END MARKET STUDY FOR FRESH AND DRIED FRUITS IN BALTIC COUNTRIES

AGRICULTURAL COMPETITIVENESS AND ENTERPRISE DEVELOPMENT PROJECT (ACED)

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EXECUTIVE SUMMARY

The Baltic market (Estonia, Latvia and Lithuania) is small with only 6.6 million habitants, but these countries are net importers of fruit with the total average net fruit imports being in the range of 270-280 thousand tons per year. In addition to the internal consumption, the Baltic countries, especially Lithuania, are an important transit point for EU and oversea shipments of fruits destined for Russia and Belarus. Approximately half of all fruits imported to the Baltic countries are further re-exported with the major item being Polish apples for the Russian market.

Consumers in all three markets especially Estonia have a very patriotic consumption pattern preferring locally grown fruits and vegetables even when prices are higher and quality lower than imported product. This mainly refers to locally grown apples, tomatoes, and “borsch mix” vegetables (potatoes, cabbage, beets, onions, and carrots), while other fruits and vegetables are produced in very limited quantities and are not a major factor in the market.

Since the collapse of the U.S.S.R. Moldovan products have lost their position in the region and the market share of Moldova fruits is a miniscule 0.3%. This share belongs mostly to Moldovan walnuts that are the single product that is currently competitive in the Baltic market. Moldovan grapes are sold now in very small quantities and have some niche potential. Despite the fact the market consumes mostly white grapes, the competition in the niche market of dark grapes is not that keen and with certain product upgrades Moldovan producers should be able to increase their market share.

Moldovan apples, with significant local Baltic production, cheap apples from neighboring Poland, and protective Minimum Entry Price (MEP) system have no opportunity in the Baltic market. With peaches, the MEP and non-compliance with an integrated cold chain management system are severe barriers for market entry. There are no trade barriers for Moldovan dried plums and the quality does meet market requirements. Moldovan dried plums have, however, disappeared from the Baltic market due to strong pricing pressure from overseas suppliers mainly Chile. Moldovan tomatoes can be competitive in the Baltic countries if they do not ship when locally grown product available and they are priced in line with other supply countries. Retail chains dominate the sales of fruits and vegetables in the Baltics having a market share of 60-80% depending on the country. The critical factors for the retail sector including good quality, cosmetically appealing fruit, long period of payment, and a steady supply of product have pushed the Moldovan producers to be dependent on the open markets, severely inhibiting real market growth and development.

Due to the common market with other EU countries along with the MEP restrictions and small size of the overall market, Baltic importers prefer to bring produce in mixed loads from EU wholesale markets such as the Netherlands and Poland. In order to convince them to bring full truckloads of one item from outside the EU, Moldovan suppliers must be very competitive with their price, fruit appeal, and terms of delivery.

The best period to deliver Moldovan table grapes to the Baltic’s is from July to December. Starting from mid-January, the retail chains cancel imports from European suppliers and switch to oversea shipments.
The main guideline for importing tomatoes is the ‘earlier-the better” and the export window, if priced correctly, is open until July before the massive local production in the Baltic’s starts. For shelled walnuts, the best period for Moldovan exports to the Baltic’s would start in October through Easter.

There are no specific packaging requirements for exporting fruit into the Baltic market as long as it sufficiently protects the fruit from being damaged. If packaging satisfies this requirement it will be accepted by the buyer whether it is made of wood, carton or plastic.

All three Baltic countries have adopted EU legislation and business practices so compliance with EU Marketing standards is extremely important. In addition GlobalGap and HACCP are quickly gaining in popularity although presently not a “must.”

A Moldovan producer willing to work with a distributor or retail chain on a long term basis should be ready to accept payments of at least 14-30 days. Compliance with minimum quality requirements, sustained deliveries, competitive prices and extreme attention to food safety issues are also very important.
1. INTRODUCTION

About ACED

ACED is a five year project, co-funded by the United States Agency for International Development (USAID) and the Millennium Challenge Corporation (MCC), and implemented by Development Alternatives, Inc. (DAI) to increase the success of the Moldovan agriculture sector in the production and marketing of high value crops both in the domestic market and internationally. ACED focuses on a limited number of high value agriculture value chains that will take advantage of new programs, supported by MCC, to increase irrigation capacity in the country and provide positive returns to farmers and the rural economy. The program will provide a combination of technical and managerial training, technical assistance and marketing services to strengthen existing value chains and encourage the development of new ones.

Objectives of the study

The goal of this End Market Study is to enable Moldovan fruit value chain participants (producers, packers, consolidators and others) to get a better understanding of the market for their products in Baltic countries (Estonia, Latvia and Lithuania) and the requirements for entering that market. The products included in this EMS are fresh apples, table grapes, peaches, tomatoes, shelled walnuts and dried plums.

The general objectives of this End Market Study are:

- Analyze demand in a specific market—size, trends, consumer preferences, and requirements, and overall structure (product categories, price segments, and distribution channels).
- Determine retailer/wholesaler sourcing requirements (packaging, grading, varieties, volumes, price points, etc.).
- Benchmark Moldovan products against competitive products already in the market to target competitive strengths and weaknesses.
- Identify key drivers of demand likely to affect the market in the next 5-10 years.

The specific objectives of this EMS assume properly answering the following questions:

- What are the specific buyers’ critical requirements for each product being analyzed (varieties, quality, pricing, volume, delivery, packaging, certifications)?
- What are the strengths and weaknesses of these specific items in the Baltic market?
- What is the incremental “pricing ladder” for the entire distribution channel-importer, wholesaler, and retailer?
- What are packaging requirements for wholesale and retail markets?
- What are local consumer preferences and trends with regard to varieties, sizing and other product attributes?
• Are there important market niches such as organic or Fair Trade and if so what are their characteristics with regard to products, volumes, price differentials and distribution channels?
• Who are the most important buyers for each product in the market studied?
• What reputation does Moldova have as a source of fresh produce in this market?
• What are the normal payment terms for imported fresh produce in the Baltic market?

**Methodology used**

The findings of this report are based on primary and secondary information collected from different sources.

For collecting secondary information, ACED used desk research to gather information on production, trade statistics and legislative requirements. The sources of information used included UN Comtrade database, Global Trade Atlas, Eurostat, Euromonitor and other sources.

In order to derive primary information directly from the source, the ACED research team visited Tallinn (Estonia), Riga (Latvia), Klaipeda and Vilnius (Lithuania) during the period of January 8-19, 2012 and had meetings with 19 market players including importers, wholesalers of fresh and dried fruits, sales agents, brokers and representatives of retail chains. In addition, the research team carried out numerous retail store checks and visited the Riga Central Market.

**Report structure**

This report consists of a brief executive summary, introduction, general description of the Baltic fruit market, product related market information section specifically for each studied fruit. In addition it presents a description of distribution channels, requirements of buyers and governmental import requirements. At the end of the report, specific conclusions and recommendations for Moldovan producers are provided. Annexes include a contact list of potential buyers, EU customs duties and EU marketing standards.
2. GENERAL DESCRIPTION OF THE FRUIT MARKET IN THE BALTIC STATES

General information

The Baltic states (Estonia, Latvia, and Lithuania) are located in central-north Europe on the eastern edge of the Baltic Sea and along the western border of the Russian Federation with Poland to the south and Finland in close proximity to the north. The respective surface areas are 45.2 thousand square km. for Estonia, 64.4 thousand sq. km for Latvia and 65.3 thousand sq. km for Lithuania. The total population approximates 6.6 million people with the most populated country being Lithuania with 48% of the habitants followed by Latvia 32% and Estonia 20%. The highest GDP per capita among the three countries, according to IMF data from 2010, is Estonia with $16,880, followed by Lithuania - $13,190 and then Latvia – $12,226.

Access to the sea and the geographical positioning between large heavily populated countries makes the region an important point of transit for all types of goods, including fresh and dried fruits and vegetables.

All three countries have sea ports although the Klaipeda port in Lithuania is the most active one because of the relatively low cost of services and because this is the only non-frozen port in the Baltic’s. Riga’s port is more expensive and Tallinn’s port is closer to the Saint-Petersburg’s which creates significant competition. Many oversea shipments come to the Klaipeda port which is cheaper than Rotterdam, although bigger ocean carriers cannot enter it, and small boats are used to pick up off-loadings.

Due to the small size of the Baltic States, the Baltic fruit market is also small, although interesting for Moldovan growers due to the relatively short distance, good reputation of Moldovan products and very limited local (Baltic) production. Baltic countries have a well-developed production of “borsch mix vegetables”, including potatoes, cabbage, beets, onions, and carrots. Other vegetables like tomatoes are produced mainly in greenhouses and their volume is not enough to satisfy overall market demand. When it comes to fresh and dried fruits only apple production is more or less developed and this is mostly in Lithuania and to a lesser extent the other Baltic countries with the rest of the fruits being exclusively imported.
Fruit trade

The figure on the left shows the dynamics of the gross and net (excl. re-export) imports of all fruits. Taking into account the very limited fruit production and processing market consumption would more or less equate to net fruit import. As we see from this figure, about half of the fresh fruits imported are being further re-exported with the main destination being Russia. The volume of net fruit imported was rather stable during 2008-2010 in the range of 270-280 thousand tons.

Source: based on UN Comtrade database

Lithuania being a bigger country with a more strategic geographical position is the main logistics hub for re-exports of produce from overseas and other EU countries to Russia and Belarus. The figures below show the different countries percentages of gross and net fruit imports. In looking at the gross imports Lithuania has almost two thirds (64%) of the Baltic States imports but when you exclude re-exports, the percentages amongst the three countries evens out considerably.

The main re-exported fresh produce item is Polish apples supplied through the Baltic countries to Russia. This item is followed by citrus, peaches and plums. Big Baltic distribution companies have a well-developed channel supplying Russian importers and supermarkets.

Source: based on UN Comtrade database

1 Gross import represents the total import of a product in the country. A part of the gross import is further re-exported to other countries and the net import represents the volume of the produce remaining in the country.
The figure below shows the percentages of fruits imported (net) in Baltic countries.

Figure 4. Main fruits net imported to Baltic states by volume

As we can see from the figure 4 when it comes to net imports apples are not the leading fruit item comprising only 9% of total fruits imported for domestic consumption. This can be explained by the fact that 60% of the market demand for apples is covered by local Baltic production.

The leading positions belong to citrus (mainly mandarins and oranges), melons, bananas and grapes. Peaches and pineapples also have small percentages of net fruit imports whilst the volumes of other fruits imported are really insignificant.

Source: based on UN Comtrade database

Figure 5 shows the main countries exporting fruit to Baltics. As we can see the leading fruit supplier is the Netherlands in spite of a comparatively limited production base. The Netherlands with a well-developed logistics platform, competitive prices, and the ability to easily put together mixed loads for oversea shipment puts them in a very favorable position. The same situation exists with Belgium and Poland. Poland is also a very important exporter of apples.

Pertaining to other fruit producing countries, the main suppliers are Italy and Spain, followed by Turkey although Turkey is slowly losing the market due to their more complicated logistics compared to the EU countries and the protective Minimum Entry Price system.

Most importers in the Baltic countries including distributors and retail chains do not have sufficient experience of importing produce from outside the EU. In most instances they do not even possess information about import taxes and other barriers to trade.

Many times the small size of the Baltic market limits the possibility of full truckloads of one product making mixed loads very popular. Generally mixed loads from non-EU countries are much more difficult to organize. This is the reason imports from non-EU countries have a small market share.

Regional preferences and differences

There is a strong preference for locally grown (Baltic) products and the prices for such products can be significantly higher than the imported ones even if the quality is lower. This pattern is very strong in
Estonia and a little less pronounced in Lithuania and Latvia. Regional products that are coming from the other Baltic countries are also more demanded and command higher prices than the other EU or overseas fruits and vegetables. Consumers are used to the taste of their local produce and perceive it as more natural and fresher. It is very difficult to sell imported products during the high production season when local product is available. Moldovan fruits and vegetables still have the ability to be perceived as regional product and take their place in the market. This is more pronounced in Estonia where the consumers are more open for products coming from the former U.S.S.R. countries than in the other two Baltic States. Estonian consumers still remember the taste of Moldovan produce and perceive it as natural and indeed like it. The lack of cosmetic appeal of Moldovan fruit and the protective EU trade policy are however serious barriers for entering this market.

**Niche markets**

The market for organic products is very small and in its initial stage of development. Most consumers are not ready to pay more for organic fruits and vegetables. Low turnover hinders proper inventory rotation which contributes to higher spoilage and thus keeps the prices high. Usually no more than 2-3 organic fruit and vegetable items are found in supermarkets and this is simply to enlarge the assortment offered to the consumer. Generally no truckload volumes of organics are imported and the biggest organic produce item is bananas. Fair Trade produce does not exist in the Baltic countries.

**Consumption trends**

The World financial crisis has had a serious impact on the purchasing power of the Baltic consumer. The trend of the last three years is toward a bigger focus on price. Suppliers have taken steps away from sophisticated packaging with the need to keep costs down and reduce price points to the final consumer especially when retailers are involved with direct imports. The emphasis on price and overall fierce competition within the different retail formats causes many products to look the same and appear somewhat artificial. The only exception to this is the locally grown products which are preferred and therefore the price of imports being an even more important factor.

The focus on price makes branded products less important. As an example five years ago such brands as Del Monte or Chiquita had a certain competitive advantage. Nowadays they enter into more direct competition with no-name products with greater emphasis on price points and value.
3. MARKET INFORMATION ON STUDIED FRUITS

3.1. APPLES

3.1.1. Characteristics of the apple market

**Market size**

The apple processing sector is not significantly developed in the Baltic countries so we can consider that the market size of apples consumed fresh is determined by production volumes, exports and imports. In the period between 2006 thru 2010 the size of apple market in the Baltic countries dropped from 128 thousand tons to 76 thousand tons. Domestic production facing severe competition from EU countries dropped from 136 to 46 thousand tons for the same period. In 2006-2007 export of apples was higher than imports meaning that part of the local production was also exported. Starting from 2008, imports were higher than exports and in 2010 the share of imported apples in the Baltic market reached 40% although this percentage varied amongst the three countries (see details provided further on in this chapter).

**Figure 6. Production, external trade and market size dynamics of apples in Baltic countries, th. tons**

**Figure 7. Shares of Baltic apple market by country in 2010**

*Source: based on UN Comtrade database and FAO*

Within the three Baltic countries the biggest country, Lithuania, commanded the largest market share for apples with (54%) of all apples consumed in the Baltics followed by Latvia (28%) and Estonia (18%).
3.1.2. Competition and prices

**Competition**

The figures below show the main countries that supply apples to all three Baltic markets.

**Figure 8. Market share of apples supply countries to Estonia**

**Figure 9. Market share of apples supply countries to Latvia**

**Figure 10. Market share of apples supply countries to Lithuania**

*Source: Eurostat*

Analyzing the figures above we can see that in Lithuania local apples dominate the market with the strong market share of 83%. Local apples also supply almost half of the Latvian market while in Estonia their market share comprises only 14%. The biggest exporter to those countries is Poland (mainly in Estonia and Latvia) followed in similar smaller percentages by Germany, Italy and Netherlands. Estonia also imports some insignificant volumes of apples from France and Belgium.

**Price competitiveness of Moldovan apples**

**Figure 11. Average monthly import price in 2010 and minimum entry price fluctuation for fresh apples in Baltic countries, euro/kg**

*Source: Eurostat*
The figure above shows the fluctuation of the Minimum Entry Price (MEP) in EU\(^2\) and the average import price (AIP) for apples supplied to all three Baltic countries. As we see from this figure, the AIP in Estonia is lower than MEP almost all year round thus being a significant barrier for Moldovan apples to enter Estonia. Analyzing the AIP vs. MEP for Latvia and Lithuania, we can see that starting from August, when the first Moldovan apples appear, the AIP is higher than MEP which provides Moldovan producers a “theoretical” opportunity to compete in this market. Analyzing the AIP fluctuation above we should also take into consideration the fact that Lithuania is a big logistics hub and an important channel for fruits shipping to Russia from the EU. Often the most expensive apples imported to Lithuania are then re-exported to Russia with the cheaper fruits being sold in Lithuania. With this being the case the data provided in the figure 11 cannot serve an unequivocal proof of possible competitiveness of Moldovan apples in this market as the AIP is overstated. To confirm this statement we can add that during the market visitation in January 2012 the retail price difference for fresh apples in those three countries was really insignificant. Apples in Lithuania were not more than 5-10% more expensive than in Estonia and Latvia.

The figure below describes the AIP fluctuation from the main supplying countries compared to the MEP fluctuation.

**Figure 12. Average monthly price per country of import in 2010 and MEP fluctuation for fresh apples in Baltic countries, euro/kg**

Source: based on Eurostat and TARIC data

As we can see from figure 12, the import price for Polish apples is below the MEP all year round and fluctuated in the range of 0.25-0.45 €/kg (price delivered to Baltic countries, excl. VAT). Taking into account the following factors: 1) shorter transportation distance, 2) less freight costs, 3) no minimum

\(^2\) The majority of the Moldovan products including apples benefit from the Asymmetric Trade Agreement when exported to EU and 0% of import duty is applied. In order to benefit from this the price of imported goods needs to be equal to or higher than the stipulated price for that specific period of the year. If the price is lower it is automatically adjusted to the minimum entry price (MEP) by applying a corresponding import duty which when applied will equate to the MEP. There may be infrequent cases when the import price is extremely low that even with the customs duties applied this will still be below the MEP and this will be further explained below. This protects the local EU producers from product being dumped in the market and sometimes can be a barrier for Moldovan products to enter certain EU markets.
entry price and 4) willingness to sell over half the year for 0.20-0.30 €/kg we can affirm that there is no real market for Moldovan apples. This in addition would assume that the quality and overall cosmetic appeal would be the same as Polish apples. The only chance to introduce Moldovan apples into the Baltic countries would be to position them in the same market segment as apples coming from Italy, Germany and Netherlands (0.55-0.80 €/kg in Oct-Dec 2012), which would imply a significant improvement of quality and packaging along with a strong marketing campaign promoting Moldovan apples.

Discussions with market players from the Baltic countries confirmed the fact that Polish apples are a big factor that keeps all market prices down. As an example of these low prices we can mention that in January 2012 the wholesale price for 65+mm Polish apples in the Baltic countries was 0.40-0.50 €/kg (incl. VAT and wholesalers’ mark-up). The ex-works price of some varieties of Polish apples were: 0.44 €/kg for Mutsu variety 80+mm; 0.43 €/kg for Gala 70+mm; 0.33 €/kg for Idared 70+mm. Importers also mentioned that sometimes the ex-works price for Polish apples can be as low as 0.15 €/kg during high production season. Polish producers constantly monitor the market prices and are always ready to drop their price down if real competition from another country appears in the market and is a threat.

Besides the Polish apples, an important factor is the locally grown apples. There are not many cold storage facilities in the Baltic countries so the main volume of local apples are sold from August until November but still are present at retail until the end of the winter.

It’s worth mentioning that Estonian consumers have a more “patriotic” consumption patterns, always preferring Estonian apples and not paying much attention to inferior external appeal and numerous cosmetic defects compared to Polish apples. The difference becomes even more pronounced and still not a factor comparing Estonian apples to those from Western Europe countries. Estonian apples are usually sold twice as expensive as Polish ones and are considered to be much more natural having a much better sweet-sour taste profile. In Lithuania the consumer “patriotism” (local preference) is lower than in Estonia and in Latvia and the local apples are losing market share to the imports.

The common market players’ opinion is that the best quality apples shipping into the Baltics are from Germany.

During the market visitation in January 2012, the retail price for apples started from 0.60-0.70 €/kg for Polish apples (Gloster, Champion, Golden Delicious); from 0.75 euro/ kg for non-sized local apples with abundant cosmetic defects (Aauksis variety in Latvia) to 1.34/euro kg for I class local Lobo variety. Apples from Italy and Germany were priced in the range of 1-1.50 euro depending on class, size and variety (mostly Golden Delicious, Jonagored, Jonagold, Granny Smith, Royal Gala). Big red apples 80+mm (Red Chief) from Brazil were 1.75 euro and club apples (Pink Lady from Italy) 2.30 €/kg. The cheapest varieties were Gloster, Golden, Champion, Gala (mostly from Poland) 0.70- 1.00 €/kg, followed by Jonagored and Jonagold (around 1-1.20 €/kg), Royal Gala, Granny Smith, Red Chief, Braeburn (1.50-1.80 €/kg) and at the high end we found Fuji and Pink Lady (2.15-2.30 €/kg). The apples seen in the Riga Central Market were exclusively local and Polish ones. The Polish apples were sometime sized but the local ones were never sized. The price range was 0.85-1.15 €/kg depending mostly on appearance.
3.1.3. Specific product requirements for apples

**Sizing and grading**

The size of apples required by key market players depends on the distribution channel and variety. The general rule is “the bigger the better”. Importers supplying supermarkets prefer the size of 80+mm although some wholesalers mentioned that 65+ and 70+mm are also fine if the price is good (mentioning that the Polish apples are usually never bigger than 70+mm, but are always priced well. For HoReCa and specifically schools the sizes of 60, 70, 75 mm are well accepted. For such varieties as Golden Delicious, which usually do not grow big, the size of 65+70+ is considered good. The price difference between size grades (ex: +70mm vs.+75mm) is 0.02 – 0.03 €/kg.

The second quality class apples are found in the market most often and some importers also mentioned that they prefer to work with II class apples because the price is so important with bigger volumes sold.

While visiting the Riga central market we could notice that local Latvian apples were sold with many external defects (black spots) however the consumer is tolerant to these defects of the local apples as compared to the imported ones which must look perfect.

**Color and varieties**

There are basically two distinctly different market segments for apples in the Baltic countries. The first one is the “local” apples. All three countries have their own varieties that are not known internationally. These are winter varieties Bogatyri and Telisa in Estonia, Lobo, Auksis, Lielie, Sinaporlovskis, Tiklina, Iedzenu in Latvia, Ligol and others in Lithuania. Most of them are yellow and green apples sometimes with red spots (see picture 2). Their taste profile is usually sourer than the Polish apples which are appreciated by consumers.

Contrary to the local apples, the preferred imported ones are mostly red varieties. The estimated market share of imported red apples in the Baltic countries is about 70%, followed by 20% yellow and 10% green. The imported red apples have a better price in the market if not compared to the locally produced tallow/green apples, which are also expensive comparatively with their lower quality.

The main imported variety on the market is Jonagored, a very popular variety imported mainly from Holland, Belgium and Germany. Other important varieties shipped from these countries are Jonagold
and Gloster all of which are 90+mm size. From Poland the main varieties imported are also Gloster along with Champion, Lobo and, to a lesser extent, Idared. The main imported Italian varieties are Golden Delicious and Granny Smith, 80+mm size. It’s worth mentioning that Golden Delicious has to be yellow, with a high level of ripeness. Granny Smith apples should have white spots and are also supplied from Germany, France and Spain, although in smaller quantities than from Italy.

Lithuanian importers are also receiving Italian and Brazilian Red Chief as well as French Granny Smith apples (both of 90+mm size) mainly for re-export to Russia.

**Internal supermarkets’ requirements**

Retail chains do have some specific internal quality requirements in addition to the EU marketing standards and OECD quality standards. An example of retail chain requirements for apples is provided below:

- **Color**: should be typical for the variety with the minimum presence of red color for certain varieties (min. 60% for Fuji, 35% for Jonagold, 60% for Royal Gala. The color of Golden Delicious should be no. 3-7 according to color sheet and 3-5 for Granny Smith with red blush being allowed for both varieties;
- **Firmness**: maximum 5.4 kg at arrival for most of varieties, 4.5 kg for Golden Delicious, 5 for Granny Smith.
- **Starch value limit** is introduced for certain varieties: 2.8-3.5 for Golden Delicious, 3.5-4.5 for Jonagold, 2.5-3 for Royal Gala, 3.5-5 for Fuji.
- **The required sizes also depend on variety**: 75-85 mm for Fuji, Golden Delicious, Royal Gala, 75-80 and 80-85 mm for Granny Smith, and 65-90 mm for Jonagold. The difference between fruit in the same package cannot exceed 5mm.
- **Brix level**: minimum 11° Brix for most of varieties (min. 12° Brix for Golden Delicious)
- **Fruits should be firm and not tired looking (aged). Treatment with wax is allowed. The shelf life should be minimum 30 days after arrival to supermarket.**

**Packaging**

Discussions with market participants revealed that packaging for apples is not an important factor as long as the packaging looks respectable and protects the fruit from damage. The most popular packaging used is 18 kg telescope carton boxes (also called “bushel”) from France and Italy, 12 kg telescope carton box from Holland and 12-14 kg open carton box from Poland.
The 18 kg carton “bushel” is considered the best packaging for big apples re-exported to Russia. The size is often calculated as number of fruits per box (72 or 82 ct. for Italian Red Chief or big French Granny Smith apples which are 90+mm) in four layers with cushion separation.

Wooden boxes are also used, although to a lesser extent. The example of Polish apples in 12 kg wooden box is provided in the picture 6. Sometimes Dutch apples are imported in 18 kg wooden boxes.

In the picture 7 we can see an example of the French wooden seasonal packaging where the fruits are covered with a plastic film protecting them from frost damage.

The carton package is more widely used, but the wooden box has a certain natural presentation and overall feel. Picture 5 shows a Polish open carton box with a wood concept design. The packaging of this design became very popular recently and was seen being handled by many wholesalers.

Polish apples also come in big containers (either 300-400 kg wooden or 200 kg plastic ones), often being further re-packed by distributors in smaller plastic boxes or pre-packed in 1-2 kg plastic bags. This option is mostly used for low quality/price apples which are shipped in bulk to minimize costs.

Boxes with plastic layers with cells for each apple were also found in the Baltic countries mainly for fruits arriving from Western Europe. This feature is not very popular and it is not an important competitive
factor. Cheaper fruits usually are imported in bulk boxes and the more expensive ones are packed in 1-4 layers but mostly without cells.

It is critical that produce is palletized. If the target distribution channel is supermarkets, the size of pallets should be exclusively 800x1200x145 mm standard euro-pallet with all necessary certification (stamped EUR with indication of pallet producer, serial number and year of production). If the produce is intended to be sold at the green market, the size of pallet should be 1000x1200x145 mm, which is considered better.

The price of product should include the cost of the pallet, because Baltic market operators do not take part in the Euro-pallet exchange system and these pallets are thrown away after the produce is sold.

Labeling requirements are obligatory for all fruits. Samples in the Estonian, Latvian and Lithuanian languages are provided on the picture 39 in chapter 6.3 of this report.

The minimum labeling requirements for apples must specify the origin, variety, sizing and grade. The label for retail contains the following information: name of distributor, name of packer, name of produce, origin, quality, weight and price (added by supermarket).

**Trends**

Locally produced apples in the Baltic’s still have a big market share and this is likely to remain unchanged in the near future, especially in Estonia and, to a lesser extent, in Latvia. In Lithuania consumers are moving to cheaper Polish apples because the pricing factor is even more important. Lithuania still remains a big hub for re-exporting EU apples to Russia. In the last five years, however, these volumes have become less and less due to the more direct market linkages of Russian buyers and EU suppliers. Most apples are consumed in high season from August till November before the avalanche of citrus hits the market. With very well developed transportation and logistics the market players from the Baltic countries will continue to prefer to source apples from the EU where distances are shorter than from Moldova, prices are very low (Poland) and where mixed loads are easily arranged alleviating the pressure of taking more product than needed. Moldova has already lost the apple market in the Baltic countries and the further integration of EU countries along with the MEP and import taxes for Non EU countries in the face of cheap product from Poland will make any substantial presence in this market impossible. Irrespective of all the barriers to the market such as the longer distance to market (compared to Poland) and all the “commercial” trade barriers with EU, the apples, if any, that would have the best chance to penetrate that market are red ones, sized 70-80mm in 12-13 kg open carton or wooden box.
3.2. TABLE GRAPES

3.2.1. Characteristics of the table grapes market

**Market size**

There is no local table grape production in the Baltic countries. Therefore, all grapes found in the market are indeed imported. The size of the table grape market in the Baltic countries has dropped significantly from 23 thousand tons in 2006 to 14 thousand tons in 2010, as can be seen from the figure 13. The same figure shows the growth of imports and re-exports of table grapes mainly to Russia.

![Figure 13. External trade and market size dynamics of table grapes in Baltic countries, th. tons](image)

*Source: UN Comtrade database*

From the figure 14 we can notice that all three Baltic countries have roughly the same market size for table grapes with Lithuania being slightly bigger than the other two countries.

3.2.2. Competition and prices

**Competition**

![Figure 15. Market share of table grapes supply countries to Estonia](image)

![Figure 16. Market share of table grapes supply countries to Latvia](image)

![Figure 17. Market share of table grapes supply countries to Lithuania](image)

*Source: UN Comtrade database*

Figures 15-17 show the main table grape supply countries to Estonia, Latvia and Lithuania. As we can see the main exporter is Italy contributing almost half of the market. Turkish grapes are sold only to Latvia and the rest of suppliers are from the Southern Hemisphere. Estonia mostly imports grapes from the
Southern Hemisphere (Chile, S. Africa, and India) directly, while Latvia and Lithuania source their grapes mostly through the Netherlands and much smaller volumes from Poland. Lithuania also imports some insignificant volumes from Spain and Bulgaria.

**Price competitiveness of Moldovan table grapes in Baltic countries**

Figure 18. Average monthly import price in 2010 and minimum entry price fluctuation for table grapes in Baltic countries, euro/kg

Source: based on Eurostat and TARIC data

The high season for grapes in the Baltic countries is from August until November when 60% of all grapes imports are done. During this period the MEP for grapes in EU varies for 0.55 to 0.48 €/kg, which is well below the average import prices and is not a barrier for Moldovan grapes to enter those markets. Figure 18 shows the AIP fluctuation during the year with the lowest prices (0.80-0.90 €/kg) being registered in September and the highest prices (1.60-2.50 €/kg) in December. We can also notice that import prices in Estonia were generally the lowest in the region and the AIP in Latvia and Lithuania was higher in the first half of the year and much higher in December. This can be explained by the fact that Lithuania and Latvia play a major role in re-exporting grapes coming from the S. Hemisphere (via Netherlands) to Russia. Those grapes are mostly supplied in the winter time and have a much higher price than EU grapes.

Figure 19. Average monthly price per country of import in 2010 and MEP fluctuation for table grapes in Baltic countries, €/kg

Source: based on Eurostat and TARIC data
Figure 19 above describes the AIP fluctuation from the main supply countries. From August to October the import price of Italian grapes is around 1 €/kg and then increase to 1.40-1.70 €/kg in November and December. Italy being the main supplier in high season dictates the pricing in the market. Turkish grapes are the least expensive with a price of 0.60 €/kg in September but still above the MEP. The price of grapes from the Southern Hemisphere arriving mainly via Netherlands as well as direct shipments command the highest price of 2.5 €/kg in December, but also were high (1.50-2.00 €/kg) in January – May 2010.

The monthly fluctuation of import prices year by year repeats the curve shown in the figure 18, while the absolute price values change based on a number of factors, with weather and currency exchange rates being most important. Speaking to various market players revealed that in 2011 average prices were significantly lower that they were in 2010. The import price for white seeded Italian grapes in 2011 started from 1.70 at the beginning of July and dropped to 0.60-0.80 €/kg in August-October. Prices started to increase in November and reached 1.15 €/kg by the beginning of December 2011. The general opinion of several market players is that the quality of Italian grapes in November starts to decline and they yield ground to the grapes from the Southern Hemisphere.

Starting from mid-August, Turkish white grapes are sold at the same time as the Italian ones but they don’t compete directly and occupy the lower market segment of seedless grapes versus the higher priced Italian seeded grapes. Before mid-August the early Turkish grapes don’t have the minimum acceptable brix level (14%). The seedless grapes are usually more expensive in the market than the seeded ones but the Turkish “Sultana” which is their main variety is an exception. Despite the fact that it is sold as much as 30% cheaper than seeded Italian grapes its market share is declining due to the lower quality.

Starting from the beginning of December the volume of grape imports drops by 90% compared to November and supermarkets stop importing European grapes due to low quality and switch to Southern Hemisphere grapes. The main varieties are the Red Globe and white seedless varieties like Regal Seedless from S. Africa and Imperial Seedless from Argentina arriving in January. In December Red Globes arrive mostly from S. Africa and Brazil and then starting in January through April they arrive from Chile and Peru. At the time of our market visit (January 2012) the import price for Red Globes from Peru were around 2.45 €/kg and 1.7 €/kg for Regal Seedless from S. Africa. Small suppliers of low season grapes are represented by India and Egypt, which have relatively low quality but are priced attractively and still are not important factors in the overall market. Moldovan grapes (Moldova variety) are known in the market and they are sold from October till December. The volumes are small and they have only one distribution channel which is the open/green markets due to their lower quality and shorter shelf life. They arrive in Estonia and are further distributed to the other Baltic countries.

The price of Moldovan grapes is one of the lowest in the market which is the only real factor why these grapes sell. In December 2011/January 2012 the wholesale price for Moldovan grapes in Estonia was 1.20-1.30 €/kg, excl. VAT, which is even lower than the Turkish white grapes (1.40 €/kg). It’s worth mentioning that the Moldova variety from Moldova was competing with the same variety from
Macedonia in the high season of 2011 in Latvia. The Macedonian grapes were imported for 0.50 €/kg ex-works price in October reaching 0.80-1.00 €/kg by the end of November.

Traders from the Riga Central Market confirmed that in October 2011 they had in their assortment the Moldovan grapes selling for 1.85 €/kg and having good consumer loyalty although the quality was average and the bunches were no bigger than 300 grams.

During the market visit in January 2012 the lowest retail price for table grapes was 2.65 €/kg for white seeded Spanish grapes and 2.90 €/kg for the II class white seedless grapes coming from Italy (Victoria variety) and Spain. Noticeably the retail price depends mainly on the type of retail format (supermarket vs. hard discounter) and the in-store promotions that may be taking place. The same white grapes from Spain and Italy (as mentioned above) could be found for the price of 3.70-4.10 €/kg in other shops. Red Globe grapes from Peru and S. Africa were positioned within the general price range of 3.70-4.10 €/kg although the highest price found for this product was 5.57 €/kg and the lowest was 2.61 €/kg (promotion in discount store). Basically the white grapes from Italy and Spain and the Red Globes from Peru and S. Africa were the only grapes on the retail shelf in January in the Baltics with some very minor exceptions.

3.2.3. Specific product requirements for table grapes

Quality requirements

Most importers/wholesalers stipulated that the size of the bunch and the berry was not that important however the grapes must look good and not be too small. Generally, the normal accepted bunch size for grapes would be 300-500 grams although the bigger the better. Some importers mentioned that the size difference of bunches and berries is not that important while the others preferred bunches to be cleaned from very small berries.

Regarding the size issue only the Turkish Sultana grapes were mentioned due to their small berry size. This requires individual bunch packaging even in the high production season because consumers are more pre-disposed to pick and eat small berries from the store shelf when the berry size is smaller.

Supermarkets have stricter requirements which will be described further in this chapter. Retail chains and exporters know and operate within these requirements while sometimes intermediary market players move product to retailers without paying close attention to exact sizing requirements.

A supermarket representative mentioned that Italian grapes weigh around 700 grams and have the size of berries of 20-25 mm which can be a benchmark for Moldovan producers.

Strong attention is paid to a green stem with a shelf life minimum of two weeks after arrival to the wholesaler’s depot. Some importers mentioned that the short shelf life was the main reason why they stopped dealing with Moldovan table grapes.

Important to note is that if the quality of imported grapes is really bad and they cannot be sold neither in the supermarkets nor in the open market the price for product disposal is 25 €/ton. The cost of is paid by the importer and is then reimbursed by the exporter. This is in addition to the cost of the product
which in the end is not paid for by the importer. Importers mentioned that this used to happen to Moldovan grapes.

**Color and varieties**

Consumers mostly prefer white grapes followed by red and then by the dark ones. Such Italian varieties as Italia and Vittoria dominate the market in the high season and it is a must for a distributor to have them in his or her assortment. Due to the fact that all of the market operators supply these varieties, their profit margins with these products are close to zero.

The popular varieties in the winter period are Thompson Seedless (S. Africa), Imperial Seedless and Red Globe. It’s worth mentioning that the Turkish seedless Sultana variety despite its low price does not sell very well in Baltic countries, except Latvia.

This same variety supplied in the winter period from S. Africa and marketed as Thompson Seedless, with slightly bigger berries and more cosmetic appeal is considered a premium grape.

Consumers generally prefer seedless grapes but cannot always afford them so the consumption of seeded (white) grapes is higher.

Black grapes are not bought in big quantities. Traders mentioned Black Magic, Black Pearl and Moldova were bought in high season just for assortment. As an example of volumes sold by color one trader claimed that during the high season he was importing 2-3 truckloads of white grapes, one truckload of red grapes and 2-3 pallets of black grapes. Starting from November the distributors that supply produce to supermarkets do not have dark seeded grapes in their assortment and the only distribution channel remaining is the open market.

During the market visit (mid-January 2012) the only grapes present in supermarkets were Red Globes from Italy and Peru and white seedless grapes from Italy, S. Africa and Namibia (S.W. Africa).

**Internal supermarkets’ requirements**

Retail chains do have some specific internal quality requirements in addition to the EU marketing standards and OECD quality standards. Below is provided an example of retail chain requirements for table grapes, depending on variety:

- Color of berries: evenly full red to ruby red for Red Globes; evenly milky green, slightly greener preferred for Vittoria, Italia, Thompson Seedless, Superior, Regal, Sugraone, Mistery, Early Sweet, Prime varieties.
- Bunch structure: not too tight and not too loose;
- Bunch appearance: evenly shaped and sized berries, the difference in diameter between grapes in the same punnet shall be limited to 2 mm;
- Bunch weight: minimum 150 grams for Thompson Seedless, Superior, Regal, Sugraone, Mistery, Early Sweet, Prime varieties; 400-500 gr for Red Globe; 700-1100 gr for Vittoria and Italia;
• Number of bunches in 4.5 kg box: 8-12 for Red Globe; 4-6 for Vittoria and Italia;
• Berry size: minimum 24mm+ for Red Globe and Italia; 23mm+ for Vittoria; 14-18mm for Thompson Seedless; 15-18 mm for Superior; 16mm+ for Regal, Sugraone, Mistery, Early Sweet, Prime varieties;
• Brix: minimum 14° Brix for Red Globe, Vittoria, Italia, Superior; 15° Brix for Thompson Seedless, Regal, Sugraone, Mistery, Early Sweet, Prime
• Shelf life: minimum 7 days after arrival to supermarket
• The color of the stem should be evenly green, the shape should be typical for the variety, free of sunburn, berry shattering and berry cracking

Packaging

Packaging material is not important. Wood, carton and plastic are widely used for both high season and winter period. The size of packaging varied from 4.5-10 kg per box and doesn’t depend on the season.

The pictures below show the examples of 8 kg carton packages for grapes coming from S. Africa and Namibia (S.W. Africa). Important to note that all grapes supplied in the winter period are wrapped in plastic film and have a sulphate pad to prolong the shelf life.

The grapes from Peru are traditionally packed in 8.2kg plastic boxes as shown in the pictures below. This is a standard package for most South American grapes. Plastic film wrapping and sulphate pads are always used.
The grapes supplied in winter period are pre-packed in plastic bags or to a lesser extent in paper bags. The plastic punnet of approximately 500 gr. is also widely used as a pre-pack option (see picture 15).

Italian grapes even supplied in the low season are packed in their traditional 4.5 kg wooden box. The only difference (compared to the high season) is the plastic foil wrapping.

Contrary to the winter period the grapes supplied in the high production season (from mid-August until November) do not require the closed packages and are widely accepted without being pre-packed. The only exception is the Turkish late grapes because their brix level is high and berries drop off easily.

The traditional 5-8 kg wooden boxes used by Italian and Moldovan suppliers are well accepted. The only observation made regarding the Moldovan grapes was that Moldovans often pack grapes too tight which causes damage to the product as there is too much friction. Also noted was that the “old type” wooden Moldovan boxes (Soviet style heavy boxes) are rarely accepted any more.

Palletizing of produce is crucial and the box labeling must be done according to the minimum EU requirements described in the chapter 6.3.
**Trends**

The market for the Baltic countries is moving very slowly to seedless grapes although this movement is being delayed by a decrease in discretionary incomes and the higher price for these grapes. Dark seeded grapes are consumed more in Estonia, which has a bigger Russian speaking community with strong preferences to products coming from the former Soviet Union. Seeded grapes, although mostly the white ones coming from Italy, still have the biggest market share and are mostly consumed from July till November.

The world financial crisis has caused a decline in consumers’ income which has resulted in a more focused price orientation for consumers. As an example: a lot of Italian grapes in the high production season are imported in simple 10 kg plastic boxes (not the traditional Italian wooden 4.5 kg box) just to save a few cents on costs.

During the high production season the price is the major factor and significant volumes can be moved to the market if the price is good even if the quality is not perfect. In the low season market players prefer to have either good produce or to not have product at all.

Moldovan exporters have a certain niche for the dark seeded grapes and have to benchmark Italy on price and quality in order to be competitive in that market.

### 3.3. PEACHES

#### 3.3.1. Characteristics of the peach market

**Market size**

Peaches are not grown in any Baltic countries. All peaches found in the market are imported. In figure 20 shows that market size for peaches in the Baltics was around 12 thousand tons in 2006-2007 dropping to 8-9 thousand tons in 2008-2010. There continues to be big volumes imported for further re-export (predominantly Russia) and this trend is growing.

![Figure 20. External trade and market size dynamics of peaches in the Baltic countries, thousand Tons](image)

**Figure 20.** External trade and market size dynamics of peaches in the Baltic countries, thousand Tons

![Figure 21. Shares of Baltic peach market by country in 2010](image)

**Figure 21.** Shares of Baltic peach market by country in 2010

*Source: UN Comtrade database*
The highest peach consumption in 2010 was registered in Latvia accounting for almost half of all Baltic peach market consumption (see figure 21).

### 3.3.2. Competition and prices

**Competition**

**Figure 22.** Market share of peaches supply countries to Estonia

**Figure 23.** Market share of peaches supply countries to Latvia

**Figure 24.** Market share of peaches supply countries to Lithuania

Source: UN Comtrade database

Figures 22-24 show that Spain is the biggest supplier of peaches to the Baltic’s especially for Estonia and Latvia followed by Italy and then much smaller percentages from Greece and the Netherlands who mainly re-export.

Market players also mentioned Hungary as supply country although not really price competitive, which is confirmed by its absence in the above import charts.

**Price competitiveness of Moldovan peaches**

**Figure 25.** Average monthly import price in 2010 and minimum entry price fluctuation for fresh peaches in Baltic countries, euro/ kg

Source: based on Eurostat and TARIC data

The figure above shows that average import prices were higher than MEP during the whole season June through September 2011. Sometimes the market can be saturated and market players mentioned that
prices can be as low as 0.15 €/kg ex-works from EU suppliers. In this case the MEP becomes a barrier to enter into the market for the non-EU suppliers. As we can see from the figure 25 the average import price basically does not differ from one Baltic country to another except with the off-season peaches that are imported into Lithuania for further re-export. The beginning of the season is May when peaches are imported for 2.10-2.30 €/kg with the price decreasing to around 1.50 €/kg in June, 1.20-1.30 €/kg in July, 1 €/kg in August and 0.75–0.85 €/kg in the September through November time period.

Figure 26. Average monthly price per country of import in 2010 and MEP fluctuation for peaches in Baltic countries, euro/ kg

Analyzing the figure above one can see that Spain is the biggest direct peach supplier and should be used as a benchmark for Moldovan producers. During the whole production/supply season Spanish peaches were sold just at the MEP level or below. This basically eliminates this market for non-EU suppliers. Greek peaches were on average 0.15-0.225 €/kg more expensive. Italian peaches were priced in line with the Spanish ones.

Analyzing this data we can come to the simple conclusion that there is no market potential for Moldovan peaches to penetrate any of the Baltic countries as long as there is a Minimum Entry Price system.

3.3.3. Specific product requirements for peaches

Peaches arriving from Italy and Spain are mainly the sizes AAA and AA although there is room for smaller peaches if the price is very attractive. The size preferences for peaches depends on the year and market conditions and it can happen that size AB peaches can be in greater demand than AA but generally bigger is better as long as there are no huge price premiums for bigger fruit.

Peaches should have a red color on skin and should arrive at the wholesaler’s depot somewhat firm with a little give. Importers claimed that Hungarian peaches have a good taste profile but often arrive soft leading to high spoilage/losses.
**Internal supermarkets’ requirements**

Retail chains have some specific internal quality requirements in addition to the EU marketing standards and OECD quality standards. An example of retail chain requirements for peaches is as follows:

- The color should be minimum 70% of red/orange with no greenish discoloration accepted;
- The shape should be uniform, typical for the variety;
- The firmness should be in the range of 3.5 kg to 5.5 kg;
- Fruits should be ripe with no “aged” symptoms;
- The minimum shelf life is 10 days after arrival;
- Sizes: 37,39 or 43 fruits of size AA (73-80 mm); 42, 45 or 48 fruits of size A (75 mm); 52, 56 or 59 of size B (61 mm) per 4.5 kg box;
- Brix minimum level: 10 °Brix;
- Core temperature: +1 to +6 °C.

**Packaging**

The standard peach packaging is 4.5 - 5 kg open carton or wooden box. Fruits can be packed in bulk or in one or two layers.

The price difference between loose packaging and packaging with layers is 2-3 euro cents/kg.

Individual cells for each fruit are preferred.

### 3.4. TOMATOES

#### 3.4.1. Characteristics of the tomato market

**Market size**

The size of the fresh tomato market in the Baltic countries was generally stable during the period 2006-2010 with a small peak in 2009 and slightly fluctuating volumes approximating 40 thousand tons per year. From figure 27 we can also notice big volumes of imports and further re-exports of tomatoes (mostly to Russia).

*Figure 27. Production, external trade and market size dynamics of fresh tomatoes in the Baltic countries, th. tons*

*Source: based on UN Comtrade database and FAO*
Figure 28 shows that despite the different sizes of the respective Baltic countries the overall market size is divided rather equally amongst them with Estonia being the largest tomato consumer. This can be partially explained by the climate in Lithuania that permits growing open field tomatoes with smaller farmers often times not reporting all their yields to the official statistical reporting agencies while in Estonia and Latvia almost all tomatoes grown come from greenhouses and are reported.

3.4.2. Competition and prices

**Competition**

Estonia produces around 5.1 thousand tons of greenhouse tomatoes annually and Latvia approximately 6 thousand tons. Lithuanian tomatoes are mostly open field and the average annual total volume produced is around 2.5 thousand tons according to the official statistics. The production in Estonia and Latvia is very concentrated. For example, nine big Latvian greenhouse producers (with the greenhouse areas of 1-10 ha.’s) provide 90% of the local produce to the market.

The figures below show the main tomato supplying countries to all three Baltic markets as well as the percentage of local production. As shown the local tomato production accounts for 32-33% of the market in Estonia and Latvia and only 18% in Lithuania. In addition to the local production the main suppliers in the market are the Netherlands (market share 59% in Lithuania), Spain (11-21% depending on country) and some smaller supplies come from Turkey, Poland and France.

**Price competitiveness of Moldovan tomatoes**

By analyzing the figure 32 we can clearly see that the average import prices in 2010 were higher than MEP during the whole year. This provides the opportunity for non-EU supplying countries (incl. Moldova) to be competitive with tomato price offerings in these Baltic countries.
The lowest import prices were identified in the period May through August with a price range of 0.85-1.10 €/kg. Starting from September and through the balance of the year the import price was approximately 1.10-1.40 €/kg with the exception of Lithuanian imports which were as high as 1.70 €/kg. The majority of these expensive tomato imports were then re-exported to Russia.

The biggest volumes of tomatoes were imported in the periods of May through July and October through December. In August which is the peak month for local production the import volumes were the lowest for all three countries.

Tomato price fluctuation at retail would appear as follows: First local (greenhouse) tomatoes appear at retail in March for 3.50 €/kg at store level. Within two weeks the price drops to 2.15-2.50 €/kg, and in April the price further declines to 1.80 €/kg. Until June there is a good opportunity for imported tomatoes to be shipped into the market. At the end of July tomatoes from Poland and the local open field tomatoes appear for 0.70 €/kg and then further decline in price dropping to 0.40-0.60 €/kg in August. Afterwards the price slowly moves up reaching 1.80 €/kg at the end of October. With price points reaching the 1.50 €/kg range the consumption significantly declines. The maximum retail price for tomatoes in late winter reaches 3 €/kg and the consumption at this price point is very low.
The figure above shows the import price fluctuation for the various supply countries. The Dutch tomatoes are the most expensive but the biggest percentage is for re-exports predominantly to Russia. The main benchmark countries for Moldovan producers should be Spain followed by Poland. The Dutch tomatoes designated for consumption in the Baltic countries were cheaper and of a lower quality than the re-exported ones.

The biggest volumes of Spanish tomatoes were shipped to the Baltic countries from December through June however smaller volumes appeared in the market throughout the year. In the months of May through August 2010 the import price of Spanish tomatoes was 0.70-0.85 €/kg and then from September through February increasing to 1.00-1.10 €/kg with pricing highest during March through April period at 1.40 €/kg. Polish tomatoes were generally 0.10-0.20 €/kg cheaper than the Spanish ones except in May and June although the general price trend fluctuation was the same.

Turkish tomatoes are present in the market mainly from December through April when they don’t compete with the local Baltic produce. During that period Moldova does not have tomato production and therefore Turkey is not a direct competitor with Moldova. Turkey’s absence in the market during the summer despite their low price is a clear indicator that the market is very tight and the quality of Turkish tomatoes are not accepted when there is local Baltic product in the market.

During the market visit in mid-January 2012 the following tomato assortment and corresponding price ranges were identified: the cheapest Spanish II class, loose tomato in a hard discounter was priced 1.42 €/kg, and the cheapest Lithuanian II class greenhouse tomatoes was sold for 1.71 €/kg. The average price for the Spanish loose tomatoes varied in the range of 2.00-2.20 €/kg while the Spanish vine tomatoes were priced 2.30-2.60 €/kg. The price for Dutch loose tomatoes was 2.50 €/kg and the Dutch vine tomatoes were sold for 3.10 €/kg. Spanish cherry tomatoes were sold on average for 4.00-4.30 €/kg. Spanish dark loose green-purple tomatoes were sold for 3.80-4.40 €/kg. The price range for the II class loose Spanish tomatoes at the Riga Central Market was 1.85-2.30 €/kg.

In summation we can affirm that Moldovan tomatoes have only a very small opportunity in Estonia and Latvia because the production period is the same as the local Baltic producers. In Estonia and to a lesser extent Latvia the consumer “patriotism” is high and most people prefer to buy locally grown tomatoes even if they are sometimes twice as expensive as the Spanish tomatoes with even greater price differentials compared to Polish and Turkish tomatoes. The best opportunity for Moldovan tomatoes is in Lithuania where the locally grown open field tomatoes are of a lower quality and consumers are more price conscious. In order for Moldovan producers to be competitive in the Baltic countries, specifically Lithuania, they must use Spain and Poland as a competitive benchmark for price and quality.

### 3.4.3. Specific product requirements for tomatoes

**Sizing and grading**

Tomatoes of quality class I and II are mostly found in the market in about equal proportions. Some distributors claimed they only work with class I tomatoes but the conclusion after our market visit showed that there is indeed a market for lower quality also.

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When it comes to locally grown tomatoes consumers tolerance towards quality or “lack of” is very high for Estonia and Latvia. The requirements for imported tomatoes are much higher with regard to size, appearance and packaging.

The supermarkets’ quality tolerance for I and II quality category tomatoes is 10% for cosmetic defects and 2% for spoilage. The tolerance for soil presence and white spots on the tomatoes is zero. White spots on tomatoes are not tolerated at all as this may be the result of incorrect pesticide application.

Many size classifications are widely used and the EU official standards (provided in the Annexes of this report) is not the only table utilized (see the table below):

<table>
<thead>
<tr>
<th>SIZE (1st classification)</th>
<th>SIZE (2nd classification)</th>
<th>EU official size code</th>
<th>DIMENSIONS</th>
<th>WEIGHT</th>
</tr>
</thead>
<tbody>
<tr>
<td>GG</td>
<td>BBB</td>
<td>9</td>
<td>82-102mm</td>
<td>201-700 gr</td>
</tr>
<tr>
<td>G</td>
<td>BB</td>
<td>8</td>
<td>67-82mm</td>
<td>141-200 gr</td>
</tr>
<tr>
<td>M</td>
<td>B</td>
<td>7</td>
<td>57-67mm</td>
<td>111-140 gr</td>
</tr>
<tr>
<td>MM</td>
<td>A</td>
<td>6</td>
<td>47-57mm</td>
<td>TO 110 gr</td>
</tr>
</tbody>
</table>


The table above shows that the same size of tomato can be coded differently depending on the classification standard used. For example, size 8 according to the EU Marketing Standards can be also named size BB or size G according to other classifications. All these classification are used by the market players.

Size requirements applied by market players are usually tighter than the EU marketing standard classifications with the accepted size classification “range” not to exceed more than 5mm and sometimes as low as 4 mm for supermarkets. According to distributors the most popular sizes for loose tomatoes are 58-63mm and 63-68mm (or 65-70 mm).

The local Estonian and Latvian tomatoes are usually round shaped and big (65-70mm) and this must be the benchmark for Moldovan producers. These tomatoes are sold in big volumes, but, in order to make offers to various sectors, the bigger Baltic producers usually grow tomatoes of all sizes and shapes.

Consumers in Estonia and Latvia are used to the taste of their greenhouse tomatoes and do not really want field grown tomatoes while the Lithuanian consumers are more open to accepting the open field tomatoes.

**Type and varieties**

Consumers in Baltic countries do generally prefer vine tomatoes although due to the price premium of around 10-15% for vine tomatoes many consumers buy the loose ones. The market is somewhat equally divided between these two types of tomato offerings. Vine tomatoes look fresher compared to the loose tomatoes and due to the vine have a stronger flavor. It does happen that consumers in supermarkets pick up vine tomato, discard the vine, and then pay for the tomatoes which now appear to be loose pack at the cheaper price.
Tomato varieties are usually not that important to the final consumer and the main factors driving their buying decision are:

- country of origin – preference to locally grown products;
- shape - mostly round;
- firmness - must be firm;
- color - the more bright red the better;
- price – the lower the better, although the local products and the imported ones compete in two distinctly different categories. The first one (local) being much more expensive in the high production season and this to a lesser extent in Lithuania than in Estonia or Latvia.

There are also market possibilities for different types of tomatoes such as: plum tomatoes and very big beef tomatoes sold in April-May at a premium price as well as cherry tomatoes and small (15-20mm) plum tomatoes. These are mainly niche, rather than mainstream markets.

**Packaging**

Good packaging for “normal” loose tomatoes is an open 4-5 kg. carton box either bulk pack or two layers separated by a “cushioning” paper. The example of this “mainstream” package is presented in picture 23. The bigger and more expensive tomatoes like the ones from Morocco presented in the picture 25 can be packed in an open 6-7kg carton box with one layer of fruits and individual plastic cells. Spanish producers often use 5kg plastic boxes (see picture 24).
The pictures below show that vine tomatoes from different countries are supplied in absolutely identical packaging namely 5 kg open carton box, 4-6 tomatoes per vine in two layers separated by cushioning paper.

Picture 26. Yellow Latvian vine greenhouse tomatoes
Picture 27. Vine tomatoes in open carton box, Holland
Picture 28. Vine tomatoes in open carton box, Germany

Pre-packing is widely used for small fruits like cherry vine tomatoes or cherry plum tomatoes shown in the pictures below. A well accepted package for cherry vine tomatoes is the open carton box with 10x500 gram plastic bags with two vines bunches in each. The loose cherry tomatoes are most often packed in 250 gram plastic punnets with 9 to 12 punnets per box.

Picture 29. Pre-packed cherry tomatoes from Morocco
Picture 30. Pre-packed cherry plum tomatoes from Morocco
Picture 31. Pre-packed tomatoes from Spain

**Trends**

The Baltic tomato market is very competitive and a very difficult one to penetrate. This is primarily due to the pronounced consumer patriotism, especially in Estonia and Latvia, and the intense pressure on price/quality relationships from competitive supply countries. Despite the strong preference for locally grown produce, and specifically tomatoes, the Baltic producers are taking all measures to not lose ground in favor of aggressive suppliers from Spain, Poland and Netherlands. Spain and the Netherlands already have a strong presence in the market and Poland is also a big concern for the Baltic producers due to their proximity, less restrictive pesticide application policy, higher agricultural subsidies, and the willingness to drop pricing when need be.

The growing consumer preference is for vine tomatoes and this market segment is projected to grow when discretionary incomes are “re-vitalized”. Moldovan tomatoes have some potential in Estonia if they are positioned in the higher priced segment along with the locally grown tomatoes. In Estonia due
to the big Russian speaking community they are more open to products arriving from former Soviet Union member countries but the quality must be good. The Lithuanian market is very price competitive with historical linkages being only a very minor factor. Success in the Lithuanian market is based on the overall perception of the quality/price relationship, which will be the determining factor whether there is acceptance. For Moldovan producers the competitive benchmark for the quality/price “value” equation should be Spain and Poland. For the Latvian market the general consumption pattern/trend is a combination of Estonia and Lithuania and will also be very difficult to establish market acceptance for Moldovan product.

3.5. DRIED PLUMS

3.5.1. Characteristics of the dried plums market

Market size

The domestic production of dried plums in the Baltic countries is not developed and the market depends exclusively on imported products. Figure 34 shows significant market size fluctuation the last several years, however, with no real trends. Consumption ranges from 1–1.8 thousand tons per year. Approximately 30-40% of the imported dried plums are further re-exported with the balance being consumed locally.

Figure 34. External trade and market size dynamics of dried pitted plums in Baltic countries, tons

Source: UN Comtrade database

The figure 35 shows that Lithuania is the biggest consumer of dried plums among the three studied Baltic countries accounting for more than one-half of the market. Latvia has a share of 32% and Estonia only 14% of the market.

3.5.2. Competition and prices

Competition

From the figure 38 we can see that Chile is the main supplier of dried plums to Lithuania with a share of 57% in 2010, followed by Argentina (22%) and to a much smaller extent the USA (8%), Poland (5%) and France (3%). The other suppliers, such as Kyrgyzstan, Portugal and Moldova are also present in the market but do not play a significant role.
Figure 36. Market share of dried plums supply countries in Estonia

Figure 37. Market share of dried plums supply countries in Latvia

Figure 38. Market share of dried plums supply countries in Lithuania

Source: UN Comtrade database

Pertaining to Estonia and Latvia (figures 36-37), we can see that direct shipments of dried plums from Chile also have the biggest market share as well as some volumes being re-exported indirectly through Lithuania.

**Price competitiveness of Moldovan dried plums in Baltic countries**

Figure 39. Average monthly import price in 2010 for dried pitted plums in Baltic countries, €/kg

Source: Eurostat

From figure 39 we can see that the lowest import prices for dried plums in 2011 was in Lithuania followed by slightly higher prices in Latvia and much higher prices in Estonia. This reflects the inverse price relationship between the volume imported and corresponding price. The price fluctuation was mostly in the range of 1.20-1.70 €/kg (besides Estonia) and there were no significant seasonal price swings. Pertaining to demand there are seasonal shifts with the biggest imports taking place from October to March. Most wholesalers do not really deal with dried plums at all during the summer time.

There is no Minimum Entry price for the imported dried plums from Moldova so this is not a barrier.
3.5.3. Specific product requirements for dried plums

**Quality and packaging requirements**

The Baltic market mainly consumes pitted plums and there is only one importer in the Baltic countries that buys significant volumes of dried plums with pit.
The best sold dried plums are the cheapest (and smallest) ones and the most common sizes are 70-80 or 80-90ct./pound (453.6 gr.) The bigger dried plums of 40-50 ct./pound sell well if the price is good. Both oval and round shaped dried plums are accepted.

Some importers mentioned that the best moisture level is 32%. It’s worth mentioning that this requirement is known and important to the big importers while smaller wholesalers do not know what the moisture is nor the importance and simply re-sell the products from the big market operators.

For industrial use there is a bigger preference for Argentinian dried plums with a thinner skin rather than the Chilean ones with a thicker skin that are marketed directly to the consumer. There is also a certain demand for French dried plums which have a slight sour taste.

A big issue concerning dried fruits and nuts are the legal limits for mycotoxins. Due to this lab tests are required in advance before any delivery.

The standard packaging used for dried plums is either 5 or 10kg carton box with the product being wrapped in a plastic sack as shown in the pictures 33-34. Sometimes importers pre-pack dried plums in 0.5-1.2kg plastic bags if they intend to sell to supermarkets.

It’s worth mentioning that there are only few importers in the Baltic countries that can handle a full truckload (20 tons) of dried plums. The smaller wholesalers source dried plums from these big importers or bring small quantities (a few boxes to 1-2 pallets) as mixed loads from the wholesale markets in Poland.
3.6. WALNUTS

3.6.1. Characteristics of the shelled walnuts market

Market size

The market size of shelled walnuts is in a gradual decline since 2006 reaching only 327 tons in 2010. As in case of many other horticultural products there is no local production and big volumes imported are then further re-exported.

Figure 41. External trade and market size dynamics of walnuts in Baltic countries, tons

![Market size dynamics graph]

Figure 42. Shares of Baltic walnuts market by country in 2010

![Market share pie chart]

Source: UN Comtrade database

As we see from the figure 42 Estonia accounts for only 21% of the Baltic market of shelled walnuts. In terms of volumes this equates to 69 tons which is approximately 3.5 truckloads. Lithuania and Latvia consumes annually around 130 tons each or 6.5 truckloads.

3.6.2. Competition and prices

Competition

Figure 43. Market share of shelled walnuts supply countries in Estonia

Figure 44. Market share of shelled walnuts supply countries in Latvia

Figure 45. Market share of shelled walnuts supply countries in Lithuania

![Market share pie charts]

Source: UN Comtrade database

The figures above show that Ukraine, Poland and Moldova are the main walnut suppliers. Lithuania is the main importing hub for walnuts into the Baltic’s and the other two countries often source this product directly from Lithuania. Most of walnuts that arrive into Estonia pass through either Lithuania or Latvia and only very small volumes are delivered directly from producing countries.
Price competitiveness of Moldovan walnuts in Baltic countries

Figure 46. Average monthly import price in 2010 for shelled walnuts in Baltic countries, €/kg

Source: Eurostat

From the figure above we cannot derive any price correlation pertaining to season or country except that Lithuania is priced a little lower than the other countries which makes sense being the hub for walnuts being re-exported. In terms of seasonality and corresponding volumes the import market players claimed that they mostly handle walnuts in late-autumn and winter time.

Figure 47. Average monthly price per country of import in 2010 for shelled walnuts plums in Baltic countries, €/kg

Source: Eurostat

The figure 47 shows no significant import price difference (depending on supply country) in the first part of the year 2010 (ranging from 3.5 to 4.5 €/kg). At the end of the year the price differential was more pronounced (ranging from 2.8 to 6.8 €/kg). It’s interesting to note that the price for Moldovan walnuts was higher compared to other competing countries.

Another factor that greatly influences the price is the volume of the shipment delivered. Very few companies in the Baltic’s can accept a whole truckload of walnuts, which would have a lower price. Usually the average size wholesalers secure product from the big importers or directly from the wholesale markets in Poland (as mixed loads) and therefore pay a higher price. Quality of walnuts is another important factor in overall pricing. As an example of price differential based on quality we can mention that the import price for a full truckload of Polish walnuts in 2011 was 5.10 €/kg (excl. VAT) for mixed quality (30% light halves, 30% quarters and the balance mixed) compared to the wholesale price...
in Poland for dark quarters (much lower quality) selling for 5.2 €/kg for smaller volumes such as one pallet.

One importer mentioned that he would prefer imports of 12 tons per truck from the Ukraine rather than 20 ton shipments. It was also mentioned that in 2011/early 2012 the Ukrainian suppliers were less present in the market due to internal problems with export customs clearance in Ukraine. Due to this the ex-works price for Ukrainian shelled walnuts in mid-January 2012 was low – around 3.3 €/kg while in early 2011 it was 5.20-5.90 €/kg for light halves.

To give an example of retail prices, we can mention that the pre-packed in 1 kg plastic bags with mixed quality shelled walnuts were sold for 11.45 euro/pack in a hypermarket and at the Riga Central Market the price was 10 – 11.50 €/kg depending on size and color (the lighter were more expensive).

### 3.6.3. Specific product requirements for walnuts

#### Quality and packaging requirements

Generally, the better quality walnut kernels (light big halves) are preferred by the market players despite their being distinctly more expensive. Different quality of walnuts can be seen in the market including halves, quarters, mixed quality, but no kernel dust was seen.

The standard shelled walnut packaging used by most of suppliers is either 5 or 10 kg carton box. The kernels are sometimes wrapped in a plastic film or even have plastic vacuum packaging. Besides these standards packaging formats sometimes cheaper kernels are packed in simple 22.5 to 30 kg plastic sacks.

In summation, we can mention that Moldovan walnuts have a noticeable presence in the Baltic countries and successfully compete and often command higher prices than their competitors. The market, however, is really small and in decline with no real opportunity for expansion. The smaller market players will continue to bring minor volumes from Poland and there are only few importers that can handle full truckload quantities of walnut kernels.
4. DISTRIBUTION CHANNELS

4.1. MARKET STRUCTURE

Distribution channels

Fresh produce sales in the Baltic countries are mostly channeled through modern retail chains and this pattern continues to grow. There is no official statistical data available specifying retail market share for fresh fruits and vegetables. Market players estimate this to be approximately 60-80% depending on the specific country. Lithuania has the highest concentration of fruit consumption via modern retail approaching nearly 80% with sales through traditional open markets not exceeding 5% of total sales of fresh produce. In Latvia and Estonia, fruit consumption via modern retail is lower (60%) and the percentage of sales in the open markets is higher, reaching 30%. The remaining market share is HoReCa and public institutions (10%) and small individual shops accounting for 5% of total sales. The figure below shows the fresh produce flow via different distribution channels in Baltic countries.

Figure 48. Fresh fruits distribution channels in Baltic countries

As we can see from figure 48 the main distribution channel for fresh produce remains retail chains that are supplied by big importers, EU and overseas suppliers. Small wholesalers and distributors sometimes deliver smaller volumes to retail chains but their main clients are the open markets, traditional retail stores, public institutions and HoReCa. The main supplier for the smaller distributors are the wholesale markets in Poland and Netherlands where they can buy mixed loads of products. These wholesale markets are also an important source of supply for the big importers/distributors. Due to the very competitive nature of those markets, the prices there can sometimes be even lower than product sourced directly from the producer.

The big importers (approximating ten for all three countries) often act as suppliers to Russia and Belarus re-exporting significant volumes of EU and/or overseas produce. This pattern is more common for Lithuania which supplies not only its “eastern neighbors” but also the two other Baltic countries. One
Estonian trader claimed that some distributors prefer to source produce through Lithuania or Latvia rather than to import directly because it is easier to clear customs although theoretically the procedures should be the same for all EU countries.

Presently Moldovan exporters (basically for table grapes) deal with small wholesalers and the product is further delivered to mainly open markets and individual shops where the quality requirements are not as stringent as modern retail formats.

**Modern retail**

RIMI (owned by Swedish and Norway investors) and Maxima are the two biggest retail groups that collectively control 50% to 70% of the market depending on country. Maxima operates both the supermarket and discount format. RIMI also has a discount format called Super Netto in Latvia and Lithuania. The strongest market share for RIMI is in Estonia while Maxima is dominant in Lithuania with Latvia’s market share being somewhat similar. These two big chains dictate the prices for the whole market and it is often the case that their very low prices make it very difficult for small wholesalers.

The other important retail chains are ETK and Selver in Estonia, IKI and Norfa in Lithuania and Stockmann which has market presence in all three countries.

**Traditional open markets**

Traditional open/green markets are still an important channel for fresh produce in Baltic countries. In Lithuania this channel is very limited now while in Estonia and Latvia there are still big volumes with sales approximating 30% of fresh produce trade and this percentage could even be higher. During the high production season even big importers/distributors actively work with open markets and can generate more sales through this channel than even through retail chains. For example the Central Market of Riga (see picture 38) is the biggest in-door green market in Eastern Europe and itself has a market share of 30-40% of all fresh produce sold in the capital of Latvia.

Traditionally the open markets were the places where consumers could buy products for low prices and many times lower quality. Now it is possible to find different quality product from the lowest (mostly locally grown produce) to the higher quality in the open markets with the corresponding premium price. The assortment in the open markets is therefore much wider than the “standard produce” found in retail chains both for the lower and higher segment offerings.
The percentage of open market sales has declined during the last two decades although the situation has now stabilized. One market trader even affirmed that last year consumers started to come more often to the market searching for more “natural” products and the opportunity to bargain better.

Generally the continuous pressure of the retail “discounters” have caused price declines in the small retail chains more so than in the open markets.

Besides being the main channel for locally grown (Baltic) products the traditional open markets are still considered the best channel for commercialization of highly perishable fresh produce with shorter shelf life, like peaches, apricots, cherries, some varieties of melons (ie: Uzbekistan melons) and all type of berries. Many big importers prefer not to handle these highly perishable products because of the high spoilage risk

Traders from the open markets usually source product from small distributors/wholesalers or, as in case of Riga Central Market, from the small truck wholesale market situated nearby. This is where the produce is brought by small mini-buses mainly from local producers and also wholesale markets in Poland and Lithuania. Estonian wholesalers often source product from that market a well. A lot of transactions in the open markets and wholesale truck markets are made “cash only” and are never officially registered.

**Public institutions and HoReCa**

Public institutions (schools, hospitals, army, prisons etc.) and traditional HoReCa are two distribution channels that must be recognized although the collective volumes are still comparatively small.

Public institutions are usually supplied by big distributors with the price being established once per year. This is the case for army and prisons bids. Based on public tenders the importers have to bid with one “average” price that they are locked into for the whole year and not subject to any seasonal market fluctuations. In the case of schools bids some schools organize public tenders for fruits and vegetables several times per year for certain designated time periods.

The HoReCa sector is served by many small and average size specialized distributors. The HoReCa market usually demands a higher quality and pays a higher price. The percentage mark up of importers serving the HoReCa segment can be as high as 30-35%. The distributors that supply the HoReCa segment have to have a much larger assortment than those who supply the retail trade. With this understanding there is also less price sensitivity in the HoReCa segment. Direct distribution is not widely practiced among HoReCa distributors as clients pick up the produce directly from wholesalers depots or from the open markets for cash.

**Distributors/ wholesalers**

Wholesalers play a major role in channeling fresh produce to final customers in Baltic countries. Wholesalers also usually do direct distribution to stores so the term “wholesaler” and “distributor” in this context are used interchangeably.
Basically all distributors are also importers although they can be divided into two categories by their activities. The small importers bring produce mostly from EU wholesale markets (mainly Poland and Netherlands) and the shipments are mostly mixed loads. These companies often times have no experience in sourcing produce outside the EU. The big importers, which total around ten for all the Baltic’s, do import directly from the EU and overseas producers although EU wholesale markets continue to be an important source of supply for them. Among these big importers we can mention Augma, CITMA Group, Baltic Fresh Fruit, Litbana in Lithuania; Karlsoona and Bambona in Estonia and Daneks in Latvia. Some of these companies (mainly the Lithuanian ones) have subsidiaries in all three Baltic countries.

The two biggest retail chains (RIMI and Maxima) are also big importers, sourcing most of their supply directly from foreign producers as well as buying some items from big distributors. These distributors can also provide services to the retail chains such as storing and sorting product in case there is a quality concern.

Pertaining to overall volumes imported we must take into consideration the small size of the Baltic market. Generally the big importers can secure full truckload quantities for core fruits/vegetables and additional items during the high season. For example volumes for apples, grapes or tomatoes during the high season could be several trucks per week for each item. The companies that are doing re-exports can be more flexible since they are not entirely dependent on the Baltic markets and are more likely to buy full truck load quantities.

It is much more convenient to buy mixed loads of produce for the local Baltic market. To convince importers to take full load quantities a supplier has to provide a very good reason for acceptance of that order quantity. This would have to be a really good price, better terms of payment or some special consideration. It’s also worth mentioning that importers usually don’t want to deal with produce from third countries (outside EU) because of the need to pay import taxes and the need to pay VAT immediately upon import.

An acceptable delivery period for Moldovan produce shipped to importers would be up to four days. The average period of payment would be 15-30 days although for the first shipment of produce importers are ready to pay immediately after good arrival.

Importers usually do not have a fixed price for the whole season and the price of each shipment of produce is usually discussed just before delivery. Sometimes suppliers can negotiate a minimum guaranteed price for the whole season but in this case he has to provide importers additional incentives, such as a 90 day payment period.
4.2. PRICE FORMATION

From the table below we can see an example of price formation for Moldovan table grapes at the end of high season (November) in the Baltic countries. This example is provided for the “ideal channel” which is selling through retail chains. No Moldovan produce is currently sold via this channel. Please note that since Moldovan product would reach the final consumer via individual shops or open markets the price model used here would have little reference as the consumer price could be as high as 30% more than what is indicated in the table, because the mark-ups of smaller shops and open market operators are usually higher than of the retail chains.

Table 2. Example of price formation for Moldovan table grapes in November

<table>
<thead>
<tr>
<th></th>
<th>Producer</th>
<th>Trader</th>
<th>Transport</th>
<th>Wholesaler (net margins)</th>
<th>Retail (supermarket chain)</th>
<th>VAT 20% (Estonia)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price breakdown, €/kg</td>
<td>0.90</td>
<td>1.10</td>
<td>1.25</td>
<td>1.75</td>
<td>2.20</td>
<td>2.65</td>
</tr>
<tr>
<td>Price ladder, €/kg</td>
<td>0.90</td>
<td>0.20</td>
<td>0.15</td>
<td>0.50</td>
<td>0.45</td>
<td>0.45</td>
</tr>
</tbody>
</table>

The price breakdown shown in the table 2 is illustrated below in the figure 49. We can see that in order to be competitive on the market the ex-works price of the Moldovan producer should not be higher than one third of the final consumer price in supermarkets for the benchmarked competitive grapes. For example if dark Italian grapes with seeds are sold in RIMI supermarket for 2.40 €/kg, the competitive ex-works price for the similar grapes (Moldova variety) should be not higher or lower than 0.80 €/kg.

Figure 49. Example of price breakdown for Moldovan table grapes in November

The average mark up of importers/wholesalers is from 10% to 15-20% (when they have to make direct distribution to the stores). For some strategic core items, like apples sold in bigger quantities, the distributor’s mark-up can be as low as 5%. It’s important to mention that when dealing with retail chains distributors have to pay marketing costs of from 5 to 24%, but 10-15% is the average. These costs are built into the price so the gross margin of distributors varies from 15% to 40%, while the net margin (excluding the marketing costs) remains 5-15%.

For dried fruits and nuts the distributor’s mark-up is usually smaller compared to fresh produce, ranging for 5% to 7%.

The mark-ups of supermarket chains range from 20% to 35% depending on the produce item and season. Mark-up is smaller in the high production season and for “staple” core items. Retail chains in discount formats usually keep prices 10% lower than the “normal” supermarket chains.

Smaller retailers usually apply higher mark-ups than retail chains that can be as high as 40-60%. The traders selling produce at the open/green markets usually apply a 100% mark-up and come off that price significantly when they have to make deals and move product.
5. REQUIREMENT AFFECTING SUPPLIERS

Quality requirements

Retail chains are the main distribution channel to the final consumer in the Baltics and set the quality requirements/standards that the whole distribution system usually follows. The following channels make exception to this general practice:

- HoReCa – sometimes can have specific requirements for special varieties of fruits/vegetables like yellow tomatoes or lower quality requirements for products not being directly consumed in the present state and being used as an ingredient, ie: smaller apples with visual defects being used for apple pie.
- Open market – has a greater tolerance for lower quality products especially produce grown locally in the Baltic’s.
- Public institutions – can accept smaller size fruit than is usually accepted by retail chains to keep the unit cost down.

The first quality requirements referenced are the EU marketing standards and/or OECD standards. The OECD standards are rather similar to the EU ones and since the abolishment of EU marketing standards in 2009 for most fruits, except apples, table grapes, peaches and tomatoes, the OECD standards have become the main reference point for minimum quality requirements for most fruits and vegetables. The abolishment of EU marketing standards removed the obligation of retail supermarkets to indicate the country of origin of many of their products. This being the case, sometimes supermarkets try to sell imported produce as “local” if the cosmetic appearance is similar, commanding a higher price for what people believe is local product.

Retail chains in Baltics have recently started to adopt their own corporate requirements towards minimum produce quality. Generally there is not a defined minimum corporate quality requirement for fruits and vegetables. Buyer managers establish them individually with each supplier according to their own experience. These requirements are subject to change frequently, often weekly, according to the situation in the market. The offer/demand price trends can require sometimes less or higher quality fruits.

The average quality tolerance of retail chains is 2-4% (depending on chain). A representative of one retail chain mentioned that the quality tolerance for CAT I and II quality is 10% for cosmetic defects and 2% for spoilage. The tolerance for soil presence and some other defects such as white spots on tomatoes is zero. Some importers mentioned that if they buy product for retail chains they verify each box of produce (even coming from the EU countries) before delivering it to supermarkets. This is done because supermarkets have big penalties for quality non-compliance. If the supplier has any doubts about the quality of their produce, it is cheaper not to send it to the supermarket and face the risk of being rejected with penalties that are severe along with losing their reputation with the retailer.

If product does not pass the quality check it is usually picked up by the supplier if they are local.
If shipments are from foreign suppliers retail chains either propose destroying the product or if agreed upon sorting through the product. Both involve an additional payment by the supplier. An example of the cost to sort through the produce was stated as 0.20 €/kg.

During the produce delivery inspection the retail chains quality inspectors can easily identify almost all defects besides chill damage. Chill damage can be identified later by the retailer and only in this case the supplier would not have an immediate notification of produce non-compliance.

Voluntary certificates such as GlobalGap are not widespread although this may change soon. For example the retail chain RIMI recently started to require that all new producers supplying them product must have GlobalGap certification and that they would allow a transition period for existing suppliers to secure proper certification. For the suppliers that are distributors or processors they require the certificates accepted by GFSI (Global Food Safety Initiative), which are BRC, IFC or Dutch HACCP (that is more rigorous than the Codex Alimentarius HACCP). RIMI is the first retail chain in the Baltics that has started to require such certification as obligatory and this example certainly will be followed by other market players.

For the first shipment of product imported from a new supplier, and also on a regular basis, retail chains require a certificate from an accredited national laboratory (in the case of Moldovan suppliers both the laboratory and the testing method should be accredited by a Moldovan accreditation body). This certificate should stipulate the compliance with EU MRLs for phosphor-organic, chlorine-organic and other chemical residual groups. This information is covered by the hygienic certificate and this is a legal obligation for all imports. In addition retail chains can have their own corporate requirements. This is done because the border inspection for MRL’s is very infrequent in the Baltic countries and never done with any real consistency. From the total number of shipments into the Latvia we were told that not more than 100 shipments of fruits and vegetables have been verified for MRL’s at the border and the situation is similar in the other Baltic countries as well. Due to this retail chains want to have additional protection to have safe products as stipulated in their contracts with suppliers with penalties for not respecting safety issues costing suppliers up to 3,000 Euros for each shipment.

Varietal requirements are not a big factor as supermarkets usually do not have a very big assortment of fruits. Their produce section is rather limited with perhaps 5-6 varieties of apples, 2-3 of table grapes, 3-4 tomatoes varieties etc. The most popular varieties are the ones found “in season” but any new variety that has a good appearance and a very good value can take a position. The key factor is being able to provide “good looking fruits” at a very reasonable price. The preference for extra, cat. I and II quality depends on the type of store format (supermarket vs. discounter) the season and corresponding price.

Product should be palletized and the cost of the pallet should be included in the price of the produce because the retail chains in Baltic countries are not members of Euro Pallet Exchange System and cannot return them. For supermarkets only euro pallet (0.80x1.20 m) are accepted.

**Working patterns**

Big retail chains usually have a general contract with suppliers with no volumes indicated. Weekly (usually on Tuesday) they collect offers from their distributors. The distributors provide to the
supermarkets the whole range of products they are able to deliver with detailed specification and prices. (ex: apples Golden Delicious from Poland, II quality, 65+ diameter for 0.60 €/kg; grapes Red Globe from Chile, I quality for 1.50 €/kg, etc.). Supermarkets respond in 2-3 days (usually by Thurs./Friday) and select the best offers and place their orders that need to be fulfilled by Monday. The selected supplier has to deliver the product in 3-4 days on Monday. This causes the situation that importers cannot plan their import volumes with much precision and sometimes have to import produce without a guarantee that this will be sold. As an example, distributors claim that Polish suppliers often don’t have a well-developed logistics system and in many cases it takes more than 3-4 days from when the order is placed until delivery. As in case of Polish apples with their price so low distributors import apples at their own risk without having firm orders if the price is good with the confidence this should be no problem to sell based on the good value proposal. When supermarkets plan promotions they identify suppliers in advance and this is usually for one month. In addition if a supplier is in a surplus position they can offer a very low price and can approach a supermarket with a proposal to support a promotional activity.

If a retail chain is overloaded (buyer/ manager made a mistake in volume projections) they can send the produce back to the supplier classifying it as inferior quality product that distributor has to take back if he wants to remain a future supplier. One distributor claimed that supermarkets reject on average 3% of all shipments both for quality and other reasons such as surpluses in the system.

The surplus situations usually occur when retail chains plan their promotions and the volume estimates do not materialize. In order to minimize the need for returning product (in case of bad estimates) the retail chains that are present in all three Baltic countries do not go on “ad” with the same product at the same time in other countries which gives them the flexibility to move surpluses to other countries for better inventory management.

The two big retail chains import most of their produce by themselves (RIMI and Maxima) and have their own logistics centers. Baltic distributors deliver their produce either to these logistics centers or to each store directly. Smaller retail chains usually work more through importers rather than import directly and the importers have to deliver product to each individual shop.

In the case of RIMI purchasing is partially centralized (from Sweden) and partially done by local purchase managers (mainly for imports from other Baltic counties). The quality requirements are the same in both cases.

Retail chains often have little experience in bringing produce from non-traditional countries and depend on importers for those products (like watermelons from Russia and some fruits from Egypt). The reason for this is that supermarkets do not have the ability to perform quality control before customs clearance, and have to pay customs duties and VAT on imports before they actually can see the product. In the case of non-compliance they cannot return the produce and therefore prefer to work through local Baltic suppliers. When the supply country becomes “more traditional” and there is more confidence and trust in the product quality, supermarkets tend to eliminate the intermediary level “importer” and work directly with foreign suppliers.
An important consideration for Moldovan producers of table grapes is that they have to plan to sell their grapes before the end of the year because starting from mid-January retail chains stop buying table grapes from EU suppliers due to the reduced quality. Even for high quality European table grapes they are not likely to make an exception because they don’t want to take that risk.

In summary it was made very clear that in order for retail chains to change suppliers the supplier has to offer something more attractive or different compared to what they already have. In other words give them a good reason to change to something new and exciting, better value or service, and as always the retailer is looking for all of this at once.

**Marketing costs and period of payment**

Big retail chains having a significant market share are not allowed by law to ask for retro-bonuses but they disguise this through other hidden costs such as discount for logistics etc. According to the information communicated by distributors such payments can vary from 8-24% but usually are in the range of 10-15% of sales.

Retail chains normally pay their suppliers within 21-45 days from the day of delivery and having unlimited credit against goods. In exceptional cases, when the chain really needs a certain product payments are made in one week if needed.
6. LEGAL REQUIREMENTS OF IMPORT AND TRADE

6.1. IMPORT REGULATIONS

The fruit export procedure to the Baltic market follows the same requirements as other EU countries.

**Standardization of fruits**

In order for producers from other countries to be able to export fruits to Baltic countries, their products have to follow strictly the norms established within the European Union. These rules are outlined in the marketing standards of the fruit and vegetable sector specifically developed for each product. These standards cover the following aspects: minimum quality requirements, fruit development, classification, calibration, presentation, labeling and specific tolerances of harmful substances.

The marketing standards in the fruit and vegetable sector are as follows:

- **Table grapes** - Commission Regulation (EC) No. 1221/2008;
- **Apples** - Commission Regulation (EC) No. 1221/2008;
- **Peaches** – Commission Regulation (EC) No. 1221/2008;

The specific Marketing Standards are presented in the Annex 2 of this report.

**Certification of fruits**

In order to import fruits into the European Union, foreign producers have to possess the following certificates:

- **Goods circulation certificate EUR.1 (Certificate of origin)** – issued by the Customs Service of the Republic of Moldova according to the Regulation on completing, authenticating and issuing certificates of origins for goods exported from the Republic of Moldova under preferential trade agreements with the European Union (ATP) and by the countries that grant the Republic of Moldova Generalized System of Preferences (GSP). This paper represents a valid document officially confirming the country of origin for the exported goods. In case the fruits exported do not fall under the ATP they need to be documented with Non-preferential certificate of origin. This document is issued by the Chamber of Commerce and Industry of the Republic of Moldova;

- **Certificate of conformity** for exported goods - this document is intended to confirm products compliance with the conditions set by certain standards (eg. GOST or SM). Producer can obtain the Conformity Certificate from one of the certified bodies. It is the only document that confirms the correlation of the product meeting the EU marketing standards which were adopted by the local legislation (regulation #1221) and entered in force in November 2011.

- **Phytosanitary certificate** - this document is issued by the Regional State Inspectorate for Plant Protection;

- **Hygienic certificate** - The hygienic certificate is issued by the Moldovan Ministry of Health based on products being tested by certified laboratories. It quantifies the level of pesticide residuals of
the product. The level of residuals adopted by the Moldovan authorities correspond to those of the EU.

- **CMR** - transportation document confirming the existence of a contract between the transportation company and expeditor regarding road shipment services.

Besides the certificates mentioned above, in order to perform customs procedures, each shipment must be accompanied also by an invoice and contract for export-import. Customs declaration is prepared at the customs office.

**Customs duties**

On January 21, 2008, the Republic of Moldova concluded a new agreement with EU, under which autonomous trade preferences are provided according to the Regulation nr. 55/2008 of the Council of Europe. According to the agreement all of the studied fruits (fresh apples, table grapes, peaches and dried plums) are exempt from the ad valorem component of import duties. Importantly the specific component of the customs duty remains intact (anti-dumping mechanism) applied to all fruits and vegetables from non EU countries if the import price is below certain minimum entry prices (MEP). The minimum entry prices and specific components of customs duties are presented in the Annex 1 of this report.

**6.2. INDUSTRY CERTIFICATION**

EU business environment requires producers and traders of fresh fruits to be certified according to several international standards. The main certificates are described below:

a) **GLOBAL/EURO GAP** - a voluntary standard that is primarily designed to reassure consumers about how food is produced on the farm. This is intended to minimize detrimental environmental impacts of farming operations, reducing the use of chemical inputs and insuring a responsible approach to worker health and safety as well as animal welfare. Global Gap and ISO certification are not yet commonly demanded by supermarkets (the only exception being RIMI) and do not attract a price premium. If the price is the same, however, a supermarket would prefer using the certified supplier.

b) **HACCP** is a food safety management system based on the principles of hazard analysis and critical control points. Standard food safety HACCP principles are imposed by legislation on all participants in the marketing chain of fresh and dried fruits specifically handling operations, sorting, washing, cold storage, and transport so there are a number of critical control points for the entire production process.

c) Besides those certificate the following certifications are desirable for companies dealing with commercial transactions of fruits and vegetables:
   - ISO 9001
   - 9001:2008 (quality)
   - 14001:2004 (environmental)
   - OHSAS 18001:2007 (occupational health and safety).
6.3. PACKAGING AND LABELING REQUIREMENTS

In order to properly commercialize trade in fruits and vegetables, certain packaging and labeling legislation must be adhered to as detailed below:

**Homogeneity**

The contents of each package must be uniform and contain vegetables or fruits of the same origin, variety, and quality. The visible part of the product package must be representative of the entire contents itself.

**Packaging**

Fruit and vegetables must be packed so as to protect them properly. The materials used inside the package must be new, clean and of such quality as to avoid causing any external or internal damage to the product. Use of materials, particularly paper or labels, bearing trade specifications is allowed provided the printing or labeling has been done with non-toxic ink or glue. If fruits and vegetables are wrapped you must use paper thin that is, dry and new and odorless packaging material. The use of any substance that tends to modify the natural characteristics of the fruit and vegetables especially the taste and smell is prohibited. Packages must be totally free of foreign objects.

**Labeling**

In reality, market players do not put much emphasis on labeling because proper labeling is not effectively controlled by authorities. Legislation, however, does impose certain rules on labeling practices.

Each package must be labeled individually and legibly and clearly disclose the following:

- identify the packer and / or dispatcher: name and address or code mark, issued or recognized by an official;
- Nature of product (species and variety name on a voluntary basis);
- Product origin (country of origin and any production area whether national, regional or local);
- Commercial specifications: quality class and if the standard is required size and / or number of fruits in box;
- Official control mark (optional).

For pre-packaged products, information should be provided pertaining to quality standards and net weight.
7. CONCLUSIONS AND RECOMMENDATIONS

7.1. GENERAL CONCLUSIONS

The carried on study can conclude on the following:

- Fruit consumption in the Baltics is stable. All three countries are net importers with the main items being citrus, melons, bananas and table grapes.
- The Baltic countries are a convenient hub for re-exporting EU and overseas fruits to Russia and Belarus.
- Local production of fruits and vegetables are mostly limited to apples and “borsch mix” vegetables and greenhouse tomatoes except Lithuania where field tomatoes are grown.
- Local (Baltic) production is strongly preferred in Estonia and Latvia and to a lesser extent in Lithuania.
- Moldovan apples are not competitive due to local production, inexpensive Polish offerings, and the protective MEP system which nullify any chance for market entry.
- Due to the MEP system, improper cold chain management and severe competition from Spain, peaches have no realistic chance to make inroads in the market.
- Moldovan dried plums meet all market requirements but are not price competitive. No additional product improvement is needed and focus must be on value.
- Moldovan shelled walnuts meet the market requirements, but the market is small and in decline.
- The Baltic market prefers white seedless grapes but the price premium for seedless presents a niche opportunity to expand market presence with existing Moldovan dark seeded grapes.
- Moldovan tomatoes may have potential for market entry if arrivals are “well timed” and competitively priced avoiding locally grown product.
- Retail chains control the fresh produce channels (60-80%) and the demands are more stringent than the open markets where Moldovan products (grapes) have been sold.
- Retailers and distributors do not have a lot of experience importing from non-EU countries and prefer to stay within the EU for many reasons (financial, familiarity, logistical, timeliness).
- The quality of produce shipped to the Baltic countries should comply either with EU marketing standards or OECD standards.
- Food safety is a very important issue and compliance with MRL’s is imperative. GlobalGap is still voluntary but this situation is changing quickly and will be a definitive requirement in the near term.
- A key trend is emphasis on “value” with price being the critical factor and brand playing a lesser role regarding imports.
- The Baltic market is well organized with stable supply channels and the only way to initiate supply change would be through offering a distinct competitive advantage or something entirely new. Retailers/importers will not change their suppliers unless you provide them a good reason to change.
7.2. RECOMMENDATIONS

The Baltic market is small and one in which retail chains play an ever increasing role in the distribution of fruits and vegetables. In the past, Moldovan producers have not been able to ship product into the large dominant retailers such as RIMI and MAXIMA and this is where the future growth and market penetration will take place. Through these studied value chains some of the items do not have a place in the market near term. There are select items such as grapes and tomatoes that do have potential to enter the market and make the cross over to the modern retail sector as need be. This will take some modifications from ground up involving post-harvest, cold chain management and overall adherence to buyer/market requirements and regulations. Below please find some recommendations to strengthen market acceptance and long term viability in the Baltic market for select items:

- Grapes should be dark varieties such as Moldova, Cardinal, Codreanca as this is a niche where the competition is not that keen, product is known and market share can be expanded.
- Proper production techniques must be applied to insure berry size of at least 20mm and bunches of 500 grams. Grapes will need to be picked with the right firmness.
- Proper packing in the box with fruit not too tightly packed along with proper cold chain management as to insure green stem and ample shelf life on product upon arrival. This should be a minimum of 7-10 days.
- Proper utilization of fertilizers and pesticides that comply with the severe sanitary and hygienic requirements imposed by the European Union.
- Grapes should ship as early as available with no shipments after early December.
- Packaging of grapes must protect the fruit and the labeling must meet the legal requirements.
- Longer term agreements with retailers where the growth is with these product enhancements as need be to expand market presence.
- Tomatoes need to be sized (65-70mm), be loose pack (more economical), have good color and firmness and be priced competitively. Spanish and Polish tomatoes should be used as a reference.
- Tomatoes should be packed in 4-5 kg in either bulk pack or two layers with the use of paper cushioning.
- Either plastic or carton box should be used for tomatoes keeping packaging cost down with nothing fancy driving up costs.
- Tomatoes should ship as early as possible and not ship after mid-July when is the peak of local (Baltic) production.
- Apples should not be pursued for the Baltic market due to MEP and the competition of Polish apples and their low pricing tactics to prevent market entry of others.
- Peaches should not be considered near term based on MEP. Even with proper cold chain management and proper shelf life upon arrival peaches are not a good option taking into account the Spanish offerings priced well below the MEP when need be.
• Dried whole plums must be pitted and be sized either 70-80 ct. or 80-90 ct. and have moisture content approximating 32%. Product must be competitively priced at all times to gain market share.

• Dried whole plums packaging should be 5-10 kg standard box with plastic film or vacuum pack. Product should ship in accordance with key demand starting in October through Easter.

• Walnuts should be the light big halves or more economical offering (30% halves, 30% quarters and mixed sizes)

• Walnut packaging should be the normal 5-10 kg as well as the bulk 22.5 or 30 kg box with plastic bags.

• Walnuts need to ship starting in October through Easter when demand is highest.
# ANNEXES

### ANNEX 1. EU CUSTOMS DUTIES FOR MOLDOVAN FRESH FRUITS

#### FRESH APPLES (HS Code: 0808108090)

(01-07-2011 - 15-07-2011)

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<tr>
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</tr>
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<tr>
<td>V9</td>
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#### FRESH PEACHES (HS Code: 0809309000)

Tariff preference (01-01-2011 - 10-06-2011): 0 %

(21-06-2011 - 31-07-2011)

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<td>V6</td>
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(01-08-2011 - 30-09-2011)

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<tr>
<td>V3</td>
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</tr>
<tr>
<td>V4</td>
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<tr>
<td>V6</td>
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Tariff preference (01-10-2011 - 31-12-2011): 0 %
FRESH TABLE GRAPES (HS Code: 080610)

Tariff preference (01-01-2011 - 20-07-2011) : 0 %
(21-07-2011 – 31.10.2011)

| V1 | If the declared entry price is equal to or greater than 54.60 EUR / 100 kg | Apply a duty of 0 % |
| V2 | If the declared entry price is equal to or greater than 53.50 EUR / 100 kg | Apply a duty of 0 % + 1.10 EUR / 100 kg |
| V3 | If the declared entry price is equal to or greater than 52.40 EUR / 100 kg | Apply a duty of 0 % + 2.20 EUR / 100 kg |
| V4 | If the declared entry price is equal to or greater than 51.30 EUR / 100 kg | Apply a duty of 0 % + 3.30 EUR / 100 kg |
| V5 | If the declared entry price is equal to or greater than 50.20 EUR / 100 kg | Apply a duty of 0 % + 4.40 EUR / 100 kg |
| V6 | If the declared entry price is equal to or greater than 0 EUR / 100 kg | Apply a duty of 0 % + 9.60 EUR / 100 kg |

(01-11-2011 - 20-11-2011)

| V1 | If the declared entry price is equal to or greater than 47.60 EUR / 100 kg | Apply a duty of 0 % |
| V2 | If the declared entry price is equal to or greater than 46.60 EUR / 100 kg | Apply a duty of 0 % + 1.00 EUR / 100 kg |
| V3 | If the declared entry price is equal to or greater than 45.70 EUR / 100 kg | Apply a duty of 0 % + 1.90 EUR / 100 kg |
| V4 | If the declared entry price is equal to or greater than 44.70 EUR / 100 kg | Apply a duty of 0 % + 2.90 EUR / 100 kg |
| V5 | If the declared entry price is equal to or greater than 43.80 EUR / 100 kg | Apply a duty of 0 % + 3.80 EUR / 100 kg |
| V6 | If the declared entry price is equal to or greater than 0 EUR / 100 kg | Apply a duty of 0 % + 9.60 EUR / 100 kg |

Tariff preference (21-11-2011 - 31-12-2011) : 0 %

FRESH OR CHILLED TOMATOES (HS Code: 0702000099)
(01-01-2011 – 31.03.2011)

| V1 | If the declared entry price is equal to or greater than 84.60 EUR / 100 kg | Apply a duty of 0 % |
| V2 | If the declared entry price is equal to or greater than 82.90 EUR / 100 kg | Apply a duty of 0 % + 1.70 EUR / 100 kg |
| V3 | If the declared entry price is equal to or greater than 81.20 EUR / 100 kg | Apply a duty of 0 % + 3.40 EUR / 100 kg |
| V4 | If the declared entry price is equal to or greater than 79.50 EUR / 100 kg | Apply a duty of 0 % + 5.10 EUR / 100 kg |
| V5 | If the declared entry price is equal to or greater than 77.80 EUR / 100 kg | Apply a duty of 0 % + 6.80 EUR / 100 kg |
| V6 | If the declared entry price is equal to or greater than 0 EUR / 100 kg | Apply a duty of 0 % + 29.80 EUR / 100 kg |

(01-04-2011 – 30.04.2011)

| V1 | If the declared entry price is equal to or greater than 112.60 EUR / 100 kg | Apply a duty of 0 % |
| V2 | If the declared entry price is equal to or greater than 110.30 EUR / 100 kg | Apply a duty of 0 % + 2.30 EUR / 100 kg |
| V3 | If the declared entry price is equal to or greater than 108.10 EUR / 100 kg | Apply a duty of 0 % + 4.50 EUR / 100 kg |
| V4 | If the declared entry price is equal to or greater than 105.80 EUR / 100 kg | Apply a duty of 0 % + 6.80 EUR / 100 kg |
| V5 | If the declared entry price is equal to or greater than 103.60 EUR / 100 kg | Apply a duty of 0 % + 9.00 EUR / 100 kg |
| V6 | If the declared entry price is equal to or greater than 0 EUR / 100 kg | Apply a duty of 0 % + 29.80 EUR / 100 kg |

(01-05-2011 – 31.05.2011)

| V1 | If the declared entry price is equal to or greater than 72.60 EUR / 100 kg | Apply a duty of 0 % |
| V2 | If the declared entry price is equal to or greater than 71.10 EUR / 100 kg | Apply a duty of 0 % + 1.50 EUR / 100 kg |
| V1 | If the declared entry price is equal to or greater than 52.60 EUR / 100 kg | Apply a duty of 0 % |
| V2 | If the declared entry price is equal to or greater than 51.50 EUR / 100 kg | Apply a duty of 0 % + 1.10 EUR / 100 kg |
| V3 | If the declared entry price is equal to or greater than 50.50 EUR / 100 kg | Apply a duty of 0 % + 2.10 EUR / 100 kg |
| V4 | If the declared entry price is equal to or greater than 49.40 EUR / 100 kg | Apply a duty of 0 % + 3.20 EUR / 100 kg |
| V5 | If the declared entry price is equal to or greater than 48.40 EUR / 100 kg | Apply a duty of 0 % + 4.20 EUR / 100 kg |
| V6 | If the declared entry price is equal to or greater than 0 EUR / 100 kg | Apply a duty of 0 % + 29.80 EUR / 100 kg |

(01-06-2011 – 30.09.2011)

| V1 | If the declared entry price is equal to or greater than 62.60 EUR / 100 kg | Apply a duty of 0 % |
| V2 | If the declared entry price is equal to or greater than 61.30 EUR / 100 kg | Apply a duty of 0 % + 1.30 EUR / 100 kg |
| V3 | If the declared entry price is equal to or greater than 60.10 EUR / 100 kg | Apply a duty of 0 % + 2.50 EUR / 100 kg |
| V4 | If the declared entry price is equal to or greater than 58.80 EUR / 100 kg | Apply a duty of 0 % + 3.80 EUR / 100 kg |
| V5 | If the declared entry price is equal to or greater than 57.60 EUR / 100 kg | Apply a duty of 0 % + 5.00 EUR / 100 kg |
| V6 | If the declared entry price is equal to or greater than 0 EUR / 100 kg | Apply a duty of 0 % + 29.80 EUR / 100 kg |


| V1 | If the declared entry price is equal to or greater than 67.60 EUR / 100 kg | Apply a duty of 0 % |
| V2 | If the declared entry price is equal to or greater than 66.20 EUR / 100 kg | Apply a duty of 0 % + 1.40 EUR / 100 kg |
| V3 | If the declared entry price is equal to or greater than 64.90 EUR / 100 kg | Apply a duty of 0 % + 2.70 EUR / 100 kg |
| V4 | If the declared entry price is equal to or greater than 63.50 EUR / 100 kg | Apply a duty of 0 % + 4.10 EUR / 100 kg |
| V5 | If the declared entry price is equal to or greater than 62.20 EUR / 100 kg | Apply a duty of 0 % + 5.40 EUR / 100 kg |
| V6 | If the declared entry price is equal to or greater than 0 EUR / 100 kg | Apply a duty of 0 % + 29.80 EUR / 100 kg |

ANNEX 2. EU MARKETING STANDARDS FOR APPLES, PEACHES, TABLE GRAPES AND TOMATOES

MARKETING STANDARD FOR APPLES

I. DEFINITION OF PRODUCE

This standard applies to apples of varieties (cultivars) grown from Malus domestica Borkh. To be supplied fresh to the consumer, apples for industrial processing being excluded.

II. PROVISIONS CONCERNING QUALITY

Purpose of the standard is to define quality requirements that must provide apples after preparation and packaging.

A. Minimum requirements

In all classes, subject to special provisions for each class and the tolerances allowed, the apples must be:
- Whole
- Sound, produce affected by rotting or altered so that it unfit for consumption;
- Clean, without any visible foreign matter,
- Free from pests
- Free from damage caused by pests affecting the flesh,
- No serious forms of vitrescence except Fuji variety and its mutations,
- Free of abnormal external moisture,
- Odor and / or taste.

Developing and apples should allow state:
- To withstand transport and handling and
- To arrive in satisfactory condition at destination.

B. Maturity requirements

Apples must be sufficiently developed to provide a satisfactory degree of ripeness.

Development of apples and their stage of maturity to enable them to continue baking process and achieve ripeness required in relation to the varietal characteristics.

To verify the minimum maturity requirements, may be taken into account more parameters (eg, morphological appearance, taste, firmness and refractive index).

C. Classification

Apples are classified in three classes defined below:

(I) "Extra"

Apples in this class must be of superior quality. Must be characteristic of the variety [2], and the stalk must be intact.

Apples must provide the following minimum surface color characteristic of the variety:
- Three quarters of the total red color for group A,
- Half of the total red color mixed for group B
- 1 / 3 of the total area of slightly red color, red or black ribbed for group C.
The flesh must be perfectly healthy.

Apples should be free from defects with the exception of very slight superficial defects, provided these do not affect the general appearance of products, quality, maintenance and their presentation in the package:
- Very slight skin defects,
- Very slight roughness [3], for example:
- Brown spots not exceeding the stem cavity and cannot be harsh and / or
- Slight traces and isolated roughness.

(ii) Class I

Apples in this class must be of good quality. Must be characteristic of the variety [4]. Apples must provide the following minimum surface color characteristic of the variety:
- Half of the total red color for group A,
- One third of the total red color mixed for group B
- 1 / 10 of total area of slightly red color, red or black ribbed for group C.
The flesh must be perfectly healthy.

However, following slight defects may be allowed, provided these do not affect the general appearance of products, quality, maintenance and their presentation in the package:
- A slight defect in shape
- A slight defect in development
- A slight defect in coloring
- Slight dents whose total area does not exceed 1 cm2, without fading
- Slight skin defects not exceeding:
- 2 cm long, oblong-shaped defects
- 1 cm2 in total area for other defects, except rapanui (Venturia inaequalis), which, overall, should not affect a larger area of 0.25 cm2
- Slight roughness [5], for example:
- Brown spots that can exceed the stem cavity or cavities than blossom, but can be severe and / or
- Roughness thin hairs not exceeding one fifth of the total fruit and not color contrast with general fruit and / or
- Dense roughness not exceeding one twentieth of the total fruit, together roughness of thin hairs and dense roughness cannot exceed a maximum of one fifth of the total fruit.

Stalk may be missing provided that section adjacent skin is clean and not damaged.

(iii) Class II

This class includes apples which do not fall in the higher classes but satisfy the minimum requirements specified above.
The pulp must not have major defects.
The following defects may be allowed provided that the apples retain their essential characteristics of quality, preservation and presentation:
- Defects in shape
- Defects in development
- Defects in coloring
- Slight dents not exceed 1.5 cm² surface area which may be slightly discolored skin,
- Skin defects not exceeding:
  - 4 cm long, oblong-shaped defects
  - 2.5 cm² in total area for other defects, except rapanui (Venturia inaequalis), which overall should not affect an area greater than 1 cm²;
- Slight roughness [6], for example:
  - Brown spots that can exceed the stem cavity or cavities and are slightly rough blossom and / or
  - Roughness thin hairs not exceeding half of the total fruit and not color contrast with general fruit and / or
  - Dense roughness not exceeding one third of the total fruit;
- Together roughness of thin hairs and dense roughness cannot exceed more than half of the total fruit.

III. PROVISIONS CONCERNING SIZING

Size is determined either by the maximum diameter of the equatorial section or by weight.
Minimum size is 60 mm, if one takes into account the diameter, or 90 g if weight is taken into account. You can accept smaller fruit sizes, if the Brix of the products is equal to or greater than 10.5 ° Brix and the size is at least 50 mm or 70 g.

To ensure homogeneity of the size, size differences between the products of the same package must not exceed:
(A) for fruit sized according to diameter:
- 5 mm fruit of 'Extra' Class and Classes I and II fruit packed in rows and layers. However, for Bramley's Seedling apple varieties (Bramley, Triomphe of Kiel) and Horneburger, the difference in diameter can be up to 10 mm
- 10 mm for Class I fruit packed loose in the container or packaging for sale. However, for Bramley's Seedling apple varieties (Bramley, Triomphe of Kiel) and Horneburger, the difference in diameter can be up to 20 mm
(B) for fruit sized according to weight:
- For apples in the "Extra" Class and Class I and II packed in rows and layers:
  Interval (g) | difference in weight (g) |
  70-90 | 15 g |
  91-135 | 20 g |
  136-200 | 30 g |
  201-300 | 40 g |
  > 300 | 50 g |
- For Class I apples in bulk packaging or in packaging for sale.
  Interval (g) | Uniformity (g) |
IV. PROVISIONS CONCERNING TOLERANCES

In all stages of marketing, the tolerance on the quality and size for each lot for produce not satisfying the requirements of the class indicated.

A. Quality tolerances

(i) "Extra"
It allows a total of 5 percent of the apples (by number or weight) do not meet the class, but meet those of Class I. Within this tolerance, up 0.5 percent in total can be produced which meet the quality requirements of Class II.

(ii) Class I
It allows a total of 10 percent of the apples (by number or weight) may not meet the class, but meet those of Class II. Within this tolerance, not more than 1 percent in total can be produced that do not meet any quality requirements of Class II nor the minimum requirements, or altered products.

(iii) Class II
It allows a total of 10 percent of the apples (by number or weight) to do nothing requirements of the class nor the minimum requirements. Within this tolerance, the total proportion of altered products cannot exceed 2%.

B. Calibration Tolerances
For all classes: it allows a total of 10% of the apples (by number or weight) do not meet size requirements. This tolerance can be extended to include products with a size of:
- 5 mm or more below the minimum diameter
- 10 g or more below the minimum weight.

V. PROVISIONS CONCERNING PRESENTATION

A. Uniformity
Each package must contain uniform and contain only apples of the same origin, variety, quality and size (if sized) and the same degree of ripeness.
Also, if the category 'Extra' uniformity in terms of color.
However, it can be packed together in a package selling a mixture of apples of different varieties, provided they have a homogeneous quality and, for each variety, the same origin.
The visible part of the contents of the package must be representative of the entire content.

B. Packaging
Apples must be packed so as to ensure adequate protection of products. In particular, sales packaging with a net weight over 3 kg should be sufficiently rigid to protect the produce properly.
The materials used inside the package must be clean and quality so as to avoid causing any external or internal damage products. Use of materials, particularly paper or stamps bearing trade specifications is allowed provided the printing or labeling has been done with non-toxic ink or glue.

Stickers individually affixed on product shall be removed without leaving visible traces of glue and without causing skin defects.

Packages must not contain foreign materials.

VI. PROVISIONS CONCERNING MARKING

Each package must bear the following particulars in letters grouped on the same side, the marking is legible, indelible and visible from the outside.

A. Identification

Name and address of the packer and / or the dispatcher.

The name may be replaced:

- For all packages, except for pre-packages, the code representing the packer and / or sender, issued or recognized by an official body, indicated with the reference "packer and / or Dispatcher "(or equivalent abbreviations);

- Only if pre-packages, the name and address of a seller established within the Union, indicated with the mention 'Packed for:' or an equivalent mention. In this case, the labeling must also contain a code representing the packer and / or the dispatcher. In connection with the meaning of this code, the vendor shall provide all information deemed necessary by the inspection body.

B. Nature of produce

- "Apples" if the contents are not visible from the outside;

- Denomination. If a mixture of apples of different varieties, the names of these varieties.

- The denomination may be replaced by a synonym. Mutation name or trade name may only be provided in addition to the variety or its synonym.

C. Origin of produce

Country of origin [7] and, optionally, district where grown, or national area, regional or local level.

If a mixture of different varieties of apples of different origins, indicating each of the countries of origin must appear next to the name of the variety concerned.

D. Commercial specifications

- Category

- Size or, for fruit packed in rows and layers, number of units.

If the identification is carried out according to the size it should be indicated:

(A) for products subject to the uniformity rules, the minimum and maximum diameter or minimum and maximum weight;

(B) for products not subject to the uniformity rules, the diameter or weight of fruit in the smallest package, followed by (a) the words "and over" or some equivalent or, where appropriate, the diameter or weight of the most great fruit in the package.

E. Official control mark (optional)
The reference to indications in the first paragraph is not required for packages containing sales packages, clearly visible from the outside, all wearing these indications. These packages must not bear indications that mislead. When these packages are placed on pallets, these particulars must appear on a card placed visibly at least two sides of the pallet.

MARKETING STANDARD FOR PEACHES AND NECTARINES

I. DEFINITION OF PRODUCE

This standard applies to peaches and nectarines of varieties (cultivars) grown from Prunus persica Sieb. and Zucca. to be supplied fresh to consumers, peaches and nectarines for industrial processing being excluded.

II. PROVISIONS CONCERNING QUALITY

Purpose of the standard is to define quality requirements that must peaches and nectarines, after preparation and packaging.

A. Minimum requirements

In all classes, subject to special provisions for each class and the tolerances allowed, peaches and nectarines must be:
- Whole
- Sound, produce affected by rotting or altered so as unfit for consumption
- Clean, without any visible foreign matter,
- Free from pests
- Free from damage caused by pests affecting the flesh,
- Without fruit split in stem cavity,
- Free of abnormal external moisture,
- Odor and / or taste.
- Development and condition of peaches and nectarines should allow:
- To withstand transport and handling and
- To arrive in satisfactory condition at destination.

B. Maturity requirements

Fruits should be sufficiently developed to provide a satisfactory degree of ripeness. Refractive index of the pulp minimum must be at least 8° Brix.

C. Classification

Peaches and nectarines are classified into three classes defined below:
(I) "Extra"
Peaches and nectarines in this class must be of superior quality. Must be characteristic of the variety. The flesh must be perfectly healthy.
Peaches and nectarines should be free from defects with the exception of very slight superficial defects, provided these do not affect the general appearance of products, quality, preservation and presentation of their packaging.

(ii) Class I

Peaches and nectarines in this class must be of good quality. Must be characteristic of the variety. The flesh must be perfectly healthy.
However, defects may be allowed following slight defects, provided these do not affect the general appearance of products, quality, maintenance and their presentation in the package:
- A slight defect in shape,
- A slight defect in development
- Slight defect in coloring,
- Slight traces of surface area caused by pressure does not exceed 1 cm²,
- Slight skin defects not exceeding:
  - 1.5 cm long, oblong-shaped defects,
  - 1 cm² in total area for other defects.

(iii) Class II

This category includes peaches and nectarines that do not fall in the higher classes but satisfy the minimum requirements specified above.
The pulp must not have major defects. May be allowed following skin defects, provided that peaches and nectarines to retain the essential characteristics of quality, preservation and presentation:
- Defects in shape,
- Developmental defects, including split stones, provided the fruit is closed and the pulp is healthy
- Defects in coloring,
- Dents, whose total area not exceeding 2 cm² skin may be slightly discolored,
- Skin defects not exceeding:
  - 2.5 cm long, shaped defects elongated
  - 2 cm² in total area for other defects.

III. PROVISIONS CONCERNING SIZING

Size is determined either by the maximum diameter of the equatorial section or by weight or by count.
Minimum size is:
- 56 mm or 85 g for 'Extra' class,
- 51 mm or 65 g for groups I and II (if sized).
However, fruits with sizes smaller than 56 mm or 85 g is not sold in the period July 1 to October 31 (northern hemisphere) and between 1 January and 30 April (in southern hemisphere).
If Class II, the following provisions are optional:
To ensure homogeneity of the size, size differences between the products of the same package must not exceed:

(A) In the case of fruit sized according to diameter:
- 5 mm for fruit diameter below 70 mm
- 10 mm for 70 mm fruit diameter.

(B) In the case of fruit sized according to weight:
- 30 g for fruit weighing less than 180 g,
- 80 g for fruit weighing over 180 g.

(C) In the case of fruit graded by size, the difference in size must comply with the provisions of paragraph (a) or (b).

Where the calibration code must be respected the table below.

<table>
<thead>
<tr>
<th>Code</th>
<th>diameter</th>
<th>weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>from</td>
<td>to</td>
<td>from</td>
</tr>
<tr>
<td>(Mm)</td>
<td>(mm)</td>
<td>(g)</td>
</tr>
<tr>
<td>1</td>
<td>D</td>
<td>51</td>
</tr>
<tr>
<td>2</td>
<td>C</td>
<td>56</td>
</tr>
<tr>
<td>3</td>
<td>B</td>
<td>61</td>
</tr>
<tr>
<td>4</td>
<td>A</td>
<td>67</td>
</tr>
<tr>
<td>5</td>
<td>AA</td>
<td>73</td>
</tr>
<tr>
<td>6</td>
<td>AAA</td>
<td>80</td>
</tr>
<tr>
<td>7</td>
<td>YYYY</td>
<td>&gt; 90</td>
</tr>
</tbody>
</table>

IV. PROVISIONS CONCERNING TOLERANCES

In all stages of marketing, the tolerance on the quality and size in each lot for produce not satisfying the requirements of the class indicated.

A. Quality tolerances

(I) "Extra"

It allows a total of 5 percent of the peaches or nectarines (number or weight) do not meet the class, but meet those of Class I. Within this tolerance, up 0.5 percent of total can be Class II products that meet quality requirements.

(ii) Class I

It allows a total of 10 percent of the peaches or nectarines (number or weight) may not meet the class, but meet those of Class II. Within this tolerance, not more than 1 percent in total can be produced that do not meet any quality requirements of Class II nor the minimum requirements, or altered products.

(iii) Class II

It allows a total of 10 percent of the peaches or nectarines (number or weight) to do nothing requirements of the class nor the minimum requirements. Within this tolerance, the total proportion of altered products cannot exceed 2%.

B. Calibration Tolerances
For all classes (if sized): it allows a total of 10% of peaches or nectarines (number or weight) do not meet size requirements.

V. PROVISIONS CONCERNING PRESENTATION

A. Uniformity

Each package must contain uniform and contain only peaches or nectarines of the same origin, variety, quality, ripeness and size (if sized) and for category 'Extra' content must also be, homogeneous in terms of color.

The visible part of the contents of the package must be representative of the entire content.

B. Packaging

Peaches and nectarines must be packed so as to ensure adequate protection of products. The materials used inside the package must be clean and quality so as to avoid causing any external or internal damage products. Use of materials, particularly paper or stamps bearing trade specifications is allowed provided the printing or labeling has been done with non-toxic ink or glue. Stickers individually affixed on product shall be removed without leaving visible traces of glue and without causing skin defects.

Packages must not contain foreign materials.

VI. PROVISIONS CONCERNING MARKING

Each package must bear the following particulars in letters grouped on the same side, the marking is legible, indelible and visible from the outside:

A. Identification

Name and address of the packer and / or the dispatcher.

The name may be replaced:
- For all packages, except for pre-packages, the code representing the packer and / or sender, issued or recognized by an official body, indicated with the reference "packer and / or Dispatcher '(or equivalent abbreviations);
- Only if pre-packages, the name and address of a seller established within the Union, indicated with the mention 'Packed for:' or an equivalent mention. In this case, the labeling must also contain a code representing the packer and / or the dispatcher. In connection with the meaning of this code, the vendor shall provide all information deemed necessary by the inspection body.

B. Nature of produce

- "Peaches" or "Nectarines" if the contents are not visible from the outside.
- Color of flesh.
- Name of variety (optional).

C. Origin of produce

Country of origin [16] and, optionally, district where grown, or national area, regional or local level.

D. Commercial specifications

- Category.
MARKETING STANDARD FOR TABLE GRAPES

I. DEFINITION OF PRODUCE

This standard applies to table grapes of varieties (cultivars) grown from Vitis vinifera L. to be supplied fresh to consumers, table grapes for industrial processing being excluded.

II. PROVISIONS CONCERNING QUALITY

Purpose of the standard is to define quality requirements that must provide table grapes after preparation and packaging.

A. Minimum requirements

In all classes, subject to special provisions for each class and the tolerances allowed, bunches and berries must be:
- Sound, produce affected by rotting or altered so as unfit for consumption
- Clean, without any visible foreign matter,
- Free from pests
- Free from damage caused by pests,
- Free of abnormal external moisture,
- Odor and / or taste.
Also, the beans must be:
- Whole
- Well formed,
- Normally developed.
Pigmentation due to sun is not a defect.
The development and condition of the table grapes must allow:
- To withstand transport and handling and
- To arrive in satisfactory condition at destination.

B. Maturity requirements

Fruit juice should have a refractive index less than:
- 12 ° Brix in the case of varieties Alphonse Lavallée, Cardinal and Victoria
- 13 ° Brix for all other seeded varieties,
- 14 ° Brix for all seedless varieties.
In addition, all varieties must report sugar / acidity satisfactory.

C. Classification

Table grapes are classified in three classes defined below:

(i) "Extra"

Table grapes in this class must be of superior quality. They must be characteristic variety, given the production area. Berries must be firm, firmly attached, evenly spaced along the stalk and covered with bloom.
The grapes must be free of defects with the exception of very slight superficial defects, provided these do not affect the general appearance of products, quality, preservation and presentation of their packaging.

(ii) Class I

Table grapes in this class must be of good quality. They must be characteristic of the variety, taking into account the production area. Berries must be firm, firmly attached and, if possible, covered with bloom. Distribution of grains per cluster can still be less uniform than in category "Extra."
However, following slight defects may be allowed provided these do not affect the general appearance of products, quality, maintenance and their presentation in the package:
- A slight defect in shape,
- Slight defect in coloring,
- Very mild sunburn, which affects only the epidermis.

(iii) Class II

This class includes table grapes which do not fall in the higher classes but satisfy the minimum requirements specified above.
Bunches may show slight defects in shape, and color development, provided that these do not affect the essential characteristics of the variety, allowing the production area.
Berries must be sufficiently firm and sufficiently firmly attached and, if possible, covered with bloom. Distribution of the cluster may be less uniform than in category I.
The following defects may be allowed, provided the table grapes to retain their essential characteristics of quality, preservation and presentation:
- Defects in shape,
- Defects in coloring,
- Slight sunburn, which affects only the epidermis,
- Slight skin defects.

III. PROVISIONS CONCERNING SIZING

Size is determined by the weight of the bunch.
Minimum weight of a cluster is 75 g. This does not apply to packages containing single portions.

IV. PROVISIONS CONCERNING TOLERANCES

In all stages of marketing, the tolerance on the quality and size in each lot for produce not satisfying the requirements of the class indicated.

A. Quality tolerances
   i) "Extra"
   It allows a total of 5 percent of the clusters (in weight) do not meet requirements of the class, but meet those of Class I. Within this tolerance, up 0.5 percent in total can be produced to meet Class II quality.
   
   ii) Class I
   It allows a total of 10 percent of the clusters (in weight) do not meet requirements of the class, but meet those of Class II. Within this tolerance, not more than 1 percent in total can be produced that do not meet any quality requirements of Class II nor the minimum requirements, or altered products.
   
   iii) Class II
   It allows a total of 10 percent of the clusters (in weight) to do nothing requirements of the class nor the minimum requirements. Within this tolerance, the total proportion of altered products cannot exceed 2%.

B. Calibration Tolerances

For all classes: it allows a total of 10% of clusters (in weight) do not meet size requirements. In order to adapt the weight of each sales package may contain a bunch weighing less than 75 g, provided the bunch meets all other requirements of the category specified.

V. PROVISIONS CONCERNING PRESENTATION

A. Uniformity

Each package must contain uniform and contain only bunches of the same origin, variety, quality and degree of ripeness.

When 'Extra' class, the bunches must be approximately homogeneous in terms of size and color.

However, it can be packed together in a container a mixture of grapes of different varieties, provided they have a homogeneous quality and, for each variety, the same origin.

The visible part of the contents of the package must be representative of the entire content.

B. Packaging

Table grapes must be packed so as to ensure adequate protection of products.

The materials used inside the package must be clean and quality so as to avoid causing any external or internal damage products. Use of materials, particularly paper or stamps bearing trade specifications is allowed provided the printing or labeling has been done with non-toxic ink or glue.

Stickers individually affixed on product shall be removed without leaving visible traces of glue and without causing skin defects.
Packages must not contain foreign materials, although a fragment of up to 5 cm long tendril can remain attached to the cluster as a special presentation.

VI. PROVISIONS CONCERNING MARKING

Each package must bear the following particulars in letters grouped on the same side, the marking is legible, indelible and visible from the outside:

A. Identification
Name and address of the packer and / or the dispatcher. The name may be replaced:
- For all packages, except for pre-packages, the code representing the packer and / or sender, issued or recognized by an official body, indicated with the reference "packer and / or Dispatcher '(or equivalent abbreviations);
- Only if pre-packages, the name and address of a seller established within the Union, indicated with the mention 'Packed for:' or an equivalent mention. In this case, the labeling must also contain a code representing the packer and / or the dispatcher. In connection with the meaning of this code, the vendor shall provide all information deemed necessary by the inspection body.

B. Nature of produce
- "Table grapes" if the contents are not visible from the outside.
- Denomination. If a mixture of grapes from different varieties, the names of these varieties.

C. Origin of produce
- Country of origin and, optionally, district where grown, or national area, regional or local level.
- If a mixture of different varieties of grapes of different origins, indicating each of the countries of origin must appear next to the name of the variety concerned.

D. Commercial specifications
- Category.
- Where appropriate, the words "bunches weighing less than 75 g, representing single portions."

E. Official control mark (optional)
The reference to indications in the first paragraph is not required for packages containing sales packages, clearly visible from the outside, all wearing these indications. These packages must not bear indications that mislead. When these packages are placed on pallets, these particulars must appear on a card placed visibly at least two sides of the pallet.

MARKETING STANDARD FOR TOMATOES
I. DEFINITION OF PRODUCE

This standard applies to tomatoes of varieties (cultivars) grown from Solanum lycopersicum L. to be supplied fresh to the consumer, tomatoes for industrial processing being excluded. Tomatoes may be classified into four commercial types:
- "round",
- "ribbed",
- "oblong" or "elongated",
- "cherry" tomatoes (including "cocktail" tomatoes).

II. PROVISIONS CONCERNING QUALITY

The purpose of the standard is to define the quality requirements for tomatoes, after preparation and packaging.

A. Minimum requirements

In all classes, subject to the special provisions for each class and the tolerances allowed, the tomatoes must be:
- intact,
- sound, produce affected by rotting or deterioration such as to make it unfit for consumption is excluded,
- clean, practically free of any visible foreign matter,
- fresh in appearance,
- practically free from pests,
- free from damage caused by pests affecting the flesh,
- free of abnormal external moisture,
- free of any foreign smell and/or taste.

In the case of trusses of tomatoes, the stalks must be fresh, healthy, clean and free from all leaves and any visible foreign matter.

The development and condition of the tomatoes must be such as to enable them:
- to withstand transportation and handling, and
- to arrive in satisfactory condition at the place of destination.

B. Classification

Tomatoes are classified in three classes, as defined below:
(i) "Extra" Class

Tomatoes in this class must be of superior quality. They must be firm and characteristic of the variety and/or commercial type.

Their coloring, according to their state of ripeness, must be such as to satisfy the requirements set out in the third paragraph of point A above.
They must be free from greenbacks and other defects, with the exception of very slight superficial defects, provided these do not affect the general appearance of the produce, the quality, the keeping quality and presentation in the package.

(ii) Class I
Tomatoes in this class must be of good quality. They must be reasonably firm and characteristic of the variety and/or commercial type. They must be free of cracks and visible greenbacks. The following slight defects, however, may be allowed provided these do not affect the general appearance of the produce, the quality, the keeping quality and presentation in the package:
- a slight defect in shape and development,
- slight defects in coloring,
- slight skin defects,
- very slight bruises.

Furthermore, "ribbed" tomatoes may show:
- healed cracks not more than 1 cm long,
- no excessive protuberances,
- small umbilicus, but no suberization,
- suberization of the stigma up to 1 cm2,
- fine blossom scar in elongated form (like a seam), but not longer than two-thirds of the greatest diameter of the fruit.

(iii) Class II
This class includes tomatoes which do not qualify for inclusion in the higher classes, but satisfy the minimum requirements specified above. They must be reasonably firm (but may be slightly less firm than in Class I) and must not show unhealed cracks.

The following defects may be allowed provided the tomatoes retain their essential characteristics as regards the quality, the keeping quality and presentation:
- defects in shape and development,
- defects in coloring,
- skin defects or bruises, provided the fruit is not seriously affected,
- healed cracks not more than 3 cm in length for round, ribbed or oblong tomatoes.

Furthermore, "ribbed" tomatoes may show:
- more pronounced protuberances than allowed under Class I, but without being misshapen,
- an umbilicus,
- suberization of the stigma up to 2 cm2,
- fine blossom scar in elongated form (like a seam).

III. PROVISIONS CONCERNING SIZING
Size is determined by the maximum diameter of the equatorial section, by weight or by count.
The following provisions shall not apply to trusses of tomatoes and to cherry tomatoes, and are optional for Class II.

To ensure uniformity in size, the range in size between produce in the same package shall not exceed:

(a) For tomatoes sized by diameter:
- 10 mm, if the diameter of the smallest fruit (as indicated on the package) is under 50 mm,
- 15 mm, if the diameter of the smallest fruit (as indicated on the package) is 50 mm and over but under 70 mm,
- 20 mm, if the diameter of the smallest fruit (as indicated on the package) is 70 mm and over but under 100 mm,
- there is no limitation of difference in diameter for fruit equal or over 100 mm.

In case size codes are applied, the codes and ranges in the following table have to be respected:

<table>
<thead>
<tr>
<th>Size Code</th>
<th>Diameter (mm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>≤ 20</td>
</tr>
<tr>
<td>1</td>
<td>&gt; 20 ≤ 25</td>
</tr>
<tr>
<td>2</td>
<td>&gt; 25 ≤ 30</td>
</tr>
<tr>
<td>3</td>
<td>&gt; 30 ≤ 35</td>
</tr>
<tr>
<td>4</td>
<td>&gt; 35 ≤ 40</td>
</tr>
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<td>5</td>
<td>&gt; 40 ≤ 47</td>
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<td>6</td>
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<td>7</td>
<td>&gt; 57 ≤ 67</td>
</tr>
<tr>
<td>8</td>
<td>&gt; 67 ≤ 82</td>
</tr>
<tr>
<td>9</td>
<td>&gt; 82 ≤ 102</td>
</tr>
<tr>
<td>10</td>
<td>&gt; 102</td>
</tr>
</tbody>
</table>

(b) For tomatoes sized by weight or by count, the difference in size should be consistent with the difference indicated in point (a).

IV. PROVISIONS CONCERNING TOLERANCES

At all marketing stages, tolerances in respect of quality and size shall be allowed in each lot for produce not satisfying the requirements of the class indicated.

A. Quality tolerances

(i) "Extra" Class
A total tolerance of 5 %, by number or weight, of tomatoes not satisfying the requirements of the class but meeting those of Class I is allowed. Within this tolerance not more than 0.5 % in total may consist of produce satisfying the requirements of Class II quality.

(ii) Class I

A total tolerance of 10 %, by number or weight, of tomatoes not satisfying the requirements of the class but meeting those of Class II is allowed. Within this tolerance not more than 1 % in total may consist of produce neither satisfying the requirements of Class II quality nor the minimum requirements, or of produce affected by decay. In the case of trusses of tomatoes, 5 %, by number or weight, of tomatoes detached from the stalk is allowed.

(iii) Class II

A total tolerance of 10 %, by number or weight, of tomatoes satisfying neither the requirements of the class nor the minimum requirements is allowed. Within this tolerance not more than 2 % in total may consist of produce affected by decay. In the case of trusses of tomatoes, 10 %, by number or weight, of tomatoes detached from the stalk is allowed.

B. Size tolerances

For all classes: a total tolerance of 10 %, by number or weight, of tomatoes not satisfying the requirements as regards sizing is allowed.

V. PROVISIONS CONCERNING PRESENTATION

A. Uniformity

The contents of each package must be uniform and contain only tomatoes of the same origin, variety or commercial type, quality and size (if sized).

The ripeness and coloring of tomatoes in "Extra" Class and Class I must be practically uniform. In addition, the length of "oblong" tomatoes must be sufficiently uniform.

However, a mixture of tomatoes of distinctly different colors, varieties and/or commercial types may be packed together in a package, provided they are uniform in quality and, for each color, variety and/or commercial type concerned, in origin.

The visible part of the contents of the package must be representative of the entire contents.

B. Packaging

Tomatoes must be packed in such a way as to protect the produce properly.

The materials used inside the package must be clean and of a quality such as to avoid causing any external or internal damage to the produce. The use of materials, particularly paper or stamps bearing trade specifications is allowed provided the printing or labeling has been done with non-toxic ink or glue.
Packages must be free of all foreign matter.

VI. PROVISIONS CONCERNING MARKING

Each package must bear the following particulars in letters grouped on the same side, legibly and indelibly marked and visible from the outside:

A. Identification
The name and the address of the packer and/or the dispatcher.
This mention may be replaced:

- for all packages with the exception of pre-packages, by the officially issued or accepted code mark representing the packer and/or the dispatcher, indicated in close connection with the reference "Packer and/or Dispatcher" (or equivalent abbreviations);
- for pre-packages only, by the name and the address of a seller established within the Union indicated in close connection with the mention "Packed for:" or an equivalent mention. In this case, the labeling shall also include a code representing the packer and/or the dispatcher. The seller shall give all information deemed necessary by the inspection body as to the meaning of this code.

B. Nature of produce

- Tomatoes" or "trusses of tomatoes" and the commercial type if the contents are not visible from the outside. These details must always be provided for "cherry" (or "cocktail") tomatoes, whether in trusses or not.
- "Mixture of tomatoes", or equivalent denomination, in the case of a mixture of distinctly different varieties, commercial types and/or colors of tomatoes. If the produce is not visible from the outside, the colors, varieties or commercial types and the quantity of each in the package must be indicated.
- Name of the variety (optional).

C. Origin of produce

Country of origin 1 and, optionally, district where grown, or national, regional or local place name.

In the case of a mixture of distinctly different colors, varieties and/or commercial types of tomatoes of different origins, the indication of each country of origin shall appear next to the name of the color, variety and/or commercial type concerned.

D. Commercial specifications

- Class.
- Size (if sized) expressed as minimum and maximum diameters.

E. Official control mark (optional)
Packages need not to bear the particulars mentioned in the first subparagraph, when they contain sales packages, clearly visible from the outside, and all bearing these particulars. These packages shall be free from any indications such as could mislead. When these packages are palletized, the particulars shall be given on a notice placed in an obvious position on at least two sides of the pallet.