the second largest supplier and has the longest supply period of any country. US supplies begin in March, peak in August and September, and continue until October. Thus, the United States is able to supply the market nine of the twelve months during the year. Spain affects the market in May and June.

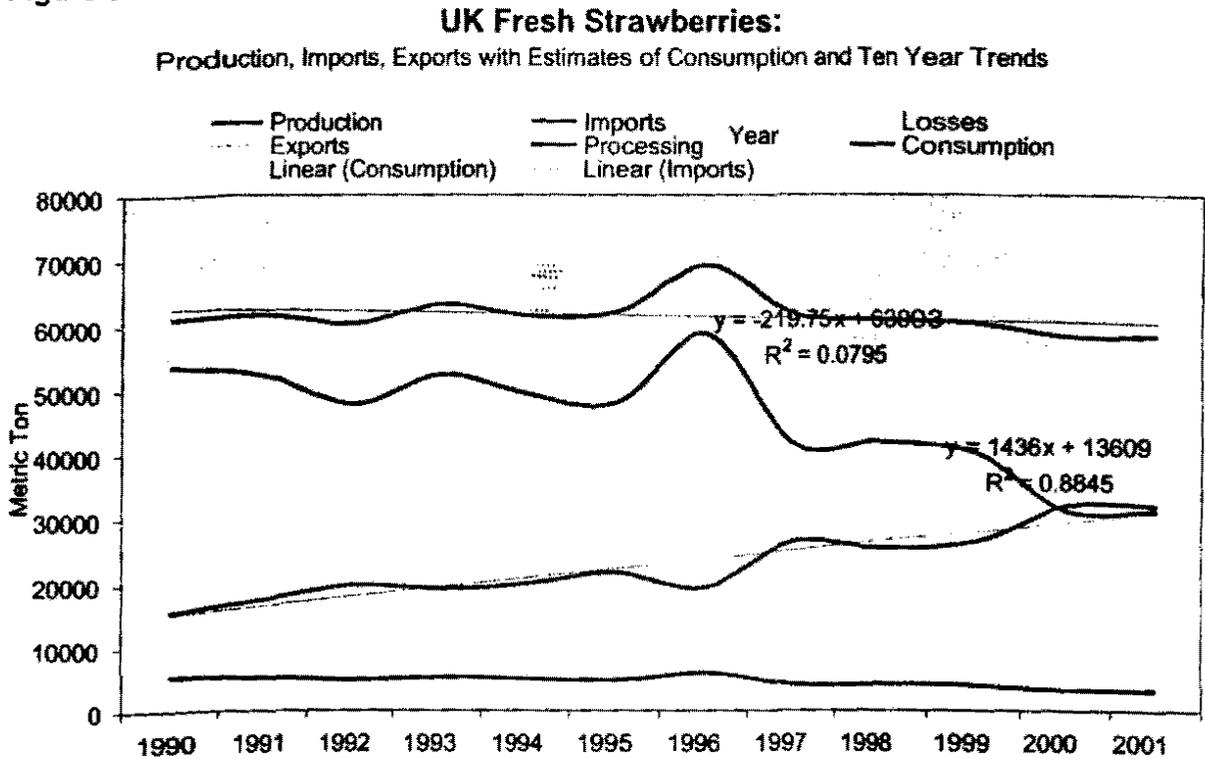
**THE UNITED KINGDOM**

UK imports of strawberries are increasing steadily over time. From 1990 to 2001, UK imports increased at an average annual rate of more than 19 percent. The major non-EU supplier is the United States. Spain, Belgium and Netherlands are the main EU supplier.





Figure 9



In the U.K. market, the profitable demand level is estimated at 5,500 tonnes per month. The Egyptian window is open for five months with a total depth of approximately 27,500 tonnes. The UK market is fairly stable market. The beginning of the on-season supply usually starts in the 12<sup>th</sup> week of each year and rises to a high point in May. The Egyptian producer should try to fill the market window during the period of November – March. Concentrating more on the time frame starting at the end of the year, Morocco and Israel are the significant off-season suppliers with supplies beginning in July and continuing until November. Colombia has captured a small market window by supplying the market in July and August while few other countries are filling this period.





Figure 10

**UK Fresh Strawberry:  
Major Suppliers and Egypt Comparative Position**

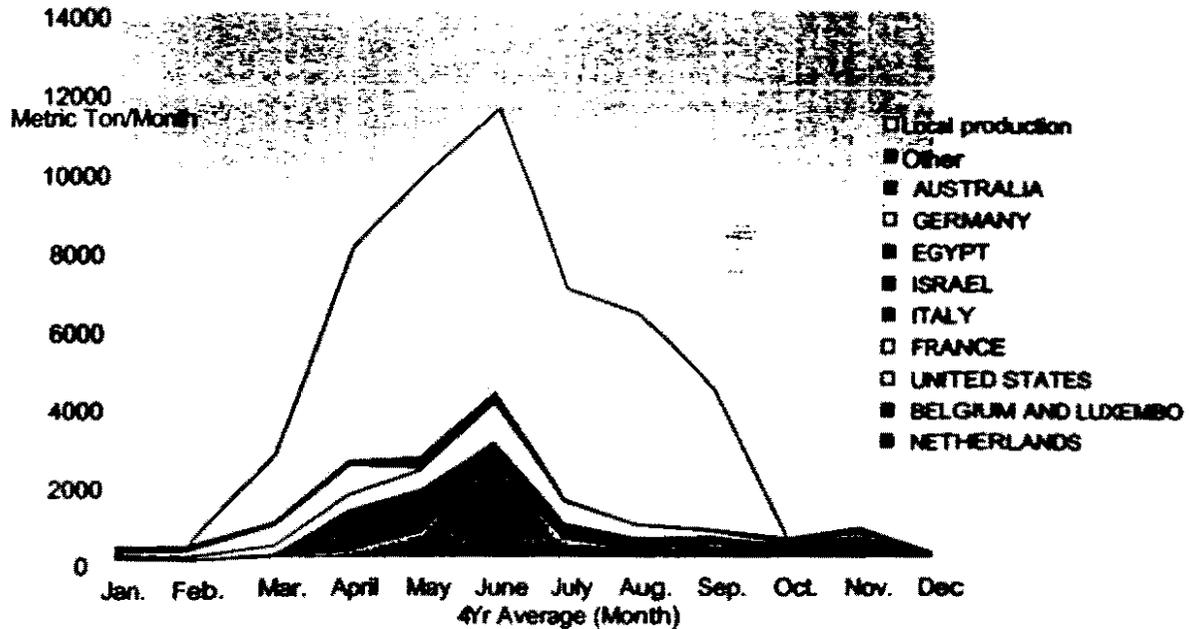
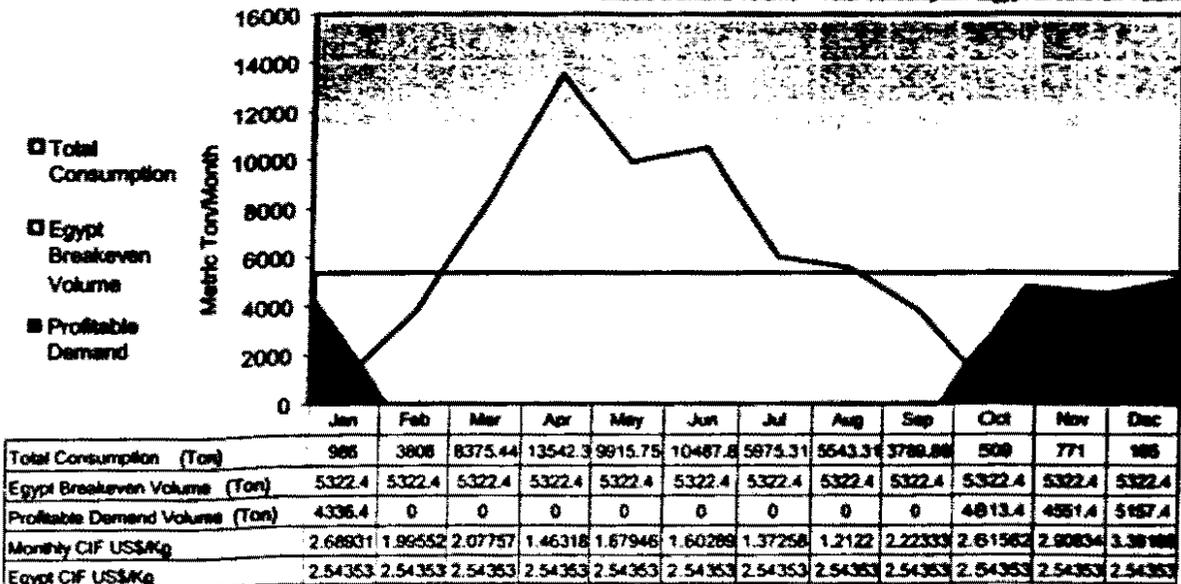


Figure 11

**UK Fresh Strawberry  
Profitable Demand Volumes for Egypt**

Total Consumption = Production + Imports - Exports - Losses - Processing  
Profitable Demand Volume = Total Consumption - Egypt Break-even Volume



Month of 1999-2001 (4Yr Average)

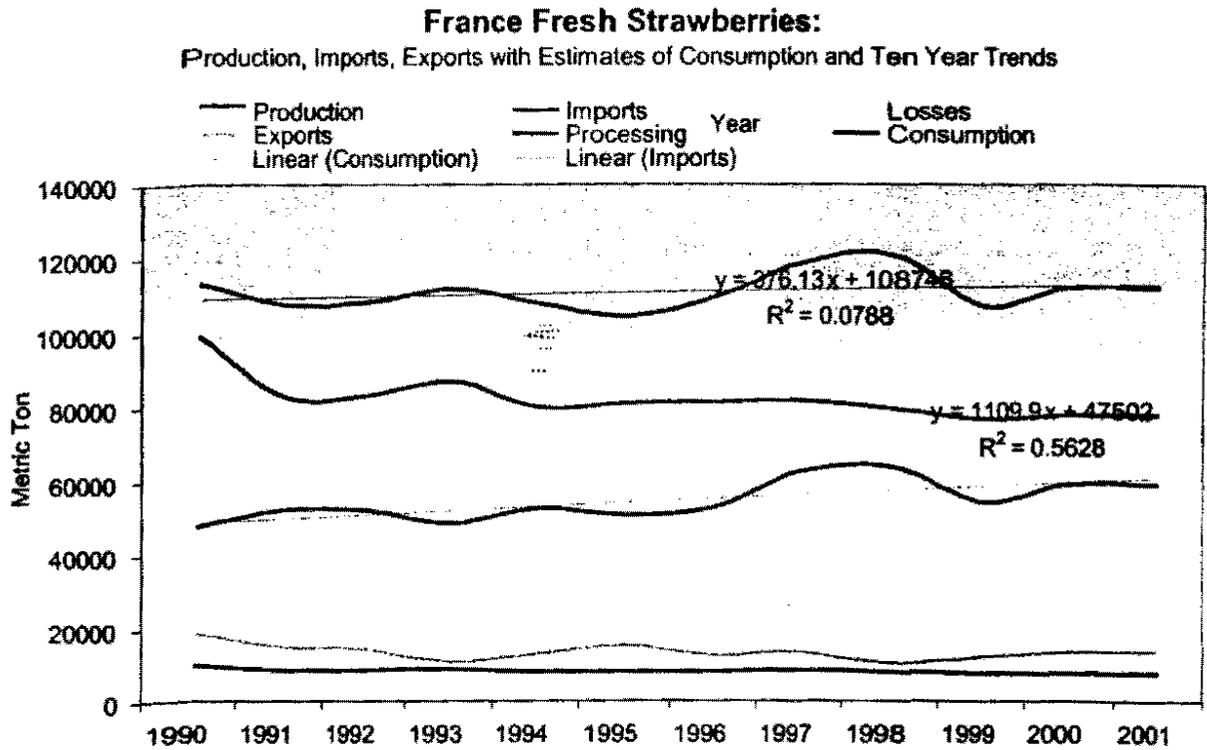
**France**

France imports are strengthening over time. From 1990, France imports increased at an average annual rate of more than 10 percent. The major non-EU suppliers are Morocco and Poland. Spain and Belgium are the main EU competitors.





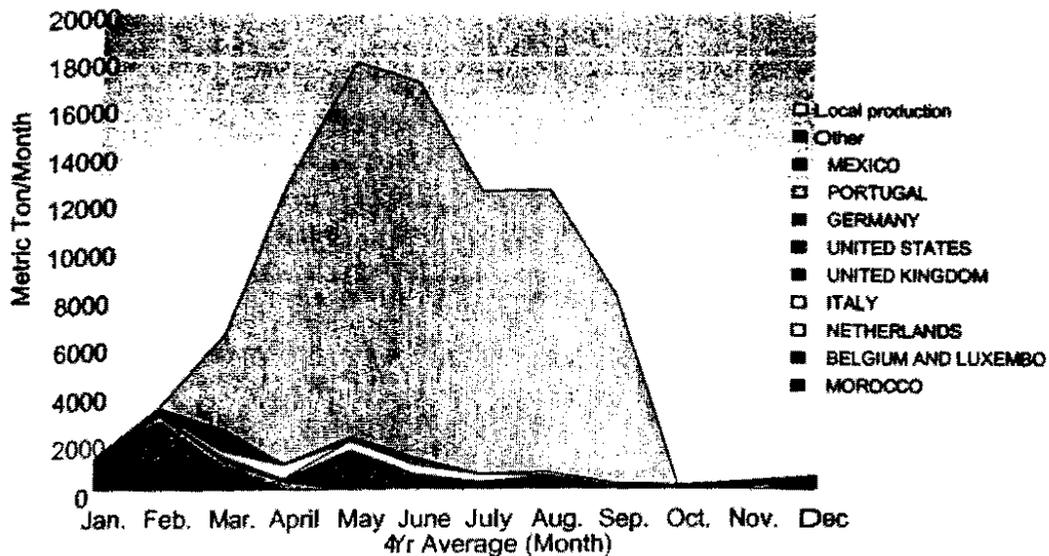
Figure 12



Profitable demand in the French market is estimated at approximately 16,000 metric tonnes per month, making it the second largest market behind Germany. The reason for the large size of the French market is mainly to the size of the French domestic production.

From March until June the French market window is closed to Egypt. Quantities supplied often exceed 15,000 metric tonnes per month during this period. The sizeable domestic market causes prices to fall during the summer months, especially during the months of April, May and June.

Figure 13 France fresh strawberries: major suppliers and Egypt's comparative position



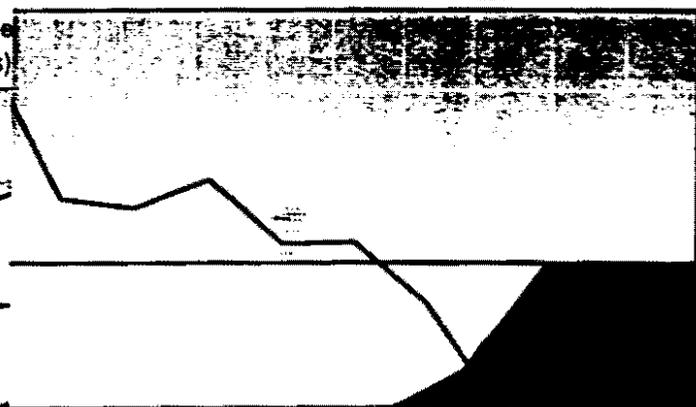
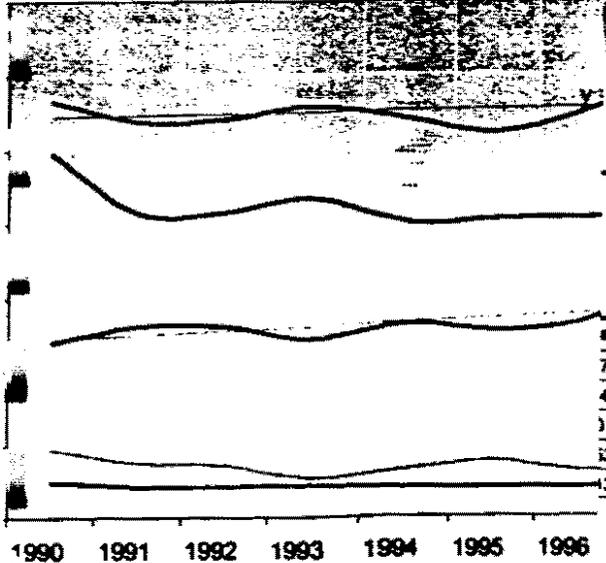


### France Fresh Strawberry Demand Volumes for Egypt

Production, Imports, Exports with Estimates of Consumption

Total Consumption = Production + Imports - Exports - Losses - Processing  
 Profitable Demand Volume = Total Consumption - Egypt Fresh Season Volume

— Production  
 — Exports  
 — Linear (Consumption)  
 — Imports  
 — Processing  
 — Linear (Imports)



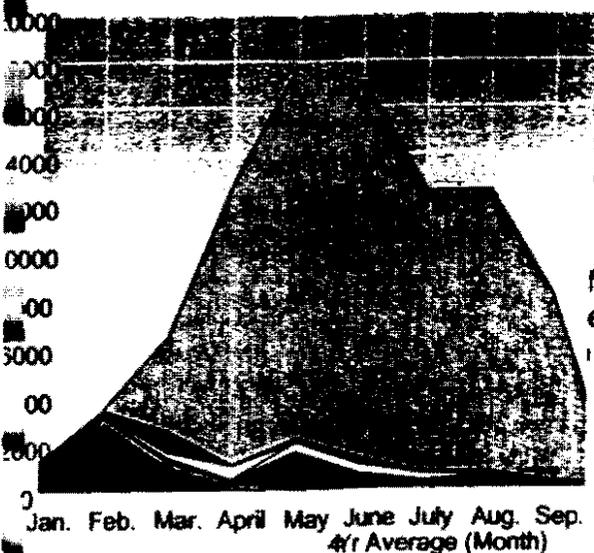
Year	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Production	73.8	13199.4	12602.2	14441.2	10429.4	10474.4	8621.82	22	74	-15
Imports	4.85	9154.85	9154.85	9154.85	9154.85	9154.85	9154.85	9154.85	9154.85	9154.85
Exports	0	0	0	0	0	0	2533.23	9132.85	9080.85	9189.85
Linear (Consumption)	1298	0.4928	0.86329	1.24208	1.47944	1.44957	14.3093	9.8578	8.414	11.0753
Linear (Imports)	1353	2.54353	2.54353	2.54353	2.54353	2.54353	2.54353	2.54353	2.54353	2.54353

Month of 1998-2001 (4Yr Average)

France totals approximately 80,000 metric tonnes. This demand in the French market is estimated at 15,000 metric tonnes per month during the off-season (making it the second largest market behind Italy). The French market is mainly to the size of the French market. Domestic supply peaks during May and June.

Until June the French market window is estimated at 15,000 metric tonnes per month during the off-season. Spain is largest supplier of strawberries to the French market, followed by Mexico, and Colombia supply portions of strawberry to the French market. The Netherlands supply other three markets.

#### France fresh strawberries: major supply position



Mexico, and Colombia supply portions of strawberry to the French market. The Netherlands supply other three markets.

Estimated at only 3,000 tonnes per month. The Egyptian supply starts in the 12th week of each year and rises to a level of competition from off-season competitors throughout the year.

fill the market window during the period of November and December. This is when the wholesale prices are the highest.

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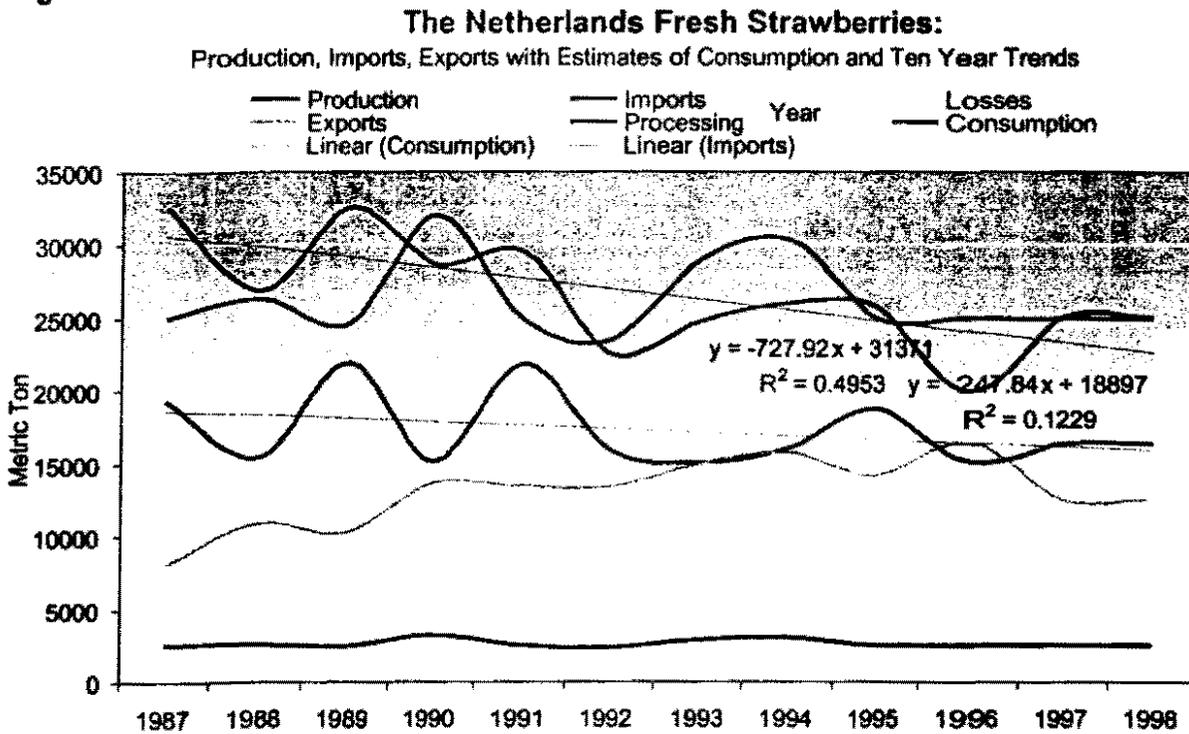




## THE NETHERLANDS

Netherlands is also dominant in its domestic market. The domestic market begins in late February and continues until July. Domestic supply peaks during May. Even though domestic supply dominates the market, there is a large off-season market that could be supplied by the Egyptian producer. Spain is the largest supplier of strawberries to the Netherlands. It competes during the first part of the Netherlands domestic production, choosing to supply in March and April. Spanish supplies tend to drop off during the peak domestic production periods. The Egyptian producer should concentrate on the market window (November – December).

Figure 15



9121 NANA ABLE COLA





Figure 16

**Netherlands Fresh Strawberry:  
Major Suppliers and Egypt Comparative Position**

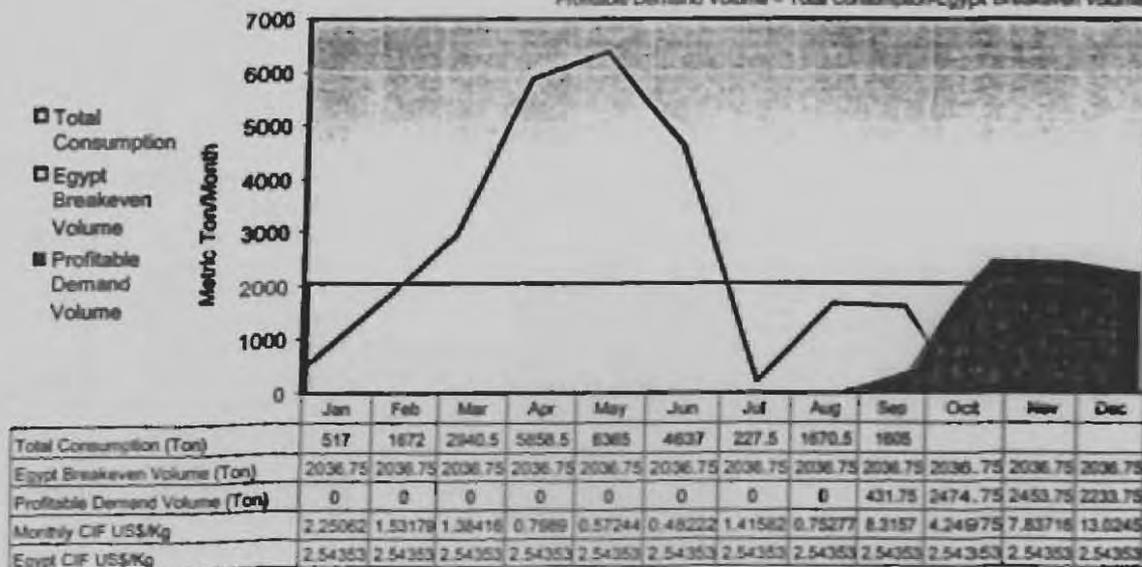


Other countries such as Poland, Morocco, and Israel supply portions of strawberry to the Netherlands market, but are dwarfed by the size of the domestic production.

Figure 17

**Netherlands Strawberry  
Profitable Demand Volumes for Egypt**

Total Consumption = Production+Imports-Exports-Losses-Processing  
Profitable Demand Volume = Total Consumption-Egypt Breakeven Volume



Month of 1995-1998 (4Yr Average)

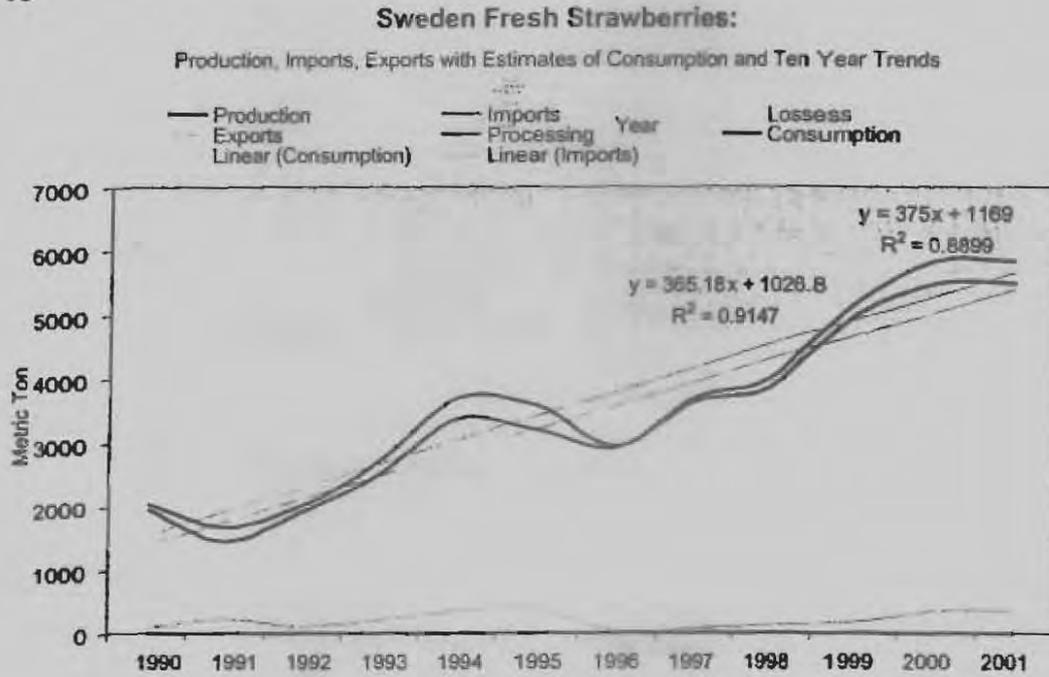




## OTHER MARKETS

Although the above markets represent the biggest markets in terms of import volumes, other markets also indicate very rapid growth that opens more and more market windows for strawberry.

Figure 18





## Table Grapes

Total grape imports in Western Europe were subjected to rapid increase over the last five years. The major importing countries in Europe and North America have become more conscious about nutrition and physical fitness. This trend has been gaining strength and is now beginning to exhibit itself strongly in the marketplace in the form of a shift in consumption in favor of fresh fruits and vegetables. There is a similar consumption trend, which has favorably affected the market for fresh produce, which is related to the link between cholesterol and heart disease. Recent research has confirmed the link, and a significant proportion of the consuming population is now shifting diet in the direction of fresh fruits and vegetables.

Table grape markets are large and growing in West European countries. The largest four markets are Germany, France, UK, and Netherlands. Germany is the largest consuming country of these four with imports amounting to 363,000 thousand tonnes in 2001, and is by far the largest importing country because domestic supply is almost nonexistent. France is the second largest importer with 135,000 tonnes followed by UK with 135 tonnes, and finally Netherlands with 117,000 in 2001. Total imports of table grape for the four markets amounted for 783,000 Tonnes (91% of total EU grape imports in 2001).

Data indicate that grape import trends in Europe are strengthening over time. This dramatic recent expansion in grape imports into Europe is very clear.

### GERMANY

The surge in grape imports by Germany is striking and has experienced significant growth during the period from 1990-2001. Germany experienced an annual increase in grape imports during that period amounting to 15,500 tonnes. This clearly indicates that the German market has limited production capacities and a strong growing demand with resultant positive import trends. The market is still unsaturated and open for serious off-season suppliers.

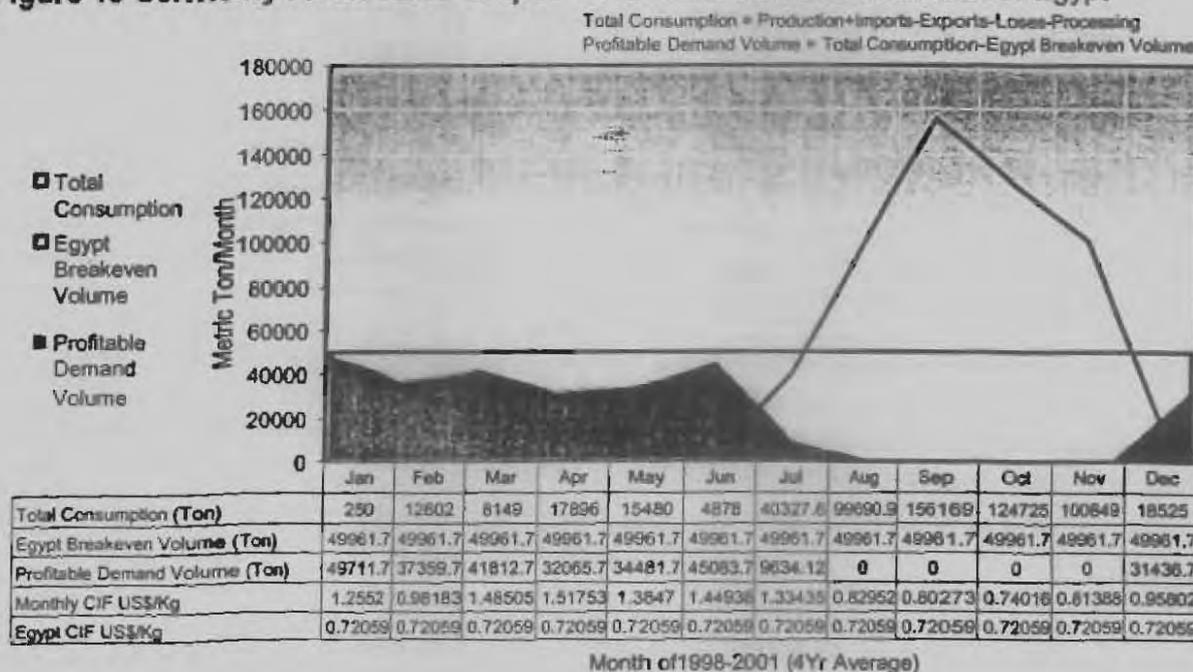
Total grape supply in the German market is concentrated in the period from July until November. German domestic supplies do not affect the German market. The absence of a domestic supply allows the wholesale price to remain above the break-even price for almost the whole year. The German profitable demand is drawn at roughly 50,000 tonnes per month. During the 7 – 8 months when the market window is open to Egypt, this would imply a total profitable demand of roughly 400,000 metric tonnes. During the months before the window closes in August and months after it reopens in November competitors are already meeting 25% of the profitable demand. This leaves the overall depth of the window at over 300,000 tonnes per year. Improved Egyptian quality with the same growing conditions and technologies permits Egypt to increase supplies to the German market by approximately 177,000 tonnes during May and June. Italy, Greece and Spain supply most of the grapes to the German market. Italian supplies enter first into the market in June with small supplies and then as the Italian season comes into full swing by September supply rises to over 60,000 tonnes per month. During the Italian peak in October, Italian supplies can reach 70,000 tonnes per month. Italian supplies trail off abruptly in late October, but continue into November. Greek supplies appear in the German market during the same market period as Italy. Greek supplies begin in July and peak in October. Spain is the third largest supplier in the German market. Spanish supplies avoid much of the saturated market period of September and October. Spain supplies enter in the market in July and August, decrease





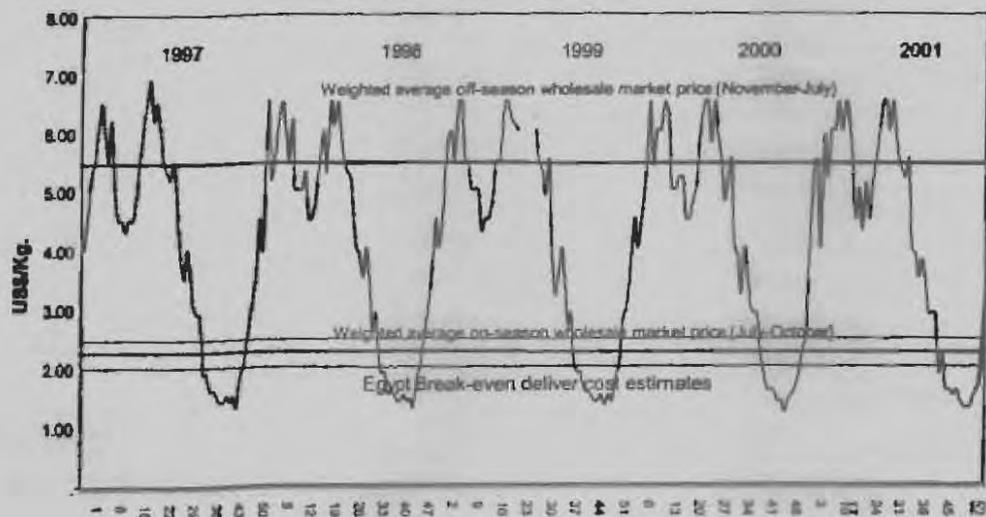
rapidly and then enter the market again in November. Chile and South Africa are the largest suppliers in the off-season. Chile begins to supply the market during the month of January and continues to supply up to 1000 tonnes per month until April. Egypt should try to supply the French market during the same period. South Africa supplies the German market during the same period as Chile.

**Figure 19 Germany Fresh Table Grapes – Profitable Demand Volumes for Egypt**



The lack of domestic supplies also opens the market to competitor countries, but there is still a good off-season market potential in Germany. Prices in the German market, as in other EU markets, are very attractive to Egyptian exporters. Wholesale prices never drop below Egyptian break-even prices during Egyptian market windows as shown in the following graph.

**Figure 20 Weekly Wholesale Market Prices of Thompson Seedless Grapes in the German Market (1997-2001) - Class A**





**FRANCE**

The French grape import trend has experienced significant growth during 1990 –2001 with an annual increase in grape imports during that period amounting to 7,500 tonnes. This clearly indicates that the French market has limited production capacities and a strong growing demand with resultant positive import trends. The market is still unsaturated and open for serious off-season suppliers.

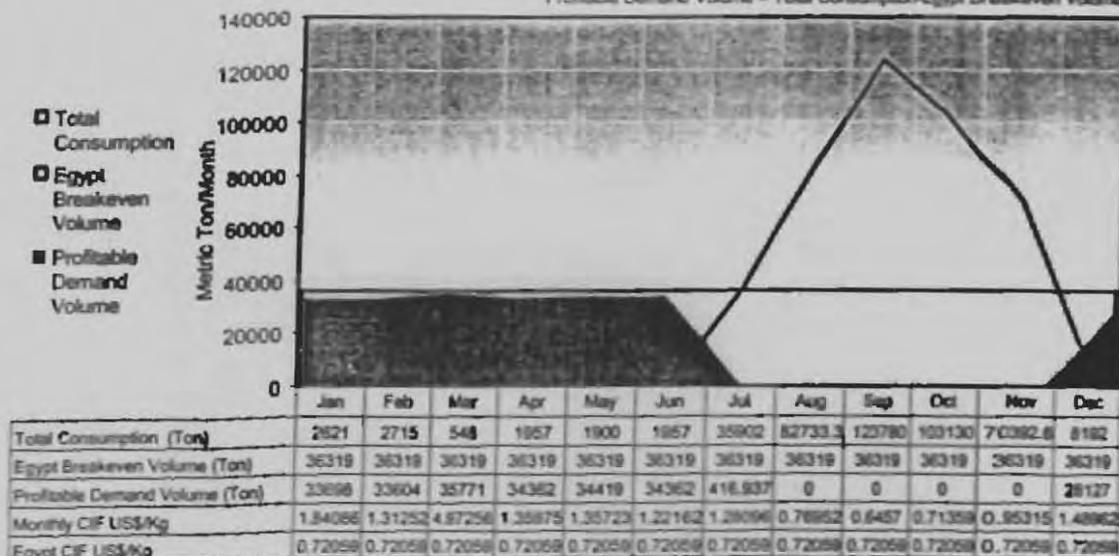
Total grape supply in France is concentrated in the period July until November. French domestic production from Southern France can begin earlier in small volumes. The French profitable demand is drawn at roughly 29,000 tonnes per month. During the 7 – 8 months when the market window is open to Egypt, this would imply a total profitable demand of roughly 232,000 metric tonnes. During the months before the window closes in August, and months after it reopens in November competitors are already meeting one-eighth of the profitable demand. This leaves the overall depth of the window at over 203,000 tonnes per year.

Improved Egyptian quality with the same growing conditions and technologies permit Egypt to increase supplies to the French market by approximately 56,000 tonnes during May and June. Italy and Spain supply most of the grapes to the French market. Italian supplies enter first into the market in June with small supplies and then as the Italian season comes into full swing by September supply rises to over 30,000 tonnes per month. During the Italian peak in October, Italian supplies can reach 40,000 tonnes per month. Italian supplies trail off abruptly in late October, but continue into November. Chile and South Africa are the largest suppliers in the off-season. Chile begins to supply the market during the month of January and continues to supply up to 1000 tonnes per month until April. Egypt should try to supply the French market during the same period. South Africa supplies the French market during the same period as Chile.

**Figure 21**

**France Fresh Table Grape  
Profitable Demand Volumes for Egypt**

Total Consumption = Production+Imports-Exports-Losses-Processing  
Profitable Demand Volume = Total Consumption-Egypt Breakeven Volume



Month of 1995-1998 (4Yr Average)





## THE NETHERLANDS

The Netherlands grape import trend has experienced significant growth from 1998 – 2001 with an annual increase in grape imports during that period amounting to 9,160 tonnes. This clearly indicates that the Netherlands market has limited production capacities and a strong growing demand with resultant positive import trends. The market is still unsaturated and open for serious off-season suppliers.

Figure 22 Netherlands Table Grapes

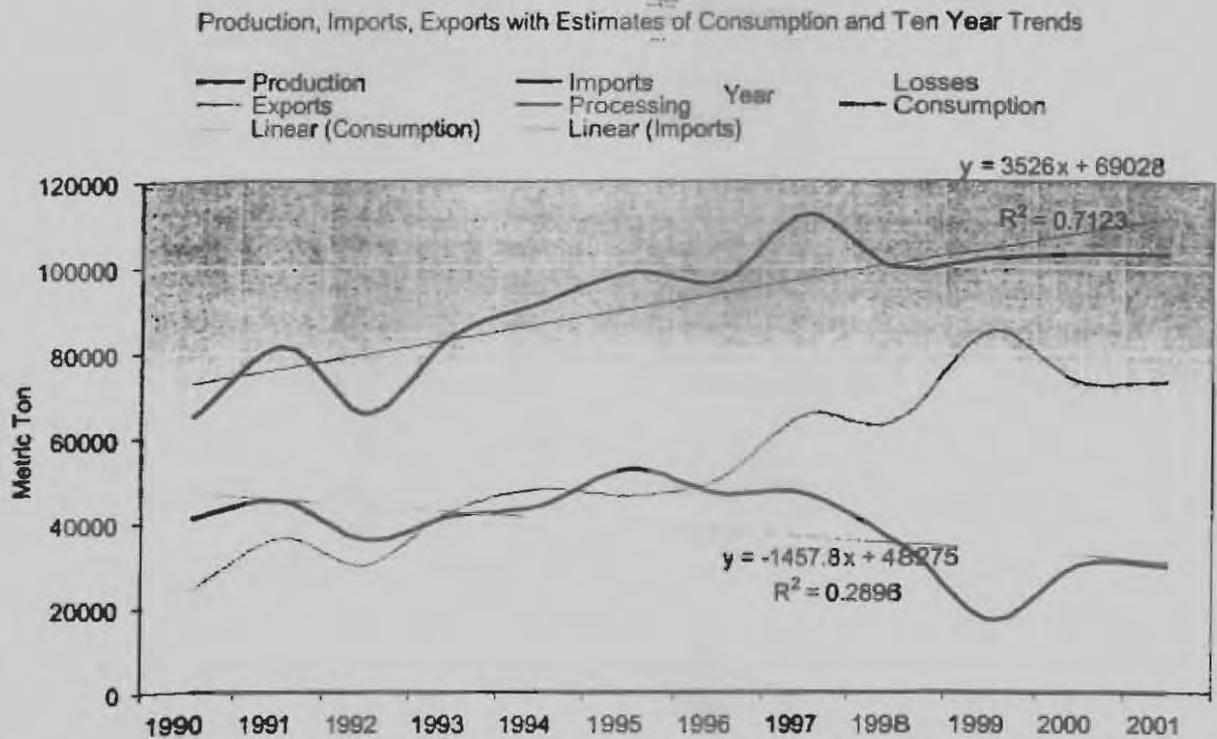
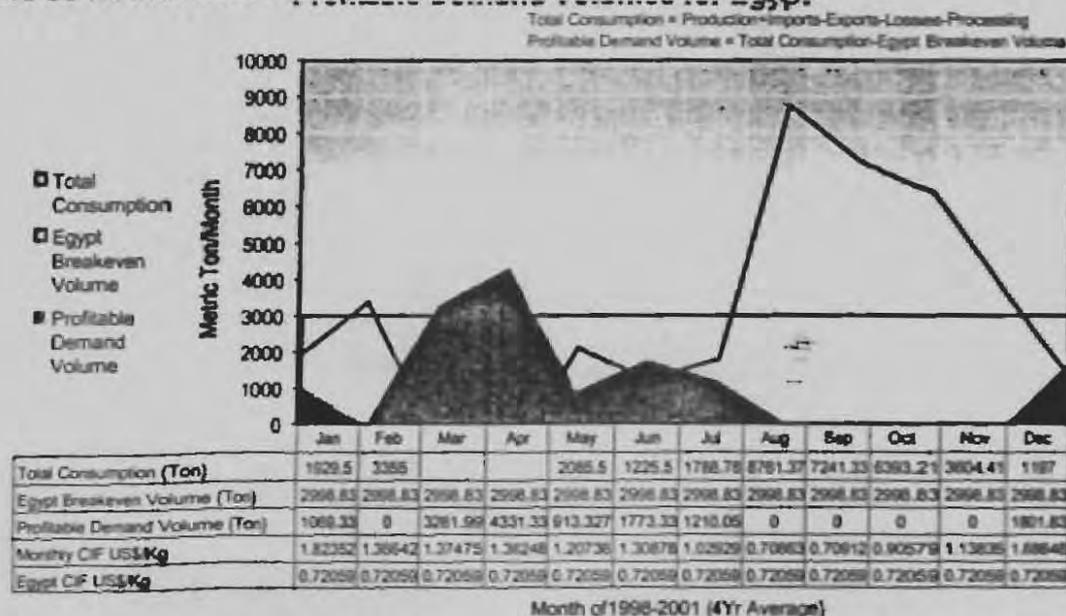




Figure 23 Netherlands Grapes – Profitable Demand for Egypt



The Netherlands market has consistent levels of supply. There are several countries that provide a significant amount of grapes during the off-season. This creates a more competitive atmosphere for the Egyptian exporters. Chile, Italy and Greece are the largest suppliers to the Netherlands market. It appears that Chile supplies the market heavily year round, which is technically impossible.

While the Netherlands looks like a large importer, that is partly due to the importance of Rotterdam as a major port for incoming fresh produce destined for the rest of Western Europe. Netherlands profitable demand is drawn at roughly 20,000 tonnes per month. During the May and June months when the market window is open to Egypt, this would imply a total profitable demand of roughly 8,000 metric tonnes. Chile, Italy and Greece supply most of the grapes to the Netherlands market.

## THE UNITED KINGDOM

The U.K. grape import trend has experienced significant growth from 1998-2001 with an annual increase in grape imports during that period amounting to 2,300 tonnes. This clearly indicates that the U.K. market has limited production capacities and a strong growing demand with resultant positive import trends. The market is still unsaturated and open for serious off-season suppliers.

The April, May and June window for Egyptian grape in the UK market is very clear. The gap between off-season supplies and on-season period in the UK market opens an excellent situation for Egyptian grape in the UK market.

Total grape supply in the UK market is concentrated in two periods. Italian supplies dominate the period July until November. Chile and South Africa dominate the off-season period. The UK profitable demand is drawn at roughly 32,000 tonnes per month. During the four months when the market window is open to Egypt, this would imply a total profitable demand of roughly 128,000 metric tonnes. Competitors are already meeting roughly 100,000 tonnes of the profitable demand. This leaves the overall depth of the window at over 16,000 tonnes per year. Italy, Greece and Spain supply most of the grapes to the UK market. Italian supplies enter first



into the market in July with small supplies and then as the Italian season comes, by October supply rises to over 4,000 tonnes per month. During the Italian peak Italian supplies can reach 6,000 tonnes per month. Italian supplies trail off after October, but continue into November. Greek supplies appear in the German market same market period as Italy. Greek supplies begin in July and peak in October. Spain is the third largest EU supplier in the UK market. Spanish supplies avoid much of the market period of September and October. Spain supplies enter in the market in July, August, decrease rapidly and then enter the market again in November. Chile and South Africa are significant suppliers in the typical off-season period. They often supply over 1,000 MT/Month from February to May. The lack of domestic supplies also opens the market to competitor countries, but there is still a good off-season market potential in Germany.

**Figure 24**

**UK Fresh Table Grapes:**  
Major Suppliers and Egypt Comparative Position

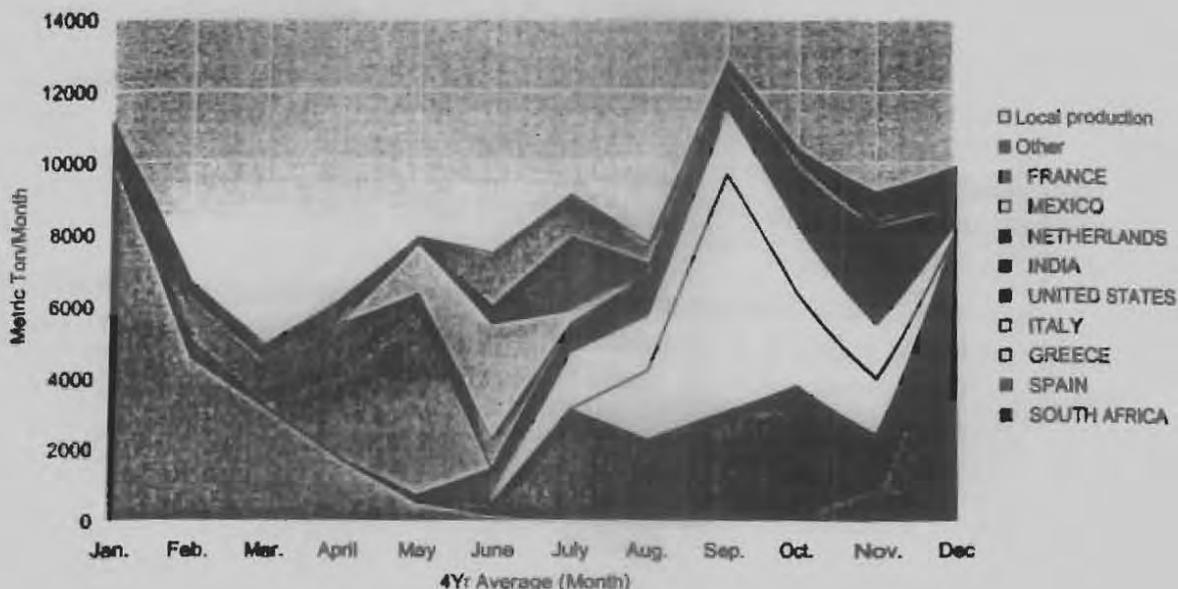
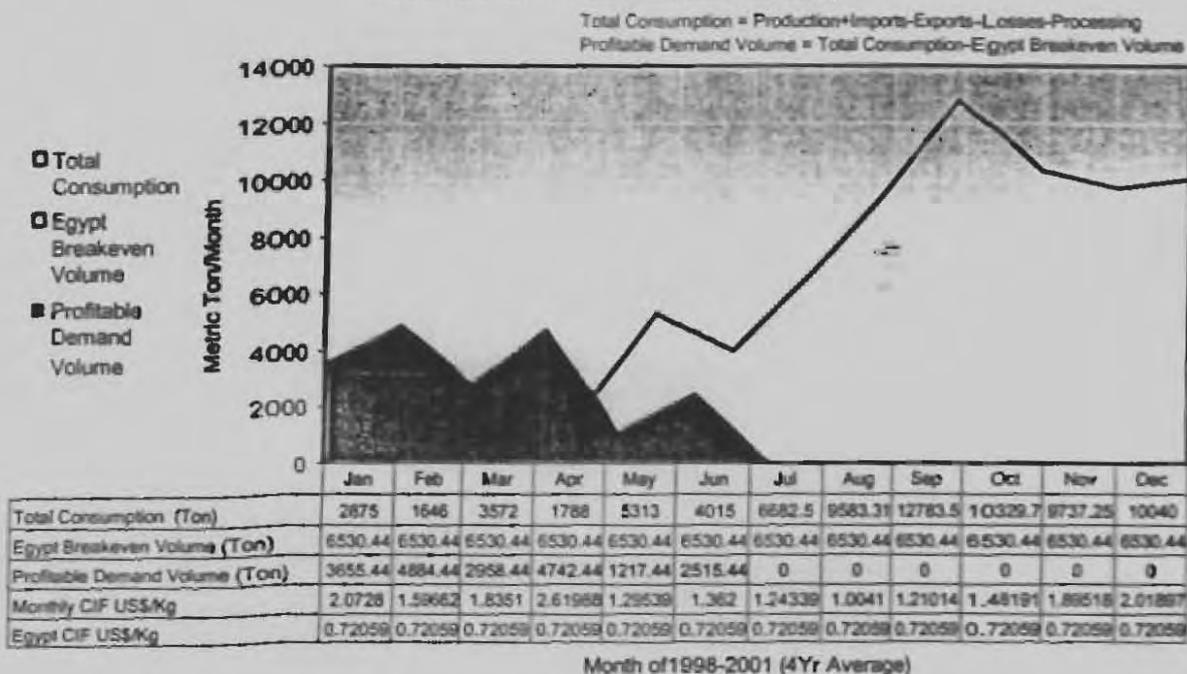




Figure 25

### UK Fresh Table Grape Profitable Demand Volumes for Egypt



### BELGIUM & LUXEMBOURG

In addition to the above major markets in the EU, other members, although smaller in size, showed very rapid growth in import demand for table grapes; among those are Belgium & Luxembourg as shown below.

Figure 26

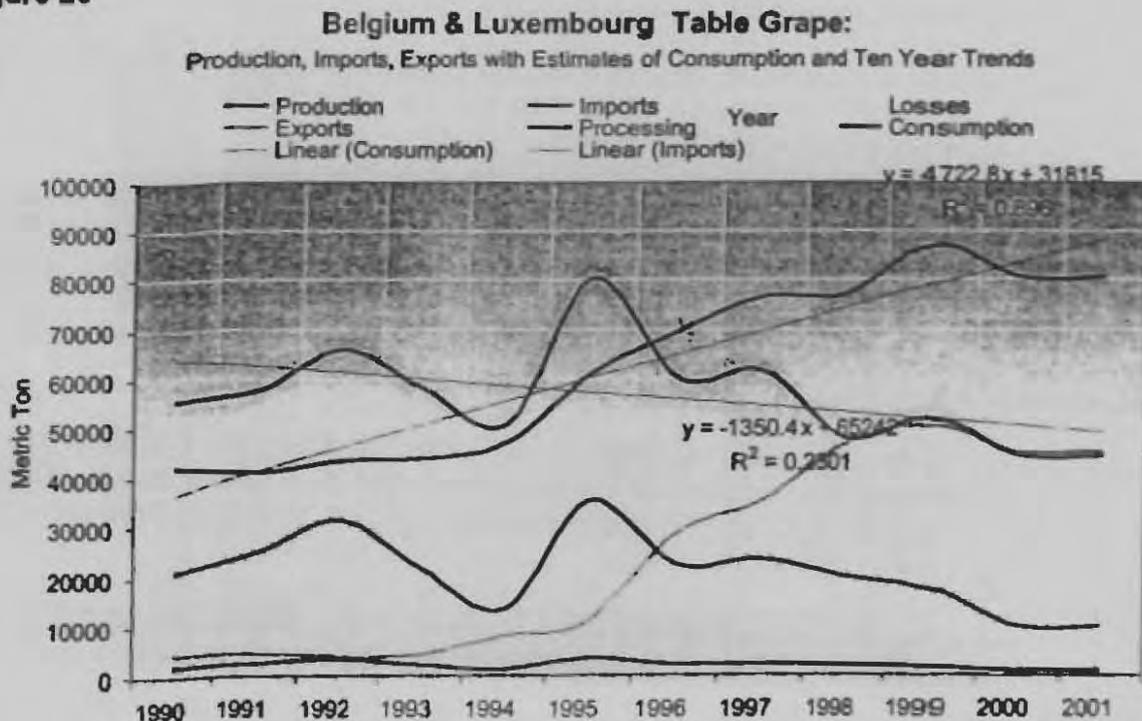
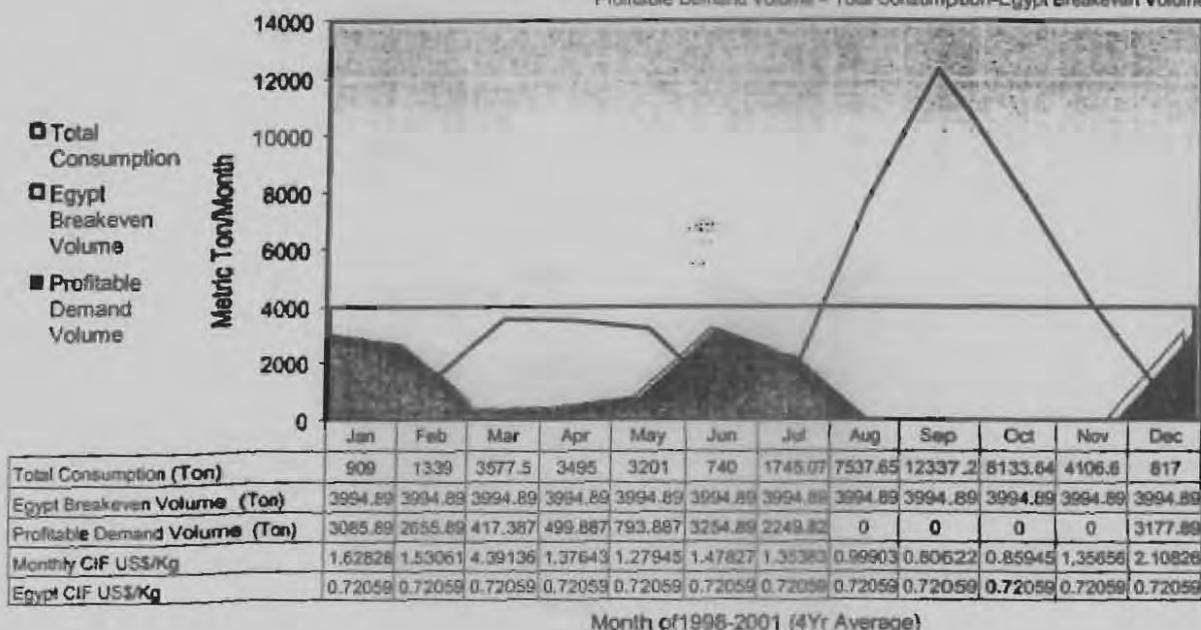




Figure 27

### Belgium & Luxembourg Fresh Table Grape Profitable Demand Volumes for Egypt

Total Consumption = Production+Imports-Exports-Losses-Processing  
Profitable Demand Volume = Total Consumption-Egypt Breakeven Volume



### Green Beans

The two largest EU bean-importing countries are Netherlands and France, each importing 25 thousand tonnes to 35 thousand tonnes imported per year. France is a major market but prices until recently were significantly lower. While the Netherlands is a major market for beans, much of the imports are re-exported to other European countries, especially Germany. The UK is a smaller but highly profitable market.

Netherlands imports amounted to 24% of total EU green bean imports in 2001. France, Germany and UK imports amounted to 23%, 12% and 7% respectively. The three countries absorb more than two thirds of total EU imports.

The major intra-EU suppliers are Spain, Netherlands and France in that order. EU production is concentrated from June through August. Kenya, Egypt, Senegal and Burkina Faso are the major non-EU suppliers. Morocco has become a more important supplier in recent years. Kenya ships throughout the year, with major concentrations in December – February and May – June. Egyptian exports also tend to be concentrated in December – February and April – May.

Burkina Faso and Senegal also compete in the winter market. All suppliers are using airfreight at the present time because of the extremely short shelf life of beans. Controlled atmosphere transport is technically and commercially feasible and could reduce Egyptian delivered costs significantly.

Egypt can deliver beans cheaper than any of these competitors. While their production costs are competitive, Egypt has an advantage over Kenya, Senegal and Burkina Faso because its transport costs are lower. The Canary Islands has low freight costs, but their costs of





production are higher. The United States produces a lot of high quality green beans, but high production and transport costs make it uncompetitive in the EU market.

The following sections include detailed analysis and information on marketing beans in EU countries, with most analysis focusing on the four largest importing countries (Germany, UK, France and Netherlands). Imports by the four major importing countries (including intra-EU trade) have been quite stable at about 80,000 tonnes per year during the period 1998 to 2001. Dutch imports declined in 2000, and French imports have been quite stable, with a slight decrease in 2000.

Egyptian green bean export prices are generally about one half of the prices paid for "fine" beans. Those low prices are the result of the thickness of diameter of the "bobby bean" and due to low product quality caused by improper production and post-harvest handling, especially the absence of fast cooling.

The present analysis focuses exclusively on "fine" fresh beans, since consumers, and therefore processors pay a significantly lower price for bobby beans. The prices and potential profit margins for fresh "fine" beans in European countries are high, especially during the off-season. With appropriate production and post-harvest technology, Egyptian growers could supply these markets during the highest price periods.

Fresh green beans are delicate and perishable. The product must be finally packed and fast cooled immediately (within 1 – 2 hours) after harvest. Beans have the highest rate of respiration of any vegetable, meaning they quickly lose moisture if not kept at low temperature in a high humidity atmosphere.

European consumers will only accept straight and tender beans with low fiber content. Thus, immediately after harvest the product should be moved to a nearby packing and hydro cooling facility, where the heat can be removed from the product within minutes after harvesting. Hydro cooling is a method of cooling products fast (fast cooling) that are subject to rapid quality deterioration due to loss of moisture. The product is drenched in ice-cold water until the pulp temperature reaches 0 degrees centigrade. The product should be kept at just above 0 degrees centigrade with over 90 percent relative humidity throughout the transportation and marketing process.

German market prices are near or below the break-even line in the on-season from June through September. The prime market window for Egypt is December – May. Based on 2002 prices, the profit potential for Egyptian exporters would range from about \$1.00 to \$2.50 per kilo during that period.

Profits are low to negative during June-August. The best profit margin for Germany appears to be in February, March and May, when profits are often above \$2.00/Kg.

The UK market, while a small market for beans, has good profit potential during the entire year. The shaded area never falls below the black breakeven price line, indicating that profits may be realized during the whole year. However, the Egyptian producer should concentrate on the February – April period when profits would be about \$3.00 per kilo.

During March and early April the wholesale price is about \$6.00/Kg. Potential Egyptian profits are about \$3.00 per kilo during that period. During the rest of the year, profit potentials in the UK market range from less than \$1.00 to \$2.00.





The French wholesale prices are somewhat lower than in the UK market. Wholesale price drops below the break-even price in May – June and again in August. Egyptian exporters can make their best profits in March and in October. Potential profits would range from \$1.00 to \$2.00 per kilo.

The most attractive market window for Egypt in the French market is in the month of March, with profit potential of about \$2.00 per kilo. Profit potentials are also reasonably good in October – November. Egyptian exporters should avoid the May – September period.

The Netherlands wholesale prices are even lower than in the French market and are very stable throughout the year. There is no highly attractive market window. Profit potentials are about \$1.00 per kilo throughout the year.

The Netherlands market presents marginal opportunities for the Egyptian exporter. Prices remain low but stable throughout the year. Profits range from about \$.75 to \$1.50 per kilo.

European consumers will pay very high prices for fresh, pencil thin or smaller, succulent, straight and tender green beans, a very different product from the one traditionally exported from Egypt. To satisfy that demand, European distributors prefer what are called "fine" or "extra fine" beans. In order to deliver the quality demanded at highly profitable prices, growers must plant the appropriate varieties, use proper cultural practices, harvest carefully, fast cool the product within less than one hour of harvest and make sure the product is kept at optimum temperature and humidity until it reaches the supermarket shelf in Europe. Egypt appears to have the growing conditions needed to produce the higher priced beans. Given its proximity to Europe, and mild winter climate, fresh "fine" green beans should be a highly profitable export crop. Since transportation costs represent a significant percentage (up to 75%) of the delivered cost of fresh produce, Egypt has a significant comparative advantage over more distant producers such as Kenya, Burkina Faso and Senegal.

Egypt lies in the most flexible possible climatic position. With appropriate production technologies and varieties, Egypt should be able to produce for selected off-season markets and compete favorably in the front edge of the on-season as well.

## GERMANY

German bean imports increased in 1998 and then fell below pre-1995 levels in 2001. The major suppliers are Italy, Netherlands and Spain. Kenya is the major supplier from outside the EU. Imports from Italy, Netherlands and Spain have been declining due to rising labor costs. Bean production is quite labor intensive

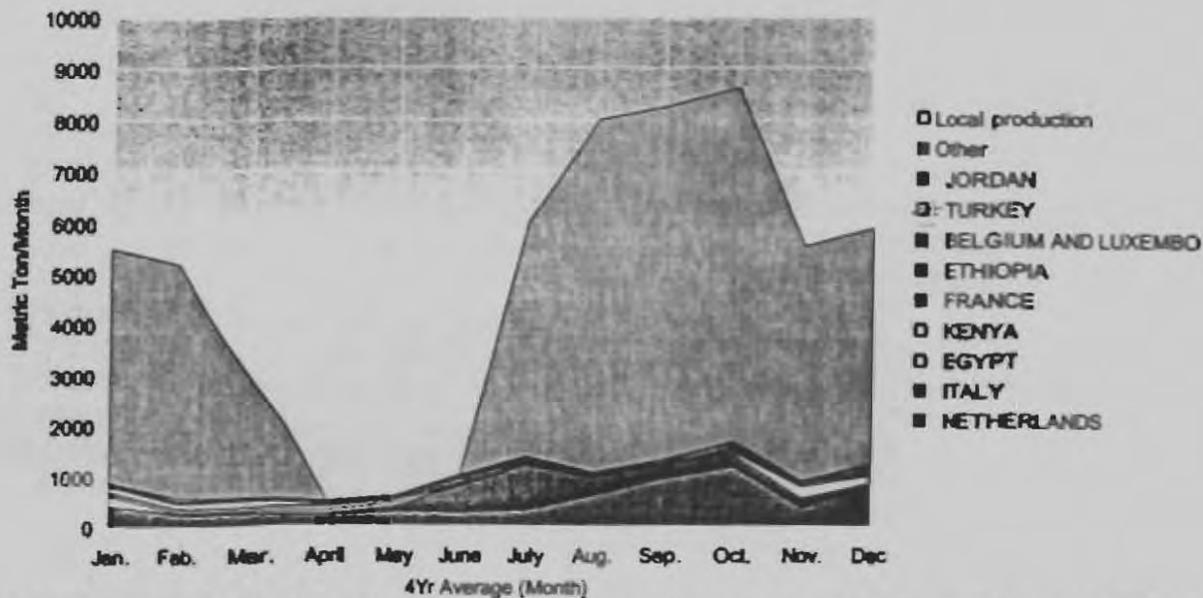
The German Profitable Demand line is roughly 6000 metric tonnes per month. The peak import level, in June, indicates that German consumers have already demonstrated a willingness to purchase that quantity of imported beans at a price that would be profitable for the Egyptian exporter. During the nine months when the market window is open to Egypt, this would imply a total profitable demand of roughly 54,000 metric tonnes.





Figure 28

**Germany Green Beans:**  
Major Suppliers and Egypt Comparative Position

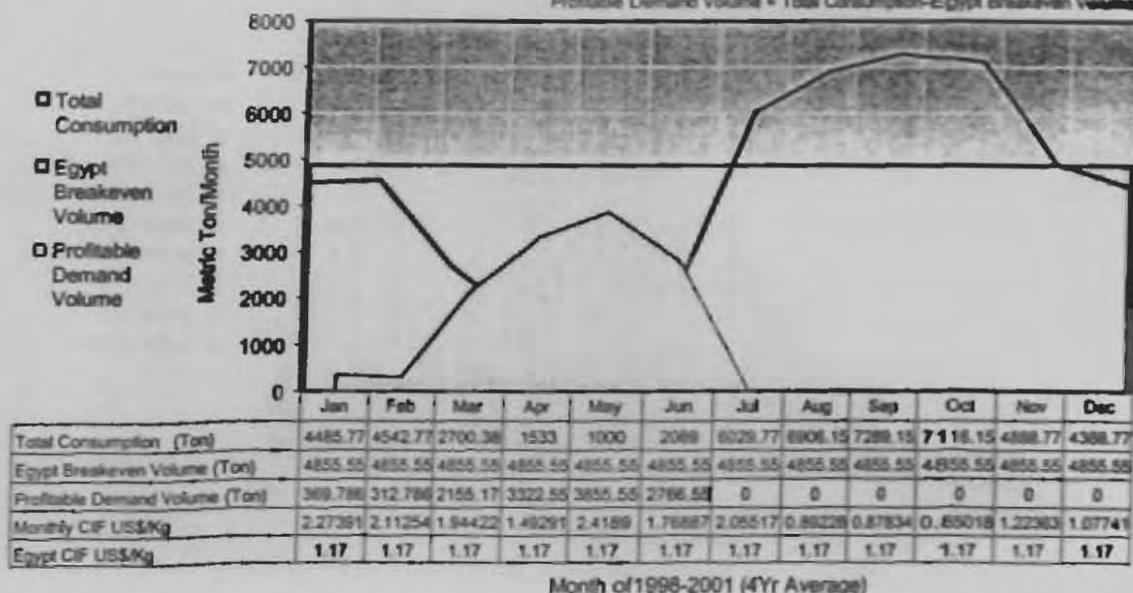


A large portion of that profitable demand is already being met by competitors and leaves for Egypt around 4,700 tonnes. A review of similar data for 1990 – 2001 indicated the overall shape of the weekly supply line varies little from year to year. Spain and Italy supply most of the beans to the German market. Spanish and Italian supplies enter the market in late May and peak in June, with a second smaller peak in November. They supply over 2000 MT per month during the peak month. German domestic production enters into the market much later and usually peaks in August. German imports from non-EU countries are quite low.

Figure 29

**Germany Green Beans**  
Profitable Demand Volumes for Egypt

Total Consumption = Production+Imports-Exports-Losses-Processing  
Profitable Demand Volume = Total Consumption-Egypt Breakeven Volume





## FRANCE

French bean imports decreased by about 8000 tonnes since 1989. Most of that decrease came at the expense of other EU suppliers, especially Germany and Netherlands. Non-EU imports have remained fairly constant, led by Morocco, Kenya and Burkina Faso. Egypt has not been a major competitor in France because the market is primarily for "fine" beans.

Profitable demand in the French market is estimated at approximately 2,500 metric tonnes per month, making it the second largest market behind Germany. The total unsatisfied annual demand during the nine months when the market is under supplied is 22,500 tonnes. As in all EU markets, the period from June through August is unprofitable for Egypt.

A large portion of the profitable demand is already being supplied and leaves around 9,500 tonnes. Nevertheless, Egypt's lower delivered cost provides the exporter with assurance that he will have a profitable market. Domestically produced beans dominate the market in September when market supplies are large and prices are at their lowest. Imports are concentrated in April - June. As noted earlier, France is not a particularly attractive market for Egypt. Supplies are large the entire period from April through August and prices are low throughout the year, relative to other EU countries.

Spain and Italy are major intra-EU suppliers with significant shipments in April - July and somewhat smaller quantities in October - December. The major non-EU suppliers during that same period are Morocco and Kenya. During the off-season, from December through February, Burkina Faso and Senegal are major suppliers. Egypt ships small quantities in November - December.

Figure 30

France Green Beans:  
Major Suppliers and Egypt Comparative Position

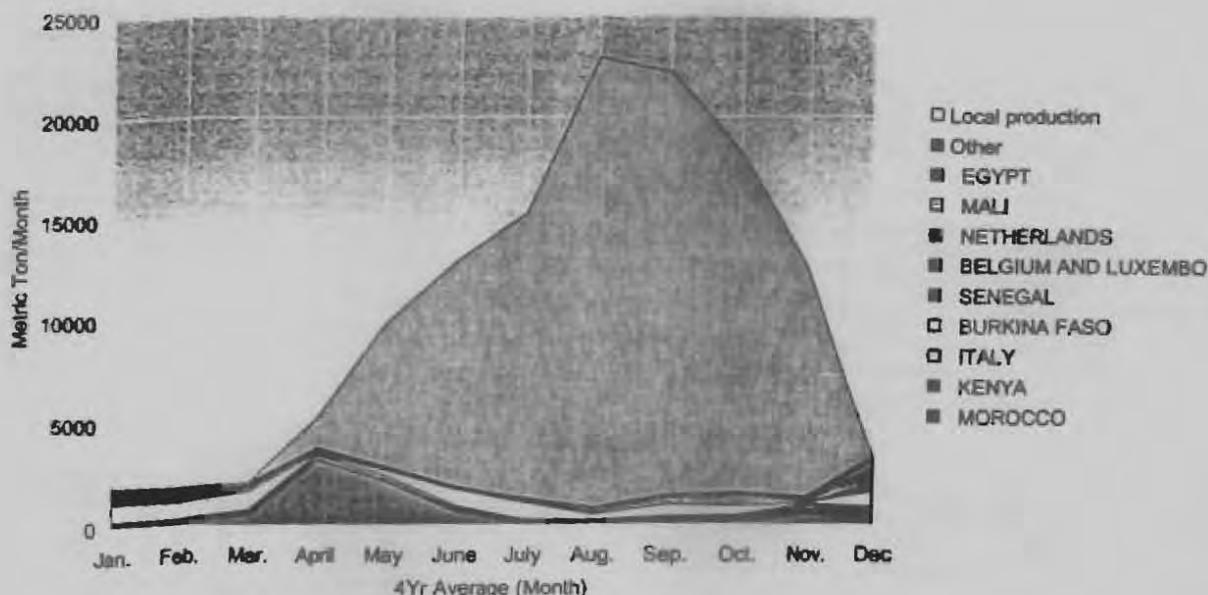
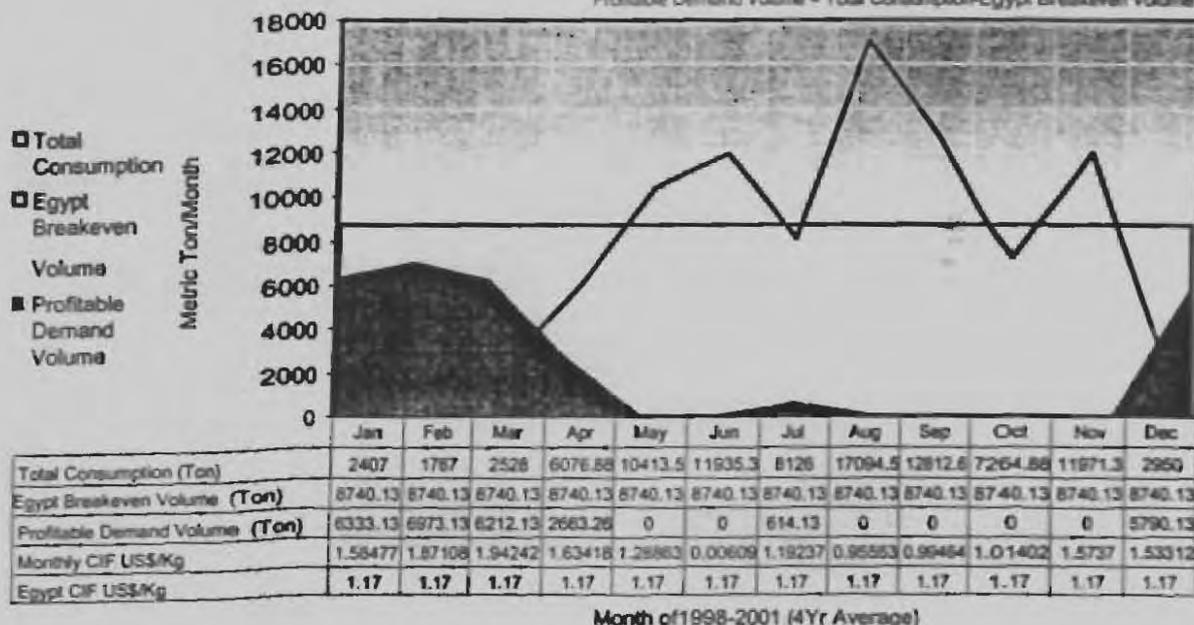




Figure 31

### France Green Beans Profitable Demand Volumes for Egypt

Total Consumption = Production+Imports-Exports-Losses-Processing  
Profitable Demand Volume = Total Consumption-Egypt Breakeven Volume



Month of 1998-2001 (4Yr Average)

## UNITED KINGDOM

UK bean imports were up from 1990 to 2001, slightly declining in 1993. Kenya is the dominant supplier, followed by Spain, Netherlands and Zimbabwe. Again, Egypt has not been a major supplier because UK consumers prefer "fine" beans and other varieties not currently produced in Egypt.

The UK market is the smallest of the four countries analyzed. Profitable demand is estimated at 800 tonnes per month. During the nine-month market window total profitable demand would be 7,200 tonnes.





Figure 32

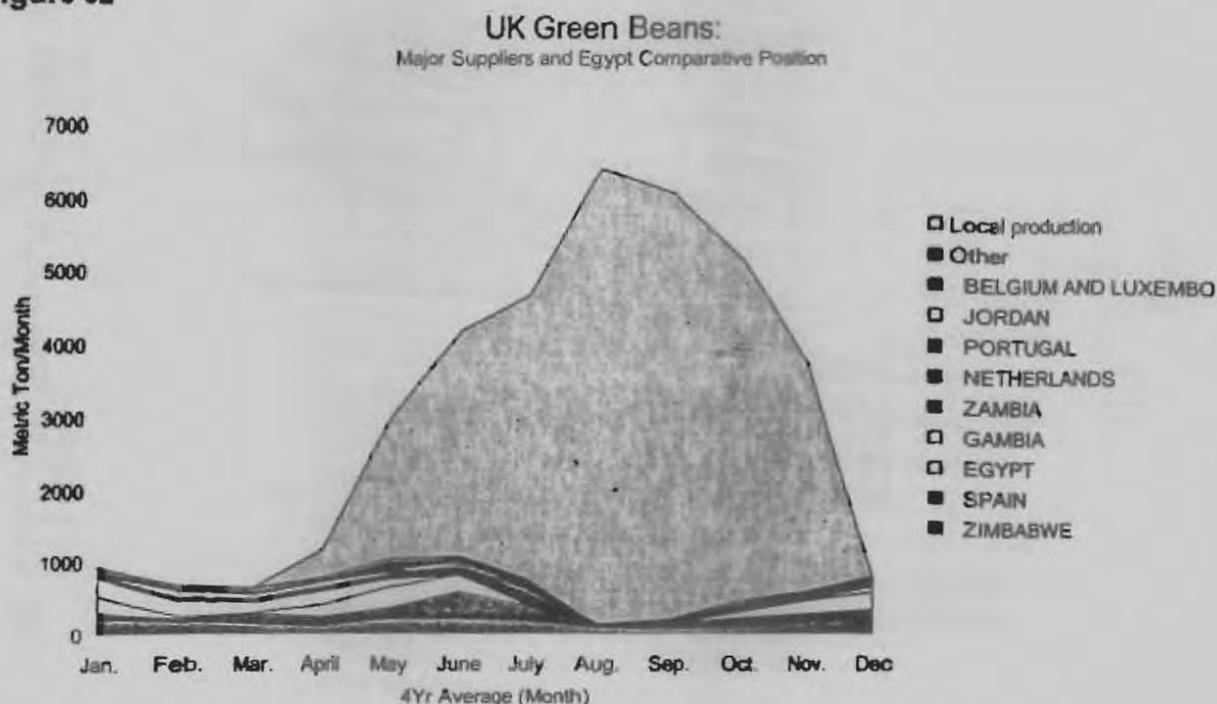
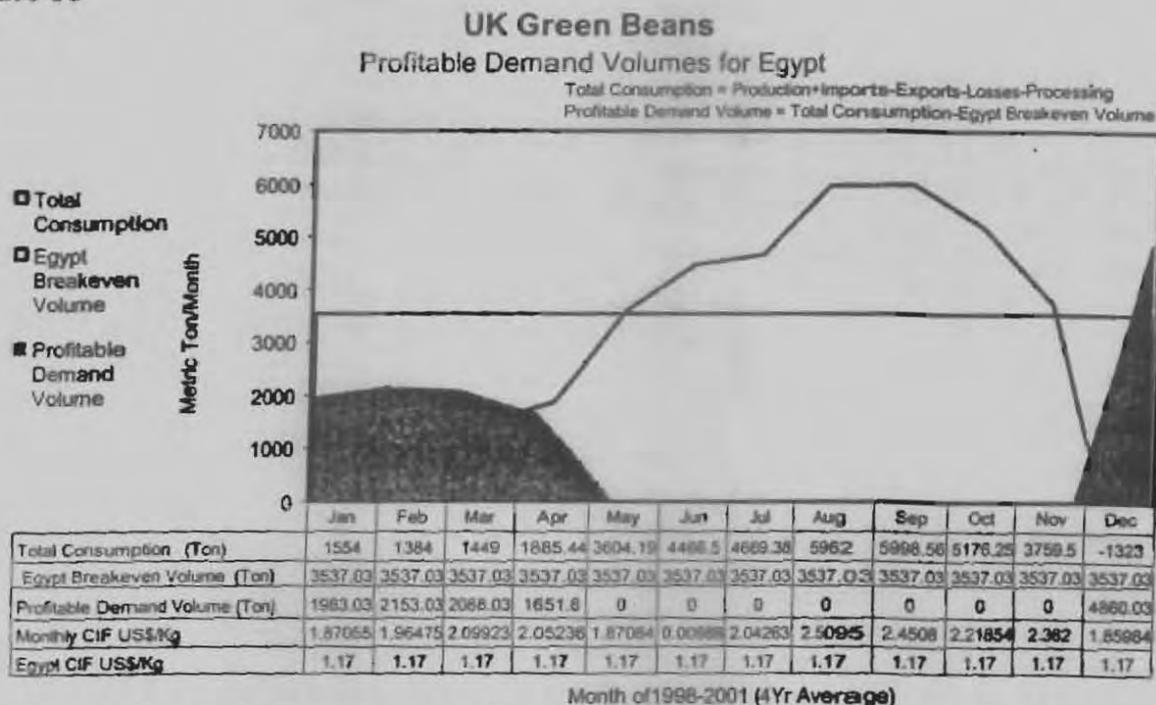


Figure 33



As indicated earlier, prices are higher in the UK market than other countries, so potential profits are higher. This suggests that Egyptian exporters should concentrate on satisfying the 200 to 400 tonnes per month, which is not being supplied by competitors.

Several countries provide significant amounts of beans during the off-season. This creates a more competitive atmosphere for the Egyptian producer. The UK has a relatively large domestic production of beans, but only plays a strong part in the market during May and June. Kenya is the largest supplier, followed by Spain and Netherlands. It is possible that at





least parts of the Dutch exports to the UK in February – April are transshipments of Egyptian beans, since Dutch companies often engage in re-export.

## THE NETHERLANDS

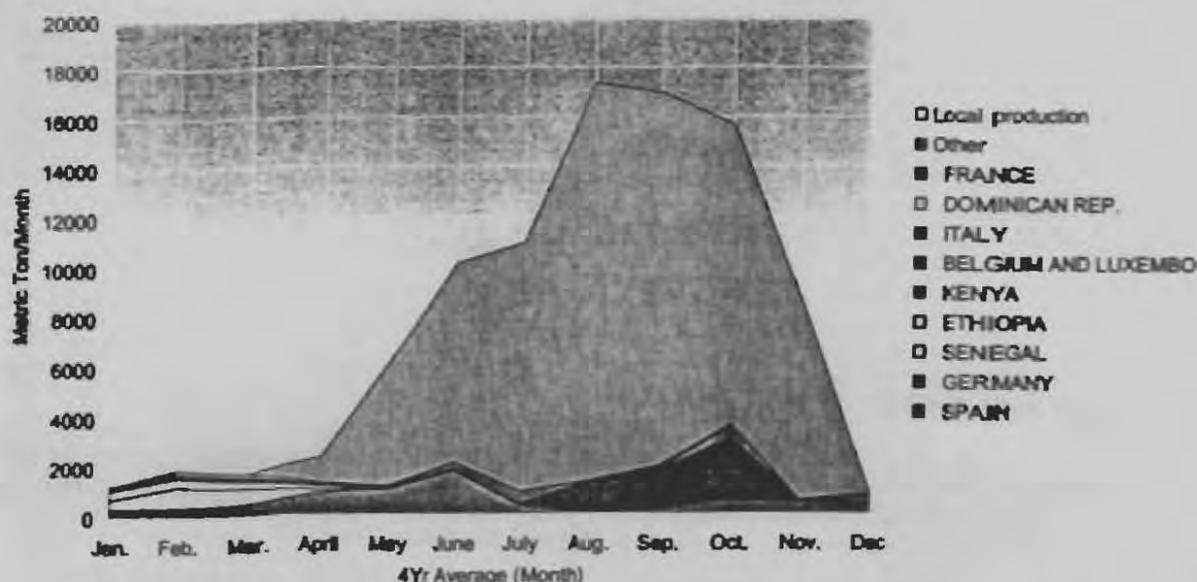
Netherlands imports have trended upward slightly since 1990, to about 30,000 tonnes per year. Germany and Spain are the main EU suppliers. The major non-EU supplier is Egypt, followed by Senegal and Kenya.

Between 1990 and 2001 Egyptian exports to Netherlands declined from 10,000 tonnes to 6,600 while Senegal increased its deliveries from 272 tonnes to over 2000 tonnes. Kenya's market share has been constant. Even the Dutch market has a growing preference for "fine" bean varieties rather than the "bobby" bean varieties produced and supplied by Egypt.

The Netherlands market is a very stable market with relatively low prices and minimal profit potentials. Profitable demand is estimated at 2000 tonnes per month. During the nine months market window, total potential annual demand would be 18,000 tonnes.

Figure 34

The Netherlands Green Beans:  
Major Suppliers and Egypt Comparative Position



Only half of that potential demand is currently being met, which leaves for Egypt about 10,000 tonnes. France is the major supplier in the late summer, while Spain, Belgium-Luxembourg and Italy are other intra-EU suppliers with major shipments in April – July and somewhat smaller quantities in October – December. Egypt is the major supplier in the off-season (December – February). The other major non-EU supplier is Kenya. It is clear from the analysis of these four major EU markets that the Egyptian producer should try to fill the market window during the period of September to May. This is when competition is the weakest and when wholesale prices and potential profits are highest. Egypt is very well located, with the right climate, soil and water to quite profitably supply the huge unsatisfied demand for fresh beans in the EU countries. The four EU countries included in this analysis



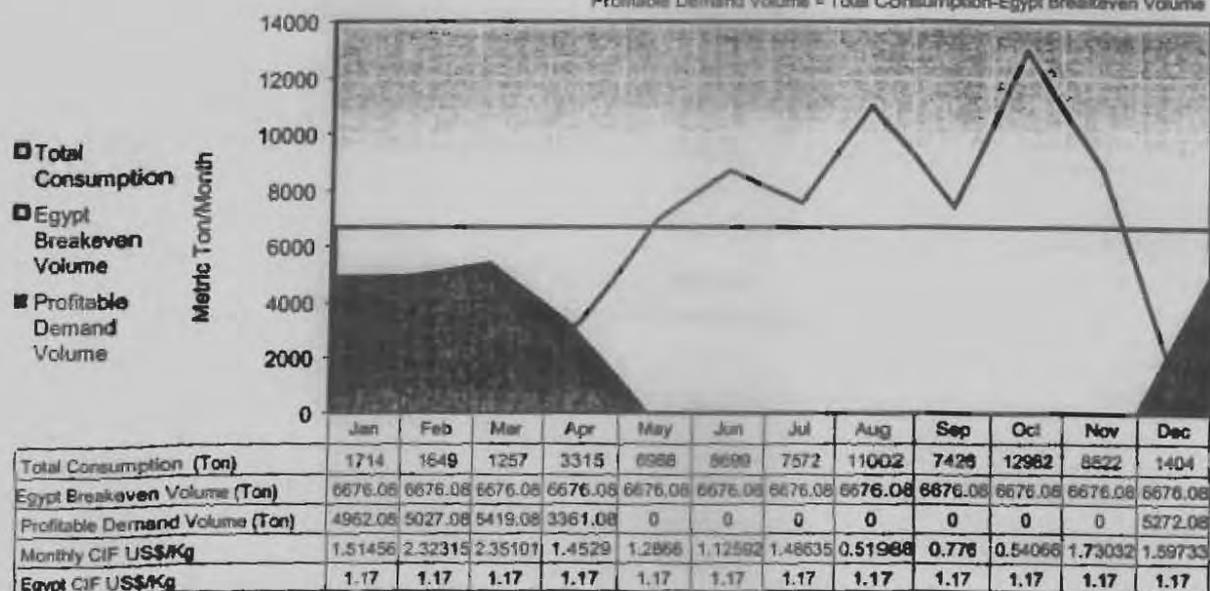


can absorb the mind-boggling sum of over 15,800 metric tonnes per month at prices profitable to an Egyptian producer and exporters. However, the reader must remember that this analysis focuses on "fine beans", not the traditional "bobby" varieties grown and exported by Egypt. The analysis also assumes that Egyptian growers and exporters are prepared to dramatically change their cultural and management practices in order to assure delivery of the varieties and quality levels required to receive the average market price levels. Egyptian bean growers and exporters have not been able to do that in the past.

Figure 35

### The Netherlands Green Beans Profitable Demand Volumes for Egypt

Total Consumption = Production+Imports-Exports-Losses-Processing  
 Profitable Demand Volume = Total Consumption-Egypt Breakeven Volume



Month of 1998-2001 (4Yr Average)

### OTHER MARKETS

In addition to the above markets, other EU markets showed significant potential for Egypt among those are Belgium and Luxembourg, Italy, Spain, and Denmark. The following graphs indicate the green beans export potential to those markets.





Figure 36

**Belgium & Luxembourg Green Beans:**  
Major Suppliers and Egypt Comparative Position

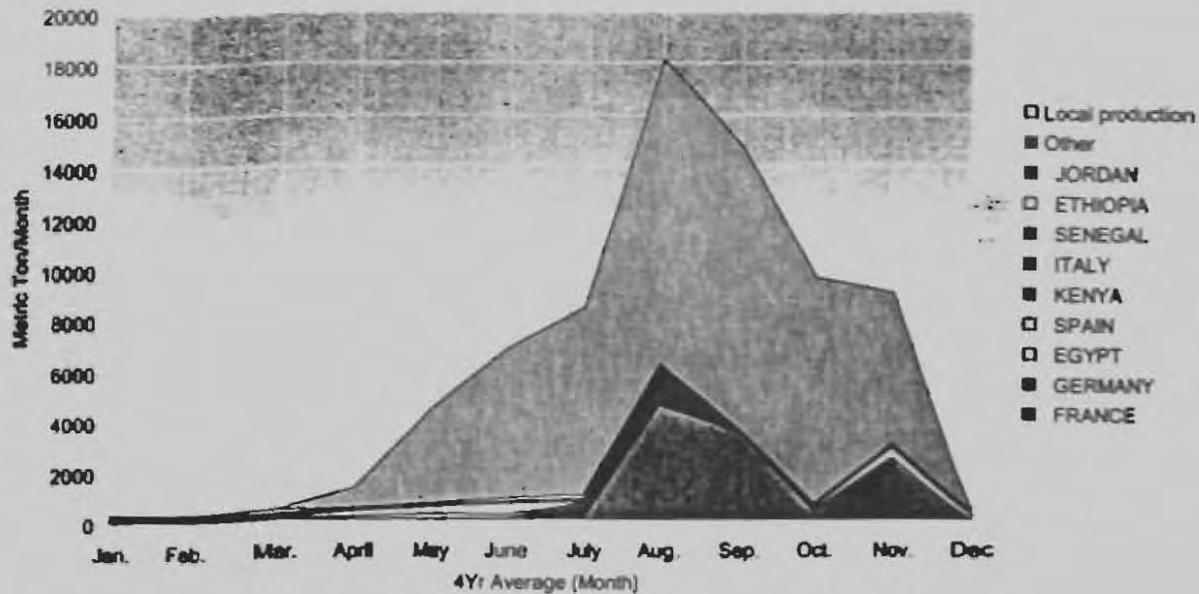


Figure 37

**Belgium & Luxembourg Green Beans**  
Profitable Demand Volumes for Egypt

Total Consumption = Production+Imports-Exports-Losses-Processing  
Profitable Demand Volume = Total Consumption-Egypt Breakeven Volume

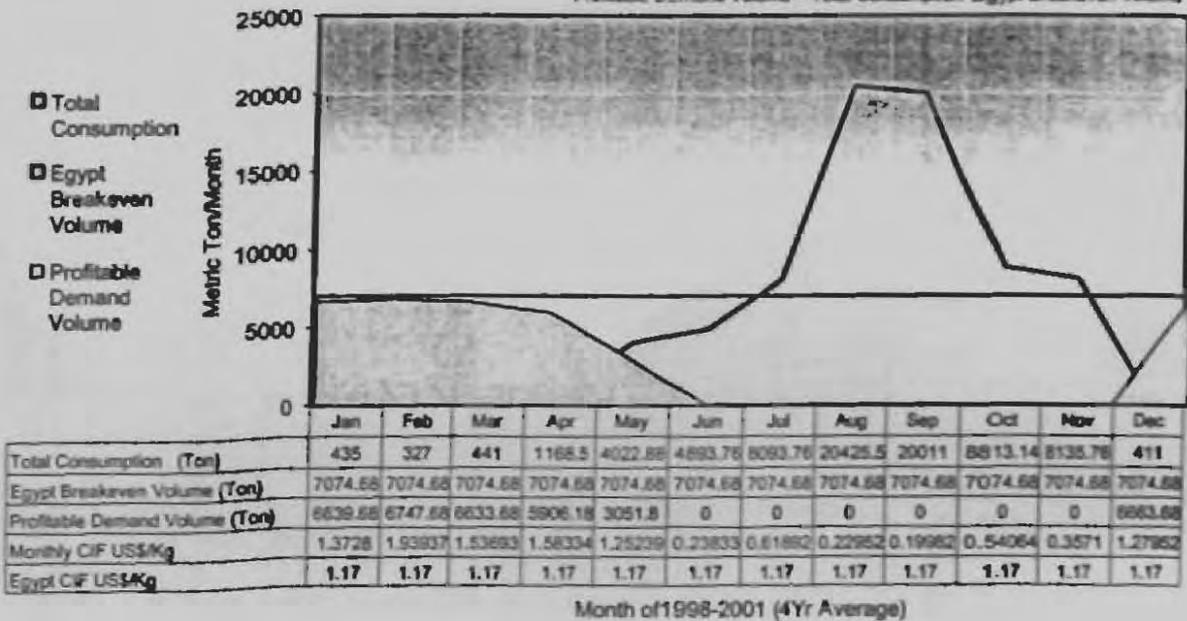




Figure 38

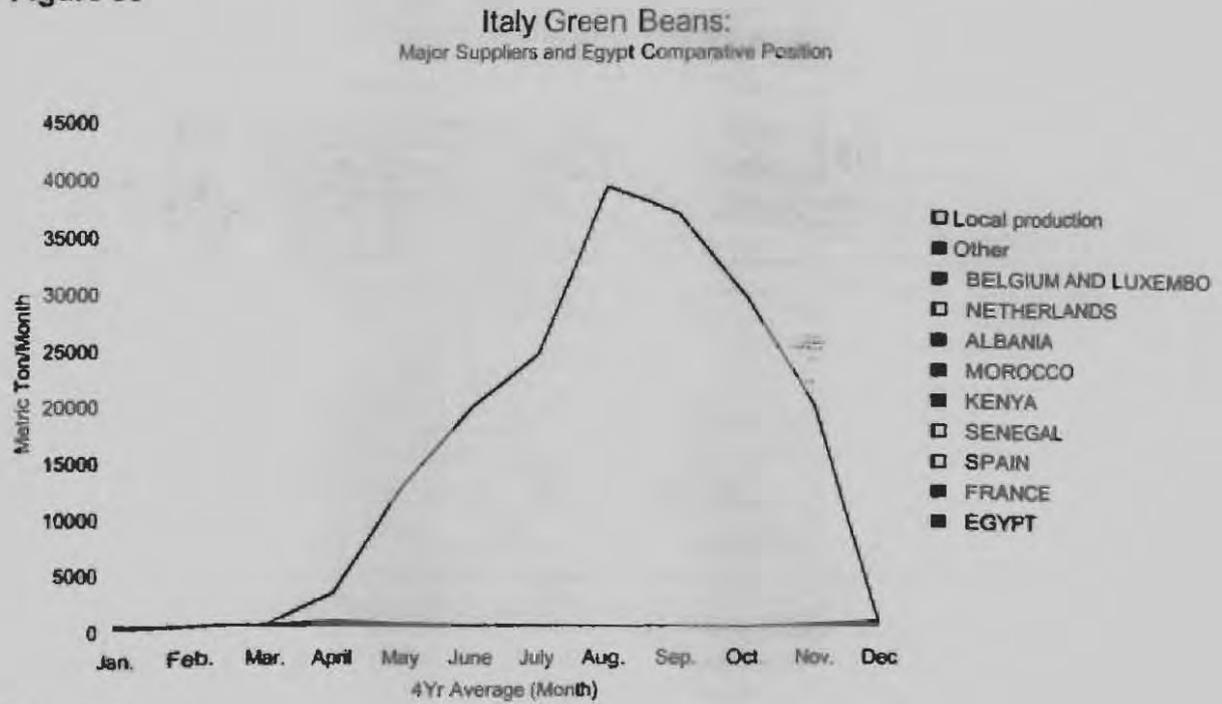


Figure 39

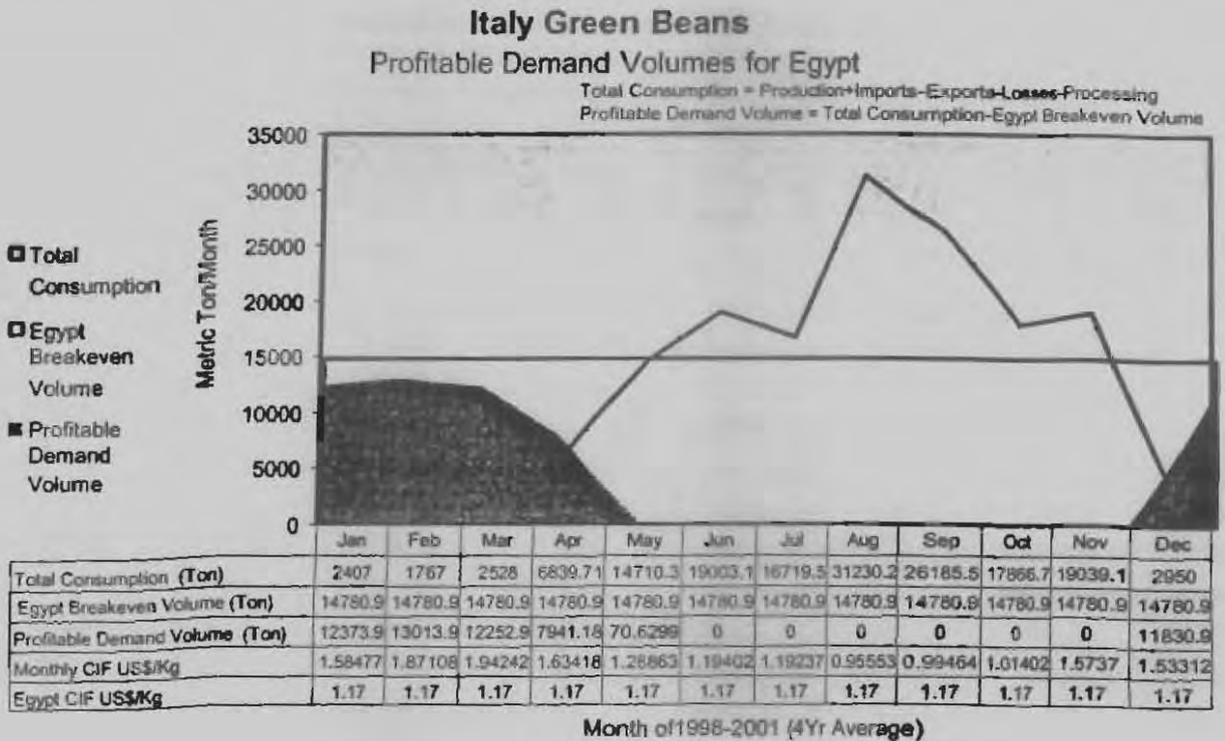
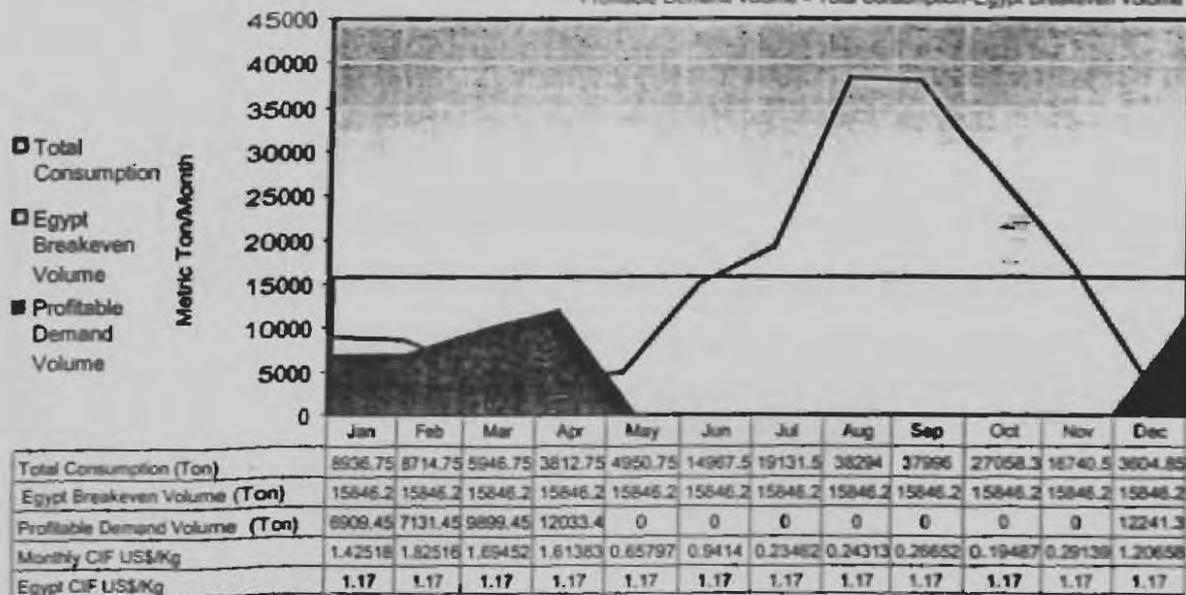




Figure 40

### Spain Green Beans Profitable Demand Volumes for Egypt

Total Consumption = Production+Imports-Exports-Losses-Processing  
Profitable Demand Volume = Total Consumption-Egypt Breakeven Volume



Month of 1998-2001 (4Yr Average)

Figure 41

### Denmark Green Beans: Major Suppliers and Egypt Comparative Position

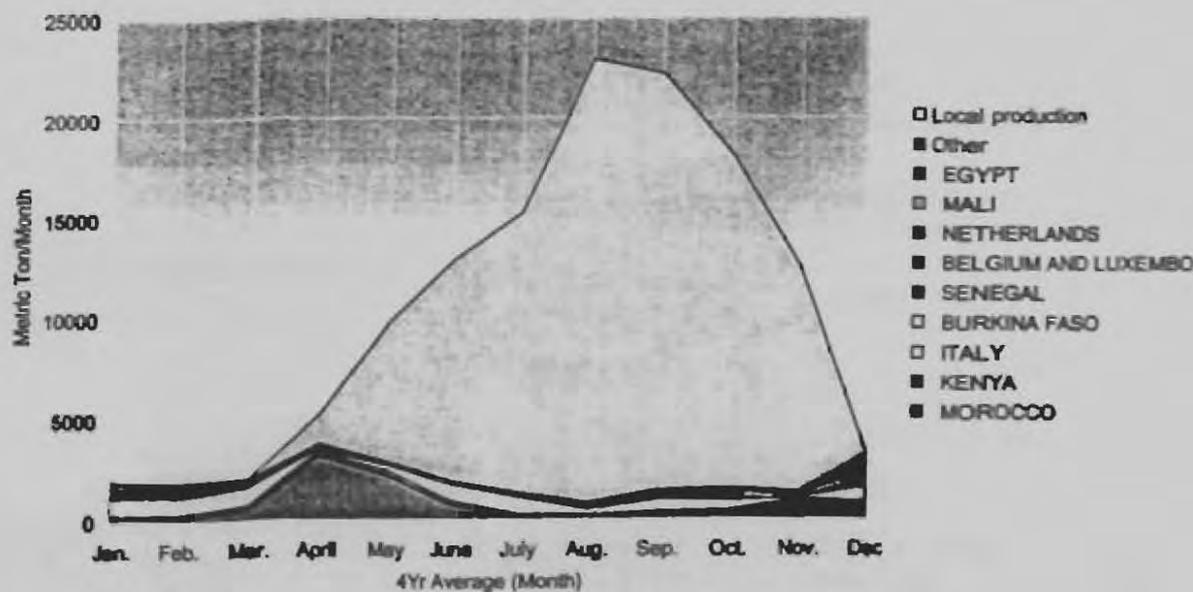
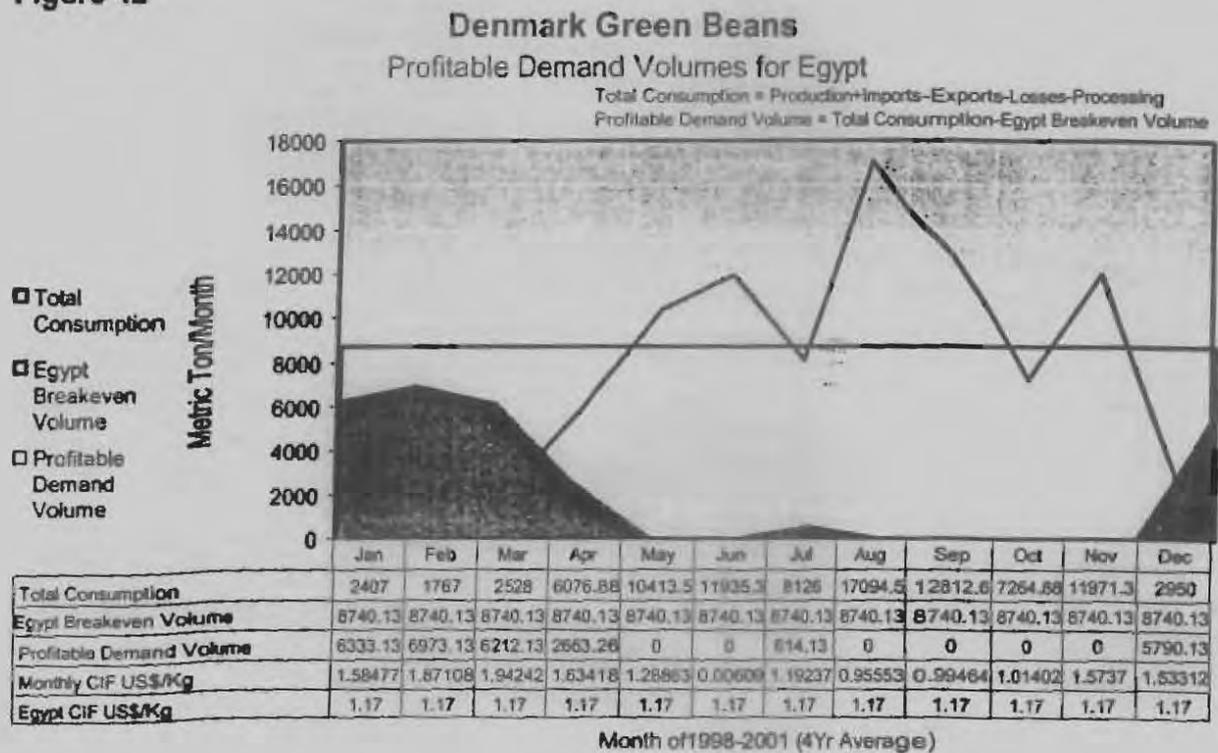




Figure 42



### Galia Melons

Among products showing very rapid increase and great potential for Egypt in the European markets are Galia melons. Major suppliers of melons to the EU market are Spain and Israel in addition to large volumes coming from Central America.

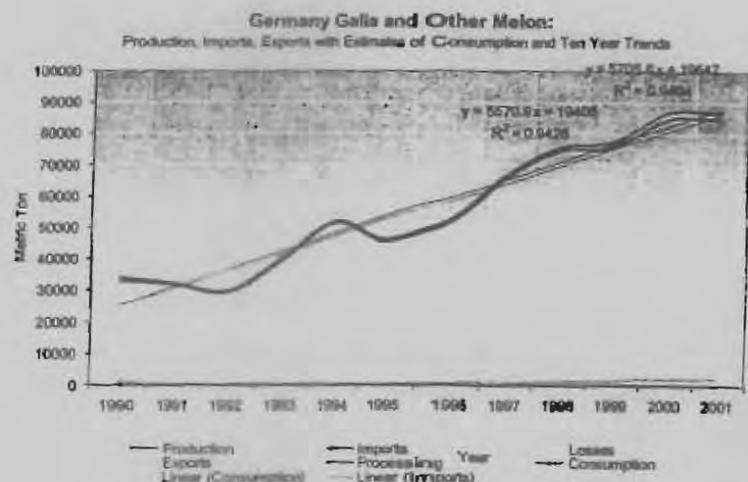
Egypt has certain advantages among current suppliers and can serve the increasing demand through the best quality price combinations compared to any other competitor.

The following summarizes the melons market in Europe and potential for Egypt.

### GERMANY

Figure 43

Germany imports of Galia melons increased dramatically over recent years. Imports increased from about 30,000 MT per year up to almost 90,000 MT. As local production is non-existent, total German consumption will be supplied by imports.

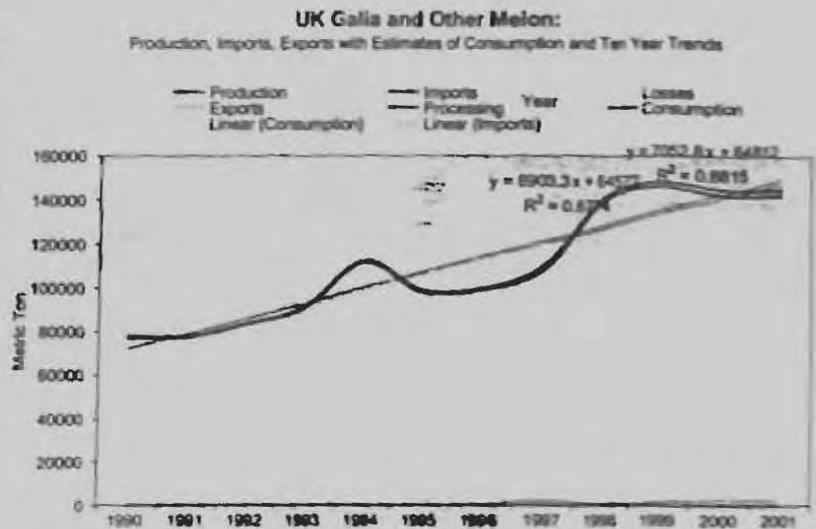




## THE UNITED KINGDOM

**Figure 46**

United Kingdom imports of Galia melons almost doubled during the analysis period, which reflects the consumption patterns of this high export potential product.



**Figure 47**

Imports from Northern America dominate the market and compete head-to-head with Spanish product.

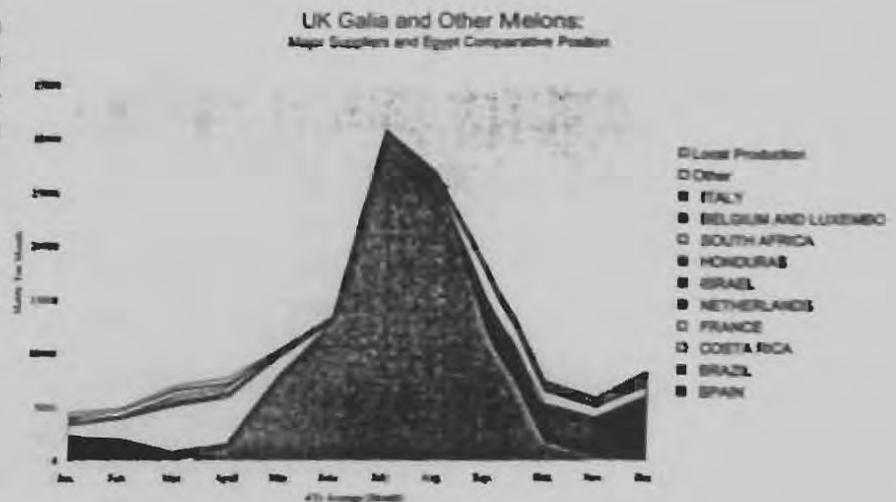
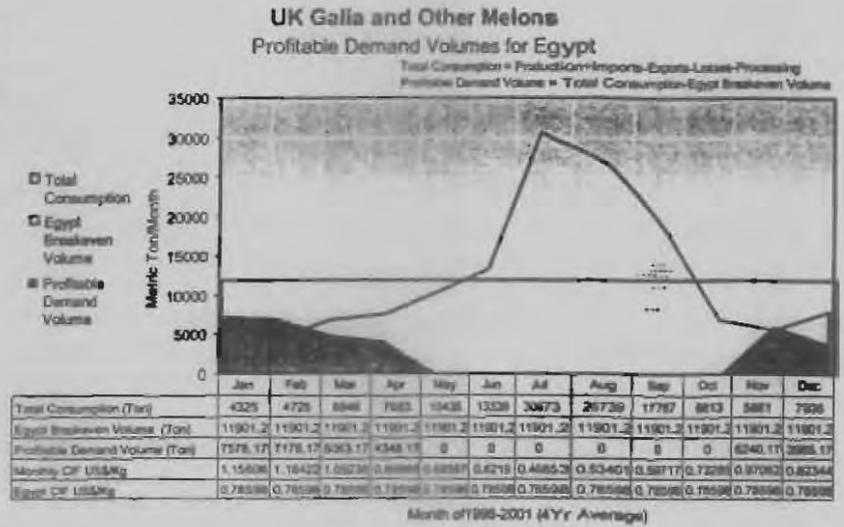




Figure 48

The United Kingdom offers Egyptian and other serious competitors with a market of more than 50 thousand metric tonnes of Galia melons each year.



FRANCE

Figure 49

French people prefer another type of melon called Charantee. Import trends of this type of melon showed significant increases during the last few years, especially during the period 1998 - 2001.

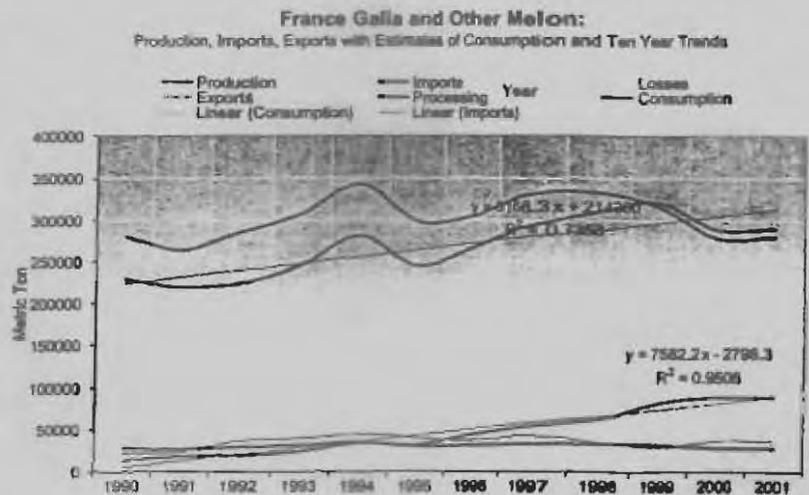


Figure 50

Morocco is the most important Non-European melon supplier to the French market. However, significant volumes of melons are shipped to the French market from Central America.

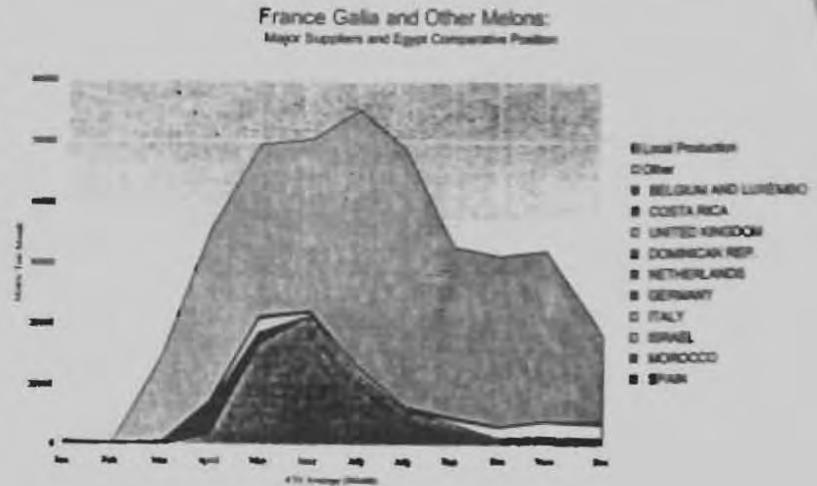
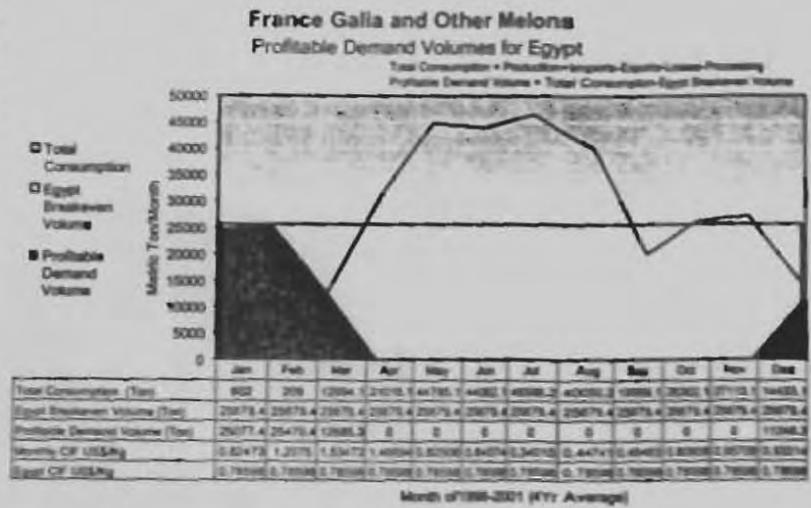


Figure 51

France offers Egyptian and other serious competitors a market with more than a 40 thousand metric tonne opportunity of Galia melons each year.

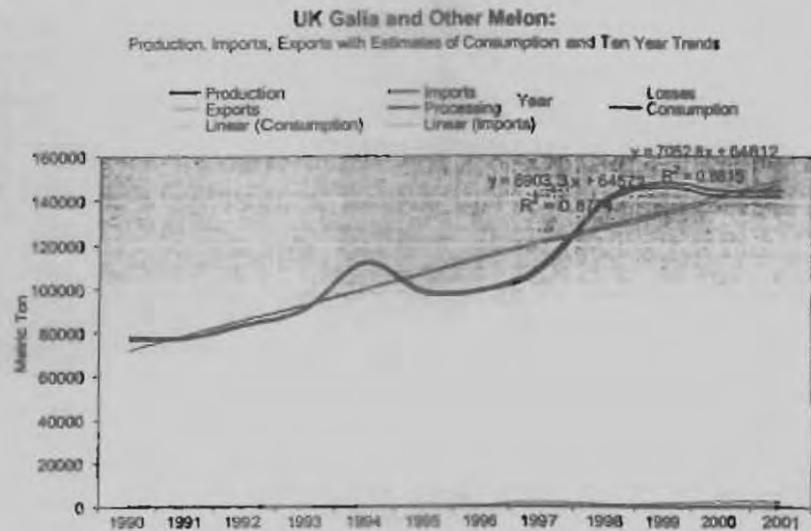




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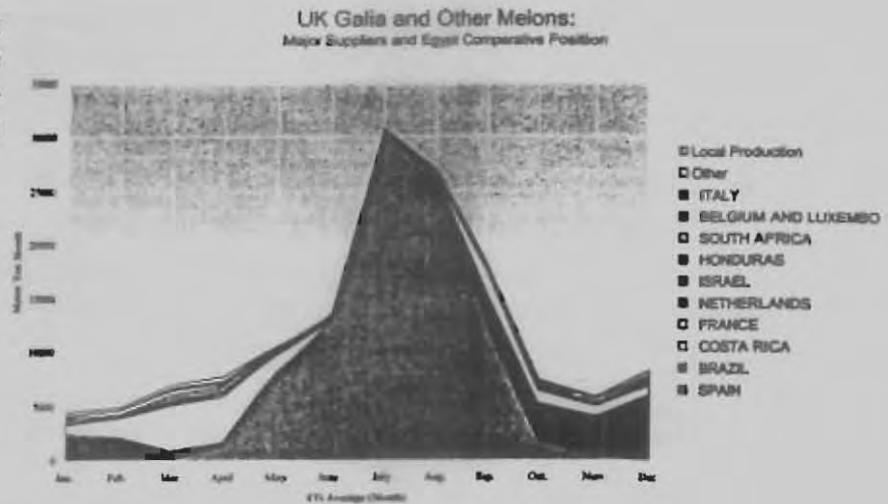
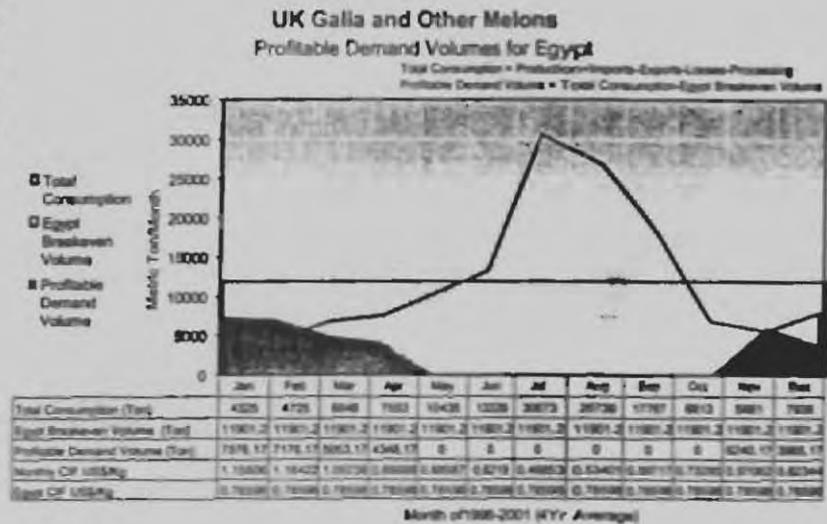




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## FRANCE

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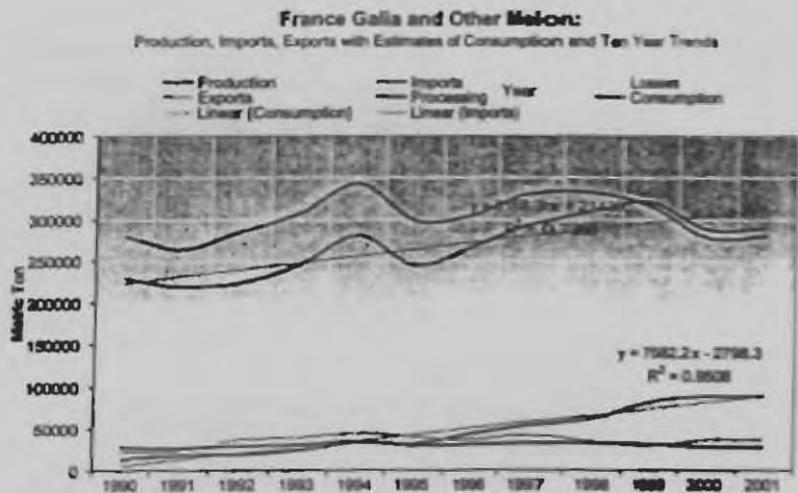




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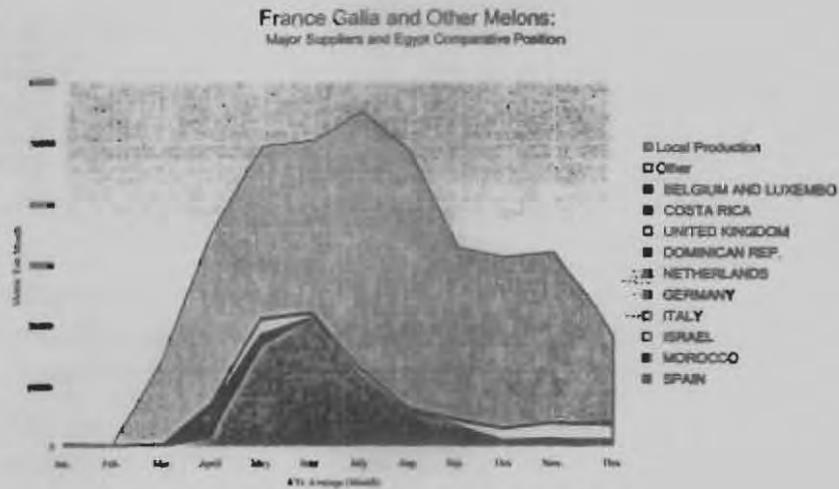
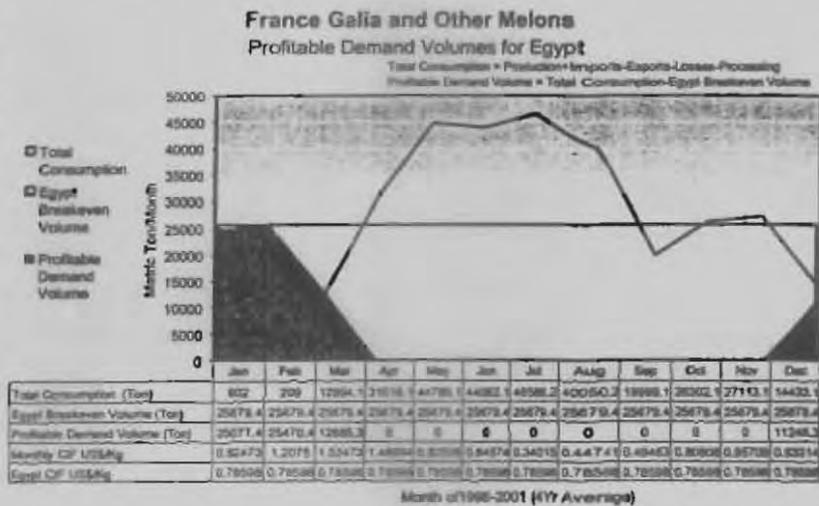


Figure 51

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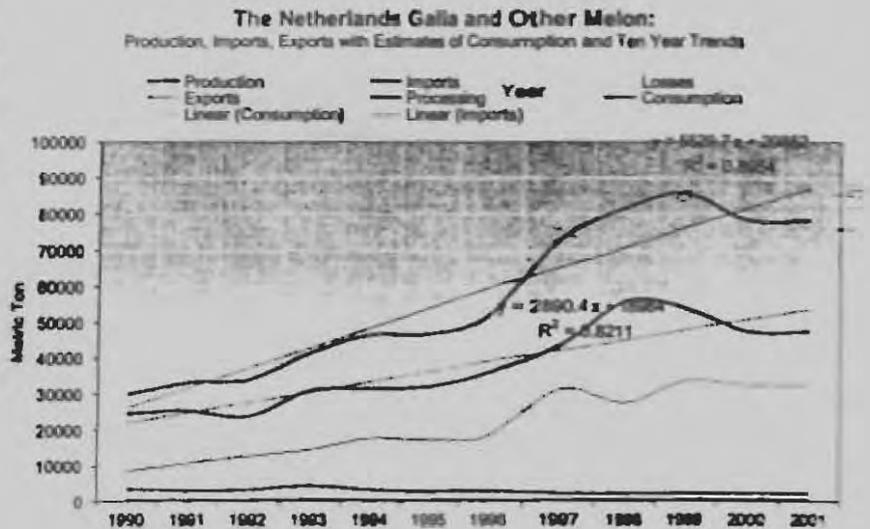


## THE NETHERLANDS

**Figure 52**

The Netherlands market showed very positive growth in melon imports during the period 1989 – 2001, as the local production is almost non-existent.

This graph clearly shows the Netherlands re-exports of melons to other importing markets, mostly in the northern part of the EU (Scandinavia countries)



**Figure 53**

The Netherlands market is open to Non-EU melon supplies more than any other EU markets. Central American suppliers play a significant role in the Netherlands melon market.

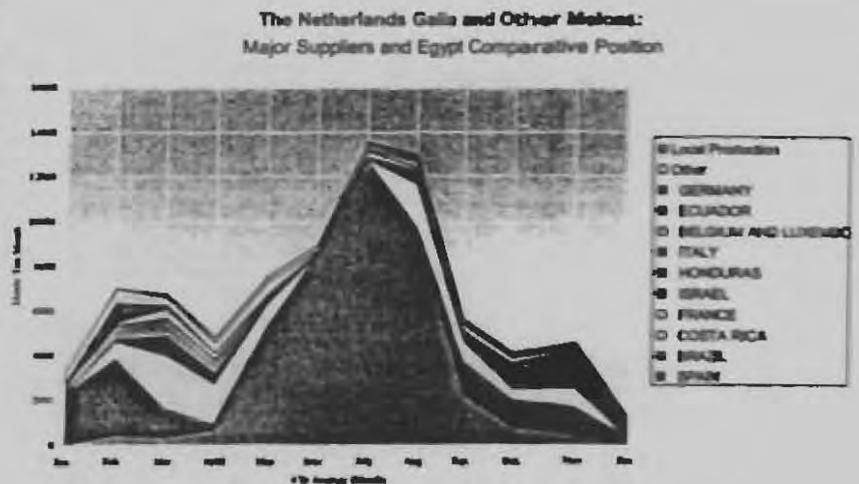
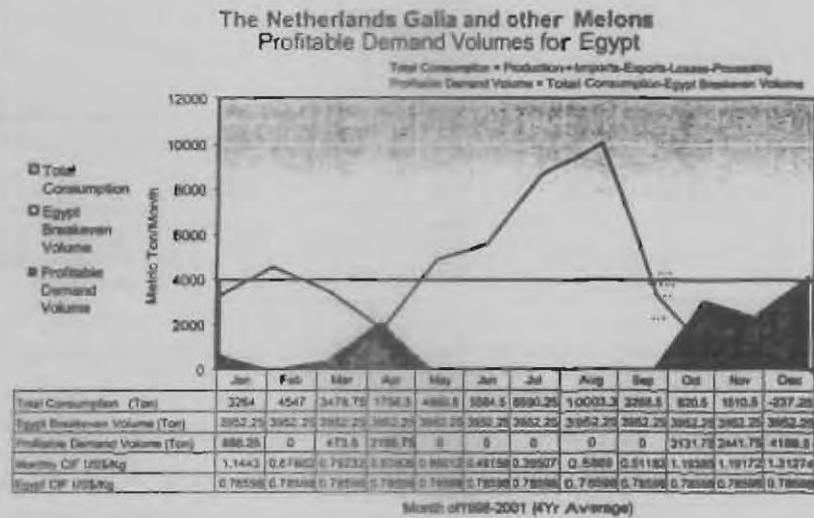




Figure 54

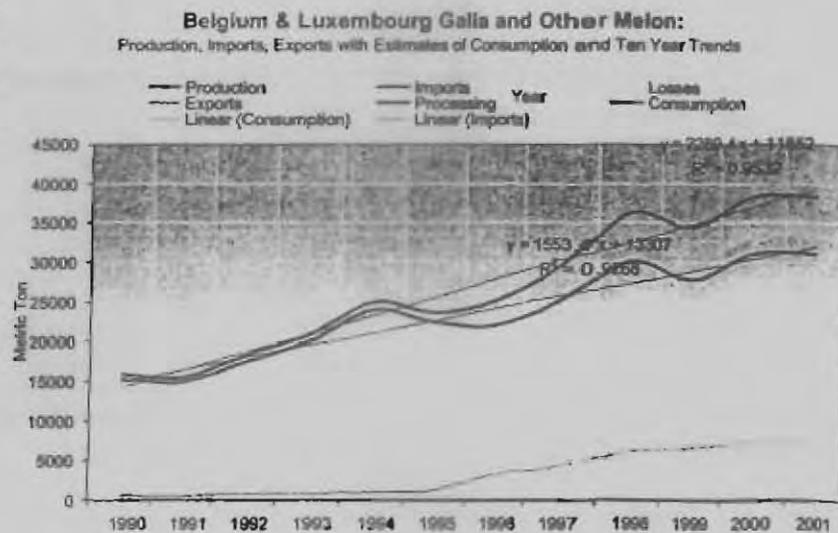
The Netherlands offers Egypt and other serious competitors with a market of more than 35 thousand metric tons of Galia melons each year.



## BELGIUM & LUXEMBOURG

Figure 55

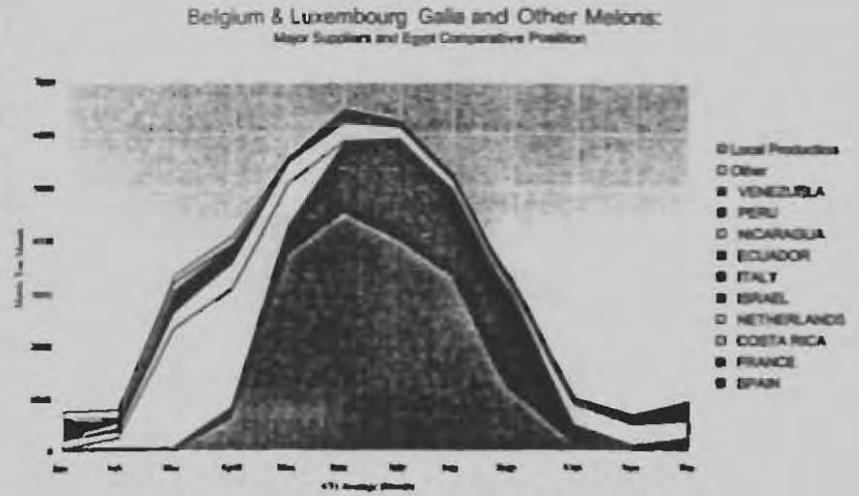
Belgium & Luxembourg Galia melon imports almost trebled during the analysis period – from about 15,000 MT to more than 45,000 MT per year in 2001.





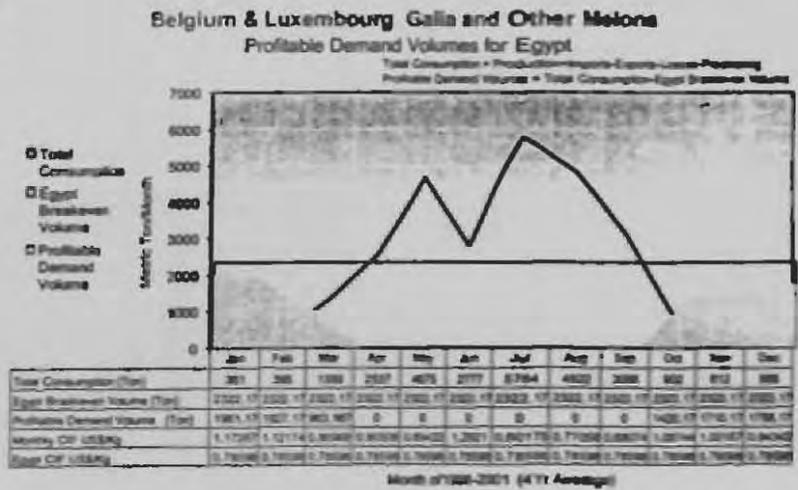
**Figure 56**

Central American countries, Israel, and Spain dominate Galia melon supplies to Belgium and Luxembourg markets with variations in seasonal supplies to avoid direct competition with the Spanish supplies.



**Figure 57**

Belgium and Luxembourg markets offer attractive export opportunities for Egyptian melon suppliers.

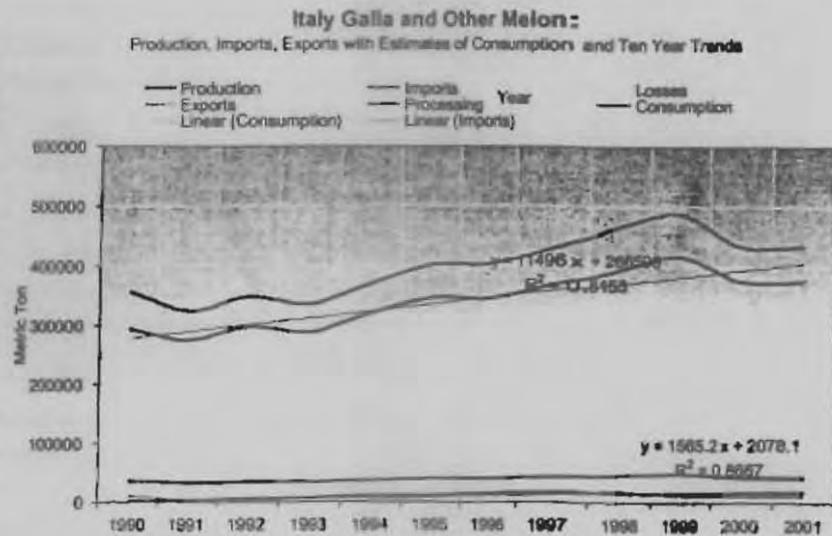




## ITALY

**Figure 58**

Italian consumers showed very positive demand for Galia melons during the period of analysis. As local production is available, imports are satisfying only a small portion of the Italian demand. However imports in the last few years increased to reflect the fact that local production is limited and not able to satisfy the increasing market demand for Galia melons.



**Figure 59**

Apart from local production, which satisfies demand during the summer period, significant volumes of Galia melons are imported from other countries. External demand is expected to increase over time.

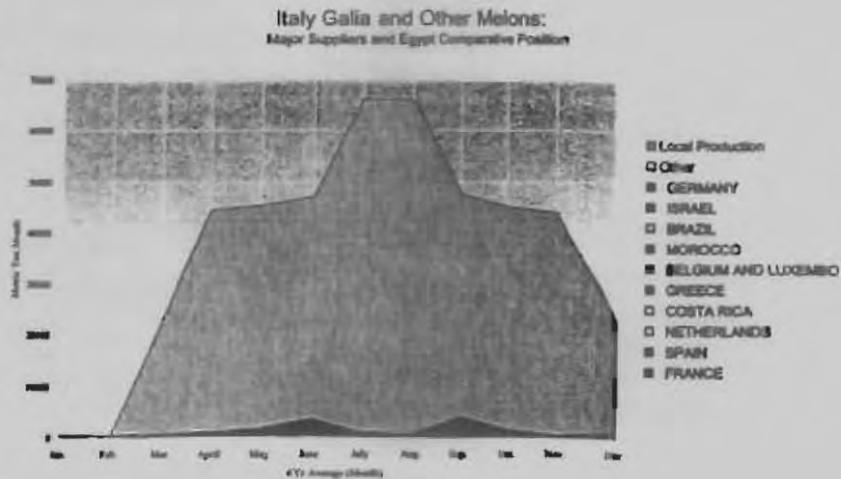
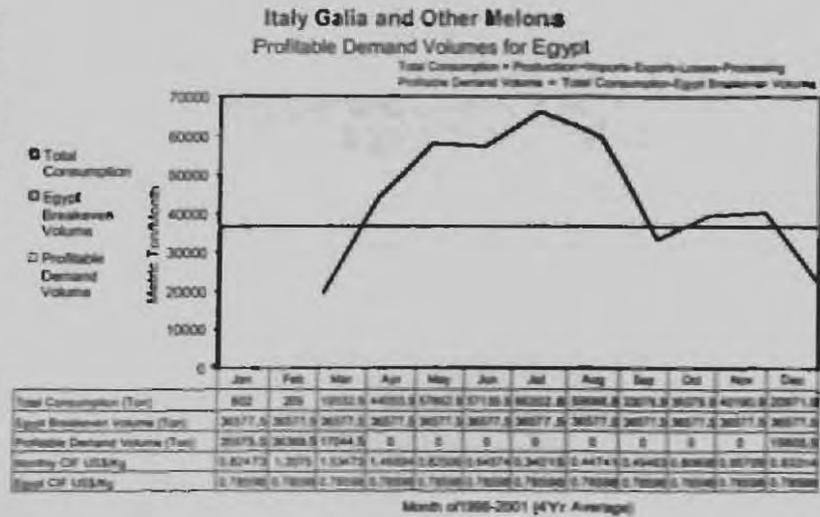




Figure 60

A volume of about 30 thousand metric tonnes of Galia melons in the Italian market could be easily recognized. This profitable demand volume is expected to increase in the coming years.



## OTHER MARKETS

Galia melons have started to gain popularity in the other EU markets in recent years, which potentially open more windows for Egyptian Galia melons in those markets as summarized in the following graphs:

Figure 61

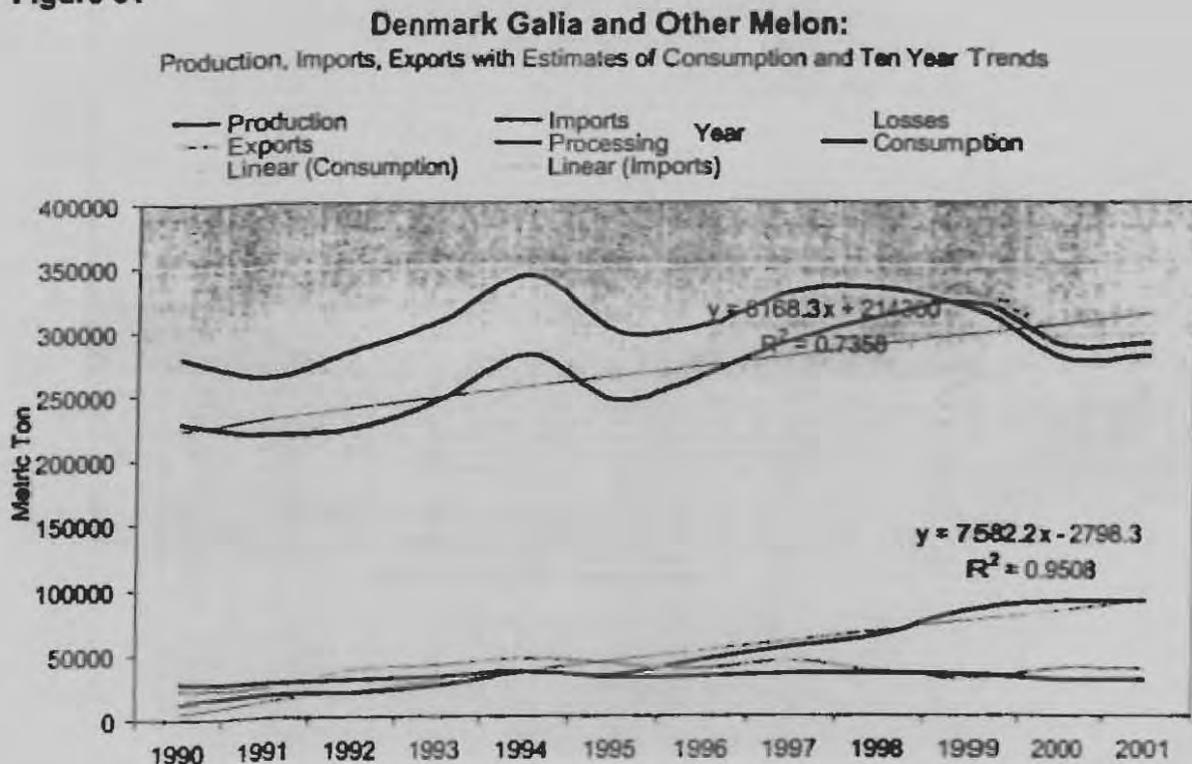
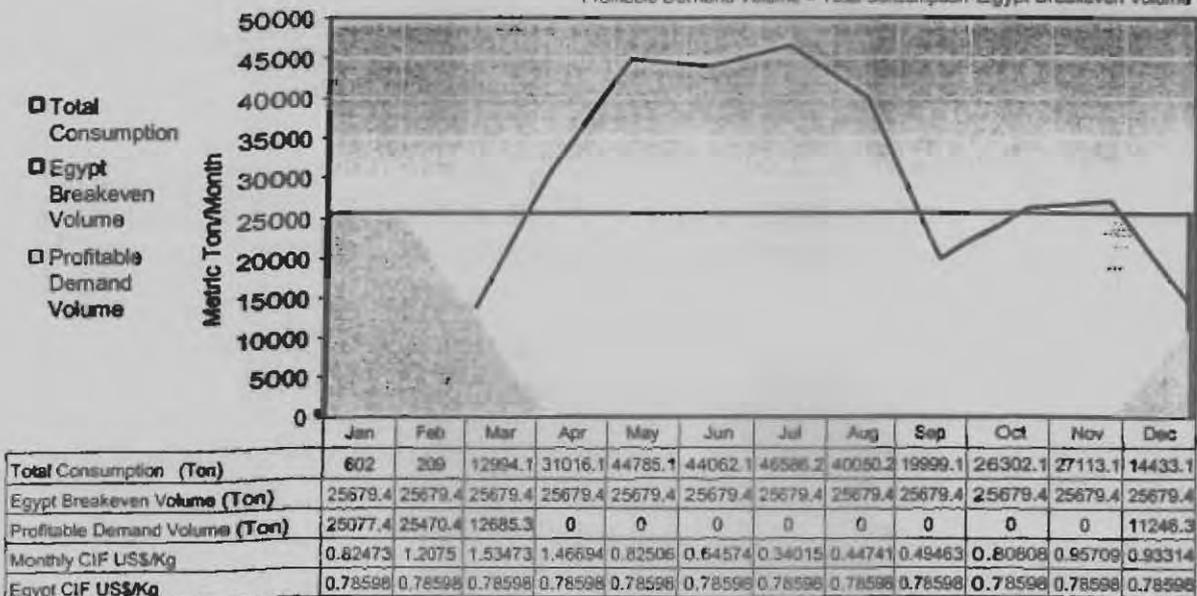




Figure 62

### Denmark Galia and Other Melons Profitable Demand Volumes for Egypt

Total Consumption = Production+Imports-Exports-Losses-Processing  
Profitable Demand Volume = Total Consumption-Egypt Breakeven Volume

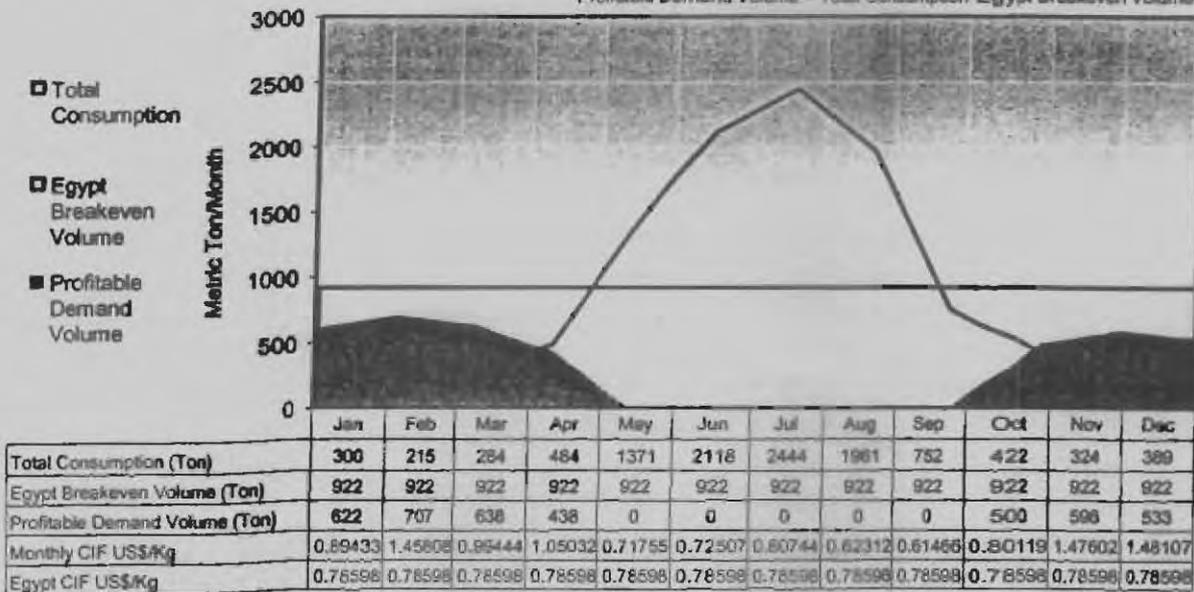


Month of 1998-2001 (4Yr Average)

Figure 63

### Sweden Galia and Other Melons Profitable Demand Volumes for Egypt

Total Consumption = Production+Imports-Exports-Losses-Processing  
Profitable Demand Volume = Total Consumption-Egypt Breakeven Volume



Month of 1998-2001 (4Yr Average)





Figure 64

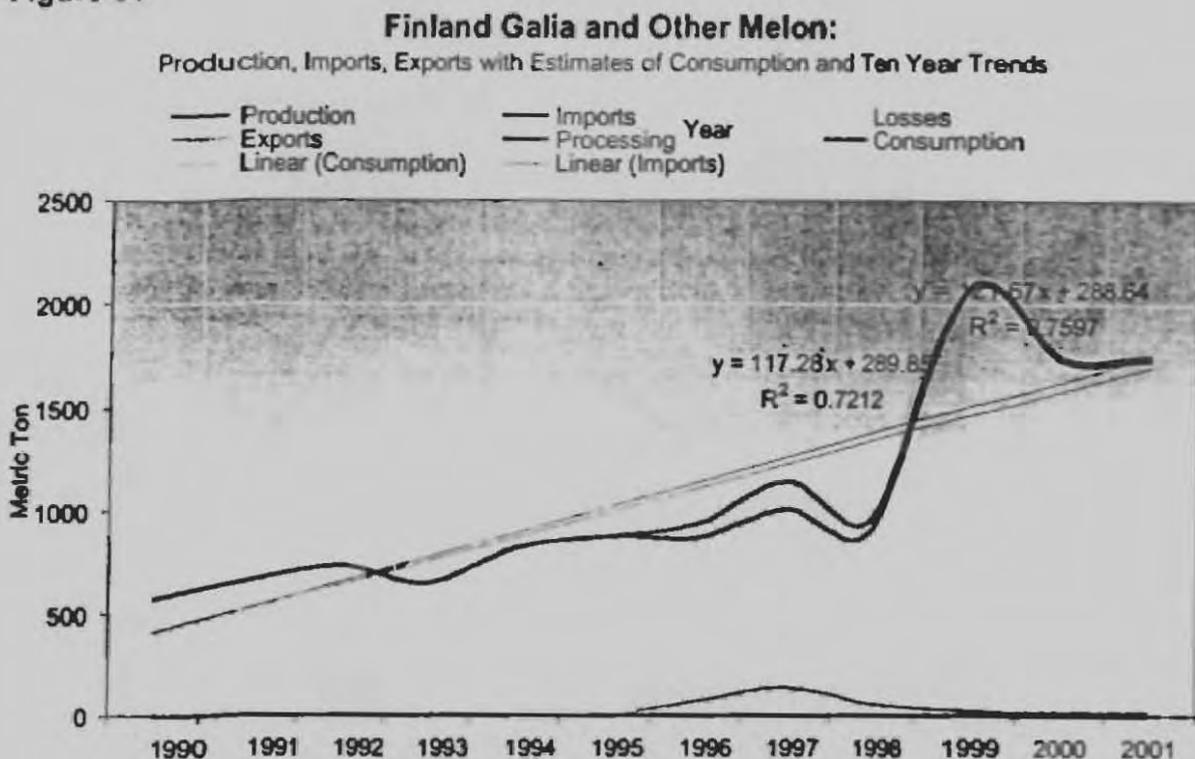


Figure 65

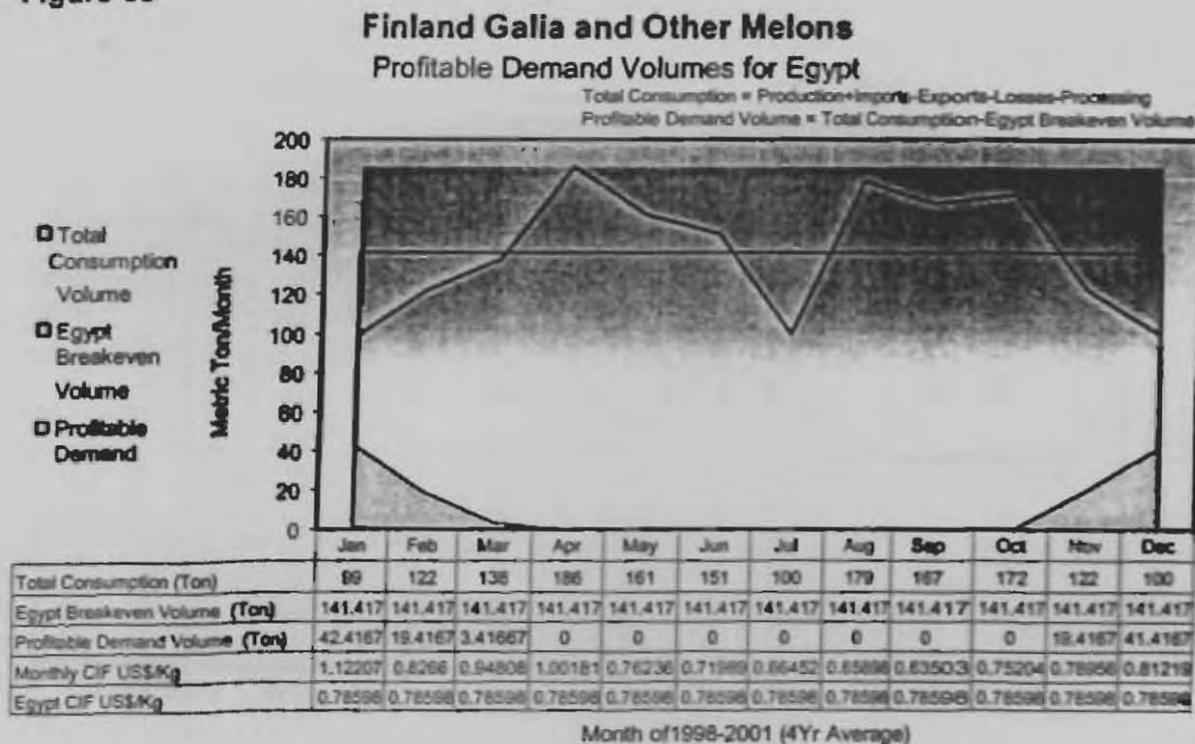


Figure 66

**Austria Galia and Other Melons**  
**Profitable Demand Volumes for Egypt**

Total Consumption = Production+Imports-Exports-Losses-Processing  
 Profitable Demand Volume = Total Consumption-Egypt Breakeven Volume

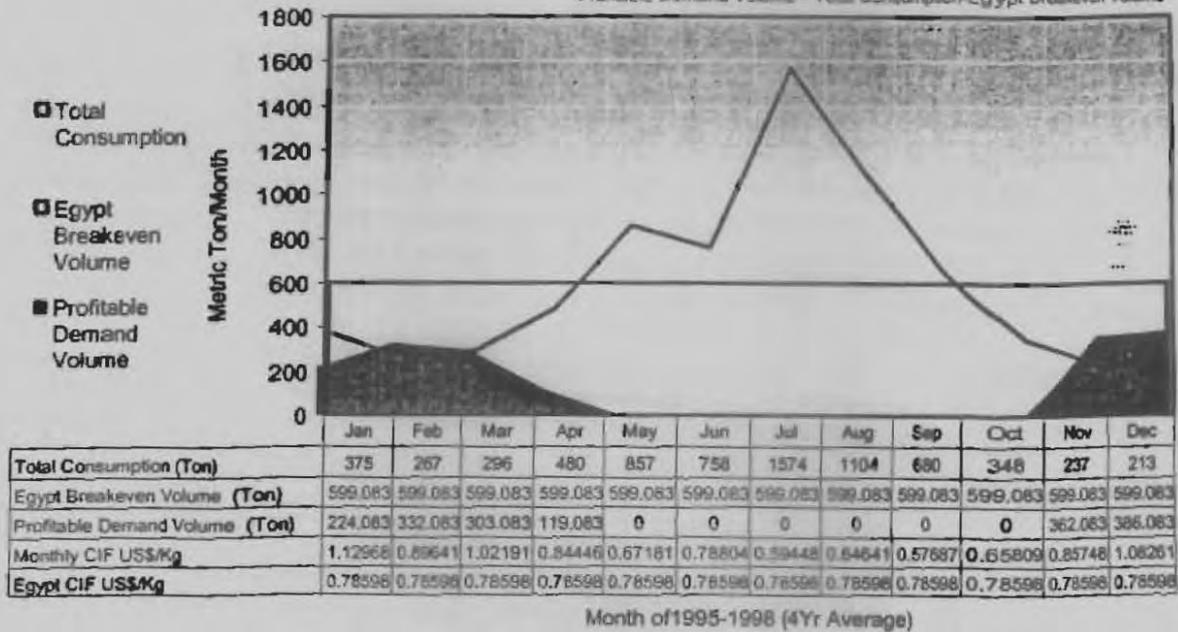


Figure 67

**Ireland Galia and Other Melon:**

Production, Imports, Exports with Estimates of Consumption and Ten Year Trends

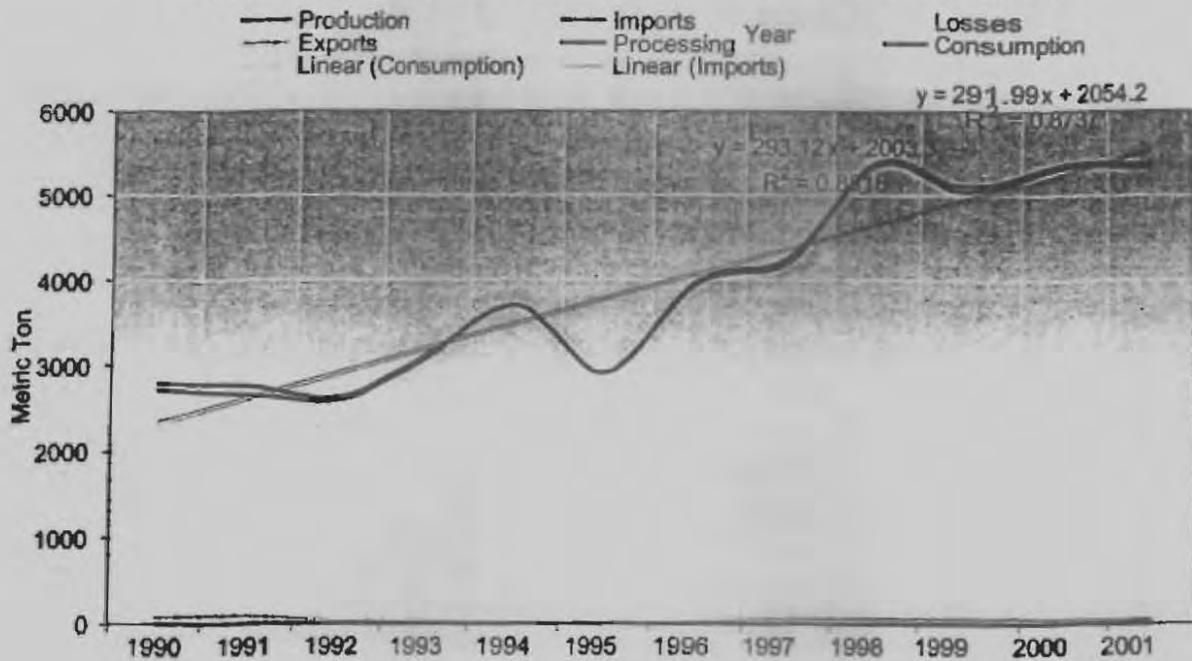
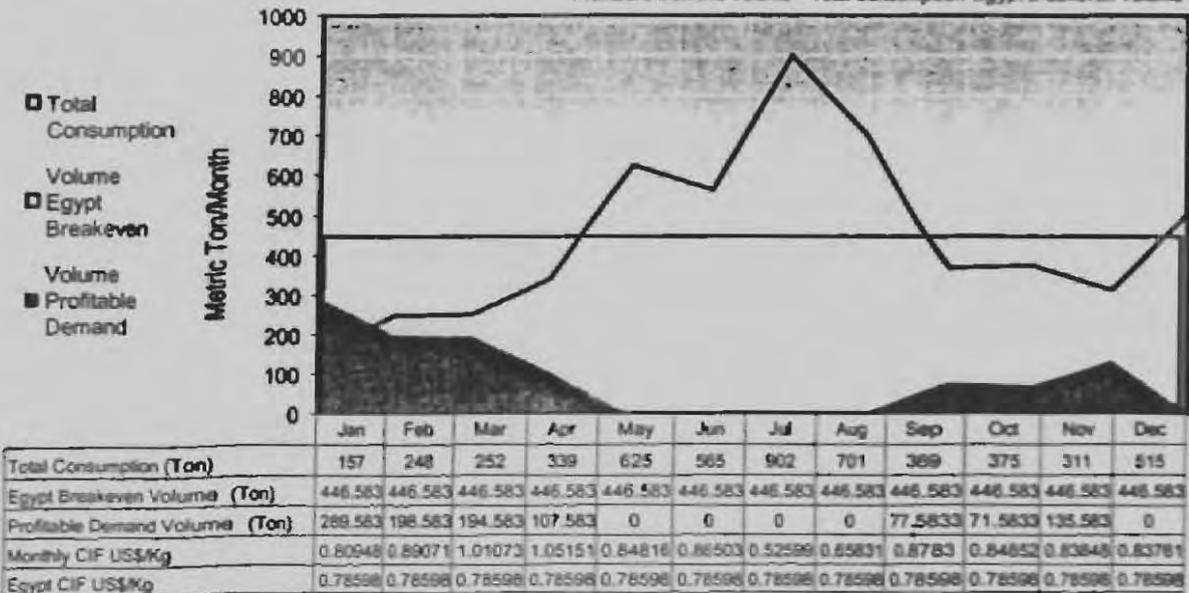




Figure 68

**Ireland Galia and Other Melons**  
**Profitable Demand Volumes for Egypt**

Total Consumption = Production+Imports-Exports-Losses-Processing  
 Profitable Demand Volume = Total Consumption-Egypt Breakeven Volume



Month of 1998-2001 (4Yr Average)





## Appendices





## Appendix

### EU Fresh Produce Market Access

#### Entry-price system

In principle, the price setting of products in a free market is established on the basis of demand and supply. However, in the EU the price setting for imported fruit and vegetables is regulated following the so-called entry-price system. This system came to replace the reference price system, which set import duties on fruit and vegetables until the end of 1994.

The entry-price system became operational on January 1, 1995. The entry-price system establishes an EU entry (i.e. minimum) price. If a product's import price lies under this entry-price, a duty is imposed (depending on the difference between the two prices). The entry-price system applies to tomatoes, apples, lemons, cucumbers and courgettes the entire year and to other products during certain periods.

Following the entry-price system, the value of every imported 'party' (the terminology used in the official documents) must in principle conform to the entry price. If a 'party' is imported at a price under the entry-price, an extra agricultural duty will be applied in addition to the Customs duty. With this agricultural duty the price ranges between 100% and 102 % of the entry price. The agricultural duty is applied as follows:

- When the value of the imported party is between 92 percent and 94 percent of the entry-price, 8 percent of the entry-price will be added to the normal Customs duty
- When the value of the imported party is between 94 percent and 96 percent of the entry-price, 6 percent of the entry-price will be added to the normal Customs duty
- When the value of the imported party is between 96 percent and 98 percent of the entry-price, 4 percent of the entry-price will be added to the normal Customs duty
- When the value of the imported party is between 98 percent and 100 percent of the entry-price, 2 percent of the entry-price will be added to the normal Customs duty.

Parties, which are imported at less than 92 percent of the entry-price, will be penalized by an extra levy, known as the maximum tariff equivalent. For apples and pears the limit is set at 86 percent (following a protest by Chile) and for lemons at 84 percent of the entry price.

The following table lists the products to which the entry-price system applies, together with the periods during which the entry price is effective, the entry price and the maximum tariff equivalent. Please note that the list is not comprehensive but merely indicative.




**Entry prices and maximum tariff equivalent for fresh fruit and vegetables (in € / 100 kg / net)**

	Period		Entry price	Maximum tariff equivalent
<b>Fresh Vegetables</b>				
Tomatoes	1/1-	31/3	84.6	29.8
	1/4-	30/4	112.6	29.8
	1/5-	14/5	72.6	29.8
	15/5-	31/5	72.2	29.8
	1/6-	30/9	52.6	29.8
	1/10-	20/12	62.6	29.8
	21/12-	31/12	67.6	29.8
	Cucumbers	1/1-	end/2	67.5
1/3-		30/4	110.5	37.8
1/5-		30/9	48.1	37.8
1/10-		10/11	68.3	37.8
11/11-		31/12	60.5	37.8
Artichokes		1/1-	31/5	82.6
	1/6-	30/6	65.4	22.9
	1/11-	31/12	94.3	22.9
Courgettes	1/1-	31/1	48.8	15.2
	1/2-	31/3	41.3	15.2
	1/4-	31/5	69.2	15.2
	1/6-	31/7	41.3	15.2
	1/8-	31/12	48.8	15.2
<b>Fresh Fruits</b>				
Oranges	1/1-	31/5	35.4	7.1
	1/12-	31/12	35.4	7.1
Mandarins; clementines wilkings and similar hybrids, clementines	1/1-	end/2	64.9	10.6
	1/11-	31/12	64.9	10.6
Monreales and satsumas	1/1-	end/2	28.6	10.6
	1/12-	31/12	28.6	10.6
Mandarins and wilkings	1/1-	end/2	28.6	10.6
	1/11-	31/12	28.6	10.6
Tangerines	1/1-	end/2	28.6	10.6
	1/11-	31/12	28.6	10.6
Other citrus hybrids	1/1-	end/2	28.6	10.6
	1/11-	31/12	28.6	10.6
Lemons	1/1-	31/5	46.2	25.6
	1/6-	31/10	55.8	25.6
	1/11-	31/12	46.2	25.6
Grapes	21/7-	31/10	54.6	9.6
	1/11-	20/11	47.6	9.6
Apples	1/1-	30/6	56.8	23.8
	1/7-	31/12	45.7	23.8
Pears	1/1-	30/4	51	23.8
	1/7-	31/7	46.5	23.8
	1/8-	31/10	38.8	23.8
	1/11-	31/12	51	23.8
	Apricots	1/6-	20/6	107.1
21/6-		30/6	87.3	22.7



	1/7-	31/7	77.1	
Cherries	21/5-	31/5	149.4	
	1/6-	31/7	125.4	
	1/8-	10/8	91.6	
Peaches and nectarines	11/6-	20/6	88.3	
	21/6-	31/7	77.6	
	1/8-	30/9	60	
Plums	11/6-	30/9	69.6	10.3

The value of parties, which are imported under 92 percent, is not relevant to the amount of the maximum tariff equivalent. The amount of this penalty is fixed, regardless of whether the import value is 91 percent or 60 percent. In most cases, the tariff equivalent amounts to a significant percentage of the entry price.

Consequently, the value of the imported product can be raised far above the entry price, making the price of the product less competitive. During the first years in which the new system was operational, most entry prices were lower than the former reference prices. However, during specific periods, the entry prices of certain products are higher than the reference prices.

It is possible for an importer to clear a shipment through Customs using either the invoice value or a set value. In order to avoid a punitive tax (the maximum tariff equivalent), the CIF value must at least be on the same level as the established entry price for the product in question.

#### ***Special safeguard clause***

In order to protect European producers and consumers against exceptional, market disrupting influences, France and the Mediterranean member states first advocated the special safeguard clause. In the case of an excess supply by the European producers, the imports from extra-EU countries must be limited. During crop failures, a more generous admission policy must apply to imports. For certain products in certain periods, reaction levels are determined, i.e. the so-called 'trigger volume'.

If the imported quantities of these products exceed the trigger volume, a supplementary duty is imposed on the extra imported quantity, being equal to one third of the normal Customs duty. This is under the condition, however, that the highest specific import duty (maximum tariff equivalent) is already being applied to the lot concerned and that the import takes place during the period in which the supplementary duty is applicable.

#### **Value Added Tax (VAT)**

Although fiscal borders between EU countries were, in theory, eliminated from 1 January 1993 onwards, in practice, harmonization of VAT (tax levied at consumer sales' level) rates has not yet been achieved. Table 1.2 summarizes the VAT rates applied in the different EU member states for foodstuffs in general. Please refer to the Ministry of Finance of the respective country for specific information on the relevant rate applied to fresh fruit and vegetables.



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