

The European Market for Tropical Organic Products

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Content

- Short project description
- Development of the Organic Market in Europe
- The European Organic Market
- The Organic Swiss Market
- Characteristics of the Tropical Organic Market
- Perspectives for some organic tropical products
- General Remarks of Traders on the Organic Market for Tropical Products





European Market Overview for Organic and Fairtrade

(with a focus on potential products from Central America)

General market perspectives, projected growth, hot market segments
Structure of trade channels and trends
Market requirements and general market trends
Consumer preferences and trends



Quick market scans for organic and fair trade cocoa, sugar, bananas, pineapple juice and mango puree

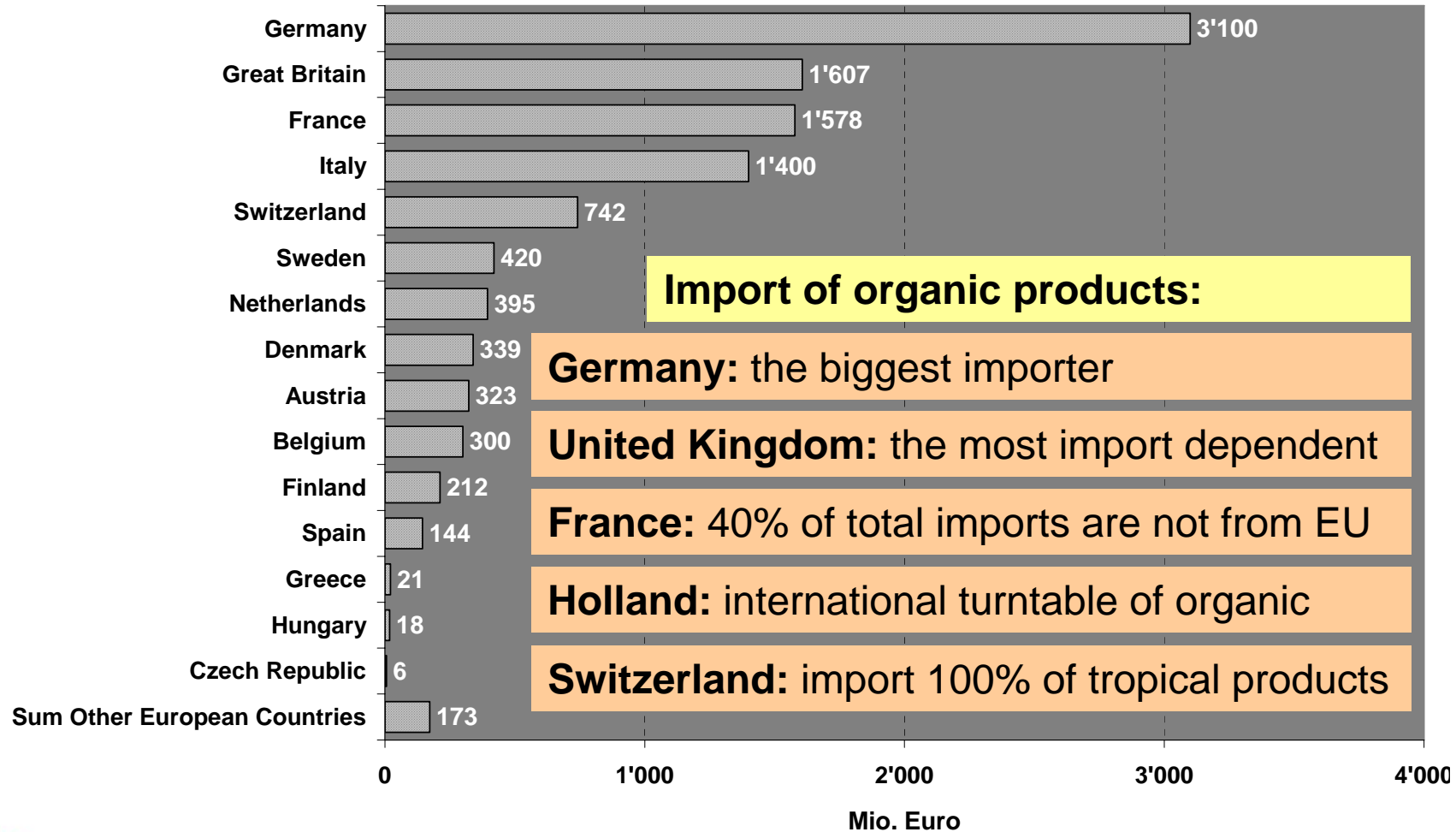
Description of current situation and general market perspectives
Market size estimate, structure of supply, growth behavior and potential
Indicative market prices
Description of trade channels' structure
Most relevant market requirements and regulations

Development of the Organic Market in Europe

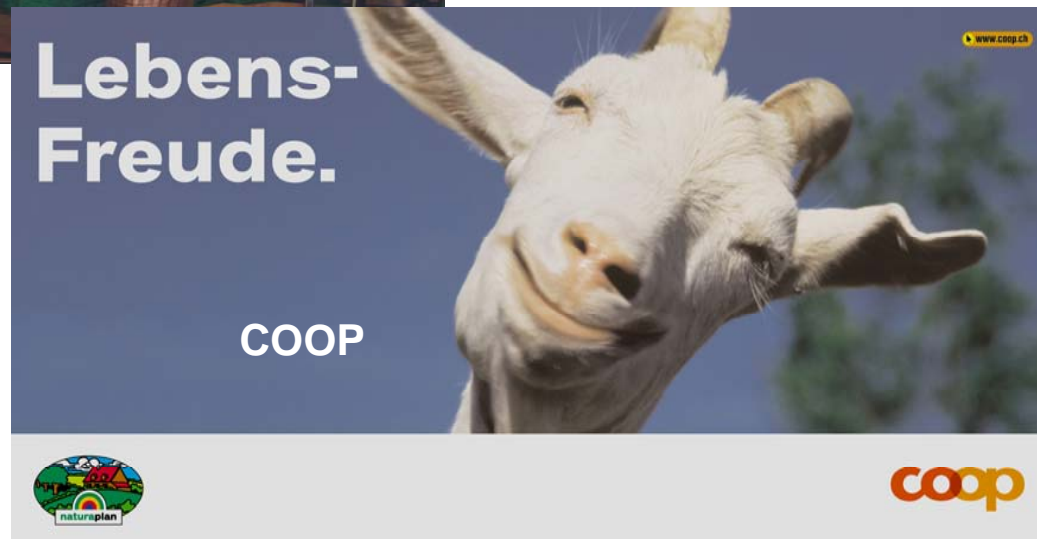
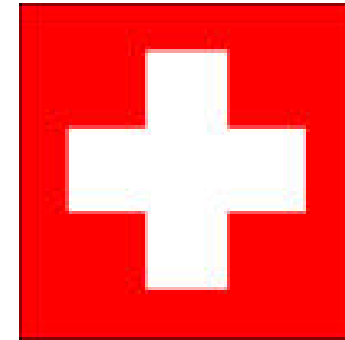
- The development of the organic market is based in private initiatives («organic market initiatives»)
- Until 1980 the organic market was only a niche; organic stores = were the most important sales channels
- At the beginning: only few products were offered (fruits, potatoes and vegetables). Much later specialty products (fresh organics herbs) were introduce
- Import of organic tropical products started with coffee, cocoa, spices, tea, and fresh and dry tropical fruits like mango and pineapple
- Actually: Organic products are widely distributed in the supermarkets
- The most important products are milk products and vegetables

The European Organic Market

Sales for Organic Food in European Countries (2003)



The Organic Swiss Market

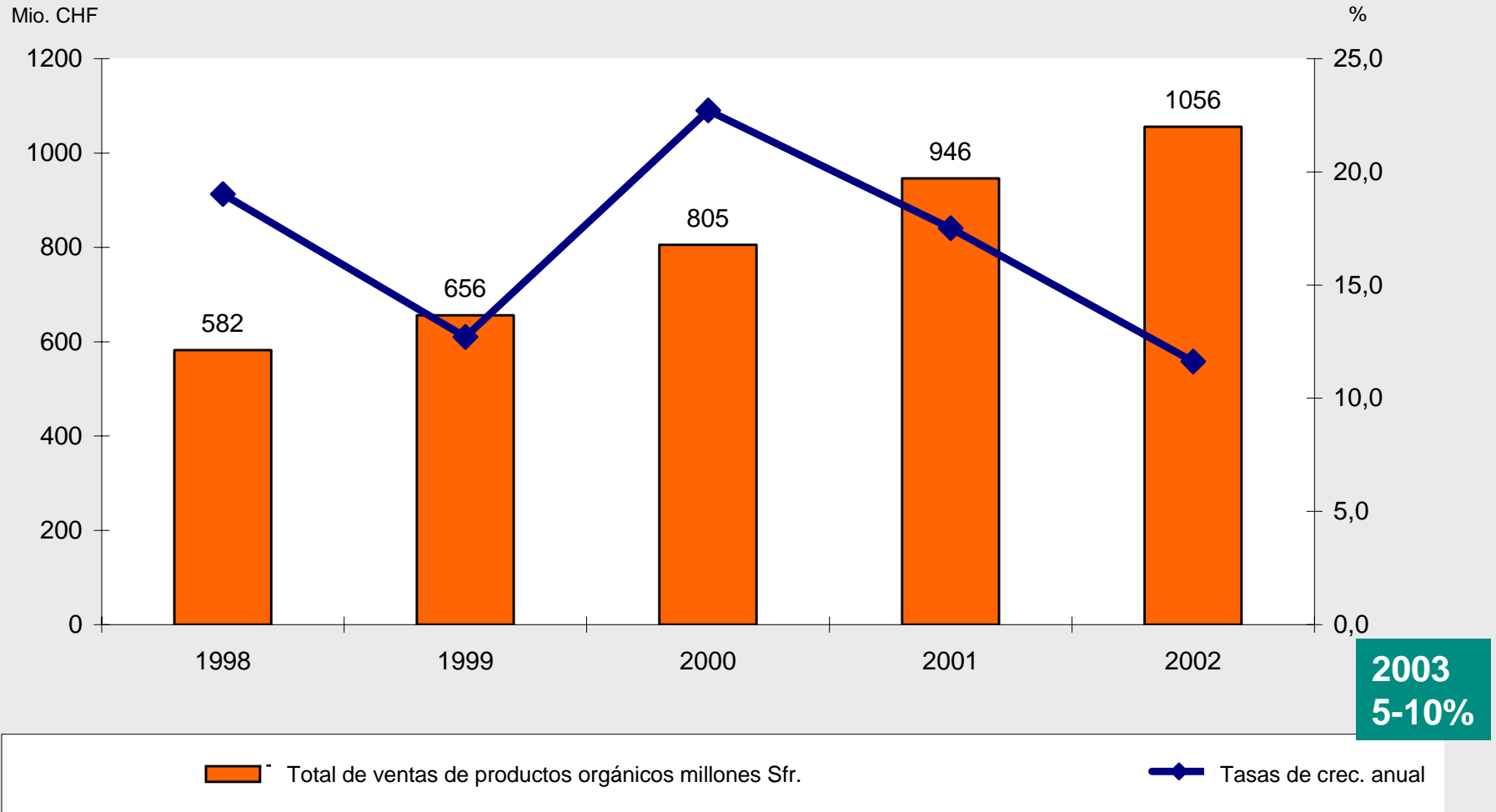


Sources:

COOP, Migros, FiBL, GfK

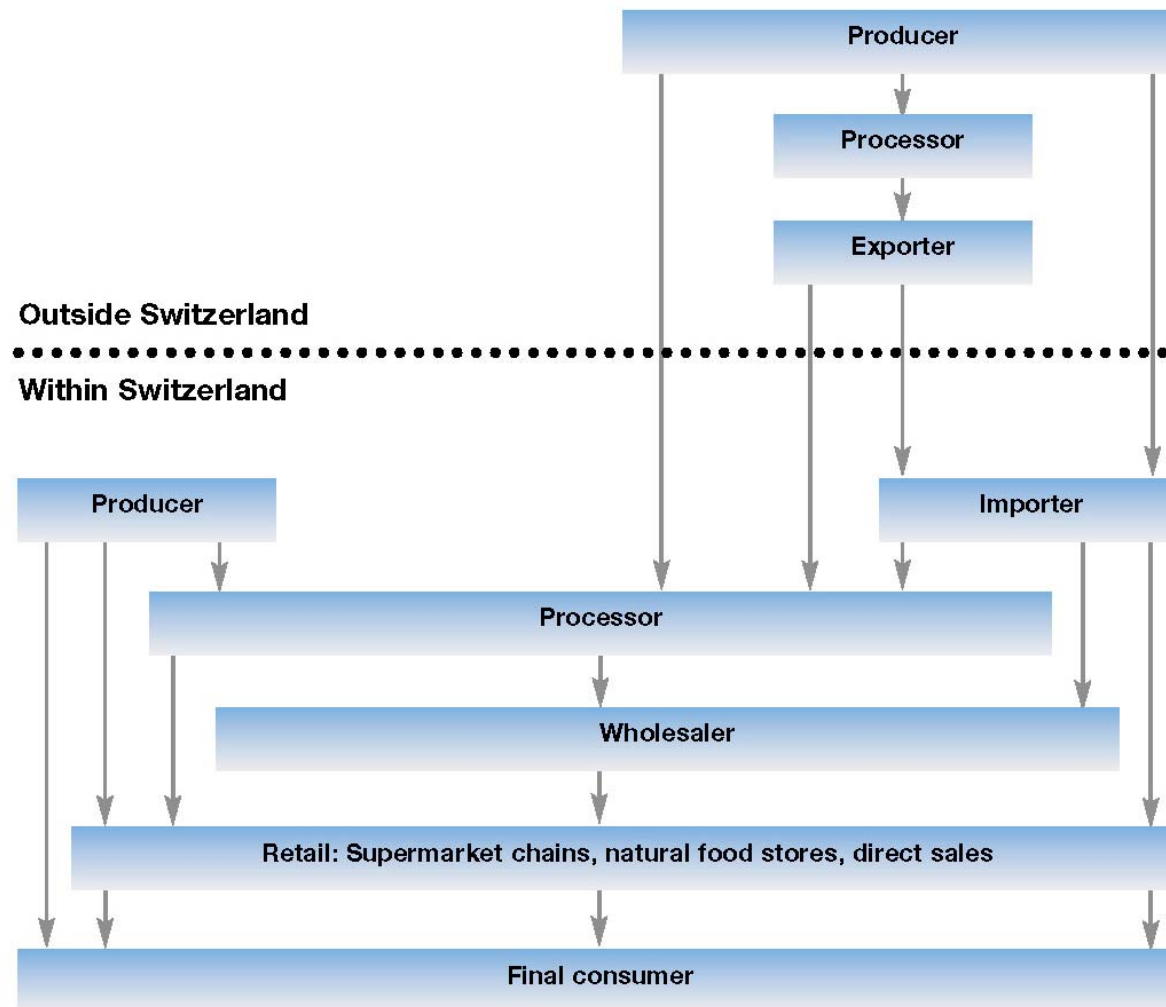


Total Sale of Organic Products



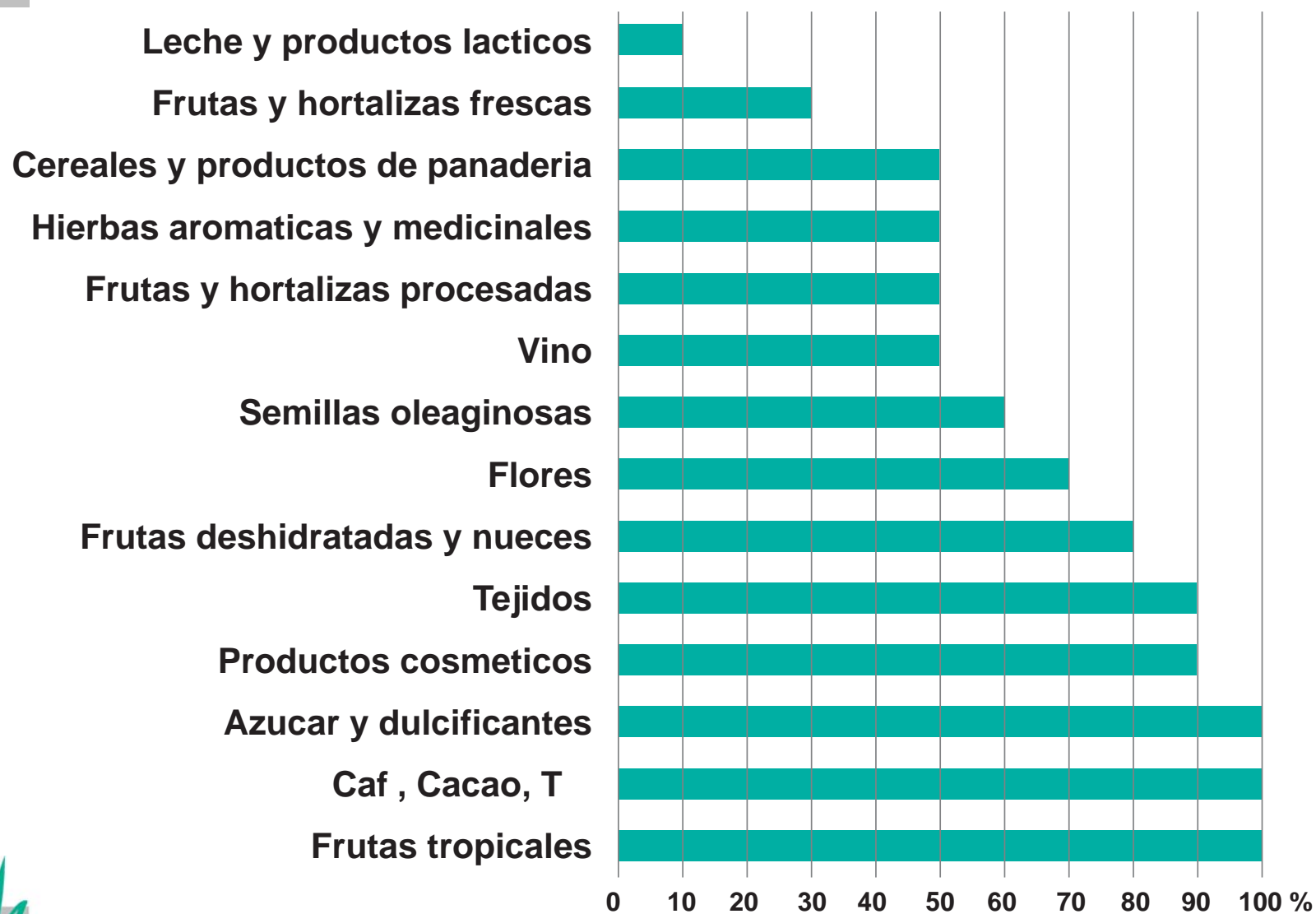
Market Structure in Switzerland

Figure 3: Trade structures in the Swiss organic market (remains the same)



Source: FiBL

Import of Organic Products in Switzerland (%)



Characteristics of the Tropical Organic Market

- lack of constant availability
- Non balanced supply-demand:
passion fruit, mango, pineapple juice

Influencing factors:

- Crop failure occurs more often
- Discrepancies in production methods and standards
- shortage of some organic ingredients
- The product quality does not meet the standards of the European customer
- Low volumes from producers
- Low service and high cost



The Fresh Vegetables Organic Market (1)

- European consumers prefers vegetables grown domestically.
- Importation are made only as supplement.
- The tendency is the importation of the Mediterranean area during the winter.
- East European countries might play an important role in the future.



The Fresh Fruits Organic Market (2)

- Generally supermarkets has strong interest to complement their assortment with organic exotic fruits (citrus, pineapples, mangos, papaya, coconuts etc.).
- The European organic market for fresh tropical fruits offers good sales perspectives for growers in tropical countries.
- Example: the sale volumes of organic citrus is reaching 10-20% annual growth rates. In the case of pineapple the demand will be increased in near future.



The Banana Organic Market (3)

- The market of organic banana still growing in the last years, reaching annual growth rates of about 20%.
- In Europe, the retail chains still been the motor for the sale of organic bananas.
- The most important suppliers are Ecuador, Dominican Republic, Peru, Colombia and Brazil.
- It is expected that the weekly sale volumes of organic banana reaches the 200 containers.



The Dry Fruit Organic Market

- Leading markets for dry fruits are the UK, Germany, France and The Netherlands.
- Dry fruits are mainly used as ingredients for food processing. For example, as ingredients in breakfast cereals mix.
- Bakeries and breakfast cereal mixers are one of the largest end-users of organic dry fruits and nuts in European countries.
- Tropical dry fruits for which the markets are smaller but promising include dried banana, mango, papaya and pineapple.



The Organic Sugar Cane Market (5)

- It is estimated that the sales of organic sugar cane reaches 4000 to 5000 tons for the EU.
- Organic sugar cane is mostly sale to the processing industry.
- There is a good demand on the retail sector (Supermarkets).
- The supply of organic sugar cane has been improved.
- The market shows an positive development.
- It is estimated annual growth sale rates of reach 20%.



The Organic Juice Market (6)

- Organic orange juice is the most popular and consumed imported fruit juice in Europe.
- The leading exporter of organic orange juice is Brazil.
- There is a strong interest for organic pineapple and mango from supermarkets.
- The main suppliers of organic pineapple juice are India and Ghana.
- Germany is the largest market for organic fruit juices (46%), followed by France (16%) and the UK (12%).
- The demand will grow step by step.



The Organic Cacao Market (7)

- Good potential demand of organic cocoa even though oversupply in the market.
- 2002-2005 estimated growth sales rates of 16 to 20%.
- Dominican Republic is the leader (14,350 tons). Mexico is doing big steps (9,500 tons).
- The chocolate industry main costumers.
- The market wishes organic+fair trade cocoa.
- The industry is looking to develop cocoa products that can make a story.



General Remarks of Traders on the Organic Market for Tropical Products

- The organic market for tropical products from being a demand-driven market is a supply-driven.
- The higher the supply, the lower the premiums at all levels (producer, trader), today premiums of less than 15 per cent are more realistic.
- Who can offer consistent high-quality products and ensure high-quality processing methods can demand better prices.

Perspectives are open to those suppliers that can achieve:

- Continuous investment in quality systems (good quality)
- Good price
- Full traceability
- Upgraded processing (e.g. IQF freezing)
- On-time delivery (excellent logistics from the supplier)
- Delivery against product specifications
- Good customer services
- Moreover, double labelling (organic+Fairtrade) is gaining more and more importance

