Trade Development Challenges in Europe and Asia-Pacific
Trade Development Challenges in Europe

Jan Vincent Rieckmann, MBA

August Töpfer & Co.
Germany
Overview

- Almond Shipments
  - Export destinations
  - Changes in export markets i.e. market share
  - Growth in export markets

- European Market
  - Consumption / growth
  - Imports / trans-shipments
  - Trade barriers

- Conclusion

- Discussion Q&A
Export destinations CY 2002-2011
## Export markets CY 2002-2011

### Change of market share of export destinations CY 2002-2011

<table>
<thead>
<tr>
<th>Region</th>
<th>CY 2002</th>
<th>CY 2011</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>59%</td>
<td>38%</td>
<td>-1%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>6%</td>
<td>17%</td>
<td>+12%</td>
</tr>
<tr>
<td>Europe</td>
<td>26%</td>
<td>40%</td>
<td>-19%</td>
</tr>
<tr>
<td>Middle East/Africa</td>
<td>9%</td>
<td>5%</td>
<td>+8%</td>
</tr>
</tbody>
</table>

- **Americas**: 59% in CY 2002, 38% in CY 2011, **-1%** change.
- **Asia Pacific**: 6% in CY 2002, 17% in CY 2011, **+12%** change.
- **Europe**: 26% in CY 2002, 40% in CY 2011, **-19%** change.
- **Middle East/Africa**: 9% in CY 2002, 5% in CY 2011, **+8%** change.
## Growth export markets CY 2002-2011

<table>
<thead>
<tr>
<th>Destination</th>
<th>Growth total</th>
<th>Growth average p.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>75.4 %</td>
<td>6.8 %</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>192.3 %</td>
<td>14.3 %</td>
</tr>
<tr>
<td>Europe</td>
<td>30.4 %</td>
<td>3.4 %</td>
</tr>
<tr>
<td>Middle East/Africa</td>
<td>260.7 %</td>
<td>17.9 %</td>
</tr>
</tbody>
</table>
European imports / growth CY 2002-2011

average growth 3.4 %
### EU imports – examples West Europe

<table>
<thead>
<tr>
<th>Destination</th>
<th>Imports</th>
<th>%</th>
<th>Population</th>
<th>%</th>
<th>lbs/head</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>156,988,456</td>
<td>33%</td>
<td>45,958,000</td>
<td>12%</td>
<td>3.4</td>
</tr>
<tr>
<td>Germany</td>
<td>116,523,755</td>
<td>25%</td>
<td>81,305,000</td>
<td>21%</td>
<td>1.4</td>
</tr>
<tr>
<td>Italy</td>
<td>45,272,670</td>
<td>10%</td>
<td>60,221,000</td>
<td>15%</td>
<td>0.8</td>
</tr>
<tr>
<td>Netherlands</td>
<td>38,795,451</td>
<td>8%</td>
<td>16,531,000</td>
<td>4%</td>
<td>2.3</td>
</tr>
<tr>
<td>France</td>
<td>28,305,965</td>
<td>6%</td>
<td>62,616,000</td>
<td>16%</td>
<td>0.5</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>24,514,429</td>
<td>5%</td>
<td>61,838,000</td>
<td>16%</td>
<td>0.4</td>
</tr>
<tr>
<td>Belgium</td>
<td>22,856,863</td>
<td>5%</td>
<td>10,789,000</td>
<td>3%</td>
<td>2.1</td>
</tr>
<tr>
<td>Denmark</td>
<td>9,209,584</td>
<td>2%</td>
<td>5,529,000</td>
<td>1%</td>
<td>1.7</td>
</tr>
<tr>
<td>Greece</td>
<td>8,903,521</td>
<td>2%</td>
<td>11,283,000</td>
<td>3%</td>
<td>0.8</td>
</tr>
<tr>
<td>Sweden</td>
<td>8,440,898</td>
<td>2%</td>
<td>9,302,000</td>
<td>2%</td>
<td>0.9</td>
</tr>
<tr>
<td>Switzerland</td>
<td>5,987,733</td>
<td>1%</td>
<td>7,731,000</td>
<td>2%</td>
<td>0.8</td>
</tr>
<tr>
<td>Norway</td>
<td>5,680,059</td>
<td>1%</td>
<td>4,827,000</td>
<td>1%</td>
<td>1.2</td>
</tr>
<tr>
<td>Portugal</td>
<td>1,845,000</td>
<td>&lt; 1%</td>
<td>10,632,000</td>
<td>3%</td>
<td>0.2</td>
</tr>
<tr>
<td>Finland</td>
<td>1,325,962</td>
<td>&lt; 1%</td>
<td>5,338,000</td>
<td>1%</td>
<td>0.2</td>
</tr>
</tbody>
</table>
## European trans-shipments

<table>
<thead>
<tr>
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<th>Imports</th>
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Spain is the biggest importer of almonds in the EU and biggest producer of abc’s in the EU and major supplier to European industry.

Netherlands
Rotterdam is the biggest port in the EU and therefore port of entry for many goods.

Belgium
Antwerp is also one of the big ports and used for transshipment also to Germany, France and other countries.
Below table shows German trans-shipments 2002-2011.

- 2011 approx. 12 % of the imports were re-exported / trans-shipped.

<table>
<thead>
<tr>
<th>Year</th>
<th>Re-export</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>6%</td>
</tr>
<tr>
<td>2003</td>
<td>5%</td>
</tr>
<tr>
<td>2004</td>
<td>6%</td>
</tr>
<tr>
<td>2005</td>
<td>6%</td>
</tr>
<tr>
<td>2006</td>
<td>7%</td>
</tr>
<tr>
<td>2007</td>
<td>8%</td>
</tr>
<tr>
<td>2008</td>
<td>7%</td>
</tr>
<tr>
<td>2009</td>
<td>12%</td>
</tr>
<tr>
<td>2010</td>
<td>13%</td>
</tr>
<tr>
<td>2011</td>
<td>12%</td>
</tr>
</tbody>
</table>

**Germany 2011**

- 12% re-export
- 88% net import
Conclusion trans-shipments

- Major trans-shipments countries have:
  - major European entry ports
  - major European industry

- Trans-shipments difficult to measure:
  - not much data available
  - consumption very different throughout Europe

- Destination in position report indication only

- Imports are not consumption!
Trade barriers from EU perspective

- Food safety measures
- Documentation & certification requirements
- Competition with other export markets
Food safety measures

Food safety is important, but measures are strongly divergent world wide!

- Overall high food safety standards in EU
- Aflatoxin testing in Europe (VASP)
- Requirements on conformity of packaging material
- Pesticides - customers requesting tighter MRLs than legislation
- Salmonella - rising attention & imminent implementation of safety measures
Documentation / Certification

- Documentation requirements are increasing causing additional efforts for all.

- Documentation is not harmonized.

- Increasing requests of end-users for producers to be certified as per IFS, BRC, ISO, etc..

- VASP - increasing food safety but decreasing flexibility of European buyers.
Competitive environment

➤ Food safety and documentary requirements:
   • made European customers less attractive
   • have increased prices of products prices in Europe

➤ Changed balance of power / market share
   • Europe's importance has decreased
   • Europe growth potential is small

➤ Europe has to adopt to keep pace with other markets!
Conclusion / summary

Mature market
- Growth is slow and potential is small
- Economy is going through recession

Trade barriers
- Less efforts and costs exporting in other markets
- European end-users more pretentious

Competitive environment
- Europe lost approx. 20% market share in 10 years
- Europe not leading the market anymore
Thank you for your attention!

Looking forward to your questions and comments.

Jan Vincent Rieckmann, MBA
August Töpfer & Co.
Germany
Trade in India Trends and Opportunities

Sudarshan Mazumdar
India Regional Program Manager
Almond Board of California
India: A Growing Market

**Total Consumption**

<table>
<thead>
<tr>
<th>2010 Consumption:</th>
<th>104.5 M lbs</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of Global:</td>
<td>5.0%</td>
</tr>
<tr>
<td>Per Capita:</td>
<td>0.09 lbs</td>
</tr>
<tr>
<td>Population:</td>
<td>1,216 M</td>
</tr>
<tr>
<td>Per Addressable:</td>
<td>0.21 lbs</td>
</tr>
<tr>
<td>Addressable Pop.</td>
<td>505 M</td>
</tr>
<tr>
<td>% of Total Population</td>
<td>42%</td>
</tr>
</tbody>
</table>

- Only 5 percent of almond retail sales in packed form.
- Almonds accounted for almost 42% of all US agricultural exports to India in 2011**
  - *(Total agriculture exports in 2011: $695 Mn)*

**Annual Almond Consumption**

<table>
<thead>
<tr>
<th>Year</th>
<th>Consumption (Millions of Lbs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>104</td>
</tr>
<tr>
<td>2013</td>
<td>133</td>
</tr>
<tr>
<td>2016</td>
<td>166</td>
</tr>
<tr>
<td>2021</td>
<td>223</td>
</tr>
</tbody>
</table>

- CAGR 7.1%

**Agricultural Exports from US to India**

<table>
<thead>
<tr>
<th>Product</th>
<th>Export Value in Million USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Almonds</td>
<td>289</td>
</tr>
<tr>
<td>Cotton</td>
<td>84</td>
</tr>
<tr>
<td>Fresh Fruit</td>
<td>95</td>
</tr>
<tr>
<td>Pulses</td>
<td>48</td>
</tr>
<tr>
<td>Dairy Products</td>
<td>23</td>
</tr>
</tbody>
</table>

Source: ABC GMDA Study*, USDA**
India: Almond Shipment Trends

- Almond shipments growing with GDP.
- GDP expected to grow at 9.2% from FY 2011 to 2020*
- Trans-shipments increasing. China, biggest contributor
- Australian almonds at 17mn lbs (2011). Expected to grow with crop size
- Mostly imported in-shell and hand cracked in India.

Source: ABC Position Reports, World Trade Atlas, World Bank, D&B 2010*
Rupee Depreciation: Expensive Imports

Exchange rate reached an all time high of 1 USD = 57.2 INR (June 22, 2012)

Source: xrates.com
Retail in India
Retail Industry: Growth and Structure

Indian retail sector in 2011: US $450 Billion, largely un-organized
Expected in 2015: US $600 Billion

Food & Grocery is the largest category within the retail sector with more than 50% share. However, Food & Grocery only contributes to 11% of all organized retail.

Organized retail at 7% expected to grow to 10% by 2014*

Source: IBEF November 2011 retail report, *AT Kerney
Policy Evolution

FDI Landscape Liberalizing Over Time

1997:
- FDI in CCWT Permitted up to 100% under Approval Route. SBR + MBR prohibited.

2006:
- CCWT brought under automatic route
- Up to 51% FDI in SBR permitted (FIBP Approval)

2011 (Dec):
- Cabinet Proposal Approving 51% FDI in MBR

2012 (Jan):
- 100% FDI in SBR permitted + 30% SSI Sourcing Condition

2012 (Sept):
- 51% FDI allowed in MBR

Key Conditions:

-Single Brand Retail:
  - For FDI beyond 51%, at least 30% sourcing from Indian MSMEs*

-Multi Brand Retail:
  - Minimum investment of US$100 million; 50% in back end infrastructure within 3 years.
  - 30% manufactured products should be sourced from Indian ‘small industries’. 5 year window allowed to achieve the 30% threshold for 1st time
  - Retail outlets permitted only in cities with population exceeding 1 Mn. State Governments have final call.

*MSME = Micro, Small and Medium Enterprises
Karnataka, Madhya Pradesh, Gujarat, Chhattisgarh and Himachal Pradesh may change their stance on FDI in MBPRT post assembly elections in the state.
Almonds in India
Almonds and India

- Almonds are an integral part of India’s cultural and culinary heritage.
- Knowledge and perceived benefits passed on from generation to generation and deeply embedded in Indian tradition.
- Largest consumption is first thing in the morning, raw, soaked and peeled, given to children by mothers.
- Considered a prized brain food for children.
- Popular gifting product during festive season.
- Key ingredient in Indian sweets (Mithai).
In-Shell Almonds: Cracked in India
Almond Market: Wholesale

Wholesale Market

Semi Wholesale
Almond Market: Retail

Mom n Pop Stores/Specialized Dry Fruit Stores

Organized Retail
Almonds: How Sold

Loose by Weight

Packaged Form

Private Labels

Importer Packs

Imported Packs
Special Gift Packs for Diwali Season
Other Almond Based Products

- Muesli
- Badaam Milk Mix
- Badaam Milk
- Almond Chocolates
- Packaged Namkeen
Thank You
Trade Development Challenges in Europe and Asia-Pacific

John Talbot
Almond Board of California