ENPARD Seminar Report

03.08.2017

Contents

Introduction

Under the initiative taken by the Palestine Trade Center – PalTrade, the Palestinian Ministry of Agriculture (MoA), and the European Union (EU) to study the potential of Palestinian fresh fruits and vegetables and herbs in the European markets. To that extent PalTrade conducted a market intelligence research on the Palestinian Fresh Fruits and Vegetables and Herbs products and their potential in European Markets. The methodology used in the analysis followed a two pronged approach, first by studying the entire Palestinian export basket in order to highlight the products with the highest potential to be exported globally using the **(Export Potential Index – EPI)** tool. Second, once the FVH products with the highest potential are identified the research studies the European Markets for each product using the **(Market Attractiveness Index – MAI)**.

Moreover, PalTrade conducted a meeting with all stakeholders from both the public and private sectors at the head quarter of the Ministry of Agriculture on the 11th of April 2017, to review the results of this report as shown below:

Potential products:

- Herbs
- Dates
- Capsicum, sweet pepper
- Olive oil
- Cluster tomato

Potential markets:

- Holland
- UK
- Germany
- Italy
- Sweden

A decision was made by the stakeholders committee to delay targeting the UK market to allow for further studies of the current Brexit situation in the UK and its effects on Palestinian trade with the UK, first on the expected devaluation of the British bounds and the ability of Palestinian products to compete given the new exchange rate, and secondly and more importantly the effect the UK's exist from EU will have on the current Palestinian Interim Agreement on Trade and Cooperation with the European Union (IAA).

ENPARD Seminar

Building on the results achieved in the stakeholder's meetings and the recommendation to study the four priority European markets namely (Italy, Holland, Sweden, and Germany) and the priority products identified being (Herbs, Dates, Capsicum, Olive Oil, and Cluster Tomato). A three days seminar was conducted at the Caesar Hotel in Ramallah according to the following process:

Phase I: Hiring of Market Experts

In order to understand our target markets more thoroughly PalTrade and the MoA asked CIHEAM-IAMM, to hire experts in the frame of the ENPARD initiative. CIHEAM was founded in 1962 and is a Mediterranean intergovernmental organization dedicated to improving sustainable agriculture and fisheries, ensuring food and nutrition security and developing rural and coastal territories. It is composed of 13 Member States from both shores of the Mediterranean (Albania, Algeria, Egypt, France, Greece, Italy, Lebanon, Malta, Morocco, Portugal, Spain, Tunisia and Turkey) and collaborates with several international and regional institutions. And it has around 170 permanent agents and hundreds of consultants regularly work within the 5 bodies of the Organization based in Bari (Italy), Chania (Greece), Montpellier (France), Paris (France) and Zaragoza (Spain). CIHEAM-IAMM is the CIHEAM institute in Montpellier selected by the European Commission (DG NEAR) to coordinate the Support Programme to the ENPARD South Initiative.

The services of market experts representing each one of the targeted European Markets as follows:

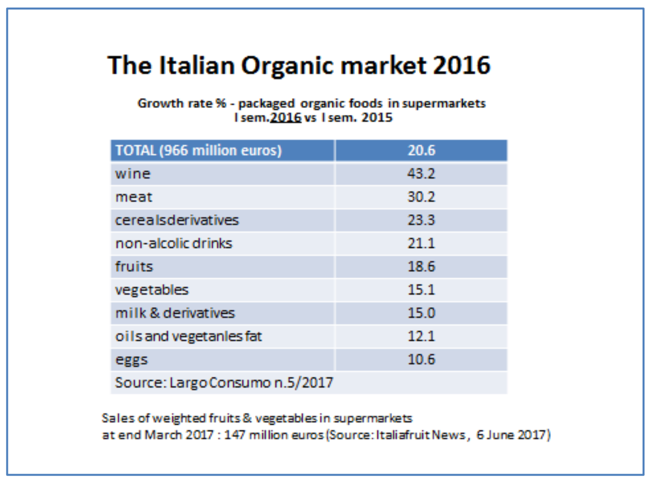
Market	Market Expert
Italy	Ms. Roberta Callieris
Sweden	Mr. Johan Blanche
	Ms. Helena Hafgren
Germany	Mr. Husam Al Dakak
	Ms. Catherine Hebting
Netherlands	Mr. Raymond Tans

The market experts studied their respective markets and prepared detailed presentations and recommendations on each of the priority products highlighted above.

ENPARD Seminar: Day 1

The first day workshop was attended by 35 participants representing both the private and public sectors. During the first day the market experts presented their findings on two target markets, the **Italian** and **German** markets by studying the priority F&V products and the following indicators such as:

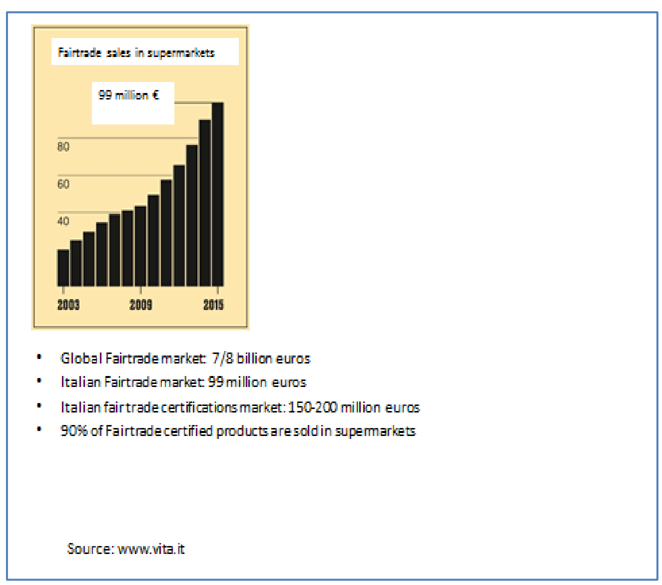
- Market trends (healthy food, Vegetarianism, organic and fairtrade...etc)
- Packaging of products
- Certifications
- Market growth and demand
- Buyers requirements
- …etc.


The Italian Organic market 2016

Growth rate % - packaged organic foods in supermarkets
I sem. 2016 vs I sem. 2015

TOTAL (966 million euros)	20.6
wine	43.2
meat	30.2
cerealsderivatives	23.3
non-alcolic drinks	21.1
fruits	18.6
vegetables	15.1
milk & derivatives	15.0
oils and vegetanles fat	12.1
eggs	10.6
Source: Largo Consumo n.5/2017	

Sales of weighted fruits & vegetables in supermarkets
at end March 2017 : 147 million euros (Source: Italiafruit News, 6 June 2017)



- **The full presentations are available on PalTade's website, please visit the link below: https://www.paltrade.org/en_US/page/enpard-presentation**

Italian Market

The Italian market is one of the four priority EU markets being targeted by the project, the material presented by the market expert indicated the trend in the Italian market, which is focused on:

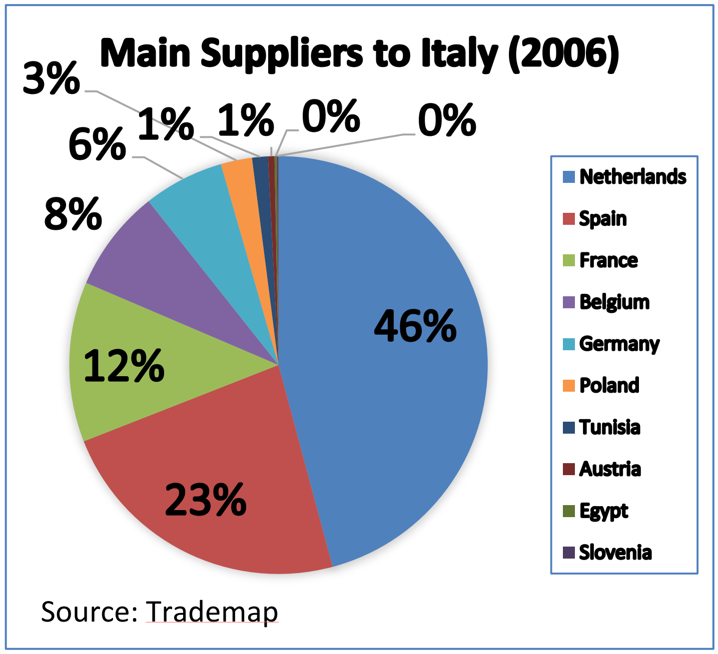
- Healthy food
- Vegetarianism
- Superfood
- Convenience
- Cooking at home
- Ethnic cuisine
- Immigration
- Sustainability (Organic, Fairtrade, CSR…)

The Italian market presents significant opportunity in the organic food segment, which experienced a growth of 28% for the fresh fruits and vegetables and herbs markets. On the other hand, the Italian market for fair trade certified products accounts for 150-200 million euros compared to the global market of 5-7 billion. In Italy 90% of the fair trade certified products are being sold in supermarkets.

The below section details the findings of the market experts per each priority product identified.

Tomatoes

In 2016, Italy imported about 128000 tons of tomatoes of about 320 varieties. The market shares for cherry and cluster tomatoes in 2016 were 36% and 28% respectively.



Source: Trademap

Distribution Channels

- 57% of overall retail sales are in Modern Grocery Retailers - MGR
- 45% of overall retail sales are in traditional markets
- The preferred type of packaging is eco-friendly packaging

Examples of preferred standards (environmentally friendly)

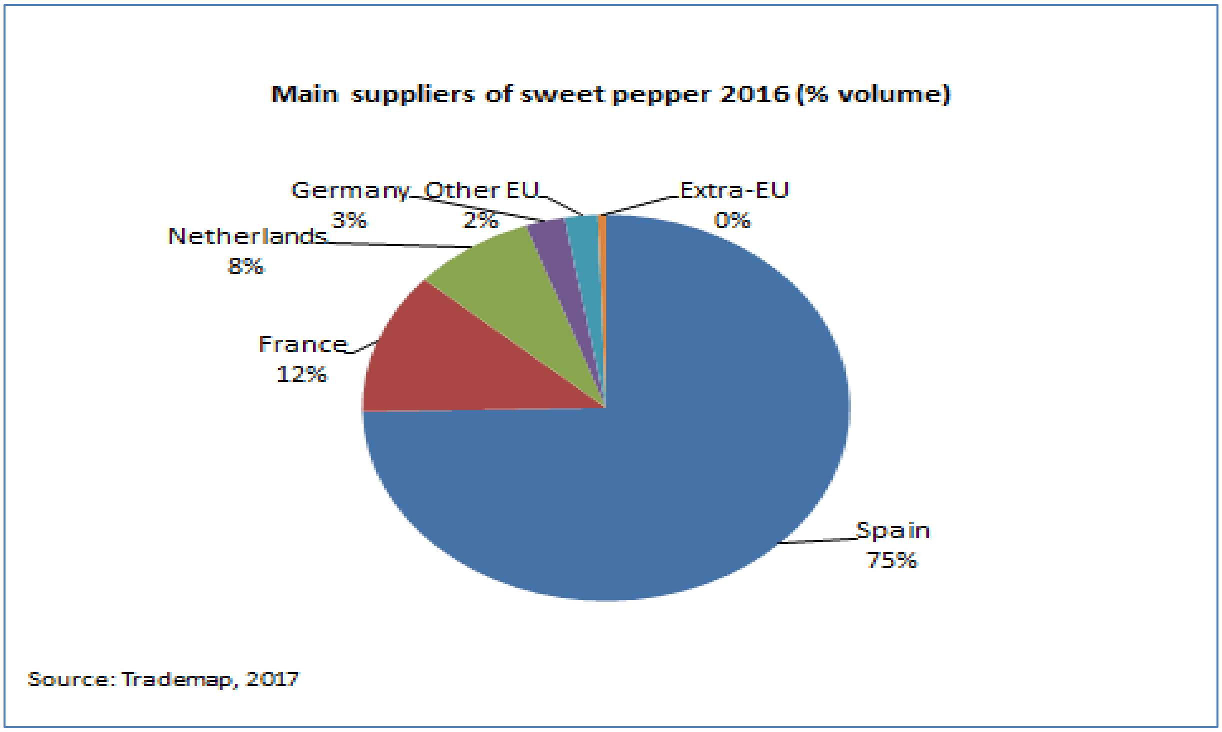
TOMRES: A european project (2017-2020) led by University of Turin with Spain France, and Israel for an environmental sustainable tomato, which is able to save water and fertilizers

Sinergie is a sustainability seal in addition to the brand or private label**.** Sustainable production protocol which join together some main Sicilian producers Sata, Siriac e Syngenta

Sweet pepper

In 2016, Italy imported about 71000 tons of sweet peppers while the overall all consumption was about 180 thousand tons. The Italian consumer have certain preferences when it comes to consuming pepper:

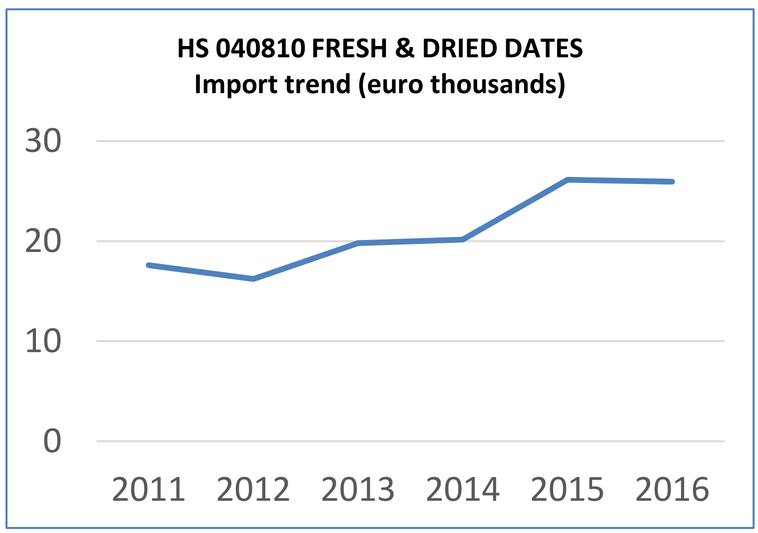
- *Different shapes* (new square pepper)
- *Range of colours* (bright different colours, “green, yellow, and red” as the trafic light)
- *Size* (small, horns 16-20 cm/3 pieces 500 g (fixed weight)
- *Appearence, uniformity, thick flesh, sweet*
- Innovation/Packaging: flow-packed on a tray



Dates

Imports of dates in Italy are increasing (see figure to the right) with the annual per capita consumption of about 180 g. Dates on Italy are being consumed on seasonal basis from Oct. to Feb. and the main preference is for:

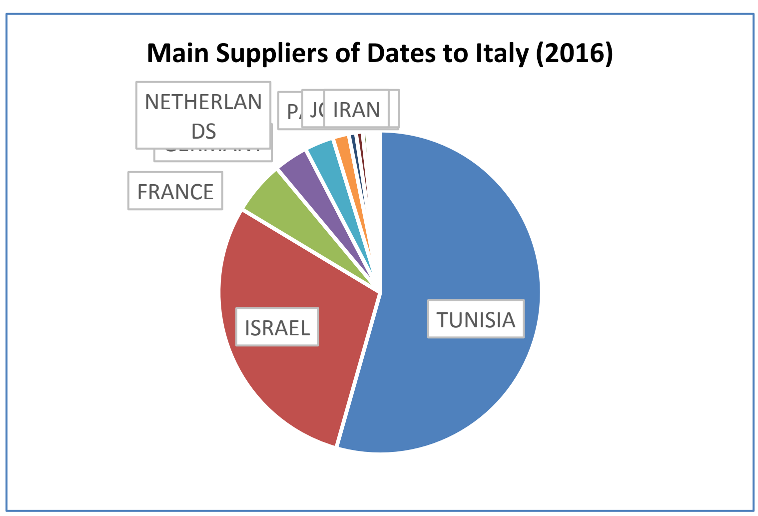
- Deglet Nout Dates from Tunisia
- And recently, Medjool Dates from Israel



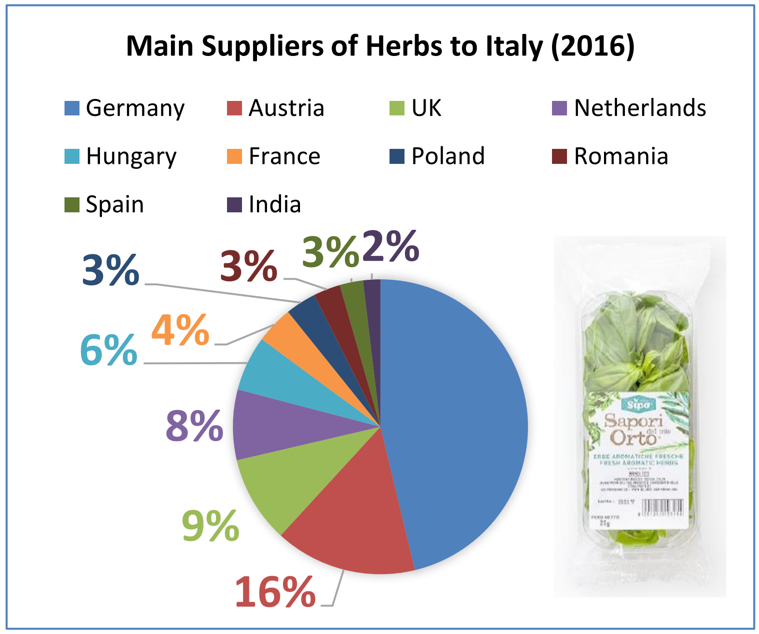
Herbs

In 2015, about 25 thousand tons of herbs are consumed in Italy with an estimated wholesale value of 115 million euros. The prices range from 1.07 euro/kg, with total sales values reaching 137 million euros, growing by 5.7% between 2015/16.

The market also has the following trends and indicators:



- **Aromatic herbs:** +10% (basil, parsley, rosemary, sage, oregano, marjoram, and mint)
- **Retail market share of basil, parsley and mixture of herbs**: 50%
- **Organic herbs** (+ 106%, March 2017/2016)
- **Growing demand for chervil, coriander, tarragon**
- **Consumption higher in March, June, Sept., Dec.**
- **Supermarkets are the main retail channel**

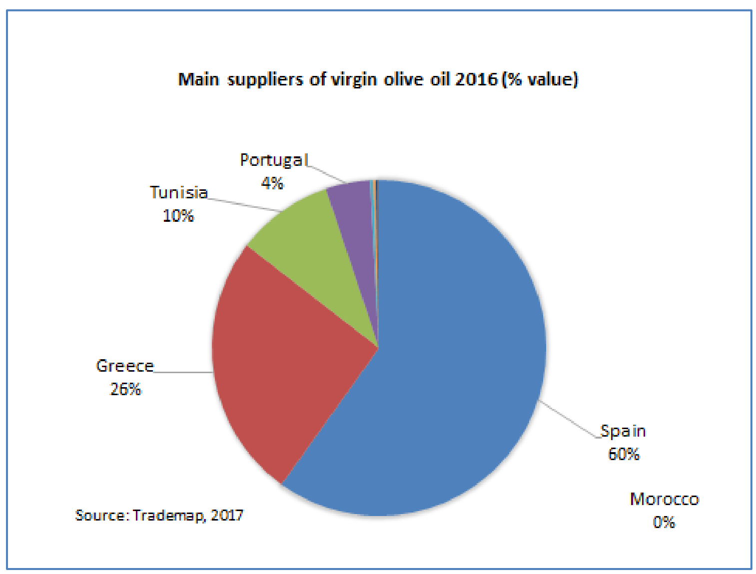


Packages

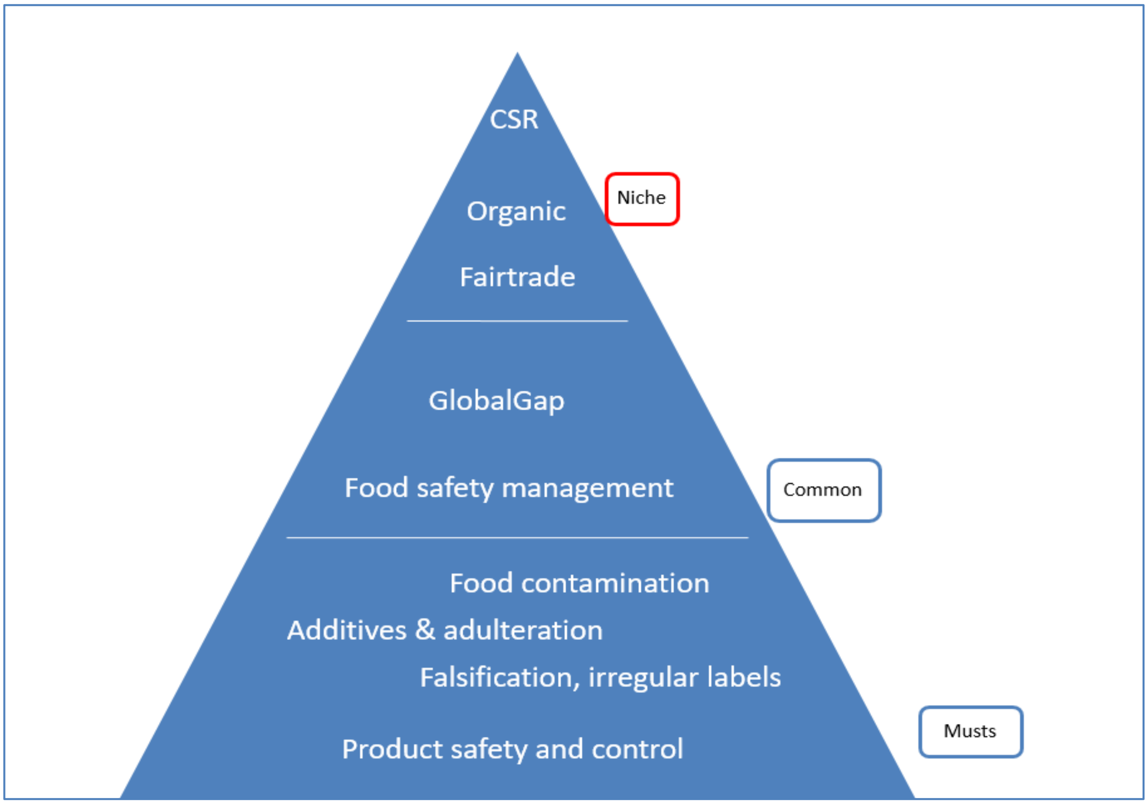
- It's preferred to have a small sized package 10gr with pre weighted packages, its important also to have a cut and ready product that is packaged in flowpack bowls that open and close and are squeezable.

Olive Oil

Demand on olive oil is increasing as in 2013 the import levels for olive oil reached €1,224 million, and increased in 2015 to €1,851 million. This increase is also due to the structural negative trend of domestic production.

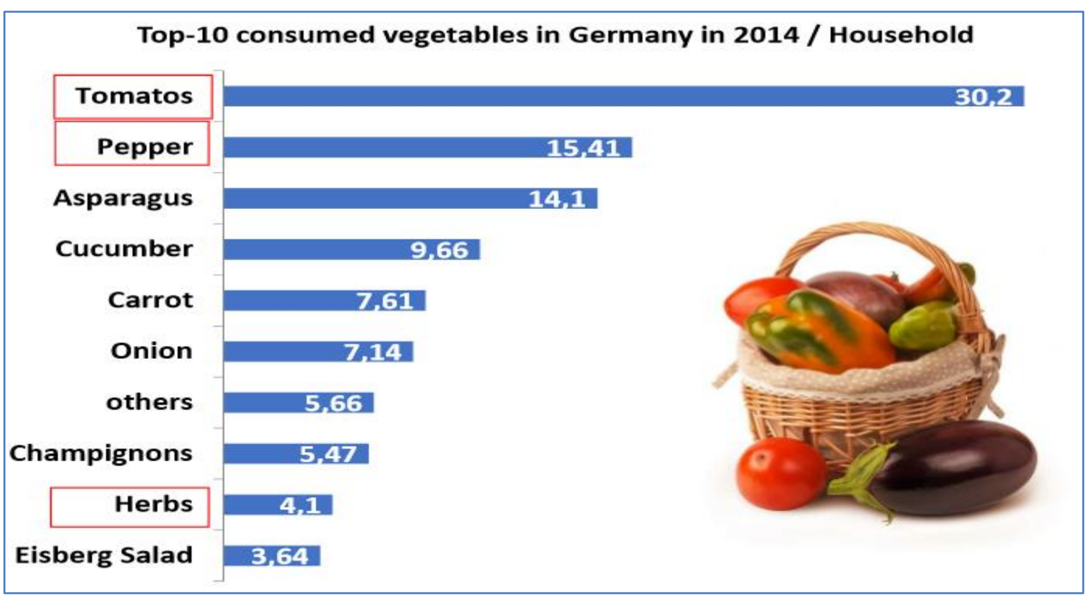


Buyer’s requirements



German Market

The German market top consumed products are list in the char below, as you can see below most of the Palestinian targeted products for exports belong to the top 10 consumed products in Germany:



The German market is not a self-reliant market when it comes to fruits and vegetables as more than 80% of the fruits consumed in Germany is imported and about two-third of the vegetables consumed are also imported from abroad.

Fresh fruits and vegetables are being sold in Germany through various distribution channels:

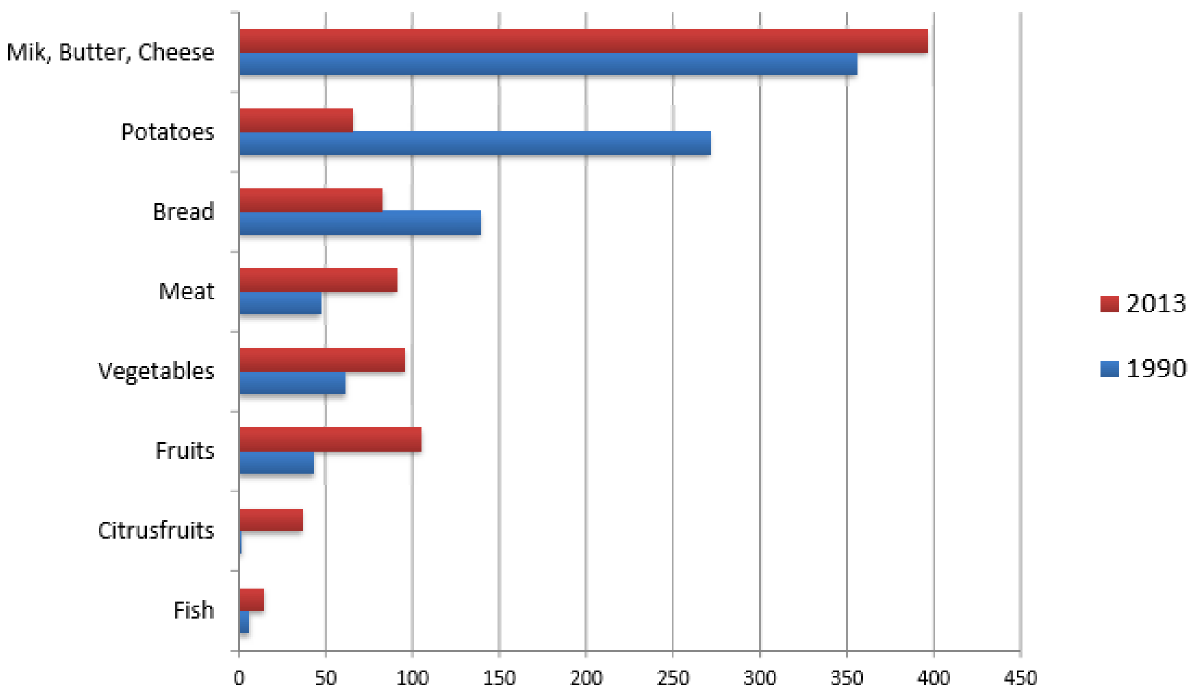
- Hyper/Supermarkets
- Specialized Stores
- Street Markets
- Food Service
- Online Concepts

Key Exhibitions

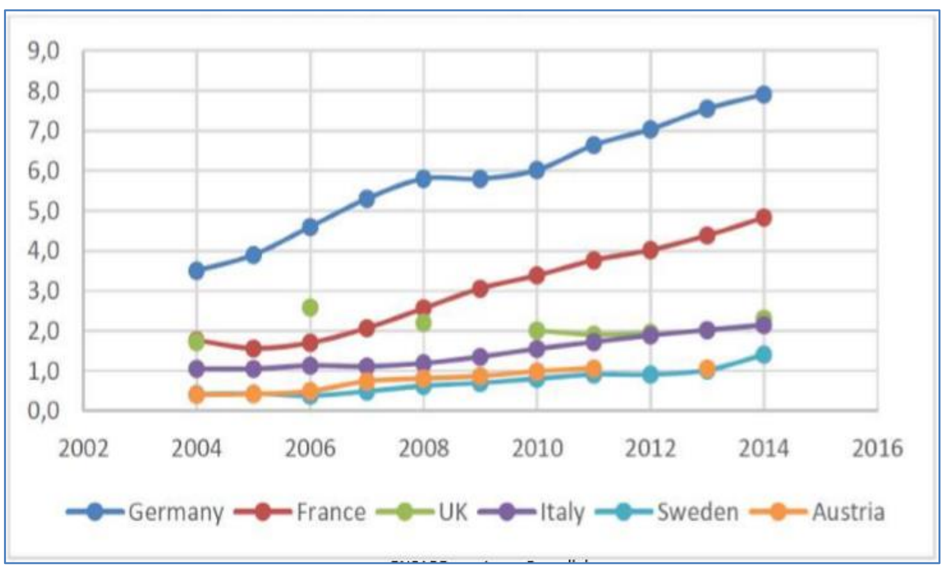
- **FRUIT LOGISTICA**
- **BIO FACH**
- **FRUIT ATTRACTION**

Market Trends

GERMAN DIET AND CONSUMER PREFERENCES ARE CHANGING



The European market for organic products is increasing on a year by year basis. The German market is the leading European market which records the highest increase in consumer trends toward the organic segment. Currently, Germany have the highest share of the EU organic market with 31%. While organic certified prodcuts grew by 3.7% as well as organic products can go for a premium of 30% above market price.



On the other hand, import volume of fair trade products increased by 63,450 tons in 2015 and was sold at a premium of 2,170,000 Euros.

Legal Requirments

Limited use of pesticides

- **Maximum residue levels (MRLs)** →Apply integrated pest management (IPM) to reduce the amount of pesticides (Global G.A.P.)
- **Control of food imported to the EU**

Your products will be subjected to official control a) Documentary checks (b) Identity checks c) Physical checks

- **Marketing Standards + Labelling and packaging**
  - Cartons of fresh fruit or vegetables must mention the following particulars:
  - The name and the address of the packer and the dispatchers
  - The name of the produce (if the produce is not visible from the outside of the packaging)
  - The country of origin
  - The class and size (referring to the marketing standards)
  - Lot number for traceability

Plant Health & Contaminants

- The EU has laid down phytosanitary requirements to prevent introduction and spread of organisms harmful to plants and plant products in the EU

Non-Legal Requirments

Requirements of the retailers / importing companies

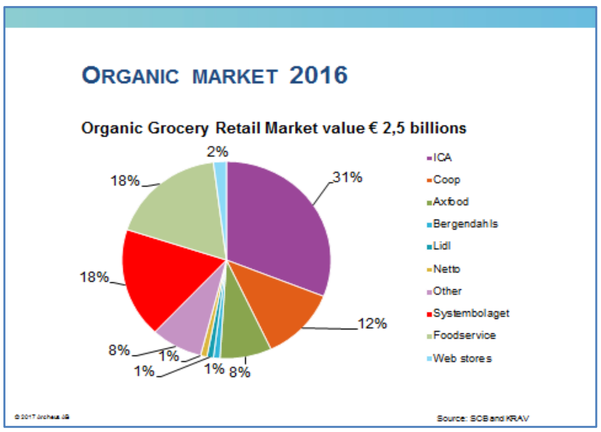
Beside Quality & Price:

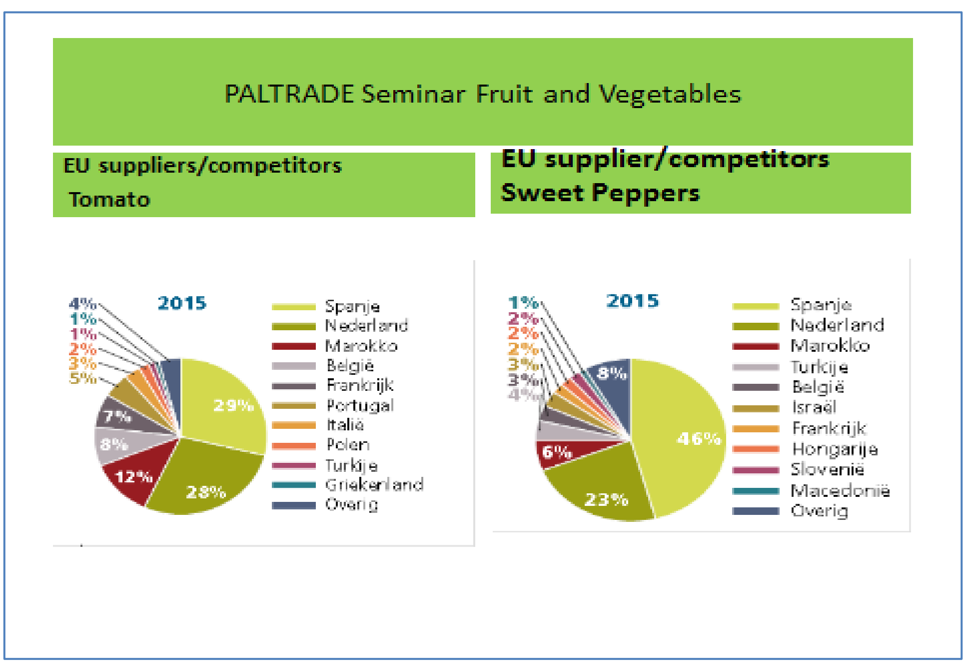
+ Traceability – also on retail packaging
+ **No residue above maximum limits**
+ Good network within European laboratories, official authorities etc.
+ Audits: eventually required
+ Good documentation (esp. when problems occur), spray records, inspection reposts, analytic, report of the producer, etc
+ **Social compliance → Corporate Social Responsibility (CSR)**

ENPARD Seminar: Day 2

The second day of the workshop was attended by 23 participants representing both the private and public sectors. During the second day the market experts presented their findings on two target markets, the **Swedish** and the **Dutch** markets by studying the priority F&V products and the following indicators such as:

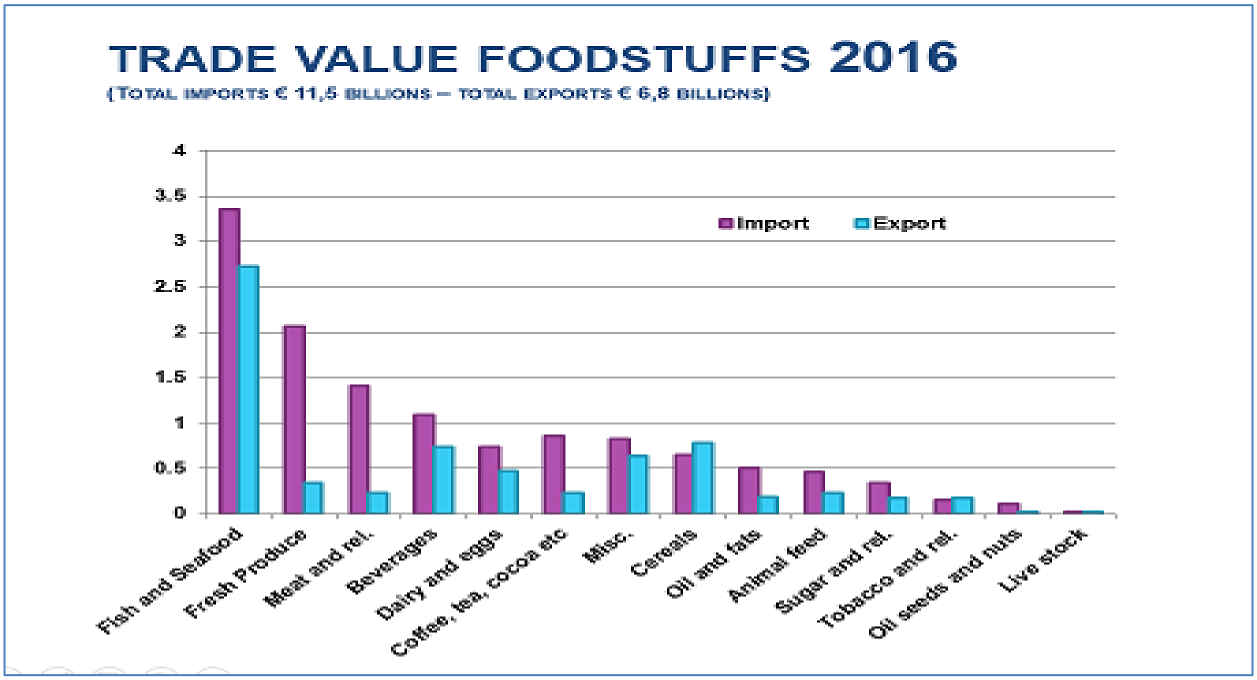
- Market trends (healthy food, Vegetarianism, organic and fairtrade...etc)
- Packaging of products
- Market growth and demand
- Certifications
- Buyers requirements
- …etc.





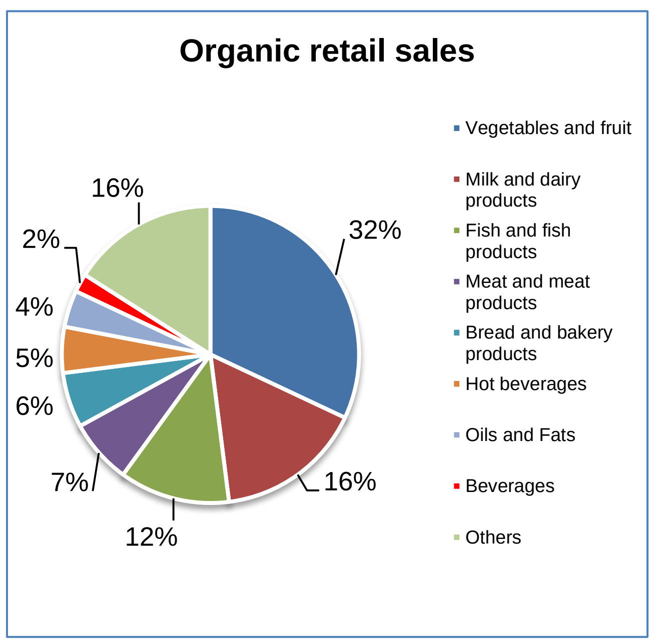
Swedish Market

The fresh produce market have the second highest market share in the Swedish market for foodstuff in Sweden in 2016, of which the highest value belong to the import levels as opposed to the export levels (see below) making the Swedish market a very attractive market to target with Palestinian FVH products. The imports levels reached €2.2 billion in 2016 and represents 75% of the total Swedish market for FVH with the largest exporters to Sweden being Spain, Netherlands, and Italy.



Organic Market

The total sales of organic foodstuff reached € 1.6 billion and registering a growth of 18% or the equivalent of € 378.5 million of that 43% are of Swedish origin. In addition organic products receive favorable treatment with at large full service supermarket chains, with organic products exhibited next to conventional products on shelves, and are available with greater quantities for consumers, and there are specialty stores for organic products that offer a wider assortment of organic products.



Links to top distributors in Sweden:

http://www.martinservera.se/

http://www.coop.se

http://www.ica.se

http://www.7-eleven.se

http://axfood.se/en/About-Axfood/Business/Dagab2//en/

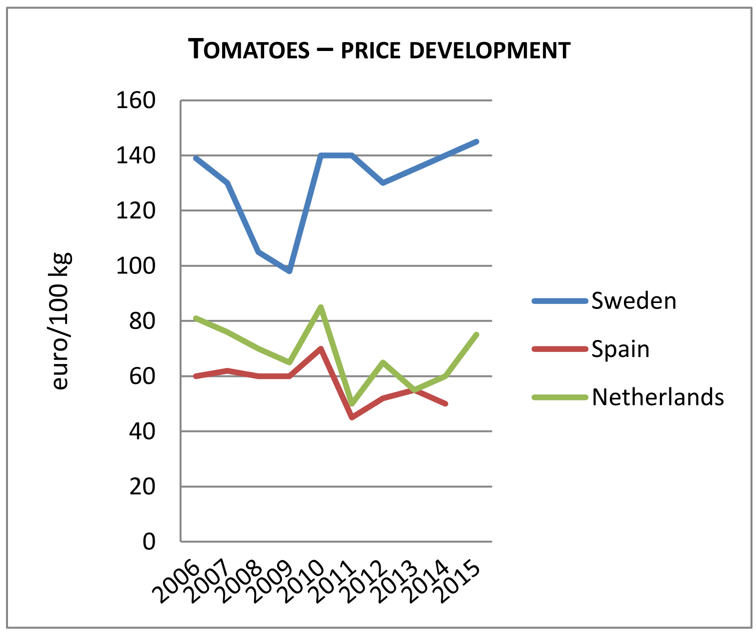
https://www.pressbyran.se/

http://www.ggross.se//en/

http://www.menigo.se//en/

Product features & requirments:

- **Herbs:**
  - High quality important
  - Demand 1 kg bundles in boxes
  - Basil & Thyme
- **Tomatoes:**
  - Decrease in conventional production
  - Increase special varieties
  - Total supply 100 000 tons
  - Main suppliers: Spain and Netherlands
  - Boxes 5 kg
- **Sweet Pepper:**
  - Main Suppliers: Spain and Netherlands
  - Boxes 5 kg
  - Consumer package or pieces
- **Dates:**
  - Good volumes in grocery retail
  - Convenience
  - Organic



Olive Oil

The olive oil consumption per capita is increasing in the Swedish market as it moved from 0.1 liter/year in 1995 to 0.9 liter/year in 2016. The origins of olive oil in Sweden is mostly from Italy with 50% market share, followed by Spain with 23% and then France with 12%, and Greece with 6% and finally other countries account for 9% of market share.

The olive oil market have a high price starting level, with the basic quality olive oil going for 5 to 8 euros per liter, and the medium quality olive oil going for 9 to 10 euros, and the top quality olive oil demanding 15 to 30 euro per liter.

The Netherlands Market

The Netherlands is “world player” in fruit and vegetables, its the world second largest exporter of tomoatoes, and about 75% of its home FVH production is exported to the world, among the best exports are tomoatoes, sweet peppers and cucumbers. In terms of imports about 80% of vegetables in the Netheralands are imported, and 70% of imported fruits are re-exported. The largest logistics hub is the port of Rotterdam.

In terms of distribution there are 130 importing companies working the fruits and vegetables and herbs sectors, with 20 companies realizing about 70% of total import volume.

ENPARD Seminar: Day 3

The third day of the seminar was designed to present the findings of the previous two days to the general public with the list of invitees including the ministries and government organizations, as well as the private sector companies and organizations including the chambers of commerce, MSMEs credit institutions, academia, and of course companies working in the field of agriculture and processed food. The third workshop received 70 participants, in addition to the participation and sponsorship of H.E. Dr. Sufian Sultan the Minister of Agriculture (MoA), H.E. Ms. Abeer Odeh the Minster of National Economy, Ms. Alessandra Viezzer – Head of EU Cooperation, and Mr. Arafat Asfour the Chairman of PalTrade. The workshop received heavy media presence and coverage **(refer to media section below)**.

During the third day, the market experts presented their main findings for each of the targeted European markets and priory F&V products.

Main Findings

Market Requirements

Potential for Palestine in Europe

1- **Make use of a story:** it's important for Palestinian products to have a story behind them that connects with their customers since European consumer tend to buy more products with a story attached to them.
2- **Focus on organic and Fairtrade products** because they represent a niche market with lots of potential to earn a premium on your goods especially the Palestinian Olive Oil and Herbs.
3- **Big potential for Herbs** in European markets since Israel is a major exporter of herbs to the EU.
4- **Prices for herbs are high** and ranges from €3.3 to €10 depending on type of herb.

TABLE 1: INDICATIVE END MARKET PRICES FOR FRESH HERBS IN GERMANY, IN € PER 100 GRAM

	High end (organic supermarkets, dennree, Alnatura, Bio Company)	**Middle range** (Supermarkets Edeka, Rewe, Kaufland)	**Low end** (Discounters Aldi, Lidl, Netto, Penny)
Basil	over € 10.75	€ 6.60 – 10.75	under € 6.00
Mint	over € 7.00	€ 6.60	under € 6.00
Rosemary	over € 7.00	€ 5.00 – 6.60	under € 5.00
Oregano	over € 7.00	€ 6.60	under € 6.00
Chives	over € 4.00	€ 3.30 – 3.96	under € 3.00

5- **Avocadoes** are another product that is growing and represents potential to Palestine even though it's not one of the priority products targeted.

6- Reliability:

a. No need for unrealistic promises
b. Stick to the deadlines
c. Be honest (honest statements about limited sources is a good sign)
d. Invest in your reputation (slower but for the long run)
e. Cultural sensitivity is a plus
f. "WE CAN'T " is ok
g. No exaggerations
h. Punctuality is a global business norm

7- Create new mix products:





8- Eco Packaging:



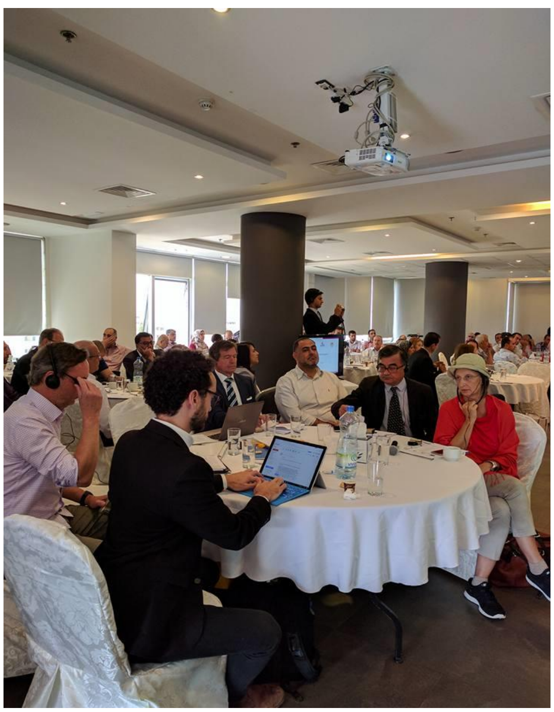
1 ENPARD seminar - Ramallah 24

9- **Make use of EU supporting programmes**
10- **Know your market, BETTER!!**
11- **Invest in Marketing:**

Marketing materials should be

- **Simple**
- **Not too much colors**
- **Right to the point**
- **Company**
- **(CSR)**
- **Calendar**
- **Certifications**
- **Pictures**
- **Farm Location if any**

Pictures for 3rd Day Seminar



ENPARD in the Media

Press release

- **Al Haya Al Jadedah**

لتمكينها من دخول أسواق دول الاتحاد الأوروبي

ورشة تدعو إلى تنمية الصادرات الزراعية وتفعيل الاتفاقيات التجارية البينية

TV press release & interview

- **Palestine TV: A press release about the ENPARD seminar was made by Palestine TV and it involved interviews with Mr. Arafat Asfour (Chairman of PalTrade) and Mr. Shadi Shaheen (Trade Policy Officer – PalTrade)**
- https://www.facebook.com/PalestineTv/videos/1623943547675633/

Next Steps

In order to secure entry to EU markets and improving Palestinian F&V products in terms of their quality, price, market entry requirements, and standards. The project is following a three phased methodology to achieve this goal:

- **Phase I:**
    - Market intelligence research
    - Identify priority F&V products
    - Identify target EU markets
    - Hire market experts and perform preliminary market studies
    - Conduct a three days ENPARD seminar

- **Phase II:**

Phase II, will focus on selecting two of the four EU target markets and two priory F&V products who capture the highest added value potential. Once the selection is made, the project will proceed by conducting a demand and supply surveys. The Supply surveys provide information in the form of profiles on the selected product available for export and the enterprises engaged in manufacturing or trading it. Each profile gives pertinent information on the company and products, including detailed descriptions, technical features, packaging, export availability, prices, commercial conditions **-** in essence, the information that is most likely to be of interest to potential buyers.

Demand surveys provide the mirror image of the supply surveys and describe in detail the import requirements of a participating country for the product or product group concerned. They also contain Companies profiles with details on importing enterprises and their requirements. The purpose of a demand survey is thus to provide comprehensive information on the conditions for market entry and trends in each of the potential importing countries.

In addition, further studies will be made on the market entry requirements and certifications, as well as the exporting process to the EU markets and the documentation needed.

- **Phase III:**

Following the completion of Phase II, PalTrade and MoA will begin preparations and ultimately implementing a B2B event in each of the targeted markets that will involve the participation of the Palestinian companies and potential buyers in target markets.