

EU STRATEGIC MARKETING GUIDE 2001

FRESH FRUIT AND VEGETABLES

VOLUME I



CENTRE FOR THE PROMOTION OF IMPORTS FROM DEVELOPING COUNTRIES

EU STRATEGIC MARKETING GUIDE

FRESH FRUIT AND VEGETABLES

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INTRODUCTION

This EU Strategic Marketing Guide aims to provide exporters of fresh fruit and vegetables in developing countries with practical steps for approaching the European market.

In Chapter one, the requirements for access to the European market are described. Quality and packaging requirements, trade-related environmental measures and tariffs and quota are discussed. Moreover, information on the terms of trade and trade promotion is provided.

Chapter two offers a 'Business Guide' or checklist for exporters wishing to engage in exporting fresh fruit and vegetables to Europe. The 'Business Guide' enables an exporter to build his own market and product strategy through a methodology of analysis and ready-to-fill-in frameworks. The guide consists of three parts: Product profiles (in which a few interesting products are highlighted), a market opportunity analysis to determine suitable sales channel(s), and a checklist for building up a trading link.

Statistical market information on consumption, production and trade, and information on trade structure and prices and margins, which is required for the ready-to-fill in frameworks in the 'Business Guide', can be found in the EU Market Survey 'Fresh Fruit and Vegetables'. The market survey also includes contact details of importers, trade associations, and other relevant organisations.

1 DOING BUSINESS IN THE EU: REQUIREMENTS FOR ACCESS

1.1 Quality and grading standards

The quality of the product is the key to successful penetration of the European Union market. Following the harmonisation of rules and regulations in the EU since January 1993, uniform quality regulations apply EU-wide. Generally, one can say that the European market sets high demands on quality.

The quality regulations for fruit and vegetables are laid down in basic regulation EC 2200/96 (of 28 October 1996), in the framework of the Common Agricultural Policy (CAP). Products that do not comply with these regulations are barred from the market.

Besides quality regulations, there are also regulations concerning packaging and labelling, and the environment. Please refer to www.europa.eu.int/eur-lex/en/search.html for the complete text of the directives and regulations mentioned in the sections below.

With the aid of colour cards, measuring instruments and precise descriptions, the grower is able to grade and group his products very effectively. One such instrument, for example, measures the firmness of a tomato.

It is impossible to list the details of quality regulations for all the different fruit and vegetables varieties. However, to give an indication of the system which is applied, and the elements which are important to consider, the quality regulations for citrus fruit are elaborated below. Similar minimum requirements (Class Extra to Class III, classification and sorting criteria based on size, length, weight) apply to vegetables and other fruit, although details will be specific for each particular product. Note that Class III products are exceptions admitted in the trade only under certain circumstances.

Quality regulations for citrus fruit

A. Minimum requirements

- In all classes the citrus fruit must be:
 - intact;
 - sound (produce affected by rotting or deterioration such as to make it unfit for consumption is excluded);
 - free from damage and/or external deterioration caused by frost;
 - clean, practically free of any visible foreign matter;
 - free of abnormal external moisture;
 - free of any foreign taste or smell (this provision does not preclude a smell which might be caused by a preserving agent used in accordance with EU provisions).
- The citrus fruit must have been carefully picked and have reached an appropriate degree of development and ripeness in accordance with criteria applicable to the variety and the district in which it is grown. The state of ripeness must be such as to allow the fruit:
 - to withstand transport and handling, and
 - to arrive in a satisfactory condition at the place of destination.
- The degree of colouring shall be such that, following development, the citrus fruit reaches its normal variety colour (subject to special conditions applicable to each class) at its destination point, account being taken of the time of picking, the growing area and the duration of transport. Citrus fruit meeting this ripeness requirement may be ‘de-greened’ (only if the other natural organoleptic characteristics are not modified).
- Depending on the variety, the colour of the fruit has to cover at least one third or two thirds of the size of the fruit, in accordance with the general characteristics of the fruit. In the case of oranges, a maximum of 20 percent of the fruit may have a light green colour.
- The citrus fruit must be free from any sign of internal shrivelling caused by frost and from bruising or extensive healed-over cuts.

continued

B. Minimum juice content

The juice content, in comparison with the total weight of the fruit (extraction by means of a hand press) should be at least:

- Lemons 20-25%
- Oranges 30-35%
- Clementines 40%
- Tangerines and mandarins 33%

C. Classification**Class Extra → highest quality**

Citrus fruit in this class must be of superior quality. In shape, external appearance, development and colouring they must be typical of the variety. They must be free from defects, except slight superficial blemishes which must not impair the quality, or the general appearance of the fruit, or the presentation of the package.

The quality tolerance margin is set at 5 percent of the number or weight of the fruits, provided the quality of these fruits is not less than Class I.

Class I → good quality

Citrus fruit in this class must be of good quality. They must display the characteristics typical of the variety or type, taking into account the time of packing and the district in which they are grown. The following defects are allowed, provided they do not impair the general appearance or shelf life of a given consignment:

- slight defect in shape;
- slight defect in colouring;
- slight skin defects inherent in the formation of the fruit, such as silver scruffs, russets, etc.;
- slight healed defects due to mechanical causes, such as rubbing damage due to hail, knocks, etc.

The quality tolerance margin is set at 10 percent of the number or weight of the fruits, provided the quality of these fruits is not less than Class II.

Class II → marketable quality

The fruit classified as Class II conforms to the minimum requirements as listed above, but does not meet the criteria for the higher classes. The quality is reasonable. The following defects in shape, development and colour are allowed if they do not seriously harm the general appearance, or the shelf life of a given consignment:

- defect in shape;
- defect in colouring;
- rough skin;
- superficial healed skin alterations;
- slight and partial detachment of the pericarp (ripened skin) for oranges (detachments being normal for mandarins, clementines, satsumas, wilkings and tangerines).

The quality tolerance margin is set at 10 percent of the number or weight of the fruits, provided these fruits are acceptable for human consumption. A maximum of 50 percent of these fruits is allowed to have external damages.

Class III → lower but still marketable quality

The requirements of Class II apply, while in addition the fruits may have lost their buttons.

The quality tolerance margin is set at 15 percent of the number or weight of the fruits, excluding fruits which are affected by rot or serious damage that makes them unsuitable for human consumption.

continued

D. Sorting

There are minimum requirements for the size of the fruits, measured by the diameter. The requirements are as follows:

| fruits | minimum diameter |
|---|------------------|
| lemons | |
| – Class Extra, I and II | 45 mm |
| – Class III | 42 mm |
| satsumas, tangerines, wilkings, mandarins | 45 mm |
| clementines | 35 mm |
| oranges | 53 mm |

In case the citrus fruit is packed, there is a number of scales for grouping the fruit, based on diameter size (see Section 1.2.1). The tolerance margin in size is set at 10 percent of the number or weight of the fruits, irrespective of class or variety.

Besides these EU regulations, importers of fresh fruit and vegetables have their own unwritten quality standards. The EU requirements must therefore be seen as indicative for the quality that is demanded by the European importers. The care and handling between harvest and delivery to the country of import is often one of the weakest points in the relationship between producer and importer. The UN standards apply in the case of a product which is not covered by the EU quality standards.

Please refer to Appendix 3 of the EU Market Survey 'Fresh Fruit and Vegetables' for addresses of the standards organisations. These organisations are able to inform you of the quality standards that apply to the various products.

HACCP and ISO 9000

Although not directly an obligatory standard for producers of fresh fruit and vegetable, exporters must be aware of the fact that in the field of processed fruit and vegetables the quality standards HACCP and ISO 9000 are strongly increasing in importance in Europe.

The Hazard Analysis Critical Control Point (HACCP) standard applies to the food-processing industry, The EU Directive on Hygiene for Foodstuffs (93/43/EC) which became effective on 1 January 1996, stipulates that: 'foodstuff companies shall identify each aspect of their activities which has a bearing on the safety of foodstuffs and ensure that suitable safety procedures are established, applied, maintained and revised on the basis of the HACCP system'. All food processors are legally bound to have an HACCP plan or they must be working on implementing an HACCP system. The HACCP system is applicable to companies that process, treat, pack, transport, distribute or trade foodstuffs. These companies are forced to understand

the possible hazards associated with food production at all stages, from growth, processing, manufacture and distribution, until the point of consumption.

This includes macro-biological (vermin), micro-biological (viruses, bacteria, moulds), toxicological (chemical contamination with pesticides), or physical (wood, metal, glass, plastic or fabric) risk. The HACCP regulation is of importance to exporters in developing countries, because responsibility is passed all along the production chain. Importers of food products in the EU will be legally held responsible for these products.

Although exporters to the EU are not obliged to have an HACCP system and their system will not be subject to control by the food inspection service in the importing country, the fact that they have an approved HACCP system, or work following a similar principle of quality control, will be a very positive argument in export business. Importers sometimes even require exporters to work with HACCP.

The International Organisation for Standardisation (ISO) developed the ISO 9000 series for quality management and assurance of the production process. The ISO 9000 standards represent an international consensus on the essential features of a quality system. Producers which have obtained an ISO 9000 series certificate possess an important asset. It is a major selling point when doing business in the competitive EU market. Quality, health, safety and environmental management programmes are usually strongly interwoven with the overall ISO management plan. Importers in the EU highly appreciate this production quality guarantee. ISO published the new, thoroughly reviewed version of the ISO 9000 quality standards on December 15, 2000. Everyone/everything which is certified according to the 'old' ISO 9000:1994 series will have to adjust their quality management to the new demands before December 15, 2003. The revisions are

based on eight quality management principles, which reflect best management practices. These are:

- Customer focused organisation
- Leadership
- Involvement of people
- Process approach
- System approach to management
- Continual improvement
- Factual approach to decision making

The revision of the ISO quality management standards includes a significant change to the structure of ISO 9001 and ISO 9004, which are repositioned in four main sections:

- Management responsibility
- Resource management
- Product realisation
- Measurement, analysis and improvement.

Please refer to ISO's Internet site www.iso.ch for up-to-date information and to CBI's publication "Exporting to the European Union" for an overview of all ISO 9000 standards.

Phytosanitary regulations

The phytosanitary certificate has been introduced as a measure for consumer protection. The producer in the exporting country (outside the EU) must guarantee that the product left his country in a healthy condition.

The phytosanitary certificate has to contain the following information:

- number of boxes, cartons or crates;
- name of the product plus the name of the variety;
- net weight;
- country of origin; and
- code according to the European Customs clearance system.

The product to which a phytosanitary certificate applies has to be inspected as to insects and disease, and the certificate has to be legalised by the Food Inspection Authority of the country of origin.

The product may not be introduced in the EU without a phytosanitary certificate. The certificate has to be drawn up in one of the official languages of the EU, and may not be issued more than 14 days before the date on which the product leaves the country.

The regulations related to the phytosanitary certificate were laid down in Council directive 77/93/EEC of 21 December 1976, and amended in 1992/93.

A phytosanitary certificate is necessary for Citrus, Fortunella, Poncirus and their hybrids, originating in countries outside the EU. When importing from non-European countries, a certificate is furthermore compulsory for annona, quince, persimmon, apples,

nectarines, apricots, peaches, mangoes, passion fruit, cherries, plums, guavas, pears, berries, djamboes and blueberries.

Exporters can obtain detailed information about the specific phytosanitary regulations from their national phytosanitary or plant-health institutes. In case more information is needed, national European branch organisations or phytosanitary institutions should be approached.

1.2 Packaging, marking and labelling

1.2.1 Packaging

Packaging is used to protect the produce against mechanical damage and to create a more favourable micro climate. It is another essential factor in determining the product's quality, since it both represents the product and protects it. Special transport packaging is necessary to ensure that fresh fruit and vegetables arrive in perfect condition at their destination. Packaging plays an important role in the retail presentation of the product, but in trading circles packaging has a technical function as well. The box or crate should not only be strong and easy to handle, but also of an eye-catching and attractive design, providing useful information about the contents.



It is possible to distinguish three packaging methods for fresh fruit and vegetable products:

- unpacked** → In self-service stores selling loose goods, the consumer selects, packs, weighs and labels the product. This method of presentation is suitable for products that do not damage easily like apples, citrus fruits, kiwi fruits, melons and pineapples.
- partly packaged** → Products sold either in open trays, open bags or nets, open carrier bags or in open baskets, boxes or crates.
- finished packages** → Sealed nets or bags, sealed carrier bags, trays or baskets sealed in plastic foil, and in closed boxes and crates.

There are no important statutory obligations at European Union level for the packaging of fresh fruit and vegetables. Nevertheless, it is recommended to

comply with the wishes of the importer, who knows the demands of his buyers. This goes for the packaging material, as well as for the sizes of the packaging.

Material

Considering the wide and very differentiated assortment, it is difficult to give a detailed picture of the requirements for the packaging material. Below, some starting points for the determination of the proper packaging material are provided:

- weight of the product
- size of the product (and therefore the size of the package)
- number of products being packed in one carton
- absorbent degree of the package
- ventilation possibilities
- possibility to stack
- appeal
- handling comfort
- environmentally friendly materials

Most important, of course, is that the packaging protects the fruits from damage during handling and transport.

Size

Where the sizes of the packaging are concerned, the general standards, as are common in practice, should be taken into account. One should adapt to the generally accepted sizes of the cartons:

- 60 by 40 cm; and
- 40 by 30 cm

The preference for these sizes has to do with the size of pallets and roll containers, which are used for the distribution of the multifarious vegetable and fruit assortment to the supermarkets.

Sorting

Pre-packed citrus fruit is generally sorted according to diameter size. For oranges, there are 13 sorting groups; for clementines, mandarins, satsumas and tangerines, there are 10 sorting groups and for lemons 8.

Diameter size in mm

| Group | Oranges | Clementines, tangerines, satsumas, mandarins | Lemons |
|-------|--------------------|---|-------------------|
| 0 | > 100 ¹ | – | > 83 ¹ |
| 1 | 87-100 | > 63 ² | 72-83 |
| 2 | 84-96 | 58-69 | 68-78 |
| 3 | 81-92 | 54-64 | 63-72 |
| 4 | 77-88 | 50-60 | 58-67 |
| 5 | 73-84 | 46-56 | 53-62 |
| 6 | 70-80 | 43-52 | 48-57 |
| 7 | 67-76 | 41-48 | 45-52 |
| 8 | 64-73 | 39-46 | 42-49 |
| 9 | 62-70 | 37-44 | |
| 10 | 60-68 | 35-42 | |
| 11 | 58-66 | | |
| 12 | 56-63 | | |
| 13 | 53-60 | | |

¹ Applies to Class III only

² Satsumas, tangerines and mandarins bigger than 63 mm are categorised as follows: nr.1 - x: 63-74 mm; nr.1 - xx: 67-78 mm; nr.1 - xxx; 78 mm and larger

When citrus fruits are pre-packed in rows and/or layers, the difference between the biggest and smallest fruit is not allowed to exceed the following:

| | |
|--|-------|
| oranges | |
| – groups 0 - 2 | 11 mm |
| – groups 3 - 6 | 9 mm |
| – groups 7 - 13 | 7 mm |
| clementines, tangerines, satsumas, mandarins | |
| – groups 1 - 4 | 9 mm |
| – groups 3 - 6 | 8 mm |
| – groups 7 - 10 | 7 mm |
| lemons | 7 mm |

Packaging waste

The European Commission presented the Export Packaging Note in October 1992, in line with the effort of the European Union to harmonise national measures concerning the management of packaging and packaging waste. The packaging note was followed by a Directive in December 1994 (94/62/EC).

The directive emphasises the recycling of packaging material. No later than 30 June 2001, the member states (excluding Ireland, Portugal and Greece) are supposed to reprocess between 50 and 65 percent of the packaging waste.

This reprocessing can take place partly in terms of materials and partly in terms of energy, through energy recovery during combustion.

Member states are allowed to set higher percentages as objectives, as long as the intra-EU trade is not hampered.

The German model, the so-called Dual System, has been the forerunner and has been followed by Belgium, Austria and France. The Netherlands has introduced its own strategy to reduce the amount of waste. Whereas the green dot systems in Germany, Belgium, Austria and France are on an involuntary basis, in The Netherlands there are voluntary agreements between industry and the government.

Exporters in developing countries targeting the European market have to be aware of these agreements and take appropriate measures in order to become or remain interesting trade partners for European businesses. The environmental requirements will be transposed to the exporter. That means that packaging (transport packaging, surrounding packaging and sales packaging) materials should be limited and be re-usable or recyclable. Otherwise, the importer will be confronted with additional costs, thus reducing the competitiveness of the exporter.

Since changes in the environmental policy follow each other at a rapid pace, exporters are advised to ask the importer about the latest regulations and/or requirements related to packaging. For more information about environmental regulations concerning packaging methods, please also refer to CBI's 'Environmental Quick Scan Fresh Fruits and Vegetables' which is available at www.cbi.nl and ITC.

Mixed packaging

In order to stimulate the consumption of exotic fruit, experiments have been made with mix-packing of exotics in recent years. Different exotic products are packed in one carton as saleable units, from which the consumer can make a choice in the shop. Practice teaches that the composition of these exotic-mix cartons can best be made by the importer or wholesaler. It is only in the final distribution link that the mix cartons show advantages. The assembling and shipment of these mixed exotics from the exporting country must be dissuaded, because some fruits do not go together very well. The discharge of ethylene from one fruit accelerates the ripening of the other, while there are also fruits which can influence one another as to taste or smell. An additional disadvantage is formed by the aspect of extra packaging costs, which makes the already relatively expensive exotic product even more expensive.

1.2.2 Labelling

In the case of citrus fruits, the following information has to be included in the label on the packaging:

- *Name, address (code) of the packer/exporter*
- *Name of the product, variety and type (e.g. seedless Clementines)*
- *Country of origin (optional production area)*
- *Class*
- *Sorting*
- *Group number*
- *Number of fruits per row or layer (in case of closed pack)*
- *Preservation method*

Basically, the same kind of information needs to be presented on the label for other fruit and vegetables as well.

Genetically modified products

The Council of the European Union has recently issued a separate labelling regulation for genetically modified foodstuffs, Regulation (EC) 1139/98. Genetically modified products are food products that are made with or are made of genetically modified organisms (GMO) and according to the EU Regulation, genetically modified products have to be labelled as such. This applies to modified foods, ingredients and materials which are used in the production or processing of a food.

For more information about environmental regulations concerning packaging methods, please also refer to CBI's 'Environmental Quick Scan Fresh Fruits and Vegetables' which is available at www.cbi.nl and ITC.

1.3 Trade-related environmental measures

Environmental aspects of products have become a major issue in Europe in recent periods. Depending on the product group in question, environmental aspects may play a vital role in preparing for exports to the European market. Besides governmental actions (legislation and regulation), a strong consumer movement is noticeable especially in the northern parts of the EU (Scandinavia, Germany, The Netherlands and the United Kingdom). "The environment" is more than a trend. It is a lasting issue seen for all products and nowadays even services. Therefore, growers and manufacturers have to view their products and production processes not just by looking at traditional aspects like price, quality, customer demands and standards, but also at the environmental aspects. It is the objective of this section to briefly highlight several aspects that currently play a major role in the EU. Exporters of fresh fruit and vegetables to the EU must be aware of the health and environmental considerations of European customers and try to satisfy

The main principles of biodynamic production are:

- the deliberate stimulation of the vitality of soil, plants and animals, for example by using herbal preparations or organic material;
- the deliberate use of a wide variety of plants;
- a crop rotation programme consisting of soil-building and soil-degrading crops.

For more information, parties can directly contact the Demeter contact point. The address is listed in Appendix 9 of CBI's EU Market Survey 'Fresh Fruit and Vegetables'.

Information

For detailed information about environmental aspects relevant to trade, please refer to the Eco Trade Manual or the Environmental Quick Scan Fresh fruits and vegetables, both which can be obtained from CBI. Information can also be obtained through GreenBuss®, CBI's on-line database for Environment, Trade and Technology.

developing countries are admitted at a reduced tariff and imports from a group of least developed countries at a zero tariff.

The EU Commission has established a new scheme of preferential rights for the period from 1 July 1999 to 31 December 2001. This new scheme has formally been published under Regulation 2820/98/EC in the Official Journal Nr. L 357. It also applies to fresh fruit and vegetables products.

Under the current GSP, which covers the period 1999-2001, the preferential regime includes:

- preferential market access into Europe for industrial and agricultural goods from developing countries, depending on the sensitivity of goods. The 'sensitivity' of goods refers to the degree to which imported products cause, or threaten to cause, serious difficulties to EU producers of similar or directly competing products.

Useful Internet sites

EUR-LEX (*official documents and legislation*)

Environment Directorate General

SKAL

Max Havelaar Foundation

TransFair International

CBI

Greenbuss®

www.europa.int/eur-lex

www.europe.eu.int/comm/environment

www.skal.com

www.maxhavelaar.nl

www.transfair.org

www.cbi.nl

www.cbi.nl/greenbuss

1.4 Tariffs and quota

Access for fruit and vegetables to the European market is regulated through the EU basic regulation EC 2200/96, this regulation covers amongst other things:

- a list of products to which quality standards apply;
- the entry-price system;
- duties.

- special treatment for Least Developing Countries (LDCs), and a grouping of Andean and Central American countries;
- an encouragement regime to stimulate developing countries to establish and implement trade-related social and environment policies.

Customs duties

In general, all goods, including fresh fruit and vegetables, entering the EU are subject to import duties. External trade conditions in the European Union are mostly determined by EU regulations. In the case of fresh fruit and vegetables, the level of the tariffs depends on:

- the country of origin
- the product.

In order to support the export from developing countries, the EU operates the Generalised System of Preferences. Under the GSP scheme of the EU (Regulation 2820/98/EC), imports from a number of

Please refer to Appendix 1 of CBI's EU Market Survey "Fresh Fruit and Vegetables" for a detailed overview of Customs duties per product. For more information about Customs duties and GSP, please contact the European Commission or Customs in the country of destination. For contact details, please refer to www.wcoomd.org/EUROPE.HTM

Banana market regulation

On 1 July 1993, the controversial banana market regulation came into force. As from that moment, importers of traditional 'dollar bananas' (a term referring to bananas originating in Latin America and produced by multinationals like Dole, Chiquita and Del Monte) were only entitled to import up to a limited

amount of bananas into the EU. Since then, the regulation has been revised on several points.

The following tariff quotas apply at the present time:

- a bound quota of 2.2 million tonnes at € 75 duty per tonne;
- an additional autonomous quota of 353,000 tonnes at € 75 duty per tonne.

Non-traditional ACP bananas will have access within these quotas at zero duty. Traditional ACP states are those listed in the Annex to Regulation 404/93.

All imports from those countries in excess of 857,700 tonnes or from other ACP states are regarded as 'non-traditional'.

For imports outside these quotas, the full rate of duty (currently about € 680 per tonne) is applicable except for:

- up to 857,700 tonnes from traditional ACP states, which enter duty-free;
- for all other ACP imports a duty of € 200 per tonne less than the full tariff is applicable.

Regarding the combined third country tariff quota of 2.553 million tonnes, 90.57% is to be allocated to the four substantial supplier countries (i.e. those with a current market share of 10% or more), as follows:

- Ecuador 26.17%
- Costa Rica 25.61%
- Colombia 23.03%
- Panama 15.76%
- Other countries 9.43%

Allocations of licences to importers will be based on their average actual imports in the relevant reference period. For 1999 and 2000, the reference period consisted of the three years 1994-96. No distinction is to be made between ACP and other origins for the purpose of licence allocation.

8% of the licences is to be reserved for 'newcomers', operators who have previously been involved in the fruit and vegetable trade, but who are not traditional importers of bananas. This allocation is intended both to facilitate greater competition through access for new entrants and to help the development of imports of 'Fair Trade' bananas.

At the moment, the current regulation is under review because of a WTO-panel judgement. This may result in considerable changes in EU legislation concerning the imports of bananas.

From the very beginning, there has been a lot of criticism of the regulation. First of all, because an artificial scarcity is created, which pushes up the prices. Secondly, because of the subdivision of the banana trade and the subsequent confusion with regard to the functioning of

the regulation: who will assert the weightiest rights on the import licences for dollar bananas? Thirdly, the regulation discriminates between countries and implies a trade preference for the ACP countries at the expense of the Latin-American countries.

Entry-price system

In principle, the price setting of products in a free market is established on the basis of demand and supply. However, in the EU the price setting for imported fruit and vegetables is regulated following the so-called entry-price system. This system came to replace the reference price system, which set import duties on fruit and vegetables until the end of 1994. The entry-price system became operational on January 1, 1995. The entry-price system establishes an EU entry (i.e. minimum) price. If a product's import price lies under this entry-price, a duty is imposed (depending on the difference between the two prices). The entry-price system applies to tomatoes, apples, lemons, cucumbers and courgettes the entire year and to other products during certain periods.

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

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

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

Table 1.1 lists the products to which the entry-price system applies, together with the periods during which the entry price is effective, the entry price and the maximum tariff equivalent. Please note that the list is not comprehensive but merely indicative.

Table 1.1 Entry prices and maximum tariff equivalent for fresh fruit and vegetables (in €/100 kg/net)

| product | period | entry price | maximum tariff equivalent |
|--|---------------|-------------|---------------------------|
| FRESH VEGETABLES | | | |
| tomatoes | 1/1 – 31/3 | 84.6 | 29.8 |
| | 1/4 – 30/4 | 112.6 | 29.8 |
| | 1/5 – 14/5 | 72.6 | 29.8 |
| | 15/5 – 31/5 | 72.2 | 29.8 |
| | 1/6 – 30/9 | 52.6 | 29.8 |
| | 1/10 – 20/12 | 62.6 | 29.8 |
| | 21/12 – 31/12 | 67.6 | 29.8 |
| cucumbers | 1/1 – end/2 | 67.5 | 37.8 |
| | 1/3 – 30/4 | 110.5 | 37.8 |
| | 1/5 – 30/9 | 48.1 | 37.8 |
| | 1/10 – 10/11 | 68.3 | 37.8 |
| | 11/11 – 31/12 | 60.5 | 37.8 |
| artichokes | 1/1 – 31/5 | 82.6 | 22.9 |
| | 1/6 – 30/6 | 65.4 | 22.9 |
| | 1/11 – 31/12 | 94.3 | 22.9 |
| courgettes | 1/1 – 31/1 | 48.8 | 15.2 |
| | 1/2 – 31/3 | 41.3 | 15.2 |
| | 1/4 – 31/5 | 69.2 | 15.2 |
| | 1/6 – 31/7 | 41.3 | 15.2 |
| | 1/8 – 31/12 | 48.8 | 15.2 |
| FRESH FRUIT | | | |
| oranges | 1/1 – 31/5 | 35.4 | 7.1 |
| | 1/12 – 31/12 | 35.4 | 7.1 |
| mandarins; clementines, wilkins and similar hybrids | 1/1 – end/2 | 64.9 | 10.6 |
| | | 64.9 | 10.6 |
| monreales and satsumas | 1/1 – end/2 | 28.6 | 10.6 |
| | 1/12 – 31/12 | 28.6 | 10.6 |
| mandarins and wilkins | 1/1 – end/2 | 28.6 | 10.6 |
| | 1/11 – 31/12 | 28.6 | 10.6 |
| tangerines | 1/1 – end/2 | 28.6 | 10.6 |
| | 1/11 – 31/12 | 28.6 | 10.6 |
| other citrus hybrids | 1/1 – end/2 | 28.6 | 10.6 |
| | 1/11 – 31/12 | 28.6 | 10.6 |
| lemons | 1/1 – 31/5 | 46.2 | 25.6 |
| | 1/6 – 31/10 | 55.8 | 25.6 |
| | 1/11 – 31/12 | 46.2 | 25.6 |
| grapes | 21/7 – 31/10 | 54.6 | 9.6 |
| | 1/11 – 20/11 | 47.6 | 9.6 |
| apples | 1/1 – 30/6 | 56.8 | 23.8 |
| | 1/7 – 31/12 | 45.7 | 23.8 |
| pears | 1/1 – 30/4 | 51 | 23.8 |
| | 1/7 – 31/7 | 46.5 | 23.8 |
| | 1/8 – 31/10 | 38.8 | 23.8 |
| | 1/11 – 31/12 | 51 | 23.8 |

continued

Table 1.1 Entry prices and maximum tariff equivalent for fresh fruit and vegetables (in E/100 kg/net) *continue*

| | | | |
|-------------------------------|-------------|-------|------|
| apricots | 1/6 – 20/6 | 107.1 | 22.7 |
| | 21/6 – 30/6 | 87.3 | 22.7 |
| | 1/7 – 31/7 | 77.1 | 22.7 |
| cherries | 21/5 – 31/5 | 149.4 | 27.4 |
| | 1/6 – 31/7 | 125.4 | 27.4 |
| | 1/8 – 10/8 | 91.6 | 27.4 |
| peaches and nectarines | 11/6 – 20/6 | 88.3 | 13 |
| | 21/6 – 31/7 | 77.6 | 13 |
| | 1/8 – 30/9 | 60 | 13 |
| plums | 11/6 – 30/9 | 69.6 | 10.3 |

Source: *Official Journal of the EU, 18 October 2000*

The value of parties which are imported under 92 percent is not relevant to the amount of the maximum tariff equivalent. The amount of this penalty is fixed, regardless of whether the import value is 91 percent or 60 percent. In most cases, the tariff equivalent amounts to a significant percentage of the entry price. Consequently, the value of the imported product can be raised far above the entry price, making the price of the product less competitive. During the first years in which the new system was operational, most entry prices were lower than the former reference prices. However, during specific periods, the entry prices of certain products are higher than the reference prices.

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

Special safeguard clause

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

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

The full details of the entry-price system can be found in the European Commission's Directive number 3223/94, dated 24 December 1994, published in the official journal of the European Union (see Appendix 10 for address). The most important amendments can be found in the journals dated 26 June 1995 and 19 September 1996, whereas the latest amendment can be found in the journal dated 15 July 1998.

Value Added Tax (VAT)

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

Table 1.2 VAT rates (in %) applied to foodstuffs in the EU, May 2000

| | Zero Rate | Super Reduced Rate | Reduced Rate | Standard Rate |
|-----------------|-----------|--------------------|--------------|---------------|
| Belgium | – | – | 6 | 21 |
| Denmark | – | – | – | 25 |
| Germany | – | – | 7 | 16 |
| Greece | – | – | 8 | – |
| Spain | – | 4 | 7 | – |
| France | – | – | 5.5 | 19.6 |
| Ireland | 0 | 4.2 | 12.5 | 21 |
| Italy | – | 4 | 10 | – |
| Luxembourg | – | 3 | – | – |
| The Netherlands | – | – | 6 | – |
| Austria | – | – | 10 | – |
| Portugal | – | – | 5/12 | 17 |
| Finland | – | – | 17 | – |
| Sweden | – | – | 12 | 25 |
| United Kingdom | 0 | – | – | – |

0 = zero rate (exemption with refund of tax paid at preceding stage)

Source: DGXXI, European Commission (2000)

1.5 Terms of the trade

A contract is not necessarily a document. If two parties agree on something verbally, this verbal agreement is a contract according to most European laws. However, since in the case of a verbal contract it is very difficult to prove that something in particular has been agreed upon, the agreement should be confirmed in writing. For more information on the terms of trade, please also refer to UNCTAD's "Documentary Risk in Commodity Trade". Contact details of UNCTAD are listed in Appendix 9 of the EU Market Survey 'Fresh Fruit and Vegetables'.

1.5.1 The contract

Details which must be mentioned in a contract are:

1. The contract parties: The seller, the buyer, the broker and/or buying/selling agent. Of course all names and addresses must be correctly spelled.
2. The product, price and quality of the product are sufficiently specified, so that no misunderstandings can arise.
3. The quantities must of course be mentioned. If the buyer and the seller agree to more or less than the agreed quantity, this has to be specifically mentioned.
4. The delivery terms are mentioned according to the description specified in the Incoterms 2000 (please refer to www.iccwbo.org/home/incoterms/the_thirteen_incoterms.asp).
5. The payment terms must be spelled out in detail.
6. The delivery time is a vital piece of information on which the seller and the buyer will have to agree.
7. Packaging details, including measurements and weights.
8. If one of the parties has negotiated special conditions, this has to be mentioned in the contract.
9. What will be done if the two parties disagree with each other? To which arbitration court / district will they turn?

Trading relations between exporter and importer are based on trust and can only be built up by meeting the high expectations of the importer. If an importer finds that the product does not meet his expectations, this will immediately backfire on the business relationship with the exporter.

1.5.2 Payment methods and delivery terms

The determination of payment conditions for a regular export transaction is part of the package of negotiations between seller and buyer, who actually have more or less opposing interests. The seller wants to have the largest possible guarantee of financial coverage for the goods he has to supply according to his sales contracts. The buyer wants to be sure about availability, quantity and quality of the goods he buys, before he pays the agreed price.

After deduction of the commission and expenses for handling, transport etc., importers or agents generally transfer payment within 30 days. A Letter of Credit is common practice, but is often considered cumbersome and prevents the option of retaining the money if the consignment does not prove to be as good as expected. When relations are established, cash against documents (CAD) is also a method used. However, clean payments are the most commonly used payment method in the fresh fruit and vegetable sector. After the sale is concluded, the importer can determine the levy with the Customs, and pay a deposit. If the products are not imported within two months after this has been done, the fixed levy is no longer valid anymore and the importer loses his deposit. This means that on-time delivery is vitally important. Another possibility for the importer is to pay the current levy at Customs clearance.

General methods and terms of payment

Clean payment

The process is fast and reliable, depending on the credit worthiness of the importer. The bank carries out the transactions through swift electronic data system and the transfer costs are not very high.

Documents against payment (D/P)

Also known as cash against documents (CAD). The buyer takes possession of the goods only after payment. Although this method is not very popular, it is very safe and the costs amount to one pro mille. One can also make use of a 'documents against acceptance of a bill of exchange'. However, the bill of exchange is not commonly used in the European Union and it does not guarantee that the bill will be paid; it is less secure than the D/P.

Letter of Credit (LC)

The irrevocable LC is very often used in the beginning of a business relationship when the importer and exporter do not know each other very well yet. The LC is irrevocable and will always be paid. The costs are higher when compared to the D/P method, namely five pro mil. This method is widely used in the European Union when dealing with exporters from outside Europe.

Bank guarantee

The buyer's bank will present a bank guarantee for the amount of the invoice.

Cheques

Bank guaranteed cheques are generally not a problem though cashing may take some time, up to six weeks. Not all personal cheques are accepted.

Payment on consignment basis

Payment on consignment basis is mostly used in the trade of perishable products, for example fresh fruit and vegetables. The products are sold at a predetermined price after a mutually appointed arbitrary person (General Super Intendance Company (GSC)) has controlled the quantity, quality and other aspects of the products at the moment of acceptance/sale. If the products do not meet the conditions as described in the contract, the contract is not valid and, depending on the conditions of the contract, prices are generally adjusted. An open account is used to make the payment after 14 days as from acceptance/sale.

It is recommended that quotations to European customers should be made on a CIF basis. However, supplier and importer are free to negotiate and agree whether quotations and subsequent trade are based on CIF or FOB prices.

Most common delivery terms:

- **FOB (Free On Board):** The buyer arranges for transportation and insurance. FOB must specify the port of departure.
- **CFR (Cost & Freight):** The exporter pays the freight, the buyer arranges for the insurance.
- **CIF (Cost, Insurance & Freight):** The exporter pays the freight and the insurance.

1.5.3 Business practice

Assuming that the exporter has prepared himself well at home by studying the market possibilities, the next step for an exporter who wishes to enter the European Union market is to select potential trade partners. In Appendix 11, names, addresses, telephone and fax numbers can be found of relevant importers in the European Union. When the exporter has pre-selected a number of potential trade partners, the next step is to communicate by mail, fax, e-mail or telephone.

When corresponding by mail, documentation on both the company and the corresponding products, and if applicable information on quality certificates, should be sent in English or in the national language and in full detail. It is best to quote prices (FOB or CIF) in US\$, always remembering that the exchange rate between the US\$ and the European currencies varies, influencing the eventual prices at the moment of the transaction. Due to the fluctuating exchange rate it is strongly advised not to guarantee product prices over an extended period of time, but to quote the price linked to date and exchange rate. Regarding the final price of the product, transactions must always be subject to a final confirmation. This avoids problems with fluctuating exchange rates.

A business trip to Europe can be the next step. This allows the exporter to establish direct and personal business contacts with the prospective partners. At the same time it is possible to compare price, quality, varieties and packaging in the market place.

Besides that, customs, habits and tradition are often problems which arise in business contacts, even after both partners have carried out sound preliminary investigations. European importers of fresh fruit and vegetables are careful in their selection of a supplier. Furthermore, they are characterised by a no-nonsense (straight-to-business) approach. In some cases this may lead to a culture shock for exporters from developing countries.

The following list is a summary of points which can be the key to success when dealing with firms in the EU:

- correspondence is important, since it is the presentation of your company and should be as correct, accurate and neat as possible;
- business comes first;
- consistency, punctuality, reliability and honesty are very important. Be honest and direct about delivery times, quality and production capacity. If necessary, the EU partner can offer assistance in order to improve your shortcomings either directly or through the assistance of a third party. It will increase your credibility and possibly allow for long-term export agreements;
- appointments are always made prior to any visit. Once an appointment is made it is final (in case of delay, inform the company as soon as possible).

Exporters dealing with EU importers should be willing to adapt to importers' requirements.

A survey run among importers revealed the following list of problems frequently encountered when doing business with exporters from developing countries; appropriate solutions are also suggested.

bad communication with the supplier

- ☛ telephone, fax, e-mail and Internet are indispensable.

delayed replies

- ☛ answer any question as soon as possible, if not straight away, at least let the importer know you are working on the answer to his question;

late delivery

- ☛ make sure you can deliver on time, never exaggerate your capacity. In case of delay, inform promptly and state the reason;

product quality not meeting specification

- ☛ investigate product improvement possibilities if necessary, but never ship poorer quality goods than those demanded and agreed upon;

high exporters' margins

- ☛ adopt a positive attitude towards long-term relations instead of incidental exports, even if it leads to smaller margins. Quote realistic prices;

bad packaging

- ☛ research packaging problems (mutually) to reduce transportation costs and improve product quality and appearance;

violating exclusive rights clause in contract

- ☛ never try to breach your contract by selling to other trade partners. You will find that you may lose both partners, since the market is highly organised.

1.6 Promotion

1.6.1 Trade fairs and other fora

Europe's main fresh fruit and vegetables trade fair is the biennial 'AGF-Totaal', which is held in Rotterdam, The Netherlands in the month of September in uneven years (2001, 2003 etc.). The fair is well known in Europe as an international promotional platform, and a meeting point for the entire trade in fruit and vegetables. Participants are exporters, importers, wholesalers, selling and promotion organisations, as well as suppliers of technical equipment for the fruit and vegetable trade.

The most important targets for the participating companies from developing countries are:

- establishing personal contacts with buyers;
- promotion of fresh tropical and off-season fruit and vegetables;
- European market orientation.

Please refer to Appendix 6 of CBI's EU Market Survey 'Fresh Fruit and Vegetables' for contact details of the trade fair organisers.

| Trade fair | Where? | When? | What? |
|----------------|-------------------------------|----------------------|--|
| IFE | London, United Kingdom | 22-28 March 2001 | International food and drink exhibition |
| AGF-Totaal | Rotterdam, The Netherlands | 17-19 September 2001 | International promotional platform for the fruit and vegetable trade |
| Anuga | Cologne, Germany | 13-17 October 2001 | Food and drink industry |
| Fruitlogistica | Berlin, Germany | 17-19 January 2002 | International Trade Fair for Fruit and Vegetable Marketing |
| Alimentaria | Barcelona, Spain | 4-8 March 2002 | International food and beverages exhibition |
| ROKA | Utrecht, The Netherlands | 10-13 March 2002 | Food and drink exhibition |
| SIAL | Paris, France | 20-24 October 2002 | Trade exhibition for the food industry |

1.6.2 Trade press

The following are the main (inter)national trade magazines which are of relevance for exporters of fresh fruit and vegetables to the EU. Please refer to Appendix 7 of CBI's EU Market Survey 'Fresh Fruit and Vegetables' for contact details of the publishers.

the EU, for the gathering of information about the market and for identifying potential trade partners. Contact details of Trade Promotion Organisations and other organisations, which can be of assistance in entering the European Union market, can be found in Appendix 8 and Appendix 5 of CBI's EU Market Survey 'Fresh Fruit and Vegetables'.

| Magazine | Country | Language | Topics |
|---------------------------|-----------------|---------------------------------------|--|
| L'Echo | France | French | fresh fruit and vegetables |
| Eurofruit | United Kingdom | English (sections in other languages) | European market for fresh fruit and vegetables |
| FLD | France | French | fresh fruit and vegetables, distribution |
| Foodnews | United Kingdom | English | preserved and fresh fruit and vegetables |
| Fresh Produce Journal | United Kingdom | English | fresh fruit and vegetables |
| Fruchthandel | Germany | German | fruit and vegetables trade |
| Fruitrop | France | French, English | preserved and fresh fruit and vegetables |
| International Fruit World | Switzerland | English | 4x annually, fresh fruit and vegetables |
| Primeur | The Netherlands | Dutch, French | fresh fruit and vegetables |
| Valencia Fruits | Spain | Spanish | fresh fruit and vegetables |
| Vakblad AGF | The Netherlands | Dutch | trade in fresh fruit and vegetables |

1.6.3 Assistance with market entry

Before approaching organisations abroad, an exporter should first check with the local trade promotion organisations, Chambers of Commerce and foreign representatives in his/her country whether the information required is readily available. There is a great number of organisations in the EU and in other European countries which are important in the field of general representation, promotion and public relations activities for exporters from developing countries.

Trade Promotion Organisations

In most EU countries, there are organisations which promote imports from developing countries through specific export promotion programmes. The services of Trade Promotion Organisation can include:

- information:
 - statistics and publications about the national market
 - regular news bulletins
 - databases of importers
 - product market opportunities
- individual assistance:
 - management training
 - product testing/exhibitions
 - product adaptation services
- establishing contacts:
 - collective trade fair missions
 - selling missions.

Branch organisations / trade organisations

In some European countries (or at EU level) producers and wholesalers are organised in branch organisations. These organisations can be of use to new exporters to

2 Marketing guidelines

This Chapter offers a 'Business Guide' or checklist for exporters wishing to engage in exporting fresh fruit and vegetables to the European market. The Business Guide aims to facilitate exporters in formulating their own market and product strategy, through a methodology of analysis and ready-to-fill-in frameworks.

This Business Guide consists of three parts:

- 1. Product profiles, in which a selection of products will be highlighted.**
- 2. A market opportunity analysis to determine the suitable sales market(s) and the suitable sales channel(s) for fresh fruit and vegetables**

Market opportunity analysis:

1. Country evaluation
2. Sales channel assessment
3. Company assessment
4. Supply and demand comparison

- 3. A checklist for building up a trading link**

Building up a trading link:

1. Reviewing the products and the product range
2. Identifying a suitable trading partner
3. Drawing up an offer
4. Handling the contract
5. Sales promotion

Statistical market information on consumption, production and trade, and information on trade structure and prices and margins, which is required for the ready-to-fill-in frameworks in the 'Business Guide', can be found in the EU Market Survey 'Fresh Fruit and Vegetables'. The market survey also includes contact details of importers, trade associations, and other relevant organisations.

2.1. Product profiles

| PRODUCT PROFILE LYCHEES | | |
|---|---|---|
| 1. Product name: lychee (<i>Litchi Sinensis sonnerat of the Sapindaceae family</i>) | | main varieties: Mauritius or Kwaï Mi other varieties: Mac Lean, Tai So |
| 2. Market requirements: <u>European quality standards:</u> non-existing, except for the general minimum criteria for imported fruit and vegetables into the EU (EC 2200/96). <u>Minimum labelling:</u> <ul style="list-style-type: none">– Identification (name and address) of the exporter and/or packer– Nature of the produce (if not visible from outside)– Name of the variety– Origin of the produce– Class– Size (stating the maximum and minimum weight)– Fruit count <u>Specific:</u> <ul style="list-style-type: none">– “Treated with Sulphur Anhydride” or “Preserved with Sulphur Anhydride” <u>Packaging:</u> <ul style="list-style-type: none">– 2 kg net box, telescopic carton or with rabas, dimensions: 200 x 300 x 120 mm– 4 kg net box, telescopic carton or with rabas, dimensions: 300 x 400 x 120 mm <u>Import regulation</u> (besides the general information stated in Section 1.4): Non-tariff barrier: Maximum Anhydride sulphur residue level is 10 mg/kg of flesh and 250 mg/kg of shell <u>Relevant import documents:</u> <ul style="list-style-type: none">– AWB or Bill of Loading– commercial invoice in case of fixed price term– TD2L form for the French territories (DOM-TOM)– EUR 1 form for ACP countries– FORM A for the other countries | 3. Market structure: <u>Consumption calendar:</u> main period : December-January, second period: November/February-March third period: May to August <u>Average prices:</u> <ul style="list-style-type: none">– by sea: prices between 1 €/Kg and 3 €/Kg– by air: prices between 4 €/Kg and 5 €/Kg <u>Market trends:</u> Lychees are becoming a mass product, widely distributed through the multiples’ channels during the peak season (December-January). The main European market is France (mainly supplied by Madagascar and South Africa), followed by the UK (South Africa, Thailand, Australia and India). | 4. Main suppliers: Local EU production, except for Spain with its experimental production in the South, is negligible. The leading supplying countries of lychees are Madagascar, South Africa, Thailand, Israel, Mauritius and Réunion. |
| 5. How to improve the quality: <u>Harvesting:</u> Since no further ripening is possible after picking, lychees should be harvested fully ripe. Placed in harvest boxes, they are transported to the packing house. After harvest, lychees are highly perishable and deteriorate fast. They are very susceptible to darkening, de-hydration and to rot development. In the packing house, they are clipped off the stem, sorted, packed in the definitive box and pre-cooled. In the case of fumigation treatment with sulphur (according to the origins) applied after the first grading, they must be re-graded, packed and pre-cooled for exportation. <u>Packaging:</u> Generally, the lychees are packed in bulk in 2 or 4 kg cartons. Some outlets, however, demand lychees exported on the stem or in 250g punnets in 4 kg cartons. <u>Storage:</u> Fumigation treatment with sulphur strongly increases the lychees’ shelf life. In some cases, this treatment can temporarily give the shell a new coloration (yellowish, orange). The colour, however, will recover its original colour when exposed to fresh air. For an optimal shelf life (more than 1 month), the cold chain should not be interrupted. During storage and transport, the temperature should be kept between +2°C and +4°C. A relative humidity of 85 to 90% and a good ventilation are recommended. <u>Transport:</u> Air transport is preferred at the beginning of the export season and for long distances. In the case of sea transport, refrigerated containers or reefer vessels are used. | | |

PRODUCT PROFILE MANGOES

1. Product name: mango
(*Mangifera Indica L. of the Anacardiaceae family*)

Asian varieties: Alphonso, Kesar, Sindhri, Langra, Toyapuri, Chausa, Dusmeri, Caraball, Pico, Arumani
African varieties: Amelie, N'gowe, Apple, Ruby, Heidi, Boribo
Caribbean varieties: Julie, Graham, Palwie
Other varieties: Mabrouka, Bocado, Rosa, Ataulfa

2. Market requirements:

European quality standards: non-existing, except for the general minimum criteria for imported fruit and vegetables into the EU (EC 2200/96).

Standard:

There are two references for mango:

- World standard of Codex Alimentarius (Stan 184-1993)
- UN/ECE standard FFV-45

Explanatory leaflets facilitating the common interpretation of standards from UN/ECE have been published by the OECD (1993).

The mainstream trade requires fruits weighing 350 to 500 grams, bright coloured (yellow/red/orange), with a good flesh/wastage ratio, fibreless, without turpentine smell, but juicy and aromatic. The ethnic markets, especially in UK, prefer smaller fruits, highly coloured, often with superior taste and flavour.

Packaging:

No real packaging standard exists, although a 4 kg net box (30 x 40 x 10 cm) is common. Cartons are telescopic or single piece folding. Some African suppliers use 5kg boxes.

Minimum labelling:

- Identification (name and address) of the exporter, packer and/or dispatcher
- Nature of the produce if the contents are not visible from outside
- Name of variety
- Origin of produce
- Class
- Size expressed as the minimum and maximum weight
- Number of fruit

Documentation required:

- Air-way Bill or Bill of Loading
- Phytosanitary certificate from the country of origin
- EUR 1 for ACP countries for Customs tax exemption
- FORM A for the other countries
- commercial invoice in case of fixed price terms

3. Market structure:

Consumption calendar:

Mangoes are supplied all year round. During the late summer (August/September) and in February, supplies are less than during the winter season (November/December) and May (with West African supplies). The heaviest supply period is from May to June. The main importing European countries are: The Netherlands, the United Kingdom, Belgium, Germany, Portugal and Spain. Portugal is one of the biggest consumer markets for mangoes in Europe. On the other hand the leading import country, The Netherlands, re-exports most of the imports to other European countries (Germany or Scandinavia).

Market trends:

Mango is one of the tropical fruits which has experienced a tremendous development in recent years. One of the main reasons is the shift from air to sea freight with bulk deliveries at competitive prices.

The mainstream demand is for fruits of count 8 and 10 or smaller size (12) per 4 kg carton. Coloured mangoes (floridian types) are preferred to the green varieties (Amelie type). Other varieties from India, Caribbean or Kenya are more in demand by the ethnic markets in the UK and in other European countries (e.g. Netherlands).

4. Main suppliers:

Local production:

Orchards exist in Spain covering about 800 ha with an estimated production of 1,000 to 1,500 tonnes a year. Main varieties: Sensation (main export), Keitt, Tommy Atkins and Manzanilla.

Import calendar:

Brazil: September to February
Côte d'Ivoire: March to July
South Africa: December to May
USA: March to November
Mexico: May to November
Venezuela: March to September

5. How to improve the quality:

Mangoes should be harvested carefully avoiding shocks and mechanical bruising. The stalk-cutting operation also has to be done carefully. The sap must not touch the fruit because sap-stain develops easily. Where Anthracnose disease is likely to be a problem, a well managed pre-harvest fungal spray programme is necessary and a post-harvest hot-water fungal dip may also be desirable. Fruit fly infestation can be controlled by an integrated pest control programme and a hot water bath at harvest. It is important for exporters to note that chemicals used post harvest should comply with EU Maximum Residue Level (MRL) regulation. Recommended storage temperature is between +10 and +12°C with a relative humidity of 90% to 95%. The temperature during the transport must be between +8 and +10°C.

PRODUCT PROFILE PAPAYAS

1. Product name: papaya / pawpaw (*Carica-papaya*)

Existing varieties: Solo 8, Sunrise, Waimanalo, Amazon red

2. Market requirements:

European quality standards: non-existing, except for the general minimum criteria for imported fruit and vegetables into the EU (EC 2200/96). Good commercial practice is required, i.e. clean, healthy fruit, free from traces of latex. The UN/ECE standards apply.

Minimum labelling:

- Identification (name and address) of exporter, packer and/or dispatcher
- Nature of the produce if the contents are not visible from outside
- Name of variety
- Origin of produce
- Commercial identification: class, size, number of units, net weight

Packaging:

Papayas should be packed in single layers with a protective lining. In Côte d'Ivoire, a basal lining of cotton link is placed in the carton. In Jamaica and Ghana, fruits are protected by individual paper wrapping or cells or by expanded poly-sleeves. In Malaysia, plastic form sheeting is needed. Carton inserts should only be used if required by the market. Size grades are expressed in the number of fruits per box and can vary from 6 to 16. The fruits are often individually wrapped and laid diagonally in the box. Boxes may be telescopic, single-piece, folding (with or without top flaps); typical dimensions are 310 x 410 x 110 mm

Documentation for import:

- AWB or Bill of Loading
- commercial invoice in case of fixed price term
- EUR 1 form for ACP countries
- FORM A for the other countries

3. Market structure:

Although the consumption and the imports are increasing, compared to the main tropical fruits papaya consumption (25 kg per capita) and imports are still moderate.

The biggest consumption markets in Europe are The Netherlands (supplied by Costa Rica), Germany (Costa Rica, Hawaii), UK (Jamaica and Brazil) and France (Côte d'Ivoire and Spain) representing 75 to 90 percent of the total EU consumption.

Most imported into the EU are: Solo, Sunrise, Amazon red and small production of Taiwan varieties in Trinidad for UK ethnic market.

At retail level, multiples represent an increasing market share.

They demand certain quality standards: firmness, good shelf life and ability to withstand handling by shoppers. Papaya has some handicaps: its fragility, the sea transport technology is not yet mastered, critical maturity, short storage life, lack of knowledge of the product by consumers and retailers.

Finally, this product does not seem to have a strong appeal to many European consumers. The taste is not sufficiently distinctive (particularly when sold unripe).

4. Main suppliers:

Spain is the only EU country that grows papayas (Canary Islands). Besides for domestic consumption, papayas are also exported (mainly to France).

The European market is mainly supplied by Brazil and Côte d'Ivoire, followed by Jamaica, Costa Rica, Malaysia and Ghana.

5. How to improve the quality:

Harvesting: Papayas must be picked at first colour-break. They ripen badly if picked too green and deteriorate rapidly if picked too ripe. The fruit is very sensitive to various bacterial, viral and fungal diseases and fruit flies can damage the appearance of the fruit and its organoleptic quality.

Storage: The recommended temperature for short periods to ripen slowly is +15°C or +16°C with a relative humidity of 85 to 90%. For longer storage of two to three weeks, the temperature should be kept between +10°C and +12°C and relative humidity between 85 and 90%. In any event, a temperature of below +10°C can be harmful to the fruit.

PRODUCT PROFILE PINEAPPLES

1. Product name: pineapple (*Ananas Comosus Merr, of the Bromeliaceae family*) **Main varieties:** Cayenne: Smooth Cayenne, Champaka (grown in Latin America), MD2 or Extra sweet (grown in Costa Rica). Spanish: Red Spanish (grown in the Caribbean) Queen: Queen Victoria (grown in the Indian Ocean area) Pernambuco: Perolera (grown in South America) Mordilonus - Maipure

The following information mainly applies to the Cayenne varieties or hybrids (Smooth cayenne, Champaka, MD2...). Products such as Queen Victoria qualify more for niche markets (available from October to January)

2. Market requirements:

European quality standards: non-existing, except for the general minimum criteria for imported fruit and vegetables into the EU (EC 2200/96).

Codex standards: existing, but have undergone changes. The amendments proposed regard, among others, provisions concerning colouring, sizing, and packaging. To fill this 'standard gap' most exporting countries have set up their own standards which by and large concur with UN/ECE standard layout.

Packaging:

No special specifications for packaging apply. Exporters use the international standards for packaging. This leads to two main types of packages:
– fruit in standing position (air transport)
– fruit in lying position (sea transport)

3. Market structure:

Consumption calendar: Although pineapples are available all-year long, there are import peaks at Easter and at Christmas.

Average prices: Prices fluctuate according to the means of transport, the origin and the size of the fruit.

In general:

- by sea, the prices are between 0.5 and 0.65 €/Kg (ex quay)
- by air, the prices are between 1.4 and 1.7 €/Kg (C&F)

Market trend: There is a small downward trend on European markets. Latin American countries are taking over part of the African supply.

4. Main suppliers:

Pineapples are produced by floral induction, therefore, Smooth Cayenne varieties are available all year long.

European local production is weak and mostly located in Martinique (France). Côte d'Ivoire is the leading supplier to the European market, followed by Costa Rica, Ghana, Dominican Republic, Brazil, Honduras.

5. How to improve the quality:

Harvesting:

The product should be harvested at the right moment (generally at a brix value of 13). The fruit should not be too acid (i.e. too young) and not too sweet (i.e. advanced ripening state). For varieties such as Smooth Cayenne, colour is another important factor, although this may lead to some poor results. For this reason, the M1, M2, etc. grading system is more and more being replaced by another system. This new system, based on colour and non-related to ripeness, has 5 levels of colouring from C0 to C4.

Since pineapples are very fragile, they cannot be picked mechanically. To avoid internal damages that can lead to rotting, the fruit should be handled with care at all stages.

Transportation:

Two means of transportation:

- by Air: mostly used in case of low tonnage (the cost of the fruit is higher)
- by Sea: mostly used by the leading suppliers (better prices)

Due to unfavourable price trends, air-shipped pineapples are losing market shares.

Temperature storage:

The sooner the fruit is in pre-cooling condition, the better the quality is preserved during transport. Levels of storage are determined by the moment when the fruit is picked and by the means of transportation used.

- Fruit transported by sea: not be stored below 12° C
- Fruit transported by air: not to be stored below 7°C.

In any case, the temperature in the cold storage facility should not be allowed to vary by more than 1°C.

PRODUCT PROFILE ASPARAGUS

1. Product name: asparagus (*asparagus officinalis*)

other varieties: Mac Lean, Tai So

Classified in four groups according to colour: 1 white asparagus 2. Violet asparagus (having tips of a colour between pink and violet or purple) 3. Green asparagus (having the tips and a part of the shoot green) 4. Green-purple asparagus

2. Market requirements:

European quality standards: non-existing, except for the general minimum criteria for imported fruit and vegetables into the EU (EC 2200/96).

Quality requirements: Shoots must be: whole, fresh in appearance and fresh smelling, sound, free from damage by rodents or insects, practically unbruised, clean (practically free from each soil or any other dirt), free from any undue external moisture (adequately 'dried' if they have been washed), free from foreign smell or taste.

Minimum labelling:

Identification of the exporter and/or packer

Nature of the produce

(asparagus followed by the indication white, green etc. and where appropriate the indication short or tips)

Origin

Class: Shoots in 'class I' must be well formed, they may be slightly curved. With regard to the normal characteristics of the group to which they belong, their tips must be compact. For the 'white' asparagus group, the tips may be slightly coloured before cutting and a faint pink tint appearing on the shoot after cutting is allowed, provided these colourations disappear after cooking. In the white asparagus group, no woody shoots are allowed.

Size: shoots are sized by length and diameter.
By length: above 17 cm for long asparagus, between 12 and 17 cm for short asparagus, under 12 cm for asparagus tips
By diameter: the diameter of shoots shall be measured at the mid-point of their length. The minimum diameter and the sizing of class I shoots (in one bundle) shall be:
White asparagus: length 22 cm max. diameter 10-16 mm, > 16 mm (+10 mm) e.g. 16-26 mm, or 17-27 mm.
Green asparagus: length 27 cm max., diameter 6-12 cm, > 12 cm (+8 cm) e.g. 12-20 mm, or 13-21 mm.

Packaging: In bundles (firmly bound) of 500 g, 1 kg or 2 kg. Shoots on the outside of each bundle must correspond in appearance and size with the average of the whole bundle. Shoots must be of uniform length, each bundle may be protected by paper.

3. Market structure:

Supply calendar:

Jan-April:

imports from outside Europe
i.e. Peru, Mexico

May-July:

European production

Nov-Dec:

imports from outside Europe
i.e. Peru, Mexico

Market trends:

Asparagus is becoming a year round product. Increasing popularity amongst consumers (retailers) and restaurants. Germany is the main market for asparagus in the EU.

4. Main suppliers:

The main European suppliers are The Netherlands, Spain, Greece, France, Italy and Germany. The leading supplying countries outside Europe are Peru, Thailand and Mexico.

continued

5. How to improve the quality:Harvesting:

Harvested before the shoots can emerge, using a special asparagus knife. This approach yields shoots at least 25 cm long. Care must be taken not to injure other, still buried shoots. In order to harvest asparagus shoots with a compact tip and white or slightly purple in colour, they should be cut twice a day. If cutting is only performed once a day, some tips of the remaining shoots may open and change colour very quickly. Green asparagus is cut before the scale-like leaves of the tips separate, since a closed -non-flowering- tip is regarded as a sign of high quality.

After harvesting, asparagus should be immediately deposited at collection sites in the shade, and as soon as possible placed in cold, clean water.

Post harvesting:

Washing and treatment with cold water. Hydro-cooling should be employed.

Packaging:

Besides the packaging to protect the produce during transport and distribution, consumer packs are becoming more popular.

Storage:

It is essential to keep the asparagus cool at all logistic stages. There should also be a high relative humidity in the cooling-room (95% or above). The asparagus should be protected by covering it with moist cloths or bags of perforated plastic sheets to keep it from drying out. The storage temperature should be kept between 0° and 2° C. Temperatures below 0°C should be avoided.

Asparagus already begin to freeze at -0.8°C.

Transport:

Air transport is preferred. Transport to the airport in refrigerated trucks. The interruption of cooling will cause irreversible damage.

In the case of sea transport, the use of refrigerated containers with controlled atmosphere is essential.

2.2 Market analysis

In this section, a market opportunity analysis is conducted through a methodology of ready-to-fill-in frameworks. The analysis consists of four parts:

1. **Country evaluation**, to identify suitable countries and markets for selling fresh fruit and vegetables.
2. **Sales channel assessment**, to estimate the requirements of potential sales channels in respect to product standards, logistics and marketing.
3. **Company assessment**, to assess your company's performance in respect to product standards, logistics and marketing.
4. **Supply and demand comparison**, to compare the requirements of the sales channels with your own company performance, in order to identify the most suitable sales channel(s).

The basic questions a future exporter has to ask himself are:

- Is there a market for my products?
- Can I reach this market?
- Can I offer my product at an acceptable and competitive price?

2.2.1 Country evaluation

The country evaluation helps to quickly determine particularly attractive markets. Exporters can complete the ready-to-fill-in framework for each country to which they intend to export. Markets are assessed on five criteria:

1. Market potential
 2. Product standards
 3. Trade situation
 4. Export conditions
 5. Exporting experience
- There are three possible answers to each question, which are awarded 1, 2 or 3 points each. If there is no exact answer to a question, it should always be awarded 2 points, to avoid distorting the statistics of the overall results.
 - The points awarded for each criterion and the total points awarded are entered in a table for the final results.
 - The total points awarded give a ranking for the markets analysed (top ranking for the country with the highest number of points, etc.).
 - Finally, the markets can be evaluated relatively (ranking) and absolutely (each market individually), in order to assess the opportunities and constraints within each market.

| Subject evaluated | points |
|--|--------|
| 1 Market potential | |
| 1.1 What is the estimated market size for fresh fruit and vegetables? | |
| <input type="checkbox"/> large (3 pts.) <input type="checkbox"/> average (2 pts.) <input type="checkbox"/> small (1 pt.) | — |
| 1.2 How has the market volume developed during the last 3-5 years? | |
| <input type="checkbox"/> grown(3 pts.) <input type="checkbox"/> unchanged (2 pts.) <input type="checkbox"/> declined (1 pt.) | — |
| 1.3 How have imports of fresh fruit and vegetables developed during the last 3-5 years? | |
| <input type="checkbox"/> grown(3 pts.) <input type="checkbox"/> unchanged (2 pts.) <input type="checkbox"/> declined (1 pt.) | — |
| Evaluation of the market for fresh fruit and vegetables | — |
| <i>continued</i> | |

| Subject evaluated | points |
|---|--------|
| 2 Product standards | |
| 2.1 What standards are set on the quality of fresh fruit and vegetables? | |
| <input type="checkbox"/> low standards (3 pts.) <input type="checkbox"/> medium (2 pts.) <input type="checkbox"/> high standards (1 pt.) | — |
| 2.2 To what degree are regulations in force? | |
| <input type="checkbox"/> low (3 pts.) <input type="checkbox"/> medium (2 pts.) <input type="checkbox"/> high (1 pt.) | — |
| 2.3 How high are the standards demanded on packaging methods? | |
| <input type="checkbox"/> low (3 pts.) <input type="checkbox"/> medium (2 pts.) <input type="checkbox"/> high (1 pt.) | — |
| 2.4 How high is the demand on environmentally sound production methods ? | |
| <input type="checkbox"/> low (3 pts.) <input type="checkbox"/> medium (2 pts.) <input type="checkbox"/> high (1 pt.) | — |
| Evaluation of product standards | — |
| 3 Trade situation | |
| 3.1 How high is the demand for new suppliers? | |
| <input type="checkbox"/> large (3 pts.) <input type="checkbox"/> average (2 pts.) <input type="checkbox"/> small (1 pt.) | — |
| 3.2 How many producers (sellers) are there in the country concerned? | |
| <input type="checkbox"/> few (3 pts.) <input type="checkbox"/> average (2 pts.) <input type="checkbox"/> many (1 pt.) | — |
| 3.3 What is the average price level for fresh fruit and vegetables? | |
| <input type="checkbox"/> high (3 pts.) <input type="checkbox"/> medium (2 pts.) <input type="checkbox"/> low (1 pt.) | — |
| 3.4 Is there a clear trade structure allowing for easy identification of trade partners? | |
| <input type="checkbox"/> very clear (3 pts.) <input type="checkbox"/> rather clear (2 pts.) <input type="checkbox"/> not at all (1 pt.) | — |
| Evaluation of the trade situation | — |
| 4 Export conditions | |
| 4.1 Are there import restrictions that limit sales opportunities? | |
| <input type="checkbox"/> none (3 pts.) <input type="checkbox"/> few (2 pts.) <input type="checkbox"/> many (1 pt.) | — |
| 4.2 How high are the import duties? | |
| <input type="checkbox"/> low (3 pts.) <input type="checkbox"/> average (2 pts.) <input type="checkbox"/> high (1 pt.) | — |
| 4.3 To what degree is the domestic industry subsidised? | |
| <input type="checkbox"/> not at all (3 pts.) <input type="checkbox"/> somewhat (2 pts.) <input type="checkbox"/> strongly (1 pt.) | — |
| 4.4 Can I reach the market easily (cost of freight)? | |
| <input type="checkbox"/> competitive (3 pts.) <input type="checkbox"/> possible (2 pts.) <input type="checkbox"/> difficult & expensive(1 pt.) | — |
| Evaluation of export conditions | — |
| 5 Exporting experience (of potential exporter) | |
| 5.1 What is the level of information available on this market? | |
| <input type="checkbox"/> high (3 pts.) <input type="checkbox"/> average (2 pts.) <input type="checkbox"/> low (1 pt.) | — |
| 5.2 Do (or did) trade relations exist with the country concerned? | |
| <input type="checkbox"/> yes, at present (3 pts.) <input type="checkbox"/> yes, in the past (2 pts.) <input type="checkbox"/> no, never (1 pt.) | — |
| 5.3 Is language a problem? | |
| <input type="checkbox"/> not at all (3 pts.) <input type="checkbox"/> somewhat (2 pts.) <input type="checkbox"/> very much (1 pt.) | — |
| Evaluation of exporting experience | — |
| Total evaluation of the individual market | — |

| points | appraisal |
|--------|--|
| 18-29 | Either there are certain difficulties in trading with these markets or countries, or their attraction rating is under-average. Examine individual cases to see whether special circumstances might have a positive effect on trade with some markets or countries. |
| 30-41 | These markets or countries have an average attraction for trade. Examine individual low-rating criteria to see whether, in special cases, they might have a decisive influence on building up a trading link. |
| 42-54 | These markets or countries are highly attractive. Building up or expanding trade relations could prove to be worthwhile. |

2.2.2 Sales channel assessment

After evaluating the prospective countries and markets, the particular sales channels within these markets must be assessed. After assessment of the performance of your own company (next section), comparison of the requirements of the sales channels with your company's performance will enable you to identify the most suitable sales channel(s) (Section 2.2.4).

Each sales channel is appraised on three criteria:

1. Product standards
2. Logistics
3. Marketing

The final evaluation of the sales channels takes place after the evaluation of your own company performance.

| 1 Product standards | | | |
|---|--|---|--------------------|
| 1.1 What quality standards does this sales channel demand? | | | |
| <input type="checkbox"/> low | <input type="checkbox"/> average | <input type="checkbox"/> high | |
| 1.2 What package sizes does this sales channel demand? | | | |
| <input type="checkbox"/> no specific | <input type="checkbox"/> standard packaging | <input type="checkbox"/> specific sizes | |
| | sizes: | | |
| | | | |
| | | | |
| 1.3 What packing materials does this channel demand? | | | |
| <input type="checkbox"/> not specific | <input type="checkbox"/> specific packing: | | |
| 1.4 What are the requirements of this sales channel regarding production techniques, maximum residue levels and certification? | | | |
| <input type="checkbox"/> no special requirements | <input type="checkbox"/> country-specific regulation | | |
| 1.5 What product groups does this sales channel demand? | | | |
| <input type="checkbox"/> no specific requirements | <input type="checkbox"/> specific requirements: | | |
| | not required | required | products required: |
| apples/pears | <input type="checkbox"/> | <input type="checkbox"/> | |
| berries | <input type="checkbox"/> | <input type="checkbox"/> | |
| stone fruit | <input type="checkbox"/> | <input type="checkbox"/> | |
| tropical and subtropical fruit | <input type="checkbox"/> | <input type="checkbox"/> | |
| beans & peas | <input type="checkbox"/> | <input type="checkbox"/> | |
| asparagus | <input type="checkbox"/> | <input type="checkbox"/> | |
| capsicum | <input type="checkbox"/> | <input type="checkbox"/> | |
| courgettes | <input type="checkbox"/> | <input type="checkbox"/> | |
| eggplants | <input type="checkbox"/> | <input type="checkbox"/> | |
| sweet maize | <input type="checkbox"/> | <input type="checkbox"/> | |
| tropical and subtropical vegetables | <input type="checkbox"/> | <input type="checkbox"/> | |
| specialities | <input type="checkbox"/> | <input type="checkbox"/> | |
| etc. | | | |
| <i>continued</i> | | | |

2 Logistics

continue

2.1 How often does this sales channel normally require deliveries?

- seldom (approx. once a week) average (approx. 2-3 times a week) often (more than three times a week)

2.2 What formalities does this channel demand from the exporter?

- none complete shipping documents without Customs declaration
 complete shipping documents including Customs declaration

3 Marketing

3.1 Where do negotiations for this sales channel take place?

- in the producer country in a third country:
 in the country of destination

3.2 Which persons influence business contacts in this sales channel?

- head of company/general buyer product group buyer sales manager marketing manager

3.3 How often does this sales channel expect a personal visit from the exporter?

- seldom between once a year and once per 2 years more than once a year

3.4 What cycles of delivery does this channel demand?

- none seasonal emphasis equally distributed throughout the year

3.5 What lot sizes are demanded by this channel?

| | not required | lowest quantity | normal quantity |
|-------------------------------------|--------------------------|-------------------|-------------------|
| apples/pears | <input type="checkbox"/> | kg per year | kg per year |
| berries | <input type="checkbox"/> | kg per year | kg per year |
| stone fruit | <input type="checkbox"/> | kg per year | kg per year |
| citrus fruit | <input type="checkbox"/> | kg per year | kg per year |
| tropical and subtropical fruit | <input type="checkbox"/> | kg per year | kg per year |
| beans & peas | <input type="checkbox"/> | kg per year | kg per year |
| asparagus | <input type="checkbox"/> | kg per year | kg per year |
| capsicum | <input type="checkbox"/> | kg per year | kg per year |
| courgettes | <input type="checkbox"/> | kg per year | kg per year |
| eggplants | <input type="checkbox"/> | kg per year | kg per year |
| sweet maize | <input type="checkbox"/> | kg per year | kg per year |
| tropical and subtropical vegetables | <input type="checkbox"/> | kg per year | kg per year |
| specialities | <input type="checkbox"/> | kg per year | kg per year |
| etc. | | | |

3.6 What sales support material is necessary for business contacts with this sales channel?

- none price list sales statistics
 sales brochure campaign brochure

3.7 What promotional material is necessary in this sales channel for the further sale of the products?

- none product information
 special packaging and/or packaging size
 product samples and/or sample packs
 special marking: bar-codes
 other:
.....

3.8 Which references are needed to guarantee my payment?

- none usual strong references

3.9 Which are the usual methods of payment? (see Section 1.5.2)

- letter of credit document against payment other:

3.10 Which are the usual terms of payment? (see Section 1.5.2)

- FOB CFR CIF

2.2.3 Company assessment

In order to identify the most suitable sales channel(s) for your company in the paragraph below, it is important to evaluate your company's performance on the same three criteria as applied in the sales channel assessment:

1. Product standards
2. Logistics
3. Marketing

| | | | |
|---|--|---|---|
| 1 Product standards | | | |
| <hr/> | | | |
| 1.1 What quality standards does your product fulfil? | | | |
| <input type="checkbox"/> low | <input type="checkbox"/> average | <input type="checkbox"/> high | |
| 1.2 What package sizes and materials do you use? | | | |
| <input type="checkbox"/> standard sized | <input type="checkbox"/> specific sizes: | | |
| | | | |
| | | | |
| 1.3 What packaging materials do you use? | | | |
| <input type="checkbox"/> none | <input type="checkbox"/> usual ones | <input type="checkbox"/> specific packing: | |
| 1.4 What requirements on production techniques do you fulfil? | | | |
| <input type="checkbox"/> no special requirements | <input type="checkbox"/> sales country-specific regulations | | |
| 1.5 How comprehensive is your product range in each product group? | | | |
| | not produced | one variety | several varieties |
| apples/pears | <input type="checkbox"/> | <input type="checkbox"/> | |
| berries | <input type="checkbox"/> | <input type="checkbox"/> | |
| stone fruit | <input type="checkbox"/> | <input type="checkbox"/> | |
| citrus fruit | <input type="checkbox"/> | <input type="checkbox"/> | |
| tropical and subtropical fruit | <input type="checkbox"/> | <input type="checkbox"/> | |
| beans & peas | <input type="checkbox"/> | <input type="checkbox"/> | |
| asparagus | <input type="checkbox"/> | <input type="checkbox"/> | |
| capsicum | <input type="checkbox"/> | <input type="checkbox"/> | |
| courgettes | <input type="checkbox"/> | <input type="checkbox"/> | |
| eggplants | <input type="checkbox"/> | <input type="checkbox"/> | |
| sweet maize | <input type="checkbox"/> | <input type="checkbox"/> | |
| tropical and subtropical vegetables | <input type="checkbox"/> | <input type="checkbox"/> | |
| specialities | <input type="checkbox"/> | <input type="checkbox"/> | |
| etc. | | | |
| <hr/> | | | |
| 2 Logistics | | | |
| <hr/> | | | |
| 2.1 How often are you able to deliver? | | | |
| <input type="checkbox"/> seldom (approx. once a week) | <input type="checkbox"/> average (approx. 2-3 times a week) | <input type="checkbox"/> often (more than three times a week) | |
| 2.2 What formalities does this channel demand from the exporter? | | | |
| <input type="checkbox"/> none | <input type="checkbox"/> complete shipping documents without Customs declaration | | |
| | <input type="checkbox"/> complete shipping documents including Customs declaration | | |
| <hr/> | | | |
| 3 Marketing | | | |
| <hr/> | | | |
| 3.1 Where do you hold your sales negotiations? | | | |
| <input type="checkbox"/> in the producer country | <input type="checkbox"/> in a third country: | <input type="checkbox"/> in the country of destination | |
| 3.2 Which persons do you know who influence business contacts? | | | |
| <input type="checkbox"/> head of company/ general buyer | <input type="checkbox"/> product group buyer | <input type="checkbox"/> sales manager | <input type="checkbox"/> marketing manager |
| <hr/> | | | |
| <i>continued</i> | | | |

3.3 How often do you visit your customers personally?

- seldom between once a year and once per 2 years more than once a year

3.4 What cycles of delivery apply to your products?

- none seasonal emphasis equally distributed throughout the year

3.5 What quantities do you generally produce?

| | not produced | lowest quantity | normal quantity |
|-------------------------------------|--------------------------|-------------------|-------------------|
| apples /pears | <input type="checkbox"/> | kg per year | kg per year |
| berries | <input type="checkbox"/> | kg per year | kg per year |
| stone fruit | <input type="checkbox"/> | kg per year | kg per year |
| citrus fruit | <input type="checkbox"/> | kg per year | kg per year |
| tropical and subtropical fruit | <input type="checkbox"/> | kg per year | kg per year |
| beans & peas | <input type="checkbox"/> | kg per year | kg per year |
| asparagus | <input type="checkbox"/> | kg per year | kg per year |
| capsicum | <input type="checkbox"/> | kg per year | kg per year |
| courgettes | <input type="checkbox"/> | kg per year | kg per year |
| eggplants | <input type="checkbox"/> | kg per year | kg per year |
| sweet maize | <input type="checkbox"/> | kg per year | kg per year |
| tropical and subtropical vegetables | <input type="checkbox"/> | kg per year | kg per year |
| specialities | <input type="checkbox"/> | kg per year | kg per year |
| etc. | | | |

3.6 What sales support material is available for your product?

- none price list sales brochure
 campaign brochure

3.7 What promotional material is available for the further sale of the products?

- none product information
 special packaging and/or packaging size
 product samples and/or sample packs
 special marking
 other:
.....

3.8 What is my financial availability for meeting the proposed terms of payment?

- good acceptable insufficient

3.9 Which are my usual methods of payment? (see Section 1.5.2)

- letter of credit document other:
against payment

3.10 Which are my usual terms of payment? (see Section 1.5.2)

- FOB CFR CIF

2.2.4 Determining the most suitable sales channel(s) and opportunities for strategic alliances

Using the checklists in the previous sections, you can now compare the corresponding checklists of the sales channel assessment and the company assessment, so as to identify the most suitable sales channel(s) for your products.

- Use the table below to record the number of answers for each sales channel which agree with one another and those that do not.
- The sums of corresponding and non-corresponding answers show which sales channel is the most suitable. Non-corresponding answers represent problems that must be solved, before you can sell your products through a particular sales channel.

| | | conditions agree | conditions disagree |
|----------|---|----------------------------|----------------------------|
| 1 | Product standards | | |
| 1.1 | Quality standards | <input type="checkbox"/> | <input type="checkbox"/> |
| 1.2 | Package size | <input type="checkbox"/> | <input type="checkbox"/> |
| 1.3 | Packaging materials | <input type="checkbox"/> | <input type="checkbox"/> |
| 1.4 | Production techniques | <input type="checkbox"/> | <input type="checkbox"/> |
| 1.5 | Product range | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 | Logistics | | |
| 2.1 | Delivery frequencies | <input type="checkbox"/> | <input type="checkbox"/> |
| 2.2 | Formalities | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 | Marketing | | |
| 3.1 | Place of negotiations | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.2 | Decision-makers | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.3 | Frequency of visits | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.4 | Delivery cycles | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.5 | Quantities required | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.6 | Sales support material | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.7 | Sales support material for further sale | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.8 | Guarantee | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.9 | Payment terms | <input type="checkbox"/> | <input type="checkbox"/> |
| | agree | conditions disagree | conditions disagree |
| | Number of answers | | |

2.3 Building up a business relationship

The Business Guide for building up a trading link consists of five sections:

- 1. Reviewing the products and the product range:**
 - (a) specifying range, width and depth;
 - (b) specifying the product characteristics;
 - (c) packaging design.
- 2. Identifying a suitable trading partner:**
 - (a) filling out a contact exchange form; and
 - (b) evaluating the information.
- 3. Drawing up an offer:**
 - (a) drawing up a general offer;
 - (b) drawing up a specific offer; and
 - (c) general remarks.
- 4. Handling the contract:**
 - (a) contract terms; and
 - (b) contract fulfilment.
- 5. Sales promotion:**
 - (a) advertising and communication;
 - (b) sales organisation; and
 - (c) participation in trade fairs
 - (d) Internet.

2.3.1 Reviewing the products and the product range

(a) Specifying range, width and depth

Definition

A product range consists of several product groups (range width), each with several different products (range depth). **One product** can consist of **several varieties**, depending on size, quality, colour, etc.

Example:

- A product range consists of tropical and subtropical products (**range width**).
- The products for sale are kiwi fruits and melons (**range depth**).
- The kiwi fruit **varieties** are 'Hayward' and 'Abbot'

Reasoning

A supplier can only select a suitable business partner if he/she knows exactly what range he/she can offer. A precise review of the product range, therefore, aims at identifying the most **suitable** candidate(s) out of the many **potential** customers.

(b) Specifying the product characteristics

Enter in the following list all products you produce, together with their varieties. Furthermore, state their colour, size, the period in which you are able to supply and the packaging method:

(c) Packaging

Special transport packaging is necessary to ensure that fresh fruit and vegetables arrive in perfect condition at their destination. Unsuitable packaging often causes damage to the product. The packaging design should take the following into account:

| product | variety/treatment | supply period | packaging | availability |
|---------------------|--------------------------|----------------------|-------------------------------------|---------------------|
| example: kiwi fruit | 'Hayward' extra large | all year | 300 x 400 mm cardboard (one-way) | 500 kg weekly |
| example: melons | Honey Dew | November to February | 600 x 400 mm plastic (two-way) | 5 tonnes per season |

Special remarks:

- The reviews must enable potential customers to make an appraisal of your complete product range.
- The reviews must therefore always be kept up-to-date.
- The products and the range should be flexible so that adjustments and changes can be made, if the need arises.

- Proper storage and transport
- Standard packing sizes
- Environmentally friendly materials
- Attractive and sales-promoting design

The following questions aim at assisting you in designing your packaging:

Proper storage and transport

(1) Have your importers ever complained about the quality of your products?

Possible causes:

- unsuitable packaging material
- unclean packaging
- insufficient ventilation during transport
- too many products in each packaging
- wrong climatic conditions (cooling) during transport

(2) Do you use individual packages for different fruit and vegetable species?

Reasoning:

- Different species need varying amounts of ventilation and air circulation.
- Some varieties must travel upright, others lying down, etc.
- Some products need more space inside the package than others (i.e. different quantities per packaging unit).

(3) Do your importers use special transport packaging?

Reasoning:

- Perhaps you could use this special transport packaging as well.
- You may also be able to make use of the importer's packaging know-how.

Standard packing sizes

(1) Does your importer use standard sizes?

Reasoning:

- Using the wrong package size can have a negative effect on your business.

(2) Do you use the package sizes 300 x 400 mm or 600 x 400 mm? If you also use pallets, are their sizes 1,000 x 1,200 mm or 800 x 1,200 mm?

Reasoning:

- These are the usual sizes in international fresh fruit and vegetable transport.

Environmentally friendly materials

(1) Fully recyclable packages must be used when trading with certain business partners. When doing so, please observe the following:

- Use cardboard and avoid plastic wherever possible.
- Colouring materials, used for printing on the cartons, should not be harmful to the environment.
- Use glue that does not harm the environment or no glue at all.
- Do not use metal clips for the cartons.
- Avoid waxed boxes or any combined packaging materials.

Attractive and sales-promoting design

(1) In many cases, fresh fruit and vegetables stay in the transport package until they reach the retail level.

In those cases, your package design should therefore be attractive (printing colours, etc.) and have a sales-promoting effect.

Reasoning:

- A suitable design attracts more customers' attention.
- A suitable design helps customers to recognise your products.
- Therefore, a suitable design can have a sales promotion effect.

2.3.2 Identifying a suitable trading partner

Definition

Among the many potential customers, you must identify those who match your own company profile and product range and are therefore most suited for building up a trading link.

Check your potential buyers' financial status, credibility.

At the end of the identification phase, the supplier should have selected the names and addresses of suitable trading partners.

(a) Contacting one or more sources of information

In the **producer country**:

- The foreign-trade chamber of commerce of the country of destination.
- The Economic Affairs departments of the official representative (Embassy or Consulate) of the country of destination.

In the **country of destination**:

- Trade promotion organisation
- Trade associations
- Your own country's public and private trade promotion bodies
- Your own country's diplomatic and consular representatives
- Chambers of commerce
- Trade fair organisers (catalogues)

Points of attention:

- Many sources of information only answer written inquiries!
- As a general rule: a concise but detailed inquiry improves the chances of precise identification.

(b) Evaluating the information

Evaluate the names and addresses you receive, using the following criteria:

- Is the information complete?
 - full address;
 - telephone and fax number;
 - name of the person to contact.
- Is the importer active in the country you have selected?
- Does the importer focus his activities on the corresponding product groups?
- Do I have enough sound information about the reliability of this partner?

Using these criteria, draw up a priority list of the contact addresses you have received.

2.3.3 Drawing up an offer

There are two different kinds of offers:

1. a general offer;
2. a specific offer.

(a) drawing up a general offer

- The purpose of a general offer is to make the first contact with potential trading partners with whom the supplier is not yet personally acquainted.
- A general offer consists of sending a short profile of your own company and a summary of your product range.
- In a personal letter, briefly introduce your company and tell what you have to offer.

(b) drawing up a specific offer

A specific offer is legally binding for a certain period of time. You must therefore be capable of fulfilling the terms of contract. You should make up a specific offer only when you know the business partner personally or after you have made the initial contact.

When sending a specific offer, it should consist of two parts:

(1) written offer:

- Name of the person responsible in your company;
- Exact description of the goods offered (preferably using an internationally valid quality standard specification);
- Price of the goods offered in accordance with the Incoterms 2000 (ICC publication; if applicable, split up by delivery quantities or quality); and
- Possible delivery date and terms of delivery.

(2) product samples:

- Product samples must correspond to the goods available for delivery (if they do not, this can have a lasting negative effect on business relations);
- State the treatment methods used (if possible, provide quality certificates from an internationally recognised inspection organisation and send a reference list of existing customers).

(c) General remarks

Recommendable action for both kinds of offer:

- A telephone call to ask whether the offer (and the samples, if applicable) has/have arrived.
- An invitation to visit your company.
- Possibly propose a visit to the country of destination. In that case:
 - If necessary, hire an interpreter.
 - Ask your own consulate or other intermediaries for assistance.

2.3.4 Handling the contract

When handling the contract, you should consider the terms and the fulfilment:

(a) Contract terms:

- Conclude the delivery conditions according to international guidelines (e.g. Incoterms 2000)
- Particularly when delivering for the first time, it is usual to deliver the goods free on commission and freight-paid.

(b) Contract fulfilment:

- Procure the delivery documents in good time.
- Comply strictly with all parts of the supply agreement.
- If you cannot comply with any part of the agreement (e.g. delivery delays or quality problems), inform the customer clearly and in good time, ask if he is prepared to accept this unforeseen deviation.
- Co-operate on a partnership basis and seek a common solution even if conflicts arise.
- Fulfilling the contract should have a high priority, particularly when delivering for the first time.

2.3.5 Sales promotion

Sales promotion measures relate to developing and expanding the following:

- customer relations;
- supply quantities.

Developing customer relations:

- Take good care of existing customers. This includes for example expressions of thanks to business partners, regular information on the product range, etc.
- Brochures on your company and the product range can be useful for promoting sales.
- Ask existing customers for letters of reference. Such recommendations are particularly important when approaching new initial contacts.

Expanding supply quantities:

- In some cases, you may be able to increase supply quantities to existing customers.
- The product range should be guided by the demand. Changes to the product range may become necessary.
- If you can increase the present quantities produced, you could look for new sales outlets.
- You can use your existing export experience to trade with other importing countries.
- Always answer a letter of inquiry. If you cannot supply this contact, say so, explaining that you will get in touch with him if/when the supply situation changes.

(a) Advertising and communication

Definition

Advertising refers to communication measures with the aim of increasing the sales of your products. The prerequisites for successful communication measures are:

| | | |
|--------------------------------|---|--|
| A clearly defined target group | → | “Who buys my products?” |
| A well-formulated message | → | “What do I want to tell the customer?” |

Costs and dispersion losses

Two parameters are used to measure the costs of any communication measure:

| | | |
|------------------|---|---|
| Cost per contact | → | “How much does it cost to convey the message to one target company/person?” |
| Total costs | → | “How much does the whole campaign cost?” |

It must be borne in mind that not all messages sent actually reach the addressees (target persons). The costs for messages that do not reach the right addressee are called dispersion losses.

| Measures \ Criteria | Target group | Amount of planning and co-ordination | Cost per contact | Total costs | Dispersion losses |
|--|---|--------------------------------------|------------------|-------------|-------------------|
| Standard printed matter (letterheads etc.) | Existing customers | + | + | + | + |
| Telephone and mailing campaigns | Existing and potential customers (known by name) | ++ | ++ | ++ | + |
| Advertising in trade journals | Existing and potential customers (partly unknown) | ++ | ++ | ++ | ++ |
| Promotion through an Internet site | Existing and potential customers (partly unknown) | +++ | + | ++ | + |

+++ = high

++ = medium

+ = low

Recommendations

It is advisable to commence with communication measures which only require a small amount of planning and co-ordination, such as revising the company's standard printed matter:

- Standardise all **printed paper** used outside the company (letterheads, visiting cards, fax form, etc.).
- Prepare long-term **sales documentation** (company brochure, product range reviews, etc.).
- Prepare product-specific **sales folders**.

If your company has an Internet site, you can make sales documentation and folders available electronically. By making sales documentation available electronically, you can reduce the amount of printed documentation you need to send, as well as the related costs.

Constant, prompt and reliable communication is a vital prerequisite for maintaining a long term business relationship with a customer.

(b) Sales organisation

The term "sales organisation" refers to the organisational system that carries out the sales of the company's products and pursues quality control. A sales organisation usually consists of office personnel and a field force.

Organising sales

Business with partners overseas is often concluded on the telephone, by fax or by e-mail. A well-functioning sales department is therefore an absolute prerequisite for successful market participation.

- The essential tool used in the sales department is a detailed and up-to-date customer database. The customer data base contains the following information:
 - Basic data on the customer (e.g. long-term data such as name, address, telephone number, e-mail, etc.);
 - Changing data on the customer (data resulting from business with the customer such as telephone calls, offers, sales statistics, etc.).
- The customer database gives a sales person a quick review of the most important customer data when planning to contact the customer whether by telephone, fax or e-mail.
- If possible, the customer database should be computerised, because this simplifies changes, updating, sorting and selection procedures, etc. If computerisation is not possible, the customer data should be kept on file cards (see samples).

| Office personnel | Field force |
|--|--|
| <ul style="list-style-type: none">• Handling correspondence• Handling offers and orders• Issuing forwarding instructions• Issuing and checking invoices• Controlling schedules• Keeping customer records• Expediting product samples• Keeping sales statistics• Evaluating markets• Dispatching goods• QUALITY CONTROL | <ul style="list-style-type: none">• Selling• Visiting customers• Presenting new products• Discussing and implementing campaigns• Discussing listings• Holding yearly reviews with customers• Implementing selling prices |

Customer Data Sheet

Company:

| | |
|---------------------|---|
| Company: | Customer No. :_..... |
| Street: | Customer class*: <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C |
| P.O. Box: | First contact date: __/__/__ |
| Postal code: | Sales person: |
| Town: | Customer type: |
| Country: | (agent, importer, manufacturer) |
| Tel.: | Sales last year: |
| Fax: | Sales planned this year: |
| E-mail: | Method of payment: |
| Internet: | Delivery conditions: |
| Bank | Remarks: |
| Bank address: | |
| Account No: | |

Business partners:

| | | | | |
|---|-----------------|-------------------|-------------|---------------|
| 1 | Title: | First name: | Name: | E-mail: |
| | Function: | Tel.: | Fax: | |
| 2 | Title: | First name: | Name: | E-mail: |
| | Function: | Tel.: | Fax: | |
| 3 | Title: | First name: | Name: | E-mail: |
| | Function: | Tel.: | Fax: | |
| 4 | Title: | First name: | Name: | E-mail: |
| | Function: | Tel.: | Fax: | |

* Classify customers by importance to your company (sales, quality of relation, etc).

Customer contact record

| Date | Contact person | Topic / Offer | Contract |
|------|----------------|---------------|----------|
| | | | |
| | | | |
| | | | |
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| | | | |

| Carrier | Value | Multi-media | Interactivity | Multi-lingual | Capacity | Compatibility | Penetration of market | Price |
|----------------|--------------|--------------------|----------------------|----------------------|-----------------|----------------------|------------------------------|--------------|
| Diskette | | ++ | ++ | ++ | -- | + | ++ | + |
| Video | | - | -- | -- | + | -- | ++ | 0 |
| CD-rom | | ++ | ++ | ++ | + | ++ | + | - |
| DVD | | ++ | ++ | ++ | ++ | - | -- | -- |
| Hard disc | | ++ | ++ | ++ | ++ | ++ | ++ | 0 |
| Internet | | + | ++ | ++ | ++ | ++ | + | + |

DVD: Digital Versatile Disc

++ very good; + good; 0 reasonable; - average; -- poor

Source: CBI News Bulletin, No. 263, March 1999

CBI puts you in touch with the markets of Europe

CBI is the Centre for the Promotion of Imports from developing countries, an agency of the Netherlands Ministry of Foreign Affairs. Since its establishment in 1971, CBI operates within the policy framework set by the Minister for Development Co-operation. CBI's main objective is to contribute to the economic independence of selected developing countries by assisting enterprises and trade promotion organizations (TPO's) in developing their export capabilities and promoting their exports of non-traditional goods and services to the European Union (EU). CBI also assists importers in the EU with the import of products and services from developing countries.

CBI offers various programmes and services to its target groups:

Market information

- CBI News Bulletin (6 times annually);
- CBI guide "Exporting to the European Union";
- Market surveys and strategic marketing guides covering the EU including The Netherlands;
- Quick scans on environmental, social and health issues;
- Manuals on subjects such as technical and environmental regulations, trade fair participation, Fashion Forecast etc.;
- CBI's extensive Web site at www.cbi.nl providing general information about CBI, details about CBI programmes, CBI publications (downloadable free-of-charge) and the GreenBuss® database on European trade-related environmental policy and technology;
- CBI's Trade Documentation Centre offering supply-related information to importers, such as exporters' directories, country and sector information, periodicals from developing countries, and - to visiting exporters - demand-related information such as market information, trade magazines, address books of European companies etc.

Matching services

CBI's computerized exporters' and importers' databases, containing around 3,500 regularly updated company profiles, are instrumental in providing buyers and suppliers with relevant company data on potential trade partners.

Export promotion programmes (EPP)

Step-by-step approach providing intensive assistance to selected exporters in developing countries in order to obtain a firm and lasting position on the EU market.

Made to measure, demand-driven and flexibility are combined with fixed elements such as:

- pre-selection of candidates based on written documentation;
- technical assistance during company visits and distance guidance by CBI branch experts;
- export marketing training (for instance through the EXPRO seminars);
- market entry (for instance via participation in European trade fairs);
- market consolidation by way of follow-up support, further technical assistance and/or repeat market entry activities.

Human resources development

- TPO MARKET INTEL: five-day seminar in Rotterdam for relevant middle management staff of TPO's, aiming at supporting TPO's in establishing or improving a Market Information Service (MIS);
- CAPITA: two-week seminar in Rotterdam for specific industry & trade associations. Aims to provide - through their associations - specific industries or sectors in developing countries with tools to engage in business relations with importers and/or manufacturers in the EU;
- TPO-FAME: two-week seminar in Rotterdam for project managers of TPO's focussing on practical knowledge and applicable tools in export promotion to international markets in general and the European market in particular;
- IntFair: two-week seminar in Rotterdam for TPO staff members on the organization of collective participation in European trade fairs;
- EXPRO: seven-day seminar in Rotterdam on export marketing and management for selected exporters participating in a CBI export promotion programme;
- Workshops in developing countries: 2-4 days for TPO's and/or exporters, focussing on general export marketing and management, a specific product sector or on specific subjects.

Multilateral co-operation

CBI co-operates with the International Trade Centre (ITC/WTO) to globalize trade promotion and with other European import promotion organizations to increase efficiency and effectiveness by combining efforts.

Please write to us in English, the working language of the CBI.

Centre for the Promotion of Imports from developing countries
Centrum tot Bevordering van de Import uit de ontwikkelingslanden

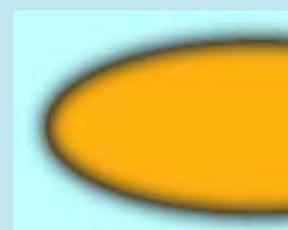
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