

CBI MARKET SURVEY

THE SPICES AND HERBS MARKET IN THE EU

Publication date: March, 2009

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Report summary

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

Consumption and trends

The EU market is the largest market for spices and herbs in the world. Apparent consumption of the spices and herbs described in this survey (see appendix A) increased from 265 thousand tonnes in 2003 to 321 thousand tonnes in 2007, indicating a reasonable growth. The leading consuming EU member country is Germany, accounting for almost one fifth of total EU spice consumption, followed by the UK, Romania and Hungary.

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

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

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

- The trend towards internationalisation and increasing consumption of ethnic foods has created growing interest in spices. A broad selection of spices can be found in today's consumer kitchen.
- The usage of spices and herbs by consumers is increasing, because these products are appreciated as completely natural ingredients, rather than artificial additives.
- European consumers have a strongly increased interest in a healthy lifestyle and, consequently, in the consumption of health food. For example, herbal teas are becoming increasingly popular.
- The market for organic food is increasing. However, the mainstream retail market for organic spices and herbs is likely to remain relatively small until supermarket chains offer a full range of organic spices and herbs.

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

- Ready-to-use segments, like pizzas, sauces and other convenience food.
- Health-food sector, for example, organic spices & herbs and herbal teas.
- New authentic varieties of mixed spices and herbs, like pimento, chillies, allspice (Jamaican pepper), etc.

However, in this period of economic instability it is not clear how the financial crisis will influence the spices and herbs market. Therefore it is crucial to closely follow the news to stay up-to-date and be well informed about the most recent developments.

Production

Few spices are produced in the EU. According to FAOSTAT data (2008), total EU production of spices amounted to 124 thousand tonnes in 2007, of which 62% consisted of paprika, for the largest part produced in Hungary and Romania. The production of spice seeds accounted for 33% and the remaining 5% were spices not elsewhere classified.

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

Imports and exports

After some years of decline, total EU imports of spices and herbs increased again and amounted to € 988 million in 2007, resulting in an average annual value growth rate of 4%. However, in volume terms, imports increased by a steady average annual growth rate of 5% to 397 thousand tonnes in 2007.

Leading EU importers of spices and herbs are Germany, The Netherlands, the UK, France and Spain. These are also the countries with the highest imports from developing countries. While most West European countries showed increasing volumes of imports supplied by developing countries, most East European countries lowered their imports from developing countries in favour of intra-EU imports. The latter resulted from their becoming EU members in 2004 and 2007.

With a share of 27% of total EU imports of spices and herbs, pepper is the largest product group imported, followed by paprika (19%), mixtures (10%), spice seeds (7%) and nutmeg, mace & cardamom (6%). The product groups with the highest shares of import from developing countries are saffron, turmeric, ginger, pepper and vanilla.

The EU is a net importer of spices and herbs. A large part of the EU export trade consists of spices and herbs which have been imported in bulk or in crude form and which, following grinding, processing and/or repackaging, are re-exported to other EU and overseas markets.

In 2007, total exports of spices and herbs by EU member countries amounted to 200 thousand tonnes, representing a value of € 616 million. Both export value and volume both decreased between 2003 and 2005 but increased afterwards, resulting in moderate average annual growth rates.

Trade structure

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

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

Typically, the main parties involved in the distribution of spices and herbs are:

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

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

For more information, please also refer to the additional CBI document 'From Survey to Success' which assists developing country exporters in how to evaluate whether or not to become involved in international business, and to learn how to go about exporting to the EU.

Introduction

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

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

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

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

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

1 Consumption

1.1 Market size

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

The largest market for spices and herbs is Europe, followed by North America and East Asia (Trade Information Brief, Southern African Development Community, 2007). The EU market for spices and herbs increased from 265 thousand tonnes in 2003 to 321 thousand tonnes in 2007, representing an average annual increase of 5%. The leading consuming EU member country is Germany, accounting for 19% of total EU spice consumption, followed by the UK (16%), Romania (14%) and Hungary (12%). The latter two score relatively high because of their high consumption of paprika.

Table 1.1 EU apparent consumption of spices and herbs, 2003-2007, in 1,000 tonnes.

	2003	2004	2005	2006	2007	Average annual % change
Total	264.6*	298.5	321.4	294.9	320.9	5%
Germany	49.7	51.9	53.2	53.1	61.8	6%
UK	39.6	41.4	45.5	48.1	50.7	6%
Romania	40.8	40.9	41.2	40.1	43.9	2%
Hungary	39.9	56.4	55.1	38.2	38.4	-1%
France	17.1	14.7	17.2	15.5	16.6	-1%
The Netherlands	20.2	17.8	19.1	14.3	14.9	-7%
Spain	3.6	4.8	16.4	12.4	12.3	36%
Belgium	9.9	11.7	10.6	10.1	11.5	4%
Bulgaria	4.0	3.9	3.5	1.7	10.1	26%
Poland	n/a	9.0	9.6	8.9	9.6	2%**
Czech Republic	5.7	7.4	8.4	8.2	8.7	11%
Sweden	4.6	5.1	5.9	6.8	7.5	13%
Italy	7.0	8.2	7.9	6.9	6.2	-3%
Austria	0.3	1.5	5.7	5.7	5.8	112%
Greece	4.3	4.4	4.0	4.5	4.4	1%
Denmark	5.5	5.3	4.2	5.1	3.7	-9%
Slovakia	2.2	2.8	2.5	2.7	3.5	13%
Ireland	2.5	2.8	2.4	3.4	2.3	-1%
Portugal	2.4	2.2	2.1	2.5	2.2	-2%
Slovenia	2.2	2.0	2.1	2.4	2.1	-1%
Finland	0.1	1.0	1.8	1.8	1.7	108%
Latvia	1.3	1.0	0.6	0.8	0.9	-8%
Estonia	0.6	0.6	0.8	0.8	0.9	12%
Cyprus	0.2	0.4	0.6	0.3	0.4	16%
Lithuania	n/a	0.6	0.5	0.1	0.3	-22%**
Luxembourg	0.4	0.4	0.4	0.4	0.2	-12%
Malta	0.2	0.2	0.2	0.2	0.2	0%

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

*excluding Lithuania and Poland

**Average annual change 2004-2007

The different EU countries show very different developments in the spices and herbs market. Some saw their markets decline, while others had expanding markets. The leading EU member country with the largest average annual increase in spices and herbs consumption is Spain, although it declined in 2006 and 2007. Also the Bulgarian market grew fast. Although relatively small markets, Austria and Finland saw their spices and herbs demand grow even faster.

The leading positions of Romania and Hungary can be explained by the fact that both are major producers and relatively small exporters of the product group paprika. This shows that paprika is a highly demanded product in these countries.

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

Until recently, market experts indicated that a further growth was expected in the consumption of spices and herbs. This growth was, for most EU member states, in line with developments on the food markets. However, the effect of the financial crisis on spending is already showing across Europe. Consumers are reducing their spending on food. Nevertheless, in some countries this development will not be as apparent as in countries where the financial crisis hit hardest, as for example in the UK. However, although consumers will switch to cheaper food sources, these cheaper foods also require seasoning, resulting in a continuous demand from the food industry.

At the same time, spice importers face difficult trading conditions in this time of crisis. There is much uncertainty and confidence is low. Buyers place emphasis on running down stocks and buy only when needed. According to the International Trade Centre, it is not realistic to make predictions for the near future. On the one hand, major economies will move further into recession, from which it is not clear how this impacts the spice market. On the other hand, some trading conditions are improving; shipping costs have decreased, interest rates have declined strongly and industries will soon need to restock.

Organic

In recent years, increased consumer awareness for healthy lifestyles, has positively influenced the demand for organic products. The total European¹ retail sales for organic food are estimated to be € 14.3 billion. Accounting for € 4.6 billion, Germany has the largest organic food market, followed by the UK (€ 2.8 billion), Italy (€ 1.9 billion), France (€ 1.7 billion), Austria (€ 530 million), The Netherlands (€ 460 million), Denmark (€ 434 million), Sweden (€ 379 million) and Belgium (€ 245 million).

The 2008 publication of 'The World of Organic Agriculture' reports substantial growth of the market for organic food between 2005 and 2006; more than 20% in the UK, 18% in Germany, 10% in Austria and 9% in The Netherlands. This trend probably continued in 2007. Also, Denmark, which experienced stagnation in previous years, saw its organic market grow again. This fast growth in demand for organics has resulted in supply shortages and price increases. Experts report shortages of organic nutmeg, mace, pink pepper, allspice, chillies and paprika.

In general, there was growing demand for organic spices and herbs in the EU, although quantities consumed vary by product and region. The health-food sector was a growing market, as industry and consumers focussed more on healthy food and natural flavours as substitutes for sugar, salt and artificial products. Growing public concern over health may also have had a positive effect on the growth of the market, in particular for fresh and wet herbs.

¹ European here also includes non-EU countries.

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

Although the organic growth potential was restricted by a high demand for organic ingredients which exceeded supply, the economic downturn will reduce demand for organics back to the level of available supply (Research company Organic Monitor, 2009). Consumers may pull back from luxury food items, such as organic products. Nevertheless, the organic sector is expected to grow, although at a lower pace in the countries most affected by the crisis, such as the UK. In other European countries, the market will continue to grow considerably.

1.2 Market segmentation

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

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

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

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

Industrial sector

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

Industrial food-processing also includes spice mixing for meat factories, butchers, bakers and packers for the catering sector. Grinders and blenders tend to make more multifunctional mixes to be used especially in the baking and meat-processing industries. Apart from being used directly, spices and herbs are also the starting point for many flavour compounds, where spices and herbs and their derivatives (extracts, oleoresins and essential oils) are only components of more complex flavours. Although the industrial sector is a mature market, further growth is expected in the coming years.

The meat industry

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

The food-processing industry

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

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

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

The non-food industries

In the non-food sector, in pharmaceuticals and perfumery, spices and herbs are mainly used for the production of essential oils and oleoresins, although production mostly takes place in the supplying countries. Essential oils and oleoresins are not only used in the food-processing industry, but are also important constituents in the flavouring and perfume industry. For more information, please refer to the CBI market survey '*The Natural Colours, Flavours and Thickeners market in the EU*'.

In the pharmaceutical industry, mint is used in medicinal tablets and potions, while capsicum (seeds) are used for thermo-plasters or for creams or gels against muscular pain. In general, alternative medicines using spices and herbs have increased in popularity in most EU countries over the last few years. Children's medicine in particular is often designed to taste pleasant, so changes in taste may be an opportunity for further growth in the use of spices and herbs in medical applications. Restaurants, hospitals and schools are some of the other end-users of spices, although the quantities consumed by these sectors are small.

Retail sector

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

Quality standards are very high in this segment. EU consumers are very critical of what they buy, and they often judge the product on its appearance. This means that the spice should

look attractive, with no visible flaws, and should have a pleasing colour. Non-ground spices should be whole and easy to grind.

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

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

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

Catering sector

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

1.3 Trends

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

Thanks to increased prosperity in the EU (also in the new EU member countries), eating behaviour is related to income and life style. Despite this increase in prosperity, the food market in the EU is highly competitive, since consumers are not going to eat more, but will only, at the very most, switch to products which fit their preferences better (trading up). According to RTS Resource LTD, products increasingly need a specific 'reason to buy' which

makes them stand out from the competition. It refers to appealing attributes such as: semi-prepared, fresh, organic, high quality, healthy, snacks, exotic, vegetarian etc.

Recent research into consumer behaviour shows that today's consumer has the following preferences concerning food and nutrition in general, and spices and herbs in particular:

Convenience

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

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

Internationalisation and more variety

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

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

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

'Grazing'

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

Healthy food

European consumers have a strongly increased interest in a healthy lifestyle and, consequently, in the consumption of health food. In 2006, the International Food Ingredients European consumer survey found that 60% more European consumers demanded convenient

and healthy food and drinks in the last year, and about 80% of the consumers agreed that companies need to enhance the flavour and tastiness of healthy products. Moreover, products with an intense flavour profile are often considered as 'high quality' products, leading to a trend on choosing premium products (IFI, 2008).

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

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

Herbal drinks, particularly herbal teas and infusions, are also becoming more popular. For further information on tea, please also refer to the CBI market survey '*The (Organic) Coffee, Tea and Cocoa Market in the EU.*'

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

1.4 Opportunities and threats

- + In general, EU consumption of spices and herbs has been growing. The retail sector may offer some opportunities for private brands in some EU countries, since home cooking has gained in popularity. However, since a clear shift can be observed away from household use of spices and herbs to industrial use, most opportunities should be sought in the industrial sector.
- + The internationalisation trend has been reflected in an increasing demand for ethnic and exotic ingredients at the expense of traditional spice and herb mixtures. Despite some resistance towards strong new flavours, this offers opportunities for exporters of an increasing number of spices.
- + Interesting opportunities can also be found in the increased demand for natural and organic products/ingredients. Healthy, natural and organic products are occupying an increasingly stronger position in the EU. This applies to the consumer market as well as to the food industry. Organic production is particularly attractive for growers in developing countries, since much of their production is already organic, although not officially certified ('organic by default'). Currently, for some specific spices and herbs, organic nutmeg, mace, pink pepper, allspice, chillies and paprika, demand is higher than supply. High quality organic products are especially interesting for the EU market as quality is more important than price.
- Competitive issues in this market are quality and consistency of quality, followed by strong research and development, in order to provide innovation and a variety of flavours. This emphasis on quality has led to a higher degree of customer loyalty. Food and drink manufacturers demand consistently high quality and so tend to stick with preferred suppliers, who have proved themselves to be reliable.
- In the midst of the economic crisis there are many uncertainties and this could lead to an overall scaling back on consumption. It is not clear how and to what extent this will affect the demand for spices and herbs in the EU.

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

1.5 Useful sources

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

2 Production

2.1 Size of production

Traditionally, production of most spices and herbs has been concentrated in the moderate and semi-tropical regions of the world. This is the result of both climatic considerations and low wage rates, as production of spices and herbs is labour-intensive (Manitoba, 2005). According to ITC (2006), spices are primarily produced in developing countries and least-developed countries, supplying about 55% of spices to global markets. Few spices and herbs are produced in the EU.

As shown in table 2.1, FAOSTAT reports a production of spices and herbs of 124 thousand tonnes in 2007. Throughout the years, this production has fluctuated somewhat. According to FAOSTAT, the bulk of the spice production in the EU is concentrated in East European countries such as Romania, Hungary and Bulgaria (although also in Spain). Together, these three are responsible for almost 88% of total EU production.

Table 2.1 EU production of spices* and herbs, 2003-2007, in 1,000 tonnes

	2003	2004	2005	2006	2007	Average annual % change
Total EU	128,74	149,35	133,36	119,58	124,22	-1%
Romania	38,00	38,00	38,00	40,00	42,00	3%
Hungary	42,42	56,27	53,16	36,94	37,35	-3%
Bulgaria	34,70	41,70	28,70	28,20	29,80	-4%
Spain	6,90	6,90	7,00	7,80	8,55	6%
Czech Republic	4,30	4,10	4,10	4,20	4,00	-2%
Slovenia	1,30	1,30	1,30	1,30	1,30	0%
Greece	0,77	0,77	0,77	0,80	0,85	3%
Netherlands	0,20	0,20	0,20	0,25	0,28	9%
Denmark	0,04	0,04	0,04	0,05	0,05	6%
Slovakia	0,00	0,06	0,08	0,03	0,03	-
Portugal	0,01	0,01	0,01	0,01	0,02	11%
Belgium	0,10	0,00	0,00	0,00	0,00	-100%

Source: FAOSTAT (2008)

Note: FAOSTAT reports on production of spices in those EU countries which have data available.

* Please note that FAOSTAT includes certain unspecified herbs under spices nec (not elsewhere classified).

Hungary and Romania are the leading EU producers of paprika², each accounting for almost 43% of total EU production, followed by Spain (6%) and Czech Republic (5%). Bulgaria is the leading EU producer of spice seeds, accounting for over 68% of total EU production, followed by Romania (22%) and Hungary (7%).

Table 2.2 EU production of spices and herbs per product group, 2003-2007, in 1,000 tonnes.

	2003	2004	2005	2006	2007	Average annual % change
Paprika	77.7	92.8	89.8	75.6	77.4	-0.1%
Spice seeds	44.6	51.7	38.9	38.5	41.3	-2%
Spices nec*	6.3	4.9	4.7	5.4	5.6	-3%
Vanilla	0.11	0.01	0.01	0.01	0.02	-39%

Source: FAOSTAT (2008)

*spices not elsewhere classified

² Note that FAOSTAT uses different names for product groups, then the ones used here. See Appendix A.

Of the total reported EU production, 62% consisted of paprika, 33% of spice seeds and 5% other spices (spices not elsewhere classified). The production of vanilla is almost negligible. FAOSTAT reports a vanilla production of a small amount in Portugal only. As mentioned, the large production of paprika reflects the popularity of these products in the EU, notably in East European countries.

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

The European Herb Growers Association (EHGA) collected data for 2003 and 2005 on the production of 150 cultivated herbs in the EU. EHGA represents around 21,000 growers/collectors, covering a total area of at least 100,000 hectares. Of this total, at least 4,700 hectares are organically certified. Table 2.3 shows the total cultivated area for the most commonly-used herbs, as well as plants of spices (like aniseed) as selected in Appendix A of this survey. As it is most commonly used in many dishes across the EU, it is not surprising that parsley is the most-cultivated herb.

In order to interpret these figures, exporters in developing countries should take note of several data shortcomings:

- The share of this production actually used for food is unknown, as most of these plants are also used in either the pharmaceutical or cosmetic industry, or both.
- Not all European countries are included. Moreover, as not all producers are part of their respective national associations, national data is incomplete. Furthermore, wild collection areas are only partially included. Therefore, the actual cultivation area is likely to be considerably higher.
- Please note that the size of the area cultivated does not automatically imply high value or volume. In the case of aniseed, for example, only part of the species is used as a herb, with most importance attested to other parts of the plant.
- It should also be noted that the definitions used by EHGA and FAOSTAT concerning spices and herbs may differ.

Table 2.3 Indication of cultivated area of the selected herbs in the EU*, in hectares and number of growers, 2004

Scientific name	Common name	Total area(ha)	Of which organic area(ha)	Growers (nr)
<i>Anethum graveolens</i>	Dill	777	50	27
<i>Artemisia dracunculus</i>	Tarragon	236	3	1
<i>Foeniculum vulgare</i>	Fennel	672	138	198
<i>Origanum sp</i>	Oregano	85	37	15
<i>Origanum vulgare vulgare</i>	Wild oregano	81	60	14
<i>Petroselinum</i>	Parsley	3,591	2,875	50
<i>Thymus serpyllum</i>	Wild thyme	1	0	0
<i>Thymus vulgaris</i>	Common thyme	624	134	44
<i>Trigonella foenum-graecum</i>	Fenugreek	28	1	2
<i>Anisum vulgare</i>	Aniseed	83	15	69
<i>Mentha spp</i>	Mint	271	32	20
<i>Ocimum basilicum</i>	Basil	834	1505	20
<i>Origanum marjorana</i>	Marjoram	558	25	20
<i>Rosmarinus officinalis</i>	Rosemary	158	99	17
<i>Salvia officinalis</i>	Sage	289	156	58

Source: EHGA (2006)

* Please note that the country selection comprises of: Austria, Belgium, Bulgaria, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, The Netherlands, Portugal, Romania, Slovakia, Spain, Sweden and the UK.

Since the early 1990s, organic farming has developed rapidly in the EU. In June 2004, the European Commission adopted the 'European Action Plan for Organic Food and Farming', which induced the European Commission to do more promotion of organic food in general, and on the EU organic logo in particular. In 2006, almost 180 thousand farms managed 6.8 million hectares organically. This was an increase of 7.7% compared to the previous year. Substantial increases were seen in Spain, Italy, Poland and Portugal and to a lesser extent in many East European countries.

2.2 Trends

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

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

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

2.3 Opportunities and threats

- + Relatively few spices are produced in the EU and overall production has decreased somewhat. Most spices and herb crops are labour-intensive or could be more easily grown in a tropical climate, making the EU member countries highly dependent on supply by developing countries for the majority of spices and herbs.
- + Moreover, increasing labour cost differences between developing countries and EU member states, and the rising regulatory costs and other obstacles to manufacturing in the EU market, provide value-adding opportunities for developing countries in exporting finished or processed products. However, they must be able to comply with the strict EU quality requirements.
- +/- Organic farming has developed rapidly in the EU, especially in Spain, Italy, Poland and Portugal and to a lesser extent in many East European countries. However, as discussed in the previous chapter, the supply of several spices and herbs still doesn't meet demand. This offers opportunities for organic farmers in developing countries.

2.4 Useful sources

- Food and Agriculture Organization, FAOSTAT data - <http://faostat.fao.org>
- European Spice Association - <http://www.esa-spices.org>
- The International Pepper Community (IPC) - <http://www.ipcnet.org>
- ITC's 'Marketing Manual and Web Directory for Organic Spices, Herbs and Essential Oils' - http://www.intracen.org/mds/sectors/spices/manual_2.pdf

- International food ingredients is an international magazine for the food ingredients industry
- <http://www.ifi-online.com>

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

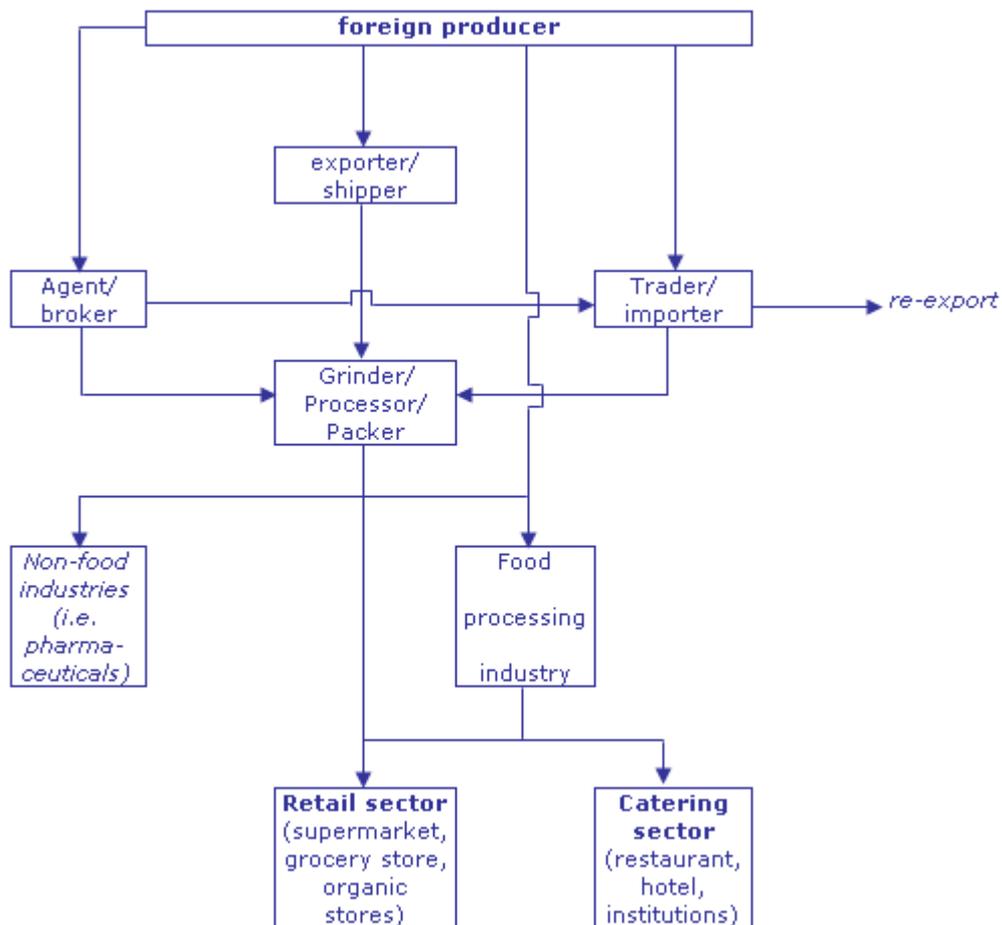
3 Trade channels for market entry

3.1 Trade channels

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

In recent years, direct trade between medium-sized and large producers/exporters in developing countries and grinders/processors in consuming markets has become more prevalent. Both importers and processors increasingly move away from dealing with many small growers, choosing instead to deal with whoever combines high quality, high volume, and consistent products. Figure 3.1 shows the distribution channels for spices and herbs.

Figure 3.1 Distribution channels for spices and herbs



The distinctions between the different channels shown in figure 3.1 have become blurred in recent years because of structural changes in the trade and a decline in the number of brokers

and traders in Western Europe as a whole. One company often uses different distribution channels at the same time.

The market leaders within the European spice and herb market are the German Fuchs, Unilever and McCormick. By far the leading spices and herbs company world-wide is USA-based McCormick & Co, Inc. This multinational company carries out "global sourcing" of spices and herbs by having subsidiary affiliated companies in the countries of origin. McCormick has operations in several EU member countries. Other major spice and herb companies in the EU are British Pepper & Spice (UK), Sillevoldt, Euroma (both The Netherlands), Karl Ostmann and Gewürzmühle Nesse from Germany, Furzzi in Italy, Paulig in Finland, Nordfalks in Sweden and Norway, Dirach and Danske Krydderie in Denmark and Kotanyi in Austria.

Brokers/Agents

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

Traders/importers

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

Grinders/processors

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

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

End users

The largest user group is the food-processing industry. Requirements are purchased either from grinders/processors or directly from importing/trading companies, and in some (rare) cases directly from foreign producers. Organic food-processing industries hardly ever import directly from outside Europe, though it is likely that this will increase, especially as more conventional food manufacturers begin to set up organic product lines. Some industries have

joint arrangements with foreign producers to ensure regular supplies and maintain quality standards and specifications of the spices and herbs concerned. Another end-user group is catering, which either purchases spices and herbs directly from grinders/processors or processed food products from food industries. This includes restaurants, hotels and institutions (hospitals, schools etc.). The retail sector also buys spices and herbs, as well as processed food products. In both sectors, specific organic products are becoming more important, for example with school restaurants converting to organic products, or the opening of organic restaurants in European cities.

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

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

Organic

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

Purchasing policies of traders, grinders and processors

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

- Firstly, EU countries and regions have traditional and distinctive recipes, demanding different flavours and combinations of spices and herbs. Local companies, familiar with these needs, are best placed to prepare and blend the appropriate spices and mixtures.
- The regulations for processed spices are stricter than those for spices in raw dried form. It is, moreover, far more costly and more difficult to clean contaminated ground spices than contaminated unground spices. Increasingly strict governmental regulations and the high quality standards demanded by the food industry are such that few supplying countries can offer cleansed, bacteria-free products which meet these requirements.

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

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

3.2 Price structure

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

3.3 Useful sources

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

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

Interesting business-to-business sources are the following;

- Agronetwerk.com - <http://www.agronetwerk.com/global>
- Organic-market.info - <http://www.organic-market.info> - online magazine for organic trade.
- Spices Trade world - <http://spices.tradeworlds.com>
- Ingridnet.com - <http://www.ingridnet.com> - a marketing instrument for companies supplying ingredients to, among others, food industries. The database includes contact details of 15,000 ingredient suppliers.
- The International General Produce Association (IGPA) - <http://www.igpa.com> – a contract issuing body for the international trade in general produce, including herbs & spices.
- ITC Market News Services (MNS) - <http://www.intracen.org/mns>

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

4 Trade: imports and exports

4.1 Total EU imports

After some years of decline, total EU imports of spices and herbs increased again after 2005 and reached € 988 million in 2007, resulting in an average annual growth of 4%. However, in volume terms, imports increased during the whole period of 2003-2007 by a steady average annual rate of 5% to almost 397 thousand tonnes. The average import price for spices and herbs decreased in this period.

As shown in table 4.1, Germany is by far the largest EU importer of spices and herbs, accounting for 23% of total EU spices and herbs imports. Germany is followed by The Netherlands (12%), the UK (11%), France (9%), Spain (9%) and Belgium (7%). Germany, the UK, France and Spain have large internal markets. The Netherlands and Belgium are major re-exporting countries, resulting from the major ports of Rotterdam and Antwerp.

Table 4.1 EU Imports of spices and herbs 2003-2007, € million / 1,000 tonnes

	2003		2005		2007		Average annual % change	
	value	volume	value	volume	value	volume	value	volume
Total EU	858.4	327.7	804.0	373.5	988.4	396.5	4%	5%
of which from:								
Intra-EU	373.6	123.6	391.5	136.7	473.1	156.0	6%	6%
Extra-EU excl. DCs*	30.7	9.0	29.5	10.7	26.7	10.8	-3%	5%
DCs*	454.1	195.1	383.1	226.1	488.6	229.7	2%	4%
Germany	178.1	73.0	169.7	80.2	224.9	90.1	6%	5%
The Netherlands	116.4	61.2	104.0	62.3	114.3	68.1	0%	3%
United Kingdom	89.7	47.0	89.5	52.8	113.4	57.9	6%	5%
France	156.6	28.6	79.7	28.5	90.7	29.5	-13%	1%
Spain	70.6	31.5	82.5	44.5	90.2	35.0	6%	3%
Belgium	54.4	17.8	53.5	17.9	70.2	21.4	7%	5%
Italy	33.9	10.4	31.5	11.6	42.9	12.0	6%	4%
Austria	25.7	9.8	30.5	12.2	37.3	12.0	10%	5%
Poland	2.0**	0.6**	23.3	13.6	32.7	14.9	19%***	4%***
Sweden	19.7	5.6	20.9	7.0	30.8	9.1	12%	13%
Denmark	22.4	7.8	22.7	5.7	24.9	6.8	3%	-3%
Czech Republic	10.2	4.3	11.9	5.4	15.7	6.5	12%	11%
Hungary	8.2	3.7	9.9	4.6	13.7	5.1	14%	9%
Romania	11.1	5.3	13.8	6.1	12.7	4.7	4%	-3%
Ireland	11.9	2.9	12.9	3.2	12.3	2.8	1%	-1%
Greece	7.4	3.9	6.5	3.5	9.4	3.8	6%	-1%
Portugal	8.1	2.6	7.5	2.3	9.3	2.6	3%	0%
Slovakia	5.5	2.4	6.5	2.4	8.7	3.6	12%	10%
Finland	7.2	1.9	6.8	1.8	7.9	1.9	2%	0%
Bulgaria	2.3	1.6	2.4	1.6	4.8	2.3	20%	10%
Lithuania	2.5	1.4	3.2	1.7	4.5	1.7	15%	5%
Latvia	4.4	1.4	3.5	0.9	4.4	1.3	0%	-3%
Estonia	3.5	1.0	3.7	1.3	4.3	1.5	5%	10%
Luxembourg	3.3	0.4	3.7	0.4	3.9	0.4	4%	-2%
Slovenia	2.4	1.0	2.4	1.1	2.9	1.0	5%	-1%
Cyprus	0.4	0.2	0.9	0.6	1.0	0.4	23%	14%
Malta	0.5	0.2	0.4	0.2	0.4	0.2	-3%	-1%

Source: Eurostat (2008)

8*Developing countries

**These data only include the product groups: cinnamon, cloves and vanilla

***Average annual change between 2005 and 2007.

Most EU countries saw their imports of spices and herbs grow, except for France and Malta. In volume terms some other countries had declining imports, although by moderate annual average rates. Of the West European countries, Sweden experienced high average annual growth rates. Also, import of spices and herbs to Cyprus increased fast, however still very small. Most East European countries performed well and managed to reach substantial growth rates in the imports of spices and herbs. Poland, Bulgaria and Lithuania grew particularly fast in value terms, while Czech Republic, Slovakia, Bulgaria and Estonia reached double-digit average annual growth rates in volume terms.

Organic

Unfortunately, there are no specific data available regarding the import of organic spices and herbs.

4.2 EU imports per product group

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

Pepper

With a share of 27% of total EU imports of spices and herbs, pepper is the largest imported product group. Oversupply in the world market, high stocks and increased competition brought EU pepper prices down 10% annually during the period 2001-2005. However, after a considerable fall in 2005, pepper imports increased again and reached € 267 million in 2007. In volume terms, pepper imports experienced a steady average annual growth of more than 3% and reached 94 thousand tonnes in 2007. With a share of almost 31%, Germany is by far the largest importer of pepper.

Most of the pepper imports originate in developing countries, Vietnam being the largest supplier. Most remarkable is the decrease in the supply from Indonesia between 2003 and 2005. However, in 2007 it showed some signs of recovery.

**Table 4.2 EU imports and leading suppliers of Pepper
2003 - 2007, share in % of value**

	2003* € mln	2005 € mln	2007 € mln	Leading suppliers in 2007 (share in %)	Share (%)
Total EU, of which from	179.5	153.7	267.2		
Intra-EU	63.4	62.3	101.5	The Netherlands (14%), Germany (11%), France (4%), Austria (2%), Belgium (2%)	38%
Extra-EU ex. DC**	5.2	2.0	3.9	Singapore (1%)	2%
DC**	110.9	89.4	161.8	Vietnam (21%), Brazil (13%), India (10%), Indonesia (9%), China (3%)	61%

Source: Eurostat (2008)

* Poland is not included in the 2003 data.

**Developing Countries

Paprika

Paprika is the second largest imported product group in the EU, accounting for 19% of the total spices and herbs import value. Imports increased considerably by average growth rates of 6% annually, to a total of € 186 million in 2007. In volume terms, paprika imports grew somewhat slower, to 88 thousand tonnes in 2007. Germany and Spain are by far the largest importers of paprika in the EU, accounting for 24% and 20% respectively.

Over 42% of the imports concerns intra-EU imports, whereas developing countries supplied 52% of the total import value in 2006. The share of intra-EU trade increased slightly to the

detriment of the share supplied by developing countries. However, in volume terms the share supplied by developing countries was 62% in 2007. The most important suppliers of paprika are Spain, Peru and China.

**Table 4.3 EU imports and leading suppliers of Paprika
2003 - 2007, share in % of value**

	2003* € mln	2005 € mln	2007 € mln	Leading suppliers in 2007 (share in %)	Share (%)
Total EU, of which from	147.4	183.5	186.2		
Intra-EU	61.7	74.2	78.9	Spain (14%), Germany (8%), The Netherlands (6%), Hungary (4%), France (3%)	42%
Extra-EU ex. DC**	7.9	9.4	10.2	Israel (3%), USA (2%)	6%
DC**	77.8	99.8	97.0	China (14%), Peru (14%), Brazil (7%), India (5%), Serbia (3%)	52%

Source: Eurostat (2008)

*Poland is not included in the 2003 data.

**Developing Countries

Mixtures

Mixtures imports account for 10% of total EU imports of spices and herbs. It increased steadily to a total value of € 95 million, representing more than 27 thousand tonnes. Mixtures imports grew particularly fast in Sweden, Portugal, Bulgaria, Slovakia and Estonia, showing average annual growth rates of more than 20% in volume terms.

Only 9% of the mixtures imports originates directly in developing countries, as they mainly supply the raw material and not so much the mixed spices. No less than 90% of the imports concerns intra-EU imports. Fast-growing supplying countries are Italy, Spain, Czech Republic and Poland. Of the developing countries, Pakistan grew fast as a supplying country. Mixtures from Tunisia decreased considerably by an average of almost 10% annually.

**Table 4.4 EU imports and leading suppliers of Mixtures
2003 - 2007, share in % of value**

	2003* € mln	2005 € mln	2007 € mln	Leading suppliers in 2007 (share in %)	Share (%)
Total EU, of which from	76.3	85.4	95.1		
Intra-EU	66.6	76.0	85.3	Germany (27%), The Netherlands (19%), France (14%), Austria (6%), Belgium (4%)	90%
Extra-EU ex. DC**	1.8	1.6	1.2	USA (1%)	1%
DC**	7.9	7.8	8.6	Tunisia (2%), Pakistan (1%), India (1%), Croatia (1%), South Africa (1%)	9%

Source: Eurostat (2008)

Poland is not included in the 2003 data.

**Developing Countries

Spice seeds

Total EU imports of spice seeds has showed a steady average annual growth of almost 12%. Growth in volume terms has been more moderate, 6% annually, amounting to 52 thousand tonnes, indicating increasing import prices. Germany and the UK are the leading EU importers of this product group, together accounting for more than 47% of the total import value.

In 2007, 54% of the total import value was supplied by developing countries, mostly represented by India, Syria and Turkey. All three, but especially India, managed to increase their supply considerably. Chinese supply of spice seeds also increased substantially.

**Table 4.5 EU imports and leading suppliers of Spice seeds
2003 - 2007, share in % of value**

	2003* € mln	2005 € mln	2007 € mln	Leading suppliers in 2007 (share in %)	Share (%)
Total EU, of which from	45.5	51.0	70.2		
Intra-EU	20.9	21.5	30.0	The Netherlands (8%), Germany (7%), Bulgaria (6%), Finland (4%), France (4%)	43%
Extra-EU ex. DC**	1.1	1.4	2.3	Canada (1%), Kosovo (1%), Russia (1%)	3%
DC**	23.5	28.1	37.8	India (17%), Syria (9%), Turkey (9%), China (3%), Egypt (4%)	54%

Source: Eurostat (2008)

*Poland is not included in the 2003 data.

**Developing Countries

Nutmeg, mace & cardamom

Guatemala is the largest cardamom producer in the world. When coffee processing collapsed in Guatemala at the beginning of this decade, many farmers turned to cardamom. Excellent harvests and a fall in demand in the Arab countries resulted in a glut in the market, oversupply and a downward pressure on prices. When global prices slumped to record lows, farmers stopped planting several years ago. Guatemalan supply decreased by almost a third, which in turn led to increasing global prices. EU import values of nutmeg, mace and cardamom increased especially between 2005 and 2007, and imports reached € 62 million / 13 thousand tonnes. Together, Germany and The Netherlands account for 48% of total nutmeg, mace & cardamom imports.

Throughout the years, the share of imports from developing countries remained more or less stable, 58% in 2007. Supply from Indonesia increased considerably, while Guatemalan supply dropped. However, Guatemalan supply recovered somewhat in 2007. Star performers were Brazil and India, whose supply annually increased by an average of 29% and 17%, respectively.

**Table 4.6 EU imports and leading suppliers of Nutmeg, mace & cardamom
2003 - 2007, share in % of value**

	2003* € mln	2005 € mln	2007 € mln	Leading suppliers in 2007 (share in %)	Share (%)
Total EU, of which from	54.3	55.5	61.9		
Intra-EU	21.6	22.7	25.4	The Netherlands (22%), Belgium (6%), Germany (5%), France (2%), Italy (2%)	42%
Extra-EU ex. DC**	0.8	0.6	0.6	Singapore (1%)	1%
DC**	32.0	32.2	35.9	Indonesia (38%), Guatemala (7%), Brazil (4%), India (3%), Grenada (2%)	58%

Source: Eurostat (2008)

*Poland is not included in the 2003 data.

**Developing Countries

Saffron

Saffron is the most expensive spice, since harvesting of the spice is labour-intensive. In 2007, the average import price amounted to € 64.04 per kilogramme. Between 2003 and 2007, saffron imported by EU member countries increased by 10% annually in terms of value, and even by 24% in terms of volume, amounting to € 51 million or 797 tonnes in the latter year.

Although Spain produces some saffron of its own, it is the leading EU importer of this spice, accounting for 46% of the total EU import value in 2007. Part of the saffron is used for the

internal market and part is (re-)exported to other EU member countries. Italy is the second leading EU importer of saffron, accounting for 22% of the total EU import value.

Iran is, by far, the leading supplier of saffron, accounting for more than two thirds of the total value supplied value in 2007. The remaining part is mostly comprised of intra-EU trade (mainly re-exports). In volume terms, the share of Iranian supply decreased sharply from 19% in 2003 to just 5% in 2007. The share of Spain increased in the same period from 20% to 46%.

**Table 4.7 EU imports and leading suppliers of Saffron
2003 - 2007, share in % of value**

	2003* € mln	2005 € mln	2007 € mln	Leading suppliers in 2007 (share in %)	Share (%)
Total EU, of which from	34.9	24.9	51.0		
Intra-EU	10.7	8.5	15.1	Spain (21%), The Netherlands (2%), France (2%), Germany (1%), UK (1%)	30%
Extra-EU ex. DC**	0.2	0.1	0.4	-	1%
DC**	24.0	16.3	35.6	Iran (69%), India (1%)	70%

Source: Eurostat (2008)

*Poland is not included in the 2003 data.

**Developing Countries

Ginger

Ginger accounts for 5% of total EU spices and herbs imports. Of the spices and herbs discussed in this chapter, the product group ginger witnessed the largest average annual increase in terms of both value and volume. As from 2003, ginger imports by EU member countries increased by 16% annually in value and 12% in volume terms, amounting to € 47 million or 46 thousand tonnes in 2007. The United Kingdom and The Netherlands are the leading EU importers of this spice, together accounting for over 58% of the total import value in 2007.

The Netherlands is not just a leading EU importer of ginger, it is also a leading supplier of this spice to the EU market, reflecting its redistributive role to the rest of the EU. Altogether, intra-EU trade covered 34% of the total import value, which is an increase compared to its share in 2003 and 2005. The share of extra-EU trade also increased, at the expense of the share supplied by developing countries, which declined from 68% in 2003 to 67% in 2005 and 62% in 2007. Nevertheless, developing country supply increased, most noticeably from India, Nigeria and Vietnam.

**Table 4.8 EU imports and leading suppliers of Ginger
2003 - 2007, share in % of value**

	2003* € mln	2005 € mln	2007 € mln	Leading suppliers in 2007 (share in %)	Share (%)
Total EU, of which from	25.9	48.0	46.9		
Intra-EU	8.0	15.1	15.9	The Netherlands (21%), Germany (4%), UK (3%), France (2%), Spain (2%)	34%
Extra-EU ex. DC**	0.4	0.6	1.8	Australia (3%)	4%
DC**	17.5	32.2	29.2	China (27%), Thailand (9%), Brazil (8%), India (8%), Nigeria (4%)	62%

Source: Eurostat (2008)

*Poland is not included in the 2003 data.

**Developing Countries

Vanilla

Madagascar is the world's leading producer of vanilla and also the EU's leading supplier of this spice. In the first half of the decade, several storms destroyed much of the vanilla crops in

Madagascar. Combined with periods of political unrest, this led to shortages in the vanilla market, which made the unit import price of vanilla peak. Therefore, import values of vanilla skyrocketed in 2003 and fell sharply in the period after. The average decline was over 28% per annum. High prices led to a low demand and low import volumes. However, as vanilla prices normalized, import volumes increased again, to 3.7 tonnes in 2007. France is by far the leading EU importer, accounting for 38% of the total value imported by EU member countries in 2006, followed by Germany (27%).

In 2007, 39% of the value imported by EU members was sourced in Madagascar. Altogether, developing countries supplied 59% of the import value of vanilla, while intra-EU trade was about 36%. It should be noted that, since hardly any vanilla production takes place in the EU, intra-EU trade mostly reflects re-exports of vanilla previously imported from developing countries.

**Table 4.9 EU imports and leading suppliers of Vanilla
2003 - 2007, share in % of value**

	2003 € mln	2005 € mln	2007 € mln	Leading suppliers in 2007 (share in %)	Share (%)
Total EU, of which from	157.0	43.7	41.5		
Intra-EU	39.7	18.2	15.1	France (15%), Germany (12%), Poland (3%), The Netherlands (3%), UK (1%)	36%
Extra-EU ex. DC*	5.5	2.5	2.0	Fr. Polynesia (2%), USA (1%)	5%
DC*	111.9	23.0	24.4	Madagascar (39%), India (6%), Uganda (5%), Comoros (3%), Papua N.G. (3%)	59%

Source: Eurostat (2008)

*Developing Countries

Cinnamon

In 2007, total imports of this spice amounted to € 23 million / 16 thousand tonnes. Import value increased steadily by an average annual increase of 6%. In volume, cinnamon imports increased between 2003 and 2005, but decreased in 2007. Cinnamon represents 2% of total EU imports of spices and herbs. Germany is the leading EU importer, accounting for 20% of the total import value, followed by The Netherlands (15%), the UK (12%) and Spain (11%).

Developing countries supplied 52% of the import value in 2007; in 2003, this share amounted to 66%. The fall in imports from Indonesia was especially responsible for this. The share of imports supplied by other EU member countries (intra-EU trade) moved in the opposite direction, from 33% in 2003 up to 46% in 2007.

**Table 4.10 EU imports and leading suppliers of Cinnamon
2003 - 2007, share in % of value**

	2003 € mln	2005 € mln	2007 € mln	Leading suppliers in 2007 (share in %)	Share (%)
Total EU, of which from	18.8	21.0	23.5		
Intra-EU	6.2	8.2	10.8	The Netherlands (20%), Germany (8%), France (7%), Sweden (3%) Austria (2%)	46%
Extra-EU ex. DC*	0.2	0.2	0.6	-	2%
DC*	12.4	12.6	12.2	Sri Lanka (19%), Indonesia (19%), China (5%), India (3%), Madagascar (2%)	52%

Source: Eurostat (2008)

*Developing Countries

Cloves

Cloves constitute a relatively small product group, accounting for only 1% of the total EU import value. Between 2003 and 2007, clove imports by EU member countries increased by an average annual rate of 7% in value and by 3% in volume, amounting to € 11 million / 3.7 thousand tonnes in the latter year. Germany and The Netherlands are the largest EU importers of cloves, responsible for 25% and 18%, respectively.

Of the total import value, 58% is supplied by developing countries. This share was still 72% in 2003. The fall was caused by a decreasing share of supply from Madagascar, the largest supplier of cloves, and to a lesser extent by decreasing supply from Comoros and Indonesia. The share of cloves imports from other EU countries increased substantially from 28% in 2003 to 42% in 2007. In particular, imports from The Netherlands and Germany increased substantially.

**Table 4.11 EU imports and leading suppliers of Cloves
2003 - 2007, share in % of value**

	2003 € mln	2005 € mln	2007 € mln	Leading suppliers in 2007 (share in %)	Share (%)
Total EU, of which from	8.4	9.5	10.9		
Intra-EU	2.4	3.3	4.6	The Netherlands (16%), Germany (9%), France (7%), Belgium (3%), Austria (2%)	42%
Extra-EU ex. DC*	0	0	0	-	0%
DC*	6.1	6.2	6.3	Madagascar (31%), Brazil (8%), Comoros (7%), Indonesia (5%), Sri Lanka (4%)	58%

Source: Eurostat (2008)

*Developing Countries

Turmeric

Turmeric imports also represent a share of only 1%. As from 2003, imports increased slowly by 1% annually in terms of value and by 4% annually in terms of volume, amounting to € 8.8 million / 8.8 thousand tonnes in 2007. The UK is the leading EU importer, accounting for 27% of the import value of turmeric, reflecting the traditional popularity of Indian food in the UK. The UK is followed by Germany (18%), The Netherlands (15%) and France (13%).

Developing countries directly supplied 67% of total EU turmeric imports. India is responsible for the lion's share of this. In volume term, developing countries are even responsible for 83% of the turmeric supply to the EU.

**Table 4.12 EU imports and leading suppliers of Turmeric
2003 - 2007, share in % of value**

	2003* € mln	2005 € mln	2007 € mln	Leading suppliers in 2007 (share in %)	Share (%)
Total EU, of which from	8.4	8.3	9.8		
Intra-EU	2.3	2.1	2.9	The Netherlands (13%), Belgium (4%), UK (4%), France (4%), Germany (4%)	33%
Extra-EU ex. DC**	0	0	0	-	0%
DC**	6.0	6.2	5.9	India (62%), Indonesia (1%), Pakistan (1%), Costa Rica (1%), Peru (1%)	67%

Source: Eurostat (2008)

*Poland is not included in the 2003 data.

**Developing Countries

Other spices

The remaining 13% of the spices and herbs imported by the EU falls under the product group of other spices. Imports increased steadily by 5% in terms of value and 3% in terms of volume, amounting to € 125 million / 43 thousand tonnes. Important products that fall under this product group are thyme/bay leaves and curry. Germany, the UK and Belgium were the largest importers of other spices, representing shares of 15%, 14% and 13%, respectively. The largest part, 70%, of the other spices was supplied by other EU countries. Supplies by developing countries represented 27%, which meant a steady increase between 2003 and 2007. Supplies from extra-EU countries, besides developing countries, decreased considerably.

**Table 4.13 EU imports and leading suppliers of Other spices
2003 - 2007, share in % of value**

	2003* € mln	2005 € mln	2007 € mln	Leading suppliers in 2007 (share in %)	Share (%)
Total EU, of which from	101.9	119.7	125.2		
Intra-EU	70.2	79.4	87.7	Germany (25%), The Netherlands (12%), France (7%), UK (6%), Austria (5%)	70%
Extra-EU ex. DC**	7.4	10.9	3.6	Israel (2%)	3%
DC**	24.3	29.3	33.9	Turkey (7%), India (6%), Brazil (3%), Thailand (3%), Morocco (2%)	27%

Source: Eurostat (2008)

*Poland is not included in the 2003 data.

**Developing Countries

4.3 The role of developing countries

As shown in table 4.14, imports of spices and herbs from developing countries throughout the EU have shown very different developments. Also, in several cases, there is a substantial difference between developments in terms of value and developments in terms of volume. However, for the EU as a whole, developing-country supply in value terms decreased between 2003 and 2005 but increased afterwards, resulting in a moderate average annual growth. Import volumes, however, grew steadily by 4% on average. Growth rates for the overall EU imports of spices and herbs were somewhat higher. After a sharp fall of the average unit price of developing-country supply between 2003 and 2005, prices recovered somewhat and reached € 2.13 per kilogram in 2007. This was lower than the average overall unit price for spices and herbs (€ 2.49), which was due to the lower level of processing of spices and herbs supplied by developing countries.

**Table 4.14 Imports of spices and herbs from developing countries
2003-2007, € million / 1,000 tonnes**

	2003		2005		2007		Average annual % change in	
	value	volume	value	volume	value	volume	value	volume
EU27	454.1	195.1	383.1	226.1	488.6	229.7	2%	4%
Germany	100.2	43.4	96.1	49.9	138.4	56.1	8%	7%
The Netherlands	75.0	44.2	68.8	47.3	80.9	48.9	2%	3%
Spain	54.5	27.8	64.8	38.9	73.1	30.1	8%	2%
United Kingdom	49.2	31.9	50.7	38.2	59.4	40.8	5%	6%
France	110.7	16.8	40.3	15.3	45.9	15.2	-20%	-2%
Belgium	9.7	4.4	11.6	6.2	22.2	9.1	23%	20%
Italy	15.6	6.2	14.6	7.5	21.3	7.1	8%	3%
Poland	1.9*	0.6*	9.0	6.6	10.5	5.3	8%**	-11%**
Sweden	5.1	1.8	5.2	2.3	9.7	3.3	17%	16%
Greece	3.6	2.8	3.3	2.9	5.1	2.8	9%	0%
Austria	2.3	1.1	3.1	1.4	4.2	1.9	16%	15%

	2003		2005		2007		Average annual % change in	
	value	volume	value	volume	value	volume	value	volume
Hungary	4.9	2.4	1.8	1.0	3.9	1.9	-5%	-6%
Denmark	2.5	1.0	2.5	1.0	2.7	1.0	2%	-1%
Bulgaria	1.3	1.1	1.4	1.3	2.4	1.6	17%	9%
Romania	4.2	3.4	5.7	3.8	1.9	1.5	-18%	-19%
Slovakia	1.7	0.8	0.8	0.3	1.5	0.6	-4%	-8%
Estonia	1.9	0.6	0.2	0.1	0.9	0.4	-17%	-10%
Ireland	0.3	0.1	0.4	0.1	0.7	0.2	19%	32%
Finland	1.0	0.2	0.4	0.2	0.7	0.2	-9%	5%
Czech Republic	3.3	1.8	0.3	0.2	0.7	0.4	-33%	-33%
Lithuania	1.2	0.7	0.5	0.4	0.6	0.3	-17%	-20%
Portugal	1.1	0.8	0.5	0.4	0.5	0.3	-16%	-21%
Slovenia	1.3	0.7	0.6	0.5	0.5	0.3	-21%	-19%
Cyprus	0.2	0.2	0.3	0.2	0.4	0.2	20%	7%
Latvia	1.1	0.4	0.1	0.1	0.3	0.2	-26%	-23%
Malta	0.2	0.1	0.1	0.0	0.1	0.1	-8%	-3%
Luxembourg	0.0	0.0	0.0	0.0	0.0	0.0	-52%	-100%

Source: Eurostat (2008)

*These data only include the product groups: cinnamon, cloves and vanilla

** Average annual change for 2005-2007

More than one fourth (in value terms) of total EU spices and herbs imports from developing countries is imported by Germany. This makes Germany the largest buyer of spices and herbs from developing countries. Compared to the EU growth rates, German growth rates of import from developing countries lie significantly higher, in value as well as in volume terms. However, Belgium, Sweden, Austria, Bulgaria and Ireland experienced much higher growth rates.

Most East European countries show the opposite situation. Most countries in Eastern Europe profited from becoming an EU member and increased their intra-EU imports at the expense of imports from developing countries. Their spices and herbs imports supplied by developing countries decreased substantially. Of the West European countries, France saw a fall in its spices and herbs imports from developing countries.

Developing countries play a major role in the supply of nearly all product groups described here, particularly saffron, turmeric, ginger, pepper and vanilla to the EU (see section 4.2). However, because of past shortages in the vanilla market, EU companies developed synthetic vanilla, vanillin, which now competes with the natural vanilla. Developing countries supplied around 49% in terms of value and 58% in terms of volume of total 2007 imports of spices and herbs directly to the EU member countries. As already mentioned, most of the imports originate entirely in developing countries, but are re-exported by other (EU member) countries; this considerably blurs the import statistics for spices and herbs.

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

4.4 Exports

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

EU exports in value terms followed more or less the same path as export in volume terms. They both decreased between 2003 and 2005 but increased afterwards, resulting in moderate

average annual growth rates. In 2007, total exports of spices and herbs by EU member countries amounted to 200 thousand tonnes, representing a value of € 616 million.

In 2007, the average export unit value of spices and herbs amounted to € 3.08 per kg, which was higher than the average import unit value of spices and herbs (€ 2.49). This reflects the higher level of processing of spices and herbs exported by the EU member countries, whereas most of the imports enter the EU in unprocessed (thus at lower value) form.

Table 4.15 EU export of spices and herbs 2003-2007, € million / 1,000 tonnes

	2003		2005		2007		Average annual % change	
	value	volume	value	volume	value	volume	value	volume
Total EU, of which from	562.2	191.9	528.8	185.4	615.8	199.8	2%	1%
Intra-EU	381.9	123.5	375.5	122.6	430.3	132.6	3%	2%
Extra-EU incl. DC*	180.3	68.4	153.3	62.8	185.5	67.2	1%	0%

Source: Eurostat (2008)

*Developing countries

With a share of 22%, The Netherlands is the largest EU exporter, followed by Germany (19%), Spain (15%) and France (13%). The Netherlands and Germany both have a long history as two of the world's leading traders of spices & herbs, importing and re-exporting large amounts of these products. Of all the EU exports of spices and herbs, 70% consists of intra-EU exports. A large part of these re-exports is also further redistributed to other countries inside and outside the EU. The largest non-EU destinations of EU exports are the USA (6%) and Russia (5%).

Pepper and paprika exports both accounted for 18% of total EU exports. They are followed by mixtures (17%), spice seeds (7%), saffron (5%), nutmeg, mace and cardamoms (5%), vanilla (3%), ginger (3%), cinnamon (2%), cloves (1%) and turmeric (1%). The remaining 19% falls under the product group 'other spices'. In volume terms, paprika is the product group most exported, followed by spice seeds. Most notable is the substantial growth of ginger exports by an annual average of 19% and the fall in the export unit price of vanilla, from € 102.25 in 2003 to € 23.92 in 2007. The latter was mainly caused by very high import prices of vanilla, due to political unrest and climatological problems in Madagascar in the first half of this decade.

Organic

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

4.5 Opportunities and threats

- + Germany is an interesting market for developing country exporters of spices and herbs, as it is the largest importer of spices and herbs from developing countries. Germany also shows relatively high average annual growth rates. Other interesting markets are Belgium, Sweden, Austria, Bulgaria and Ireland. All five countries show high average annual growth rates both in terms of value and volume. Note that Bulgaria entered the EU in 2007 and could show negative import growth rates in the coming years, as was the case for most other East European countries which recently entered the EU.
- + Opportunities for developing country exporters lie particularly in the supply of saffron, turmeric, ginger and pepper. In 2007, these countries supplied more than 60% of the total imports (in value) by EU member countries of these products. However, the natural vanilla now has to compete with the synthetic version, recently developed by EU companies. Of all other product groups, except for mixtures, at least half of the import values was supplied directly by developing countries in 2007.

- Competition in the food sector is strong and quality requirements are high. Most of the spices and herbs are imported for industrial use and will be further processed and packaged in consumer or catering packs by the European food-processing industry. Prices can be the decisive determinant in doing business with companies in the EU, since prices of spices and herbs are heavily under pressure.
- Developing exporters must be aware that the enlargement of the EU has had a negative effect on most Eastern European imports of spices and herbs from developing countries, because the new EU countries increased their intra-EU imports.
- Due to price decreases, vanilla import volumes are on the rise. However, the natural vanilla now has to compete with the synthetic version, recently developed by EU companies. Of the imports of mixtures, only 9% was directly supplied by developing countries. Spices and herbs are mostly mixed by European companies as they are much better aware of the developments in consumer tastes.
- In the midst of the economic crisis there are many uncertainties and this could lead to an overall scaling back on consumption. It is not clear how and to what extent this will affect the trade in spices and herbs to and within the EU.

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

4.6 Useful sources

- EU Expanding Exports Helpdesk
→ <http://exporthelp.europa.eu>
→ go to: trade statistics
- Eurostat – official statistical office of the EU
→ <http://epp.eurostat.ec.europa.eu>
→ go to 'themes' on the left side of the home page
→ go to 'external trade'
→ go to 'data – full view'
→ go to 'external trade - detailed data'
- Understanding Eurostat: quick guide to easy Comext
→ http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20080117.pdf

5 Price developments

5.1 Price developments

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

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

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

Table 5.1 High/low prices for selected spices on main European port basis, January 2009, prices per tonne unless otherwise stated

	Jan 2009 High	Jan 2009 Low
Cardamom - Guatemala seeds	€ 6,743	€ 6,743
Caraway seed - Dutch ex store	€ 2,248	€ 2,248
Chillies - India S4 cif	€ 1,536	€ 1,424
Cinnamon bark		
Seychelles cif	€ 1,499	€ 1,499
Madagascar cif	€ 749	€ 749
Cloves - Madagascar cif European ports	€ 2,230	€ 1,851
Coriander seed		
East European cif whole	€ 824	€ 749
India cif whole	€ 1,499	€ 1,499
Cumin seed - India cif	€ 1,948	€ 1,873
Fennel seed		
India cif	€ 974	€ 937
Egypt cif	€ 1,236	€ 1,236
Garlic		
Dehydrated flakes Grade A c&f main European ports	€ 749	€ 749
Granules c&f main European ports	€ 581	€ 581
Powder c&f main European ports	€ 525	€ 525
Ginger		
Nigeria split cif	€ 899	€ 899
China whole cif	€ 1,761	€ 1,761
Mace		
East Indies broken no. 2 cif, Spot	€ 6,968	€ 6,968
Papua broken no.2 cif	€ 6,519	€ 6,519
Nutmeg		
Indonesia sound shrivels, Spot	€ 6,219	€ 6,219
Indonesia BWP, Spot	€ 3,747	€ 3,747
Pepper		
Black, Brazil, grade 1, Spot	€ 1,873	€ 1,873

	Jan 2009 High	Jan 2009 Low
White, China cif	€ 2,922	€ 2,772
Pimento, Guatemala/Honduras cif	€ 2,548	€ 2,473
Turmeric - Madras fingers cif	€ 862	€ 826
Saffron – Iran c+f Europe Sargol	€ 2,473/kg	€ 2,473/kg
Vanilla - Madagascar origin standard grade, cif Europe	€ 35/kg	€ 35/kg

Source: Public Ledger (January 2009)

Note: Exchange currency calculated by \$1 = €0.74930, average of January 2009.

Organic

For the benefit of developing country exporters interested in the EU price market for organic spices and herbs, ITC's Market News Service (MNS) reports wholesale prices gathered from importer/wholesalers. The prices represent the range among wholesalers as indicated in Table 5.2. The prices do not include local transport, but do include cleaning and repacking. However, they are not intended as quotations.

Table 5.2: Prices for certified organic spices and herbs in the EU as from December 2008 – January 2009

	Price range in €/kg Jan 2009	Price range in €/kg Dec 2008	Origin	Notes
SPICES				
<i>Allspice</i>	8.95	8.95	Guatemala	
<i>Aniseed</i>	5.75 - 15.20	5.75 - 15.20	Turkey / Egypt	
<i>Caraway</i>	5.75 - 7.95	5.75 - 7.95	Czech Republic	
<i>Cardamom</i>	n/a	14.85	Guatemala	Powder
<i>Cinnamon</i>	15.90	15.95	Sri Lanka	
<i>Cloves</i>	8.35 - 12.00	8.35 - 12.00	Sri Lanka	
<i>Coriander</i>	4.45 - 5.30	4.45 - 5.30	Italy / Turkey	Max 1%
<i>Cumin</i>	8.70 - 10.00	8.70 - 10.00	Turkey	
<i>Fennel</i>	4.45 - 9.25	4.45 - 9.25	Egypt / Turkey	Max 1%
<i>Ginger</i>	8.05 - 11.45	8.05 - 11.45	China / India	Powder
<i>Paprika</i>	11.30	10.30		Red granulate 1-3 mm
<i>Pepper, black</i>	5.25 - 8.90	5.25 - 8.90	India	Steam treated cleaned
<i>Pepper, white</i>	7.80	7.80	India	Steam treated cleaned
<i>Turmeric</i>	4.55	4.55	India	Ground
HERBS				
<i>Basil</i>	4.05 - 7.90	4.05 - 7.90	Egypt	
<i>Bay Leaf</i>	11.90	11.90	Turkey	
<i>Dill weed</i>	10.80 - 16.00	10.80 - 16.00	Germany / Czech Republic / Egypt	
<i>Marjoram</i>	4.55 - 10.75	4.55 - 10.75	Egypt	
<i>Oregano</i>	7.70	10.60	Turkey / Spain	
<i>Parsley</i>	10.20 - 12.60	10.20 - 12.60	Germany / Egypt	
<i>Thyme</i>	10.65	10.65	Germany	

Source: ITC, 2009

Table 5.3 shows import unit values (value imports divided by volume of imports). It does not provide actual prices, but does show the developments in average import values during the years and makes it possible to compare the different products. It reveals substantial decreases in the unit price of the two most expensive spices: saffron and vanilla. Altogether, the average unit price for spices and herbs decreased substantially between 2003 and 2005 but increased again considerably between 2005 and 2007. Note that the effects of the economic crisis which began in 2008 are not reflected in this table. In its MNS Price News of December 2008, ITC reports that the prices have eased in most, after a period of strong turmoil resulting from the financial crisis. Falling currencies and reluctant buyers have put a downward pressure on

prices. Traders have reported little buying interest, as industries run down their stocks and speculators in the market adopt an aloof attitude.

Table 5.3 Average EU import unit value for spices and herbs, 2003-2007, in €/kilo

	2003	2005	2007	Average annual % change
Total spices and herbs	2.62	2.15	2.49	-1%
Saffron	103.05	52.95	64.04	-11%
Vanilla	74.93	15.31	11.17	-38%
Nutmeg, mace and cardamoms	5.00	4.68	4.90	-1%
Mixtures	3.19	3.40	3.49	2%
Cloves	2.57	3.00	2.93	3%
Other spices	2.63	2.95	2.89	2%
Pepper	1.34	1.20	1.50	3%
Paprika	1.09	1.11	1.35	5%
Cinnamon	1.11	1.01	1.00	-3%
Spice seeds	0.87	1.25	1.02	4%
Turmeric	5.00	4.68	4.90	-1%
Ginger	3.19	3.40	3.49	2%

Source: Eurostat (2008)

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

5.2 Useful sources

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

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

Price information on spices and herbs can be obtained from:

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

6 Market access requirements

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

Legislative requirements

European legislation is compulsory for all products traded within the EU. Therefore, as an exporter in a developing country you have to comply with the legislative requirements applicable to your products. For information on legislation, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select your market sector and the EU in the category search, click on the search button and click on legislative requirements for an overview of all documents on legislation.

Non-legislative requirements

Social, environmental and quality-related market requirements are of growing importance in international trade and are often requested by European buyers through labels, codes of conduct and management systems. For information on non-legislative requirements, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select your market sector and the EU in the category search, click on the search button and click on your subject of interest under non-legislative requirements for an overview of all documents on the subject concerned.

The minimum quality specifications as determined by the European Spice Association are available at <http://www.esa-spices.org/content/pdfs/ESAQMDrev1-2Nov07.pdf>

Packaging, marking and labelling

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

- Of interest is "PACKit: A unique modular knowledge and information kit", prepared by the International Trade Centre. It is available at http://www.intracen.org/ep/packaging/packit_spices_and_herbs.htm
- An additional document on Dried Herbs and Spices: A Packaging Manual is available at http://www.intracen.org/eshop/f_e_IP_Title.Asp?ID=21199&LN=EN for \$ 20.
- The Product Profile Herbs and Spices offers additional information at <http://www.intracen.org/menus/products.htm>
- The Agri-Food trade service also provides information on regulations, market access and the food safety authority in the European Union as from 2005 - http://www.ats.agr.gc.ca/info/info_europe_e.htm

Organic

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

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

Commission Regulation 1235/2008 (arrangements for imports of organic products from third countries).

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

For information on legislative and non-legislative requirements for organic products, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select food ingredients and the EU in the category search, click on the search button and click on your subject of interest under legislative and non-legislative requirements for an overview of all documents on the subject concerned.

Tariffs and quota

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

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

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

Table 6.1: Tariffs for selected spices as from February 11, 2009.

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

Source: http://ec.europa.eu/taxation_customs/dds/tarhome_en.htm

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

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

7 Opportunity or threat?

The demand for spices and herbs is rising all around the world, and most certainly also in the EU. However, EU production of spices and herbs is far from sufficient to meet this demand. Hence, the EU imports huge amounts of these products and import data show that the traded amounts are ever increasing. Reasons for this are:

- The increasing demand for easy-to-prepare, semi-prepared, ready-cooked meals, which often rely on spices and herbs to retain and enhance food flavour. Furthermore, this development had led to an increasing need to supply an extensive range of ready-to-use spice mixes and herb mixes as well as seasonings.
- The increasing demand for ethnic and exotic ingredients, like many spices and herbs. Due to consumer curiosity about new tastes, demand for product diversity is rising.
- The increased interest in a healthy lifestyle and, consequently, in the consumption of health food. The usage of spices and herbs is increasingly appreciated by consumers, because these products are valued as natural ingredients, rather than artificial additives.

The largest part of spices and herbs on the EU market is imported from developing countries in crude form. EU companies then grind, process and/or repackage the spices and herbs, whereupon they are distributed on the local market or re-exported to other EU and overseas markets.

Since the major part of the EU imports of spices and herbs originates in developing countries, these developments could entail great opportunities for exporters in these countries. However, as discussed in the general opportunities and threats given at the end of the previous chapters, please note that the same development or trend can be an opportunity for one exporter and a threat to another. Exporters should therefore analyse if the developments and trends discussed in the previous chapters provide opportunities or threats. The outcome of this analysis depends on the specific situation of an exporter. For example, to follow the trend towards more ready-to-use spice mixes, herbs mixes and seasonings, developing country producers may find opportunities in developing value-adding activities, improved packaging and technology innovation in production and processing. However, this will require a thorough knowledge of buyers' preferences and considerable investments, which makes it difficult for small or medium-sized producers.

Other challenges for exporters/producers in developing countries are found in meeting the strict EU regulations on maximum residue levels. For example, Indian exporters have stated that they have big difficulties in meeting the maximum allowable residue levels of aflatoxins.

Organic

Although, compared to the conventional market, the organic market still remains small, the demand for organic spices and herbs is also rising, as organic food is increasingly related to a healthier lifestyle. More and more organic supermarkets emerge and conventional supermarkets add organic spices and herbs to their assortment and extend the range. This also provides good opportunities for producers in developing countries, especially in the situation that supply is not able to meet the demand. Many spices and herbs producers in developing countries already produce more or less in an organic way or can easily switch to organic production methods. Furthermore, developing countries can profit from lower labour costs, compared to the labour cost in the EU. However, in order to obtain certification, developing country producers must ensure that they are able to comply with the high EU quality standards.

To summarize, the European spices and herbs market offers interesting opportunities for developing countries. However, in these turbulent times it is not yet clear how and to what extent the financial crisis will affect the conventional and the organic market. It is crucial that exporters stay up-to-date about the most recent developments in the market.

Appendix A Product characteristics

Product Groups

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

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

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

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

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

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

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

Data in Chapter 1 (consumption) are based on Eurostat data, FAOSTAT data and own calculations. Chapter 2 (production) uses FAOSTAT data, next to data collected by the

European Herb Growers Association (EHGA-Europam). In Chapter 4 (imports and exports), on the other hand, Eurostat data are used, which are more extensive than FAOSTAT data.

Statistical product classification

Combined nomenclature (CN)

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

Statistical data: limitations

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

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

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

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

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

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

HS CODES	FAOSTAT NAME	GROUP NAME IN CHAPTER 2
0904 20	Chillies and peppers, dry	Paprika
0905	Vanilla	Vanilla
0909	Anise, badian, fennel, corian.	Spice seeds
0910 9aa	Spices nec (not elsewhere classified)	Spices nec

Note that 'spices nec' as used by FAOSTAT does not represent the same product group as 'other spices' from Eurostat. FAOSTAT also includes certain unspecified herbs under spices nec.

Product explanation

SPICES

Anise seed

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

Caraway seed

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

Cardamom

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

Chillies/Paprika/Capsicum

Paprika is used both as a vegetable and as a spice. The mildly pungent chillies are used mainly as spices. Paprika powder is used as a colouring agent both in domestic cookery and in industrial food preparation. Blends of chillies and capsicum give cayenne pepper, which is used in prepacked instant food and spicy sauces. Ground capsicum is used for sausages, meat, spaghetti and pizza.

Cloves

Cloves are the dried unopened flower buds of the *Syzygium aromaticum*. Cloves are widely appreciated in many cuisines worldwide, however less in Europe, where their strong flavour is not so much appreciated. They are mostly used for special types of sweets or sweet breads and for stewed fruits (together with cinnamon). In France, cloves often go into long-simmered meat stews or strong meat broths. In England, they are most popular in pickles. Many spice mixtures contain cloves. They form an essential part in the Chinese five-spice powder and frequently appear in curry powders. A well-known European spice mixture depending on cloves is the French *quatre épices* and the taste of Worcestershire sauce, an Indo-British contribution to international cuisine, is markedly dominated by clove aroma.

Cinnamon/Cassia

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

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

Coriander

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

Cumin seed

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

Fenugreek

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

Fennel seed

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

Ginger

Ginger is the rhizome of the *Zingiber officinale* rose. It is traded in three forms: fresh (green) ginger, preserved ginger (candied in sugar syrup) and dried ginger. Both preserved and dried ginger is used for domestic culinary purposes as well as for the food-processing industry, notably for jams, marmalades, cakes, confectionery and desserts. Dried ginger is also used for oil extraction. The oil is mixed in beverages, confectionery and perfumery. When ginger is used fresh, it has a spicy and pungent taste and is widely used in South East Asian cuisine.

Juniper berries

These are the deep purple fruit of the Juniper bush found growing across the northern hemisphere. They have a bitter sweet, pine flavour with a peppery aftertaste. They are

traditionally used to flavour sauerkraut, and can be used in rich beef stews, marinades, pâtés, veal, venison or pork meats. They are also used in drink manufacturing (gin and liquors).

Nutmeg/Mace

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

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

Pepper

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

Pimento

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

Saffron

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

Turmeric

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

Vanilla

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

HERBS

Basil

The two main varieties of basil traded are sweet or common basil *Ocinum basilicum* L. and bush basil *O. Minimum*. Because of its larger leaves and richer fragrance, sweet basil is commonly used as a culinary herb, while bush basil is used mainly for decorative purposes and as an insect repellent. Basil is used extensively in French, Greek and Italian cooking and also

as an ingredient in industrial production/processing of prepared meats, baked goods, sauces, vinegar and liqueurs.

Bay (laurel) leaves

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

Dill

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

Marjoram

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

Mint

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

Oregano

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

Parsley

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

Rosemary

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

Sage

The most commonly traded sage herb is *Salvia officinalis*. The dried herb is used widely both in home cooking and in commercial meat processing and packing. It also goes into herbal teas and medicinal preparations. Sage oils are used to flavour liqueurs, bitters, condiments and cured meats and are an ingredient in perfumery formulations. Sage oleoresin, probably the

second leading oleoresin after celery seed, is a substitute for the dry herb as a flavouring agent in industrial meat processing.

Savory

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

Tarragon

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

Thyme

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

Appendix B Introduction to the EU market

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

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

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

Monetary unit: Euro

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

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

Appendix C List of developing countries

OECD DAC list - January 2006

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

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

CBI countries – January 2008:

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

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