FOODNEWS® EUROPE/SIAL 2006

Editorial

Teething troubles

Editor: *Neil Murray* **Chief Reporter:** *Kath Miller*
Specialist Reporters: *Eugenie Bryan, Rob Songer*
Tel: *+ 44 (0) 20 7017 7495*
Fax: *+44 (0) 20 7017 7592*
Email: fneditorial@agra-net.com
Advertisement Manager: *Vicky Drinkwater*
Advertisement Assistants: *Helen Davies, Ellie Bacon*
Tel: *+44 (0) 20 7017 7494*
Fax: *+44 (0) 20 7017 7594*
Email: fnadvertising@agra-net.com
Subscription Enquiries
Tel: *+44 (0) 20 7017 7500*
Fax: *+44 (0) 20 7017 7599*
Email: marketing@agra-net.com

The EU, with its 25 member nations, is now easily the world's biggest trading bloc; this has brought huge opportunity for all members, both new and established. It has also brought challenges.

Perhaps the main issue for food companies exporting around the EU is transport. Ever-increasing freight and fuel costs, combined with a barrage of legal requirements has forced many players from the industry.

The EU, in its enlarged capacity, has created even more scope for trade, but it has also made conditions more competitive, as the tariff-free pool has widened.

Of course, these new countries may be cheaper in terms of sourcing and labour costs at the moment, but for how long? After all, the very reason for their joining the EU club was to increase conditions within their own countries.

Membership poses a raft of new questions about transporting foods in Europe. One of these is import duties – as new members of a free-trade club, tariffs no longer apply.

Another question, logistics, is a longer term issue, but one that will be solved as transport links improve inside new member countries. But it is not just the roads of these new members that will improve, but also the key links in the chain such as packing houses distribution warehouses and cold-storage facilities.

On the plus side, the new members bring with them exciting new opportunities, entrepreneurial spirit and new ways of thinking; on the negative side, they bring with them some archaic methods less developed logistics and, frankly, old ways of thinking too. In particular, one new member, Poland – the biggest in terms of population and gross domestic product – is posing some knotty problems.

Poland's president Lech Kaczynski, has embarked on an antagonistic path with Brussels, on several issues key to the very raison d'etre of the EU – most notably the abolition of the death penalty and the rights of minorities.

The former director of EU affairs in the Polish foreign ministry, Pawel Swieboda, was quoted as calling the Kaczynski regime "EU-wary", and the Polish government looks likely to lock horns on other subjects that Lech, or the prime minister – his twin brother Jaroslaw – take issue with in the future, despite the fact that President Kaczynski went on a charm offensive at the beginning of this month. He said: "The key feature of our policy is membership in the European Union. We want to be in the EU."

EU safety net

But the European market is an exciting place to operate, characterised by some world-class thinking. The EU's crowded and competitive marketplace eliminates all corporate flab and means only the efficient can survive. The result is a market bursting with innovative products made from high quality ingredients.

On top of this, the EC is well-versed in applying remedial measures to protect European suppliers from threats from abroad. It will need to be: currently everything China turns its hand to turns to gold and its exports can usually undercut the competition from within the EU. Chinese apple juice provides one example; canned fruits like mandarin and peach are others.

Evolution is the key to staying ahead. Conforming to the EU's stringent guidelines on foods is one way to do this. Another is to create a new market altogether. The organic sector springs to mind here, particularly in northern Europe. France is a case in point, and there is a *FOODNEWS* investigation into this sector on page 14.

Rob Songer

Contents

FOODNEWS is published by Agra Informa Ltd.

FOODNEWS, 80 Calverley Road, Tunbridge Wells, Kent, TN1 2UN UK.

www.agra-net.com

Edible nuts

A healthy reputation

Edible nuts and dried fruits are both enjoying growing repute as healthy snack-foods, a fact that has affected price trends; now many new countries are deciding to get in on the act.

BY DR SANJOY DAS

It is a reflection of the fact that nuts, dried fruits and seeds are more snack and health food items than baking ingredients that we seem to be seeing much more volatile demand for these products.

Raw nuts were certainly a very trendy snack a couple of years back and we saw a tremendous uplift in demand and price. Brazil nut kernels, for instance went from US$1/lb FOB to US$2.80/lb FOB in that period, hazelnuts from US$3.50/kg to US$10/kg, almonds from US$4 000/tonnes to US$8 000/tonne – huge increases. Clearly the only way from there was down and that is exactly what has happened.

Almond planting has been very extensive in California in the last ten years and we are seeing plenty of product now coming into play. It would not be correct to say that the market is weak, because the Americans are strong sellers, but the new crop is has already traded down to the levels of US$6 000/tonnes DDP for say a 23/25 AOL NPSSR. There are several indications that the new crop might be a couple of weeks late, but generally, sellers are keen to be sold out before the new crop arrival.

The hazelnut market in Turkey is in complete disarray. With a projected new crop of 7-800 000 tonnes, prices crashed down to US$3.50/Kg or so for std 1 kernels before the support organisation Fiskobirlik lost its funding. The grains organisation in Turkey, TMO is now at the controls but they are still in negotiation with FKB for the use of the warehouses and distribution facilities. The question is this: since FKB lost their funding because of their attempt to support the market by buying at very high levels, why would TMO do the same? Currently we are waiting for TMO to announce their support level, so trade has more or less come to a halt, hardly a benefit for anyone!

Brazil nuts continue to weaken, there appears to have been overstocking so the arrival of the 2006 crop (April/May shipment) was not met with open arms. This lack of interest has pushed all the way through the season and the underlying demand seems to have slackened considerably. The market opened at US$2.20/lb and has sagged more than 10%. We now enter a traditionally quiet period on a downwards trend, so I can't see the upside here.

Pine nuts

Pine nuts are also interesting; prices have been rising steadily through the whole season from around US$8 000/tonnes FOB for a 600 count to currently US$14 500/tonnes FOB. The next crop (2006 crop) should according to pine nut lore be the smallest crop in a five-year cycle. On the other hand the current 2005 crop was very small so maybe that was it. As pine nuts are gathered in the far north of China, in Mongolia and Siberia, it is impossible to gauge the crop till it is in. The highest point I have seen pine nuts is US$18/kg so we are not that far from the historical top. Perhaps one to leave alone!

Though things are a bit calmer on the dried fruit side, a major exception is our excitable friend the Turkish sweet apricot. Last year we had a large crop estimated at 160 000 tonnes. In a show of strength, the growers managed to keep this market steady around 1 800-2 000 tonnes fob. This year was looking good till there were reports of frost damage especially to the older, higher orchards in Malatya. There is no objective estimate of the apricot crop but the current most widely foisted number is 70 000 tonnes for this crop with 50 000 carryover. In any case the price has been moving consistently up rather than down. Organics will be particularly badly hit and we expect there to be a sell out of this product before BIOFACH 2007. One of the biggest problems for Turkish exporters is the weak US dollar and the continually appreciating lira. This has discouraged exporters from offering long contracts as they have seen as much as 20% variation in the currency. As the raw material is, of course traded in Turkish lira, this represents a very dangerous situation for the Turkish exporters.

Back on an even keel is Chinese apple. Last year saw a dramatically short crop leaving both concentrate and dried fruit processors high and dry. Our Chinese office reports that we can expect a much more stable outturn this year so thankfully, we can all return to improving quality!

Perhaps the most buoyant sector is the dried berries. Dried infused cranberries, which have been under price pressure for the last three years, may well be about to make a bull run. Our information is that Wisconsin a major producing state is expecting a 25% year on year reduction due to weather damage, in particular, hail "the size of golf balls". We can expect rises of 10-20%. This is not only because of the weather and reduced output it is also because of dramatically increased energy costs as well as sugar costs.

The blueberry crop seems fine in the North Americas but the production in both Europe and China seems to be sharply down.

continued on page 46

"Pine nuts prices have been rising steadily through the whole season. The next crop (2006 crop) should, according to pine nut lore, be the smallest crop in a five-year cycle."

FOODNEWS EUROPE/SIAL 2006 Market Review is available online to download free of charge

www.foodnews.co.uk/marketreviews

For fast and easy finding, the Contents page is linked to the article. Also, some of our advertisers have requested a hyperlink to either their website or email to enable you to contact them directly - click on the advertisements to find out!

FOODNEWS DATA TABLES

EU* TOTAL FRUIT JUICE IMPORTS, CONCENTRATE & NFC

2009, tonnes	2000	2001	2002	2003	2004	2005
Brazil	794 754	906 120	863 900	933 736	997 026	1 093 875
Switzerland	107 777	118 097	117 570	144 857	204 190	193 562
China	58 443	56 141	86 409	92 444	76 617	164 905
Israel	82 251	72 220	85 377	74 749	68 238	76 838
Thailand	59 985	65 845	67 334	71 095	65 269	62 957
US	212 575	150 279	132 919	83 666	83 262	62 365
Turkey	38 475	53 402	43 474	38 063	41 100	54 802
Costa Rica	21 137	18 844	23 122	16 571	29 268	42 045
Cuba	52 155	57 530	36 893	35 350	44 752	36 968
Romania	8 683	7 764	11 398	25 378	22 441	31 282
Argentina	16 841	17 267	24 978	31 128	25 265	28 241
Ukraine	24 887	21 207	26 164	34 621	26 802	27 915
Croatia	101	122	369	172	16 657	25 823
South Africa	27 945	23 048	30 962	23 004	20 554	17 625
Indonesia	18 767	18 088	19 316	12 961	16 173	17 495
Kenya	14 266	14 375	21 428	16 984	13 913	15 047
Moldova	3 582	10 231	10 248	16 570	20 297	12 241
Russia	633	706	621	22	1 587	11 419
Philippines	11 550	23 202	16 366	12 458	17 711	11 004
Vietnam	2 821	2 843	2 646	4 231	5 077	4 931
Mexico	6 892	10 948	18 044	2 658	3 126	4 590
Belarus	813	542	448	447	108	3 411
Bulgaria	5 557	4 803	2 688	5 337	3 287	3 355
Ghana	151	129	406	222	1 705	2 444
Swaziland	2 360	1 727	1 908	1441	1 932	2 180
Canada	498	635	488	179	69	2 129
Seychelles	0	0	0	0	5	1 860
Pakistan	3 998	3 324	3 077	1 731	1 750	1 785
Uruguay	2 467	1 842	4 693	2 534	1 330	1 655
India	1 631	1 381	1 743	1 436	2 246	1 452
Belize	13 122	12 590	5 320	5 393	4 291	1 442
Georgia	1 413	2 307	2 147	2 408	2 367	1 361
Iran	31 706	33 968	25 725	12 769	12 883	1 261
Paraguay	972	617	1 537	1 249	1 180	1 137
Serbia	0	0	0	0	0	1 006
Honduras	2 313	1 694	1 308	753	1 400	968
Kyrgyzstan	200	0	0	244	765	706
Serbia and Montenegro	0	0	0	1 064	879	563
Japan	40	229	277	182	469	488
Peru	1 277	1 055	2 018	511	488	486
Azerbaijan	578	787	313	237	583	482
Cote d Ivoire	2 265	1 493	1 606	2 497	2 847	462
Lebanon	198	381	253	62	152	316
Saudi Arabia	59	28	27	6	71	238
United Arab Emirates	60	26	203	45	95	231
Norway	525	484	392	287	153	229
Syria	48	27	20	0	4	207
Taiwan	52	96	349	319	863	181
Malaysia	409	344	364	296	184	177
Australia	670	980	1 095	794	711	163
Korea South	15	7	16	3	2	113
Ecuador	11 678	11 958	13 005	1 099	570	97
Macedonia	199	536	2	0	29	76
Egypt	615	914	1 582	55	88	73
Hong Kong	18	0	8	20	11	63
Bosnia & Herzegovina	73	376	69	29	6	59
Morocco	10 863	8144	7 623	2209	774	54
Chile	1 319	1 068	1 773	474	169	54
Laos	11	11	14	48	40	43
Dominican Republic	93	197	325	92	235	42
Iceland	0	1	0	0	1	36
Sri Lanka	95	152	235	39	36	26
Benin	0	0	11	0	11	23
Singapore	133	194	104	0	6	21
Uzbekistan	613	147	1 760	243	0	20
Others	4 615	3 702	3 135	**119813	*143 879	117

Source: GTIS *EU-25 2004-on, but earlier data includes imports from states that acceded in 2004 **Mostly Israeli and Brazilian, due to data missing elsewhere

We sell only top quality raw materials
to the European fruit juice industry,
from friendly and reliable producers
to friendly and reliable customers

We have audited and chosen the most
reliable suppliers of fruit juices and purees
from AFRICA, BRAZIL, CANADA, COSTA RICA,
ECUADOR, FLORIDA, GERMANY, GREECE,
INDIA, INDONESIA, ISRAEL, ITALY, MEXICO,
PAKISTAN, PHILIPPINES, SPAIN, THAILAND ...
for their quality products
and reliability

In France fruit juice means

Member of UNIJUS

COMPETITIVE PRICES - QUALITY
SERVICE - RESPONSIBILITY
are key to the success of
Levy Group International,
the “Juice People” since 1973.

83 Avenue André Morizet, 92100 Boulogne France Tel : 33 1 46 03 82 44 Fax : 33 1 46 03 84 00
bureaujpl@wanadoo.fr

Fruit juices

Orange's fading star

The signs were that the EU was falling out of love with orange juice even before the recent dramatic price hikes, An examination of the latest data proves it.

BY NEIL MURRAY

EXTRA-EU IMPORTS OF FRUIT JUICE CONCENTRATES (tonnes)

	2002	2003	2004	2005
FCOJ				
Brazil	728 899	739 978	737 438	786 672
Switzerland	80 064	116 999	119 823	88 712
Cuba	16 501	22 668	19 039	15 927
Russia	4	0	392	7 923
US	33 150	7 002	10 238	4 677
Israel	16 046	13 200	8 058	5 738
Costa Rica	3 815	316	1 696	2 035
Bulgaria	2 077	1 998	2 018	1 743
Argentina	2 808	3 998	591	1 175
South Africa	9 204	4 619	1 609	744
Uruguay	3 267	1 159	534	520
Mexico	15 792	565	332	442
Paraguay	713	690	165	426
Turkey	191	119	289	250
Morocco	7 063	2 041	18	8
Belize	992	372	299	72
Others	959	103 498	173 813	1 211
Total	**921 545**	**1019 222**	**1076 352**	**918 275**
Apple 200979				
China	80 213	89 113	71 882	161 277
Switzerland	30 725	22 391	79 018	98 301
Turkey	35 298	35 022	38 485	48 313
Romania	11 340	25 377	22 410	31 261
Ukraine	24 460	33 658	25 704	26 940
Croatia	1	35	16 578	25 798
Moldova	9 796	16 552	20 289	12 221
Russia	439	0	994	3 450
Belarus	286	444	108	2 498
Bulgaria	262	3 159	1 164	1 468
Iran	24 111	12 584	12 733	897
Others				
Total	**223 481**	**245 330**	**297 701**	**423 896**
Pineapple 200949				
Thailand	52 529	57 888	51 282	49 574
Indonesia	18 029	12 809	14 909	16 247
Kenya	17 801	15 768	12 570	14 368
Philippines	15 570	11 558	16 401	10 342
Brazil	7 841	8 144	11 064	7 641
South Africa	4 937	5 279	5 580	5 844
Vietnam	2 243	3 579	4 909	4 059
Costa Rica	1 765	2 875	6 077	4 904
Israel	1 748	3 675	4 351	3 613
China	1 169	2 658	4 494	3 449
Swaziland	670	569	1 156	1 113
Others	3 710	4 716	6 032	2 234
Total	**128 012**	**129 518**	**138 825**	**123 388**

Source: GTIS

TOTAL EU imports of frozen concentrated orange juice (FCOJ) slipped below one million tonnes in 2005, falling back to the import levels last seen in 2002.

There has been a marked swing away from orange juice consumption in the EU, and an equally marked move towards consumption of apple juice. Some EU countries, such as Germany, or recently-acceded Poland, have always preferred apple juice to orange, but for the UK, one of the largest markets, to swing from orange to apple is evidence of a long-term shift in consumption patterns.

Brazil remains by far the largest supplier to the EU. However, it is worth pointing out that the second-largest supplier of FCOJ to the 25 EU member states is, in fact, Switzerland. Switzerland takes advantage of its zero-duty status with the EU, and buys large quantities of juice from countries with whom it enjoys favourable duty terms, and then re-sells it to the rest of Europe.

The US has declined dramatically, largely due to the damage wrought to its citrus groves by the hurricanes in 2005 and 2004. Cuba has overtaken it.

Regarding **apple** juice, the popularity of China's low acid product means the country now accounts for about 40% of all extra-EU imports. Again, Switzerland is a major supplier, and at least some of the juice that comes from Switzerland will also be of Chinese origin.

Turkey is performing well these days, buoyed by a reputation for quality.

Pineapple juice is becoming markedly less popular. The major EU consumer, Spain, seems to have turned away from the flavour and Spain has in fact been re-exporting surplus stock to other EU countries. Sales to the EU by the main supplier, Thailand, are still reasonably consistent, but the Philippines and Brazil have seen their exports slip.

Food ingredients

Regulation of enzymes

A four-proposal package of legislative proposals on food additives, flavourings and enzymes used in the EU has been published. It covers food and beverages.

BY USDA SOURCES

The European Commission (EC) has adopted a package of four legislative proposals, updating existing regulations on food additives, food enzymes and flavourings and introducing a simplified common approval procedure for these substances.

The proposal on food additives would bring several current Directives together into one single regulation. If adopted, it will replace the framework additives Directive 89/107/EEC as well as the existing Directives on colours (Directive 94/36/EC), sweeteners (Directive 94/35/EC) and additives other than colours and sweeteners (Directive 95/2/EC).

The new legislation replacing Directive 89/107/EEC would introduce a simpler and faster food additive approval system. Under the current system provided by Directive 89/107/EEC, the Commission must obtain the consent of both the Council and the Parliament for the implementing proposal recommending approval of an additive. (This procedure is known as co-decision.)

Under the new legislation, the EC would draft an implementing proposal for the approval of an additive and submit it to the Standing Committee on the Food Chain and Animal Health (SCFCAH), made up of officials from member state ministries.

Member state approval in the SCFCAH will be based on a safety evaluation conducted by the European Food Safety Authority (EFSA). Thus all applications for the approval of new food additives will be directed to EFSA to carry out the safety evaluations. At the same time a re-evaluation program will be introduced for food additives that are currently on the EU market, also based on risk assessments by EFSA.

Another objective of the proposal is to require authorisation of additives that consist of contain or are produced from genetically modified organisms (GMO). These additives should be authorised under Regulation (EC) No 1829/2003 on genetically modified food and feed prior to their inclusion in the positive list under this regulation. This rule also applies to food enzymes and flavourings.

First-time regulation

This proposal will introduce the regulation of food enzymes for the first time at EU level.

Currently, only two food enzymes used as food additives are authorised under the food additive legislation, while the remaining enzymes are not regulated at all or are regulated as processing aids under member states' legislation (processing aids fall outside the scope of the EU food additives regulation and therefore did not require EU approval until now). However, some member states have specific regulations on these products, which will require harmonisation across the EU-25.

Since a considerable number of food enzymes are already on the market, a period of 24 months is provided for the submission of applications of existing enzymes. An initial community list will be established after evaluation by EFSA. The approval system and positive list will be similar to those for additives. Requirements for the labelling of food enzymes other than those used as processing aids are included in the proposal.

"This proposal will introduce the regulation of food enzymes for the first time. Only two food enzymes used as food additives are authorised under current legislation."

The new proposal will update the current Directive 88/388/EEC on flavourings to cope with technological and scientific developments.

The rules on maximum levels are clarified, as well as definitions of flavourings. Stricter conditions are introduced for the use of the term "natural" when describing flavourings.

The key issue of these proposals is the introduction of a single common procedure for the approval of food additives, flavourings and enzymes. This last proposal backs up the first three proposed regulations since it contains procedural rules, such as time limits for handling applications and the format to be used for submission of the applications.

The benefits of this common approach include simplified legislation and more consistency in the procedures used to approve additives, flavourings and enzymes. A great deal of importance will also be attached to the safety evaluations that will be conducted by EFSA.

The following definitions on food additives shall apply:

"Food additive" shall mean any substance not normally consumed as a food in itself and not normally used as a characteristic ingredient of food, whether or not it has nutritive value, the intentional addition of which to food for a technological purpose in the manufacture, processing, preparation, treatment, packaging, transport or storage of such food results, or may be reasonably expected to result, in it or its by-products becoming directly or indirectly a component of such foods; however, the following are not considered to be food additives:

(i) foods containing monosaccharides, disaccharides or oligosaccharides used for their sweetening properties;

continued on page 12

Food ingredients

continued from page 10

(ii) foods, whether dried or in concentrated form, including flavourings incorporated during the manufacturing of compound foods, because of their aromatic, sapid or nutritive properties together with a secondary colouring effect;

(iii) substances used in covering or coating materials, which do not form part of foods and are not intended to be consumed together with those foods;

(iv) products containing pectin and derived from dried apple pomace or peel of citrus fruits, or from a mixture of both, by the action of dilute acid followed by partial neutralisation with sodium or potassium salts ('liquid pectin');

(v) chewing gum bases;

(vi) white or yellow dextrin, roasted or dextrinated starch, starch modified by acid or alkali treatment, bleached starch, physically modified starch and starch treated by amylolitic enzymes;

(vii) ammonium chloride;

(viii) blood plasma, edible gelatin, protein hydrolysates and their salts, milk protein and gluten;

(ix) amino acids and their salts other than glutamic acid, glycine, cysteine and cystine and their salts having no technological function;

(x) caseinates and casein;

(xi) inulin;

"Processing aid" shall mean any substance which:

(i) is not consumed as a food by itself;

(ii) is intentionally used in the processing of raw materials, foods or their ingredients, to fulfil a certain technological purpose during treatment or processing; and

(iii) may result in the unintentional but technically unavoidable presence in the final product of residues of the substance or its derivatives provided they do not present any health risk and do not have any technological effect on the final product;

(c) *"Functional class"* shall mean one of the categories set out in Annex I based on the technological function a food additive exerts in the foodstuff;

(d) *"Unprocessed food"* shall mean a food which has not undergone any treatment resulting in a substantial change in the original state of the food. Dividing, parting, severing, boning, mincing, skinning, paring, peeling, grinding, cutting, cleaning, trimming, deep-freezing, freezing, chilling, milling, husking, packing or unpacking and not regarded as substantial changes;

(e) *"Food with no added sugars"* shall mean a food without the following:

(i) any added monosaccharides, disaccharides or oligosaccharides; or

(ii) food containing monosaccharides, disaccharides or oligosaccharides which is used for its sweetening properties;

(f) *"Energy-reduced food"* shall mean a food with an energy value reduced by at least 30% compared with the original food or a similar product;

(g) *"Table-top sweeteners"* shall mean preparations of permitted sweeteners, which may contain other food additives and/or food ingredients and which are intended for sale to the final consumer as a sugar substitute .

The following definition on food enzymes shall apply:

"Food enzyme" means a product obtained by extraction from plants or animals or by a fermentation process using micro-organisms:

(a) containing one or more enzymes capable of catalyzing a specific biochemical reaction; and

(b) added to food to perform a technological function in the manufacture, processing,

preparation, treatment, packaging, transport or storage of foods.

The following definitions on flavourings shall apply:

(a) *"Flavourings"* shall mean products:

(i) not intended to be consumed as such, which are added to food in order to

impart odour and/or taste;

(ii) made or consisting of the following categories: flavouring substances,

flavouring preparations, thermal process flavourings, smoke flavourings, flavour precursors or other flavourings or mixtures thereof;

(b) *'flavouring substance'* shall mean a chemically defined substance with flavouring properties;

(c) *"Natural flavouring substance"* shall mean a flavouring substance obtained by appropriate physical, enzymatic or microbiological processes from material of vegetable, animal or microbiological origin either in the raw state or after processing for human consumption by one or more of the traditional food preparation processes listed in Annex II;

(d) *"Flavouring preparation"* shall mean a product, other than a flavouring substance, obtained from:

(i) food by appropriate physical, enzymatic or microbiological processes either in the raw state of the material or after processing for human consumption by one or more of the traditional food preparation processes and/or appropriate physical processes and/or:

(ii) material of vegetable, animal or microbiological origin, other than food, obtained by one or more of the traditional food preparation processes listed in Annex II and/or appropriate physical, enzymatic or microbiological processes;

(e) *"Thermal process flavouring"* shall mean a product obtained after heat treatment from a mixture of ingredients not necessarily having flavouring properties themselves, of which at least one contains nitrogen (amino) and another is a reducing sugar; the ingredients for the production of thermal process flavourings may be:

(i) food; and/or (ii) source material other than food;

(f) *"Smoke flavouring"* shall mean a product obtained by fractionation and purification of a condensed smoke yielding primary smoke condensates, primary tar fractions and/or derived smoke flavourings as defined in points (1), (2) and (4) of Article 3 of Regulation (EC) No 2065/2003;

(g) *"Flavour precursor"* shall mean a product, not necessarily having flavouring properties itself, intentionally added to food for the sole purpose of producing flavour by breaking down or reacting with other components during food processing; it may be obtained from:

(i) food; and/or (ii) source material other than food;

(h) *"Other flavouring"* shall mean a flavouring added or intended to be added to food in order to impart odour and/or taste and which does not fall under the definitions (b) to (g);

(i) "*Food ingredient with flavouring properties"* shall mean a food ingredient other than flavourings which may be added to food for the main purpose of adding flavour to it or modifying its flavour;

(j) "Source material" shall mean material of vegetable, animal, microbiological or mineral origin from which flavourings or food ingredients with flavouring properties are produced; it may be: (i) food; or (ii) source material other than food;

(k) *"Appropriate physical process*" shall mean a physical process which does not intentionally modify the chemical nature of the components of the flavouring and does not involve the use of singlet oxygen, ozone, inorganic catalysts, metal catalysts, organometallic reagents and/or UV radiation.

Organic products

Target for exporters

One sector where extra-EU countries can penetrate lucrative EU markets is the organic segment, and France offers particularly rich pickings.

BY FOODNEWS STAFF

Trade in organic products in France is valued at almost US$2 billion and imports from non-EU countries continue to increase, says a recent report from the US Department of Agriculture (USDA).

From 1994-2004, the organic farming sector in France demonstrated consistent growth. During this period, the number of organic farms increased 300% and crops under organic cultivation increased 500%. Currently, though, the growth in organic farms has stabilized in terms of both total number of farms and conversion of land into organic farming. Recent data published by Agence Bio (French Organic Federation) shows that approximately 61 000 hectares were converted to organic. In 2004 overall, organic planted area dropped by 3% compared to 2003, falling from 550 000 hectares (ha) to 540 000ha.

Organic grains continued to be a favourite crop of organic farmers in 2004. With 87 667 hectares in organic production and conversion to organic reflecting a rise of 7% from 2003. Organic production of bovine and ovine livestock continues to expand. At the end of 2004, there were over 60 000 organic dairy cows, a 50% increase from four years ago and roughly the same number of organic veal calves, 15% up from 2003. In 2004, the number of organic processors was virtually the same in 2003. More than 40% of organic processors operate in the bakery area.

Many French consumers favour organic products, finding their health and environmental benefits attractive, and that buying these products is consistent with their views on animal welfare. According to statistics published by the Agence Bio 44% of French consumers have eaten an organic product in the past year (against 37% in 2003). The best selling organic products are fruits, vegetables, eggs and bread.

Distributors of organic products in France are optimistic about the possibilities in this market. Shop owners believe that dry products, frozen foods and prepared meals have good market potential. Organic biscuits, introduced as a new product in 2004, are showing strong sales. Food complements, a new sector of in-store products, are also rising in consumption and many stores have begun integrating these products into their inventory. Dairy products, one of the best selling products in the organic sector are, however, starting to show signs of saturation. Organic meat and delicatessen products have failed to produce robust sales.

Non-EU imports

Organic imports from third countries (any non-EU country), are not allowed entry to France without authorisation from the French Ministry of Agriculture. In 2004, 104 third-country companies requested authorisation to export organic products to France. The number of requests from non-EU countries has doubled in six years: 170 requests in 2000 and 300 in 2004. Madagascar, Morocco, Turkey, Sri Lanka, Brazil and Tunisia applied for 50% of these import permits. The US, from a high of 8.1% in 2001, applied for 2.8% of the total import authorisations in 2004. Some third countries, including Argentina, Australia, Costa Rica, Israel, New Zealand and Switzerland, have bilateral agreements with France that allow importation without specific authorization. Unfortunately there are no official records for the value of the imports.

> **"The number of requests from non-EU nations has doubled in six years: 170 requests in 2000 and 300 in 2004. Just six countries accounted for more than half these requests."**

Third country products are deemed organic when the European Commission (EC) approves the country of origin as maintaining an equivalent system of rules governing organic production and processing. Imported products must also come with an original control certificate from the appropriate service of the third country.

Organic plant products from an unapproved third country must obtain approval for import by providing to the competent ministry in the country of origin proof of equivalent production rules and methods and effectiveness of the controls. The certifying ministry will transmit the file for decision to the French ministry of Agriculture and Fisheries and to the French ministry for Economic Affairs and Finance.

An imported organic product authorised in an EU member country may freely circulate in the EU. However, the EU can demand product withdrawal after reviewing the product file or after a reasoned request from a member state.

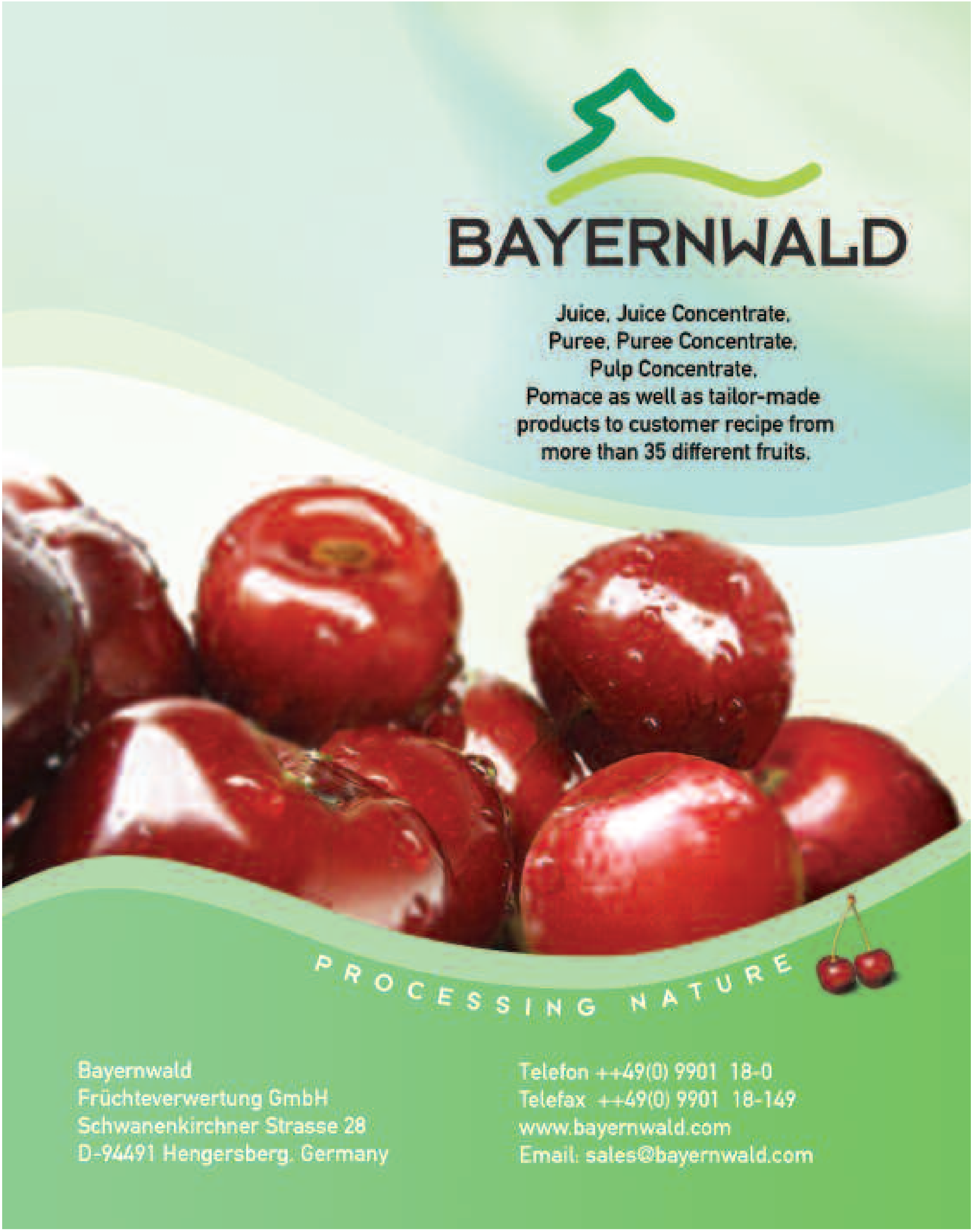
Importers must be controlled by an approved certifying organization and must notify the Department Division of Agriculture and Forestry (DDAF) of their importing business.

The labelling and advertising of organic products is subject to detailed rules governed by the percentage of organic ingredients in the products.

(1) Over 95% organic: Unprocessed organic plant or animal agricultural products and processed products containing more than 95% organic ingredients.

These products can mention 'organic

continued on page 16


BAYERNWALD
Juice, Juice Concentrate,
Puree, Puree Concentrate,
Pulp Concentrate,
Pomace as well as tailor-made
products to customer recipe from
more than 35 different fruits.
PROCESSING NATURE
Bayernwald
Früchteverwertung GmbH
Schwanenkirchner Strasse 28
D-94491 Hengersberg, Germany
Telefon ++49(0) 9901 18-0
Telefax ++49(0) 9901 18-149
www.bayernwald.com
Email: sales@bayernwald.com

Organic products

continued from page 14
production' as the farming method and may display the terms customary to each member state in the EU.

Controlled organic agricultural products whose raw materials were harvested and processed in the EU may display the following compliant label: 'Organic farming – EEC Control System' and/or the European organic logo. This labelling is optional but, if used, the label must be printed as follows:

"Organic Farming-EEC Control System"
Name of the certifying organization
Name/or company name
Of the producer,
Processor, or seller

(2) Over 70% organic: processed products with at least 70% of organically grown agricultural ingredients.

These products cannot use "organic farming" in their trade name. However, the sentence "X% of the agricultural ingredients were grown in compliance with organic farming methods" must appear within the same visual field as the trade name but in a separate part.

The entries referring to organic farming must be on the list of ingredients and clearly pertain only to the relevant ingredients.

(3) Less than 70% organic: Processed products containing less than 70% of organic agricultural ingredients may not use the description "organic" on the label.

(4) Products Under Conversion to Organic Farming: Controlled products whose raw materials are from farms converting to organic farming for at least one year before the harvest.

Unprocessed agricultural plant products and foodstuffs with a single agricultural ingredient may display labelling with 'product under conversion to organic farming', at time of sale. Converted products may not be used as ingredients in processed products with several organically grown ingredients.

Farmers must notify the Department Division of Agriculture and Forestry (DDAF) of their activity before they are allowed to use 'organic' in reference to their production method (on labels, advertising, and invoices). This provision also applies to all operators who process, pack, preserve, or import organic products from third countries (outside the EU). Notification is submitted with an official form, circulated yearly.

All products seeking 'organic product' approval must be inspected and certified by an officially approved organization in France before being marketed. Presently, six private organisations, Ecocert, Qualite France, Ulase, Agrocert, Certipaq and Aclave, are officially approved to inspect organic products and deliver 'agriculture biologique' (organic farming) certification.

These organisations must comply with standards of independence, impartiality, efficiency, and proficiency as defined in Community regulations and in the provisions of European standard EN 45011 pertaining to organisations in charge of product certification. Organic products inspected in EU countries by an appointed authority or by an approved inspection organisation are deemed compliant with regulations. Accordingly, they may be marketed as such. Alternatively, they can be used as raw materials.

Agricultural products and foodstuffs from organic farming must travel in sealed packaging and/or containers to prevent content substitution during transportation. Packaging must be labelled with the following information:

Name and address of the producer,
*Processor, or importer**
The name of the product
Organic product

*Where appropriate, the name of the seller. In this case, a statement clearly identifying the producer, processor or importer must also be included.

Sealed packaging or containers must be used for transport from third countries. The packages and containers must bear labels identifying the exporter, and display any stamps and numbers for batch identification so it can be matched against the inspection certificate. Upon delivery, the consignee must check the packaging seals, the prescribed information on the label, and enter the result of the check in the bookkeeping documents of the delivered products. Notwithstanding the above requirements, packaging or containers do not have to be sealed when transport is between a producer and an operator who are both subject to inspection procedures. The products contain a document providing the above-mentioned information.

France was one of the first European countries to introduce and develop organic agriculture, and in February 2004, the French ministry of Agriculture announced new measures to support the organic sector: Each agricultural sector must create an 'organic agriculture' section in order to convert conventional farmers to the organic sector. The government will spend €4.5 million over the next three years to enhance consumers' knowledge of the organic sector and €50 million over five years to support the conversion from traditional to organic farming.

Specialist shops

Although supermarkets have served as the primary distribution outlet for organic products, French consumers are increasingly interested in buying their products in specialised outlets. (21% in 2003 to 28% in 2004) Organic outlets are somewhat new in France and their numbers increased 8% in 2004 alone. These outlets may sell as many as 4 000-8 000 products compared to supermarkets, which sell an average of 150 to 200 organic products. Almost two-thirds of the outlets had sales increases of 13% in 2004.

According to a 2004 study, there were approximately 2 500 outlets selling organic products in France with an estimated annual sales value of US$1.8 billion, employing 5 480 workers.

More than half of these stores are 'organic outlets', approximately 20% are 'organic mini-markets' and one outlet in six specializes in health-dietetic products. In the category 'others' are farmers who sell direct to the consumers and provide a comparable choice of products as an organic outlet, itinerant salesmen and producers' associations.

Processors are an important player in the organic sector as they buy both organic ingredients and finished products. Wholesalers are in a weak position because of the high margins they must maintain in order to procure goods from a large number of small producers and distribute these goods to small retail outlets. Some wholesalers import directly from supply retail outlets.

In France, 42 specialised importers sell only through processors or wholesalers because they do not have the marketing capacity to reach retailers. To avoid this,
continued on page 46

"According to a 2004 study, there were about 2 500 outlets selling organic products in France with an estimated annual sales value of US$1.8 billion, employing 5 480 workers."

Dairy products

A passion for dairy

Ian Brown, Head of Planning and Customer Service at giant dairy, Arla, tells *FOODNEWS* what technological steps the firm is taking to stay ahead in the industry.

Arla Foods UK plc is the UK's leading dairy company with a turnover in excess of £1.3 billion.

Arla processes over 2.2 billion litres of milk a year and enjoys a 44% share of the British retail fresh milk market, making over 2 200 daily deliveries direct to stores nationwide.

It also enjoys a 70% share of the UK's fresh cream market, and is home to some of the UK's most popular butter, spreads and margarine brands including Lurpak and Anchor. For a company with such high profile brands, being able to accurately forecast and plan customer demand, as well as deliver on time, is critical.

Key operational requirements such as these called for a state-of-the-art demand forecasting & planning software solution. This is how the company's successful relationship with software developer and supplier FuturMaster began.

Prior to going live with FuturMaster, the company had encountered a number of demand management constraints. Arla's Head of Planning & Customer Service Ian Brown provides the background: "Before the implementation of FuturMaster the forecasting element of our planning operations had been handled mainly by the supply planners themselves, based on spreadsheets, and forecasting data at sku demand level, rather than sku:customer level.

The supply managers had a fairly accurate idea of how many units of a particular product were likely to be required in any one week, based on historical data, and they would update their forecast spreadsheet data on that basis. However there was little ability to make accurate forecasts based on future demand spikes in particular customers in the event of product promotions and seasonal influences such as Christmas and Easter."

With this in mind, Arla began searching the market for the most suitable demand planning software system back in 1998.

One of the reasons FuturMaster was chosen revolved around its ability to plan items daily at sku:customer level. "For example, we realised the system would allow us to prepare a detailed daily forecast by customer, by sku and by despatch location," explained Brown. "A lot of demand forecasting and planning packages only focus on a weekly forecast, which is then turned into daily forecast based on historical rules." Implementation of FuturMaster demand planner began in January 1999 and was completed in March the same year.

Merger

When Arla merged with Express Dairies in Oct 2003 it faced the formidable task of data consolidation. "Following the merger we naturally had to go through the process of data analysis and amalgamation in order to ensure we had no duplicate or conflicting information," said Brown. "In order to do this effectively, we migrated all our demand planning data into FuturMaster and went through an intense period of data cleansing."

Operational plans already established for the two businesses were adhered to during the busy Christmas 2003 period and early 2004. Attention was then focused on putting in place the optimum demand planning infrastructure for Christmas 2004, by which time the full operational merger has been completed. With this in mind, Arla again contacted FuturMaster and sourced its FuturMaster Optimised Planning module. "This needed to be implemented within a very short timeframe in order for us to more effectively manage the 2004 Christmas period as a recently merged company," Brown explained. "Fortunately, with the help of FuturMaster consultants, we were able to complete implementation and go live within only three months; from September to November 2004."

So demand management is a critical everyday process at Arla. But a reliable demand management infrastructure involves more than the manufacturer's internal processes, as Brown explains: "Looking at the broader picture, the effectiveness of our service to our retail customers, as well as our own internal efficiencies and profitability, is largely dependent on the reliability of our whole supply chain network.

"FuturMaster... helps us to assess a particular trading partner's readiness to respond to our need for extra volume of particular type of produce."

Arla is also currently installing an additional Electronic Point Of Sale module – EposMaster. Brown outlined its anticipated benefits: "With EposMaster we will be able to further increase the collaborative benefits of our FuturMaster system. As we collect data from links on our retailer customers' websites, we will be able to use EposMaster to quickly and easily disseminate that information.

"With EposMaster we will be in a position to tackle these constraints immediately rather than identifying potential problems and not having time to rectify them. Shutting the stable door after the horse is bolted is naturally what every business wants to avoid."

> **"EposMaster tackles constraints immediately, rather than identifying problems and not having time to rectify them; to avoid shutting the stable door after the horse has bolted."**

IFB SRL - The perfect blend

IFB SRL is part of an international group with joint ventures in South Africa, Poland, Spain and Uruguay as well as permanent cooperation with companies in Thailand, China, Cuba and others. Recently IFB has opened 3 new agencies, in Greece, France and Spain.

IFB has served the Italian food industry for over ten years, providing a wide range of citrus, tropical and other fruit concentrates and juices, as well as tailor-made blends to meet customer specifications.

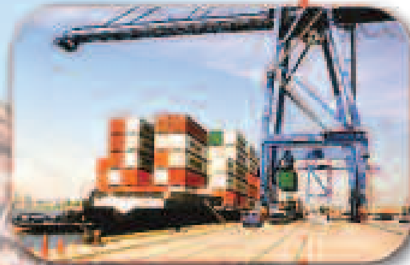
The IFB plant, located in the Livorno port area, features:

- -20° C cold storage partially bonded and certified by the customs authorities
- Ambient temperature storage area
- Drum dumping
- Drum filling station
- A blending system with homogenizer and cooler.
- A reefer tank truck loading system
- A quality control laboratory
- Unique service system
- Import/export customs formalities
- In/out of the goods in the cold store
- Door to door delivery in Italy and in the whole Europe with:
  - reefer trucks
  - tank trucks

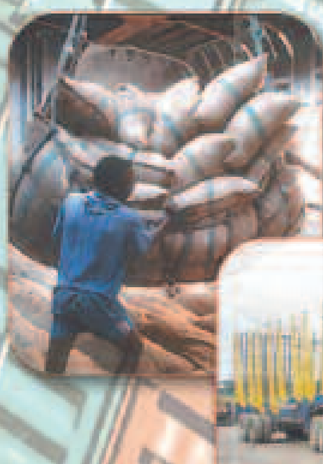
IFB

International Food Business

Via Delle Cateratte 124, 57122 Livorno
Phone: ++39 0586 444228
444633
Fax: ++39 0586 426267
E-mail: commerciale@ifbsrl.it
logistica@italasiasrl.it
web: www.ifbsrl.it



Transport section



Transport solutions

Outsourcing transport

Manufacturers may worry that outsourcing their transport needs results in extra costs, but the reverse, due to greater efficiencies, is likely to be the case.

BY LINDA WAIN

There are many other reasons for bulk food suppliers to contract out so it's not surprising that the Chartered Institute of Logistics and Transport (CILT) reports the trend is on the increase, exacerbated by an equally chronic shortage of people with supply-chain skills and expertise, owing to a long-standing image problem in the industry.

The CILT is working to champion the importance of logistics, although constant changes in legislation necessitate that practitioners require high levels of ongoing professional development. Companies trading within the EU do have the advantage of integrated legislation, with few local differences, but must learn to live with increasing pressures to minimise the environmental impact.

Contracting out theoretically attracts an added cost of 5-10% as, of course, suppliers are paying a third-party profit, but an efficient logistics company more than compensates for those charges, not least as it releases capital if suppliers no longer have to fund their own vehicles, and all their attendant costs. These have been aggravated by the difficulty in offloading older vehicles onto the second-hand market owing to the move to heavier and lengthier HGVs, and savings of some UK£10 000 a year on a vehicle capable of running with dual-fuel technology.

“Denby Transport's Eco-Link trailer, which enables two trailers up to a combined 25.25 metres and 60 tonnes to be hauled, has been commissioned in parts of Scandinavia.”

Added to the acceptance of 44 tonne vehicles – which has resulted in a reduction of over 500 HGVs in the UK, according to the Commission for Integrated Transport – the Eco-Link trailer by Denby Transport, that enables two trailers with a combined length of 25.25 metres and weighing up to 60 tonnes to be hauled, has already been commissioned in parts of Scandinavia and was recently trialled in Holland. The UK's Road Haulage Association has expressed support for the design, pointing out that it should reduce by half Britain's 428 000 registered trucks, but the Department of Transport has refused UK trials, claiming the road network is unsuitable.

Suppliers that contract out no longer need to be concerned over providing warehousing at distribution points, or deciding when it is more cost-effective for at least part of the journey to be made by rail, canal or sea, according to supply chain consultancy, Crimson. These alternatives are often appropriate in transporting goods between southern and northern Europe; such decisions being as much influenced by cost-effectiveness, given increasing fuel prices, road charging and congestion, as through the EU's anxiety over the environmental impact of movement by road.

Port regeneration

Recent years have seen some regeneration of ports as logistics companies have opened warehousing facilities at nearby distriparks to maximise the cost-effectiveness of sea transport.

The National Freight Consortium states

continued on page 46

Transport solutions

Liquid asset management

Time was when drums were the only means of transporting bulk fruit juice from supplier to customer. That has changed with the advent of flexitanks.

BY MICHAEL WILLIAMS

Transporting juice in flexitanks, especially in concentrate form is nothing new. For nearly 30 years, juice companies have utilised the flexitank system to ship their cargoes of apple and grape juice concentrates around the world.

However over the past five years the use of flexitanks has increased dramatically. Why has this happened?

The first flexitanks capable of carrying juices and juice concentrates were developed and fabricated from nitrile and neoprene compounds incorporating an inner layer of hypalon. At the time, these units represented cutting edge polymer technology.

For the first time, Flexitank operators were able to demonstrate to the juice industry that flexitanks were of certified food grade quality and were capable maintaining juice products acceptable standards.

Commercial trials commenced. Some of the first shipments were of apple juice concentrate loaded from Hungary and Poland and although these were a success, the system was not adopted on a wholesale basis.

At this time flexitanks were reusable and prior to each loading required sanitisation. Juice sellers and buyers were concerned that the sanitisation process was not sufficient to prevent fermentation and how the flexitank operators would control the time window between clean and load: load too long after the clean and bacteria buildup occurred.

The price advantage of flexitanks, promoted by the flexitank companies when subjected to the microscope of cost analysis, was to many, not apparent.

The cost of cleaning and repositioning from cleaning depot and back to load location was not a cheap exercise for the flexitank operator. These costs, added to the flexitank were not proving to be an attractive proposition.

Drums were and remained the preferred method of shipment for the concentrate industry. Drums were readily available and could be stored for long periods without significant investment in bulk storage. Also, factories both at load and discharge points were geared up to handle drums and had little or no bulk storage other than day tanks.

Finally, drum costs were cheap. Once discharged, they could be reused or sold for refurbishment. Companies were in a position to recover a significant part of the original packaging cost, often making flexitanks uncompetitive.

For flexitank operators, investing in equipment used on seasonal products was not attractive due to significant 'fleet down time' and limited the desire to expand equipment fleets. This situation was eased with the development of southern hemisphere markets enabling operators to swing equipment from one hemisphere to another.

Slow progress

At the end of the 1980s, and despite some pioneering in logistically difficult markets by Trans Ocean Distribution, flexitank use remained limited and drums continued to be the preferred packaging system.

The reusable flexitank had established it was technically and operationally feasible to move juices in bulk. Cost competitiveness and storage remained barriers to significant growth. It was evident that although marketed as a one-way cost system, the reusable flexitank was not "one-way" at all.

> **"The reusable flexitank had established it was technically and operationally feasible to move juices in bulk. However, cost and storage remained barriers to significant growth."**

Operators began to think along the concept of the "one trip one way" tank that would solve the issue of equipment return. The one trip unit would not need to be returned to a depot and then sanitised thus removing cost elements and making flexitanks more competitive.

A number of thermoplastics were trialled with a view to achieving the 'one tank one trip' goal. The materials proposed were too expensive to be considered for one trip use. However the build cost of these units was cheaper than the nitrile and neoprene equivalent and as a consequence the limited life flexitank was born.

This allowed the operators some fleet flexibility as the cost of investment was lower and during the closed season, the fleet could be cleaned and placed in depot awaiting the new crop. These factors, combined with reduced pricing, created renewed interest in the flexitank concept, new flexitank operators due to the lower investment cost and utilisation increased.

In 1994, the introduction of truly 'one tank one trip' manufactured from food grade PVC and more efficient production methods created another lift in flexitank utilisation. This tank was cheap enough to use once and certificated for food use and marked the final chapter for reusable flexitanks. Reusable units are almost non-existent today.

So why didn't the Juice industry fully embrace the flexitank concept by the 1990s? In general PVC was not considered an ideal

continued on page 25

continued from page 24

material for the carriage of food grade materials. Phthalates – plasticisers – contained within the PVC were known to leach away and PVC, when incinerated, releases dioxin, a persistent pollutant (POP).

A lack of Bulk storage remained an issue for many producers and consumers. Flexitank demand was increasing but drums remained the system of preference. Noting that PVC was not an ideal material As there was an industry resistance to it, the flexitank industry continued to search for a more suitable food contact material.

In 2000 two systems emerged, both of which had material contact surface layers of LLDPE. The multilayer flexitank utilised thin-layered sheets of LLDPE, encased in a polypropylene cover.

Trans Ocean Distribution took a different approach and formulated RhinoBulk, comprising a robust single layer construction designed using CAD technology and a specific LLDPE material formulation.

LLDPE has a number of distinct advantages over PVC. Food grade quality LLDPE is an excellent food contact material. There are no plasticisers utilised in its formulation. It is easily recycled and has a low environmental impact. As important, production costs were proven to be lower than PVC. At the same time as the advent of the LLDPE Flexitank and its lower per unit cost, other factors encouraged the use of flexitanks.

The cost of purchasing and recycling drums increased dramatically. The desire of plants to reduce labour costs by converting to bulk increased.

The investment in storage infrastructure by a number of major producers and consumers of juice products was accelerated. Perhaps most significant was the launch of RhinoBulk BD, a bottom discharge system similar to an ISO tank, making the load and discharge process user friendly and more HSE compliant.

And what of the future? The impact of China as a truly industrial producer of concentrate bodes well for the flexitank industry.

This relatively new entrant has invested heavily in the latest technology including significant temperature controlled storage. This allows concentrate production to be stored rather than drummed off direct from the production line, enabling producers to offer bulk flexitank shipments to consumers virtually all year round. Continuing pressure on labour cost reductions at plant level and steel at historical highs will all help to increase flexitank usage.

Flexitanks have come a long way since the trials of the mid-1970s and although drums continue to be a significant method of juice and juice concentrate packaging, the tide is turning in favour of flexitanks.

Trans Ocean Distribution Limited (+ 44 (0)1489 774600) was incorporated in 1984 and is recognised as the market leader in global Flexitank bulk liquid logistics solutions. The TOD Group ship over one million tonnes of Non-hazardous liquids around the world each year using standard 20ft containers, incorporating its trademarked RhinoBulk and VinBulk flexitank systems.

Marine transport

High tech and very safe

Is bulk transport going to be the inevitable choice for all fruit juices, whether they be concentrate or not?

BY DIEDERIK BRASSER, GERT JAN VOSSNACK and ERIC VAN DER ZALM

Today, more and more people are seeing the joy and benefit of drinking juices. Markets in the west seem saturated, but we see strong growth in eastern Europe and Asia. We also see and have seen a shift in production from the west to other regions like Brazil (for frozen concentrated orange juice, or FCOJ) and China (for apple juice concentrate, or AJC). The result is that we have increasing volumes of juice being transported over the world. The growing demand for NFC juice will also require more transport capacity.

But how are we going to cope with this increasing demand? What systems will be adequate to move large quantities around the world, while keeping the product in the proper condition? This article describes developments in the logistics of juice over the past decade and tries to make some future predictions on the global transport of juices.

Brazil was the major driver of new ways of intercontinental transport systems. Until the 1990s, most of the exports were in drums and bins. But the growth in exports to enormous volumes (over 1.5 million tonnes of FCOJ today) made this ‘small packaging’ unsustainable.

These traditional forms of packaging cost the exporter (including labour) around US$75-95/tonne; given a total intercontinental transport cost of US$250-300/tonne, this is substantial. Bulk can reduce 30-40% of this transport cost, as no packaging materials are needed and handling during transport is far less labour-intensive. One of the most important aspects of bulk is that the juice can be very well conditioned during the whole transport, whether it is FCOJ or not from concentrate (NFC). Therefore is understandable that over 90% of FCOJ exports from Brazil today are in bulk.

Systems have developed over the years in size; today the largest juice tanker sailing is transporting a dedicated cargo of 35 000 tonnes of juice. More flexible modular system have also been developed; units (insulated and cooled tanks) for 500-2 000 tonnes of product. During their lifetime of 15-20 years, these units can either be used as ship cargo systems, or as port storage. These systems have greatly enhanced the quality of the transports and helped to cut transport costs substantially. The juice exporters of Brazil had the vision not only to invest in production but also hundreds of millions of dollars in logistical systems. These (at the time) audacious steps have considerably added to their market position today.

Efficiency factor

Of course drums, bins and flexitanks will play their role in the future, but larger juice volumes will probably be transported in bulk. Depending on distances, 25 000 tonnes is a minimum starting volume for transport in flexible bulk. The larger the volume, the more efficient bulk will become. It can cut 30-40% of transport costs to the receiving port.

Then there is the reduction in cost for the packagers (less handling to receive in bulk, no de-packaging) and the environmental benefits in the reduction of packaging material. When calculating, one should take into account the whole chain, from processing to final packaging. Good logistics may reduce overall product cost by over 10%. But ‘going for bulk’ means a thorough study of the operations. Changing to a bulk operation will have an impact all the way; from bulk storage systems at the processing plants to bulk delivery to the packaging plant. Even combining cargoes of different juices (perhaps from different companies) can be taken into account.

The construction of (port) terminals and ship cargo systems should be conditioned to the very specific needs of the juice industry. Good construction (cooling, connections, insulation, automation etc) is essential. With high grade stainless steel construction, cost-efficient design is important, also with regard to future maintenance. Crucial for all design is hygiene; well-designed systems can go for a long time without cleaning; but then conditioned (cooled) storage and transport is a must.

Investment in terminals and ship cargo systems requires several million dollars as a minimum. Considering the high investments, all systems should be well interconnected and transfer time (pumping) should be minimised. And of course everything should be painstakingly planned and meet set deadlines; in the end the chain should appeal to the clients; delivery in time, with the proper product (specific blend, safe) and at acceptable costs.

Given the growth in consumption, the shift towards NFC and the difference between production versus consumption areas in the world, transport will grow. The intercontinental FCOJ transport is already very advanced, but we see a future in regional bulk (ship) distribution onwards from the main hubs. Also there may be a demand for smaller bulk units, given the diverse demand today (FCOJ, NFC, organic, different ratios etc).

We also foresee that other juices will follow the FCOJ standards and convert, if volumes allow, to bulk. If volumes are not sufficient, combining various juices within a ship and/or terminal may be considered. Alternatives to land (road) transport may be developed; the juice train in the US already has quite a history, but inland shipping may also play an increasing role. This will need cooperation between the various parties in the juice industry, to reduce transport cost.

continued on page 27

Marine transport

continued from page 26

Thus there are interesting times ahead. The standard in juice logistics have been clearly set by the Brazilian firms over the past decades. They are an example for the industry. By investing in logistics they have reduced cost, enhanced quality but, as important, improved their commercial position. It is up to others to follow.

The views reflected in this article are based on a 20-year history of the writers (all partners in Trilobes BV) in juice logistics. This meant the construction of bulk port terminals as well as ship cargo systems for juice. Since then this bulk concept has been further developed and volumes increased. The people of Trilobes have been involved in most of the bulk transport projects realized today; in Brazil, Japan, Korea, Australia, USA and Europe etc.

Trilobes delivers the systems (terminals, ships) on a turnkey basis, but is also involved -in close cooperation with their clients- in studying and developing optimal transport concepts.

HAPAG-Lloyd is working on plans to increase the frequency of its new service connecting Europe and southern Africa, *writes Janet Porter*.

Initially, the service that begins in October will be fortnightly, but Hapag-Lloyd wants to upgrade that to weekly and is already in talks with possible partners.

The South Africa Express, unveiled a few weeks ago, marks the German line's first major foray in to the north-south trades.

Through the acquisition of CP Ships, Hapag-Lloyd inherited a body of expertise in areas where it had not previously had a trade presence and is now taking advantage of the opportunities this provides to expand its route network.

That was very much the case in South Africa where CP Ships was already well-represented, Hapag-Lloyd chief executive Adolf Adrion told *Lloyd's List* recently.

At first, four 1 700 teu ships equipped with 200 reefer plugs will be deployed, with the first departure from Hamburg scheduled for 15 October.

The port of Dakar in Senegal will function as a central transshipment hub serving additional West African ports.

The food industry's logistical map of Europe is about to be redrawn with a north-south axis joining Spain to Norway via a new hub-port at Boulogne-sur-Mer, with a spur link into the UK port of Sheerness, *writes Peter Crosskey*.

The world's first fleet of four Bateaux de Grande Vitesse (BGVs), high speed cargo trimarans, will cruise at 32 knots (37 mph) making the journey between the Spanish ports of Santander or Vigo and the Channel port of Boulogne in 20 hours. The fleet will be operated by Norwegian shipping line Norferries, from its Baltic home port of Drammen.

The two 230-metre long vessels on the Spanish routes will be able to carry up to 175 half trailers, for which haulage costs are confidently predicted to be up to 20% cheaper than the equivalent road trip. Two smaller sister ships, 160m long, will operate at the same speeds between Boulogne and Sheerness (a two-hour hop) as well as the Baltic port of Drammen on the Norwegian coast, 20 hours away.

Nearly 100 trucks

Cruising at the same speed with a payload of up to 94 half trailers, these craft will carry a high proportion of Norwegian fish products, such as farmed salmon, south for further processing in Boulogne, while French and Spanish fresh produce are expected to feature prominently in the northbound shipments.

In addition to processing 300 000 tonnes of fish a year, Boulogne-sur-Mer is investing heavily to become a dedicated food distribution hub for the 21st century.

Work is already in progress at the former Comilog dockside steelworks to make way for the first of two loading ramps. The current phase has a budget of €20.4 million and will be ready for service by the end of 2007, when the first BGVs will come into service.

The quay has four pre-existing rail tracks, which are likely to be used for a dedicated rail freight service. Talks have already been held with a number of cities, including Milan, to ascertain the likely level of demand. So far every port that is preparing to receive the BGVs has a dockside railhead.

The Sheerness facilities, once the landing point for thousands of imported cars, is developing its food handling facilities under the management of Mersey Docks Group. Drammen is the crossroads for Norway's rail network, where the main north-south axis links with the east-west services.

Every port also has motorway access in the immediate vicinity, although the main aim of the project is to relieve the congestion on Europe's roads. This appears to be sparking a positive response from hauliers, too.

"The interest we have had from road operators has been enormous," declares port development director Alain Rousseau. "Road hauliers have stopped charging by the kilometre. Now they will take on a job if they can see €100 clear profit on the trip."

The design of the BGV family of boats has more than futuristic looks to set it apart from previous craft. Its bow is intended to pierce waves, even in rough seas, offering a potentially smoother all-weather ride than current high speed craft to date.

Despite the deliberate echo of France's successful TGV trains in the BGV designation, there is more to this project than high tech marketing spin. "We expect to see full loads in each direction," asserts Rousseau.

The possible BGV destinations are many and varied: sailing times for Casablanca have already been pencilled in, while Saint Petersburg comes to mind. So, too, would a southern Irish port, if there were sufficient demand among the Irish food industry to reach Europe quickly and easily.

The groundwork is already in place to ensure that Schengen and non-Schengen traffic does not mix, to ensure that Sheerness can operate within the project. "Nobody is excluded from trading here," Rousseau observes.

Advertisers' Index

A = Agent B = Broker C = Cold Store
D = Distributor E = Exporter I = Importer
P = Producer B/O = Buying Organisation
O = Other

COMPANY	COUNTRY	PAGE No.	CANNED FRUIT/VEG	CANNED SEAFOOD	CANNED MEATS	TOMATO PRODUCTS	JUICES/CONCENTRATES	DRIED FRUIT/NUTS	FROZEN FRUIT/VEG	ESSENTIAL OILS	DEHYDRATES	DAIRY	HERBS & SPICES	OTHERS		
Aconcagua Foods S.A. (EP)	Chil	9	●			●			●					●	Hall 3, Stand F 018	www.aconcaguafoods.cl
Agrozzi (EP)	Chil	33				●									Chilean Pavilion	www.carozzi.cl
American Roland Food Corp. (E)	US	35	●	●		●								●	Hall 3, Stand C 090	www.rolandfood.com
Arat Co. (EP)	Iran	5						●								www.aratco.com
Badr Day Co. (E)	Iran	5						●								www.day-co.com
Bayernwald GmbH (EP)	Ger	15					●							●	Hall 6, Stand N 031	www.bayernwald.com
Brauns Fruchtsaftagentur (AEIO)	Ger	17				●	●							●		www.brauns-apfel.com
Bureau Couécou (AB)	Fra	13				●	●			●		●				www.couecou.fr
CCM (A)	Ita	43	●			●								●		info@ccmerid.it
CEIEC Food & Beverage Co., Ltd. (AEP)	Chi	17					●		●	●					Hall 4, Stand S 070	www.cnjuice.com
Empresas Carozzi S.A. (EP)	Chil	33				●									Chilean Pavilion	www.carozzi.cl
Export Trading S.A. (AB)	Spa	11	●			●	●		●							www.exportrading.net
Flagfood AG (EIP)	Swi	11				●	●		●							www.flagfood.ch
Gan Shmuel Foods (EP)	Isr	48				●	●			●					Hall 4, Stand Q 064	www.ganshmuel.com
GAT Foods (EP)	Isr	13					●			●				●	Hall 4, Stand N 047	www.gatfoods.com
Glenryck Foods Ltd. (IP)	UK	39		●												www.glenryck.co.uk
Great Oriental Food Products Co. (EP)	Thai	5	●			●										www.greatoriental.com
Grupo Altex Filial Europe, S.L. (EP)	Mex	37	●				●	●	●	●				●	Hall 5a, Stand C 032	www.grupoaltex.com
Haisheng International Inc (EP)	US	11					●							●		www.chinahaisheng.com
Iansafrut S.A. (EP)	Chil	47					●		●						Hall 3, Stand F 018	www.iansafrut.cl
IFB International Food Business SRL (CEI)	Ita	19	●				●							●		www.ifbsrl.it
Ingredientrade (EI)	US	35				●	●		●							www.ingredientrade.com
Intercomm Foods S.A. (EP)	Gre	37	●									●		●	Hall 2, Stand L 091	www.intercomm.gr
iTi Tropicals, Inc (I)	US	45					●		●							www.iTitropicals.com
Itohwen and Company Limited (EP)	HK	42					●	●	●		●					www.itohwen.com

Advertisers' Index

A = Agent B = Broker C = Cold Store
D = Distributor E = Exporter I = Importer
P = Producer B/O = Buying Organisation
O = Other

COMPANY	COUNTRY	PAGE No.	CANNED FRUIT/VEG	CANNED SEAFOOD	CANNED MEATS	TOMATO PRODUCTS	JUICES/CONCENTRATES	DRIED FRUIT/NUTS	FROZEN FRUIT/VEG	ESSENTIAL OILS	DEHYDRATES	DAIRY	HERBS & SPICES	OTHERS		
JFC Enterprises Co, Ltd (ABE)	Thai	43	●	●			●	●	●							www.jfc-enterprise.com
Labojuice BV. (IP)	NL	17					●									info@labojuice.com
La Pulpe (I)	Fra	40-41	●	●		●		●								www.lapulpe.fr
Levy Group International (AB)	Fra	7					●			●						bureauJPL@wanadoo.fr
Logistica 2006 (O)	NL	23												●		www.logistica-online.nl
Medibel S.A. (IP)	Bel	17					●									www.medibel.com
Mother Dairy Food Processing Ltd (EIP)	NL	2					●		●			●			Hall 6, Stand N 015	www.motherdairy.com
Patagonia Chile S.A. (EP)	Chil	47					●		●						Hall 3, Stand F 018	www.patagoniachilesa.com
Peter Igel (AEI)	Can	45	●			●	●	●	●							www.peterigel.com
Prigat (EP)	Isr	13					●			●				●	Hall 4, Stand N 047	www.prigat.com
Quicornac S.A. (EP)	Ecu	11					●									www.passionfruitjuice.com
Rhodes Food Group (Pty) Ltd (EP)	SA	17	●				●								Hall 3, Stand B 018	www.rhodesfoodgroup.com
Shaanxi Haisheng Fresh Fruit Co., Ltd (EP)	Chi	11					●							●		www.chinahaisheng.com
Shijiazhuang Fortune Foods Co, Ltd (P)	Chi	43						●	●							fortunefoods@fortune-foods.com
SIAL PARIS (O)	FR	20												●		www.sial.fr
Silver Food (P)	Morocco	39		●											Hall 3, Stand F 052	www.silverfood.net
Sinochem Qingdao Co., Ltd (EP)	Chi	5	●			●	●	●	●	●	●				Hall 5a, Stand Q 168	www.sinochemqingdao.com
Sweco Europe S.A.(P)	Bel	43					●			●	●	●	●	●		www.sweco.com
Tipco Foods (Thailand) PCL (EP)	Thai	37	●				●		●						Hall 3, Stand E 102	www.tipco.net
TPFTZ Bositeng Int. Trade Co., Ltd (E)	Chi	31	●			●	●		●						Hall 5a, Stand L 057	www.bositeng.com
Trans Ocean Distribution Limited (O)	UK	25												●		www.todbulk.com
Trisun (Israel) Ltd. (ABEIO)	Isr	9	●			●	●		●	●	●			●	Hall 4, Stand Q 064	www.trisun.co.il
VOG Products Gen.Landw.Ges. (P)	Ita	45	●				●		●						Hall 5a, Stand P 163	www.vog-products.it
Waknine & Berezovsky Co. Ltd (ABEI)	Isr	9					●			●				●	Hall 4, Stand J 024	www.wb-il.com
Xiamen Kingstar Imp & Exp Co, Ltd (AE)	Chi	45	●				●	●	●		●					www.kingstar.cn
Xiamen Newman Imp. & Exp. Co., Ltd (AEIP)	Chi	5	●	●	●	●	●	●	●		●			●		www.newmanfoods.com
Yantai North Andre Juice Co., Ltd (EP)	Chi	1					●							●		www.andre.com.cn

Transport solutions

Out Ryders

Effective fleet management is the key to success for any organisation in the food industry and outsourcing can bring operational and cost benefits.

BY PETER BACKHOUSE

Transporting fresh and frozen food from a processing plant, warehouse or cold store to customer's premises on a timely and cost-effective basis is an essential part of good business management. Yet a number of organisations, both large and small, still seem to lack the right tools for the job.

Vehicle breakdowns, unreliable drivers or unsuitable delivery equipment will not be tolerated by customers for very long and a company's reputation and its long term success can be adversely affected as a result.

Therefore, it is crucial to get a transport solution that is custom-designed to a business' exact requirements. One that makes day-to-day operations more efficient, more productive, and more cost-effective and hassle-free, and one that works best for the business and not that of the solution provider.

While a large number of businesses in the food industry have chosen to contract hire vehicles from local and national suppliers, some have also taken the logical step of outsourcing driver and operational management requirements too. There are many variations on how this service can be provided and I would recommend that any business contemplating going this route makes sure the supplier they chose will provide a solution that is a perfect match for their operational requirements.

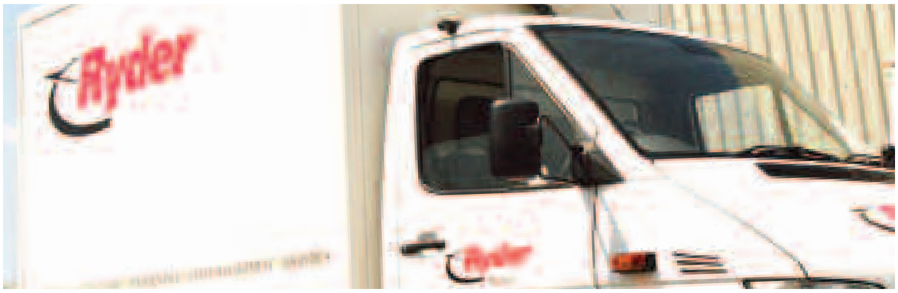
Unlike most transport and logistics providers, Ryder is a genuine one-stop-shop as it owns its vehicle fleet and maintains the vehicles in its own dedicated workshops, thus ensuring that customer vehicles are maintained to the highest standard and, most importantly, are always available for work.

In simple terms, Ryder makes money when its trucks and vans are working whereas most other operators supply customers with vehicles that are, in turn, supplied on contract hire direct from vehicle manufacturers. As manufacturers make most of their money when these vehicles are in their workshops being serviced it is certainly not the best long-term deal for customers.

I believe that it is essential for a transport solution provider to get as close as possible to understanding the customer's business. This means that the vehicles, equipment, drivers and management team that are dedicated to a customer are perfectly matched to their operational requirements and, in terms of personnel, are thoroughly understanding of the customer’s requirements and sympathetic to their special needs.

Customer requirements

This enables the provider to set day-to-day resources at the right level and then bring in extra resources to support peaks of business as required. Understanding the customer’s business is also key to cost savings that can be made, for instance, by optimising route planning and even working with suppliers to collect raw materials when customer vehicles would otherwise be returning to base empty. This gives the customer better control of the supply chain.



Ryder works with some of the biggest and some of the smallest food manufacturers in the UK and each is provided with a custom-engineered transport solution that is optimised for cost-effectiveness and maximum productivity. Bulk transport solutions are provide for companies such as Danish Bacon and Dairy Crest, while smaller customers include foodservice companies and wholesalers.

In addition to providing a customised transport service, a good operator should also give help and advice on dealing with the ever-changing myriad of rules and regulations covering everything from maintenance records, tachographs and the new laws on Working Time Directives.

By outsourcing, food manufacturers do not have to build their own workshops, employ fitters, keep a large parts inventory and have the hassle of dealing with their own breakdowns. At Ryder, we provide customers with a strict maintenance schedule and then collect vehicles for servicing, as they become due, and leave us a replacement vehicle until their own is freshly serviced and delivered back.

By outsourcing their transport and fleet management requirements such organisations can focus on what they do best - running their core business. At Ryder, we believe that companies which want to meet their business goals should focus all of their resources on running their core business and leave transport to specialist providers.

Ryder operates more than 16 000 vehicles from 27 locations across the UK.

Peter Backhouse is vice president and managing director of Ryder Europe.


BOSITENG
international trade
博斯腾国际贸易
Provide dainty to the world!
Promotor of nutrient foodstuff, A reliable trade partner
Have more than 15 years of experiences in tomato paste industry and own a very professional team providing the best services.

Tomato products

The winds of change

All over Europe, farmers are having to get used to the idea of reduced subsidies as the EC reforms the system and tomato producers are no exception.

BY RICHARD SIMPSON

Changes can be a troubling and difficult part of life, but when it involves long established industries and livelihoods, they can be downright painful.

With the EC currently revising its fruit and vegetable common policy, European processed tomato producers find themselves at a crossroads.

A major issue for the industry is that of decoupling, which will mean under the Common Agricultural Policy (CAP) that farmers are no longer given direct payments relating to what they produce but how they manage their land, and will have a huge impact on how farmers act. As a concept, decoupling is intended to force governments to break the link between assistance to farmers and farmers' decisions to produce and sell agricultural products.

According to the EU Commission (EC) agenda, the reform will be completed by October 2006. The EC has just put out a document which it has submitted accredited producer organisations for discussion. Accordingly, key reform options on the table are, to maintain the status quo, to introduce full or partial decoupling, or to convert current subsidy regime (paid on an output-base) into an area-related subsidy. Of all options, the most popular is subsidy decoupling.

The new reform is expected to come effect by 2008/09, but it is unclear at this moment how the tomato sector will fare within the sector reform discussions. The EC is now in discussions with EU Member State producer organisations on the revision of the fruit and vegetables policy.

One major Italian canner told *FOODNEWS* that he had serious concerns over how the Italian industry would adjust if decoupling proposals went ahead in the same form as commodities like grain or sugar.

"The Farmers Union is very keen to drive the EC towards the decoupling system as farmers have argued that, with prices as they are, they can not make a profit," he said.

"Processors, not only in Italy but in the whole of Europe, are against this because we will be forced to contract at such a high price it is impossible to stay in business. Unless there is a serious modification to match the EU budget, this scheme will see the end of tomato growing and processing in Europe."

The processor put the cost of the tomato crop at between €65.00-70.00/tonne depending on the area, and without the EU subsidy of €30.42/tonne, processors would have to contract at a price of over €70.00/tonne, a figure that would put them out of the market completely. One UK source told *FOODNEWS* that he understood that processors had such concerns, as decoupling would inevitably see production levels fall and, invariably, costs for canners rise.

"I recognise canners' concerns but to say they will immediately go out of business is jumping the gun, the layout for decoupling as it would apply to tomatoes is still being considered by the EC," said the source. "This is just part of regulating Europe's agricultural industries and pulling production and prices into line. Inevitably, if farmers move away from tomatoes then prices will go up as supply decreases, and the farmers will come back. It is the simple rule of supply and demand, but the days of huge production and cheap tomatoes are nearing an end."

Other producing nations

Europe's other tomato producing nations, Spain and Portugal, also find themselves in the same situation with tomato production expected to decline, while exports will likely remain strong until the excess stocks have been sold into the world market.

The reduction is a direct result of diminishing subsidies, calculated annually using a three-year moving average that includes a penalty factor for any and all years that producers exceed the national annual production quota.

Spanish producers have, until now, been on the front side of this three-year sliding average, which perversely stimulated over-quota production. Now, however, they are feeling the results, as the moving average factors in their over-quota production and decrease the subsidy levels available to them.

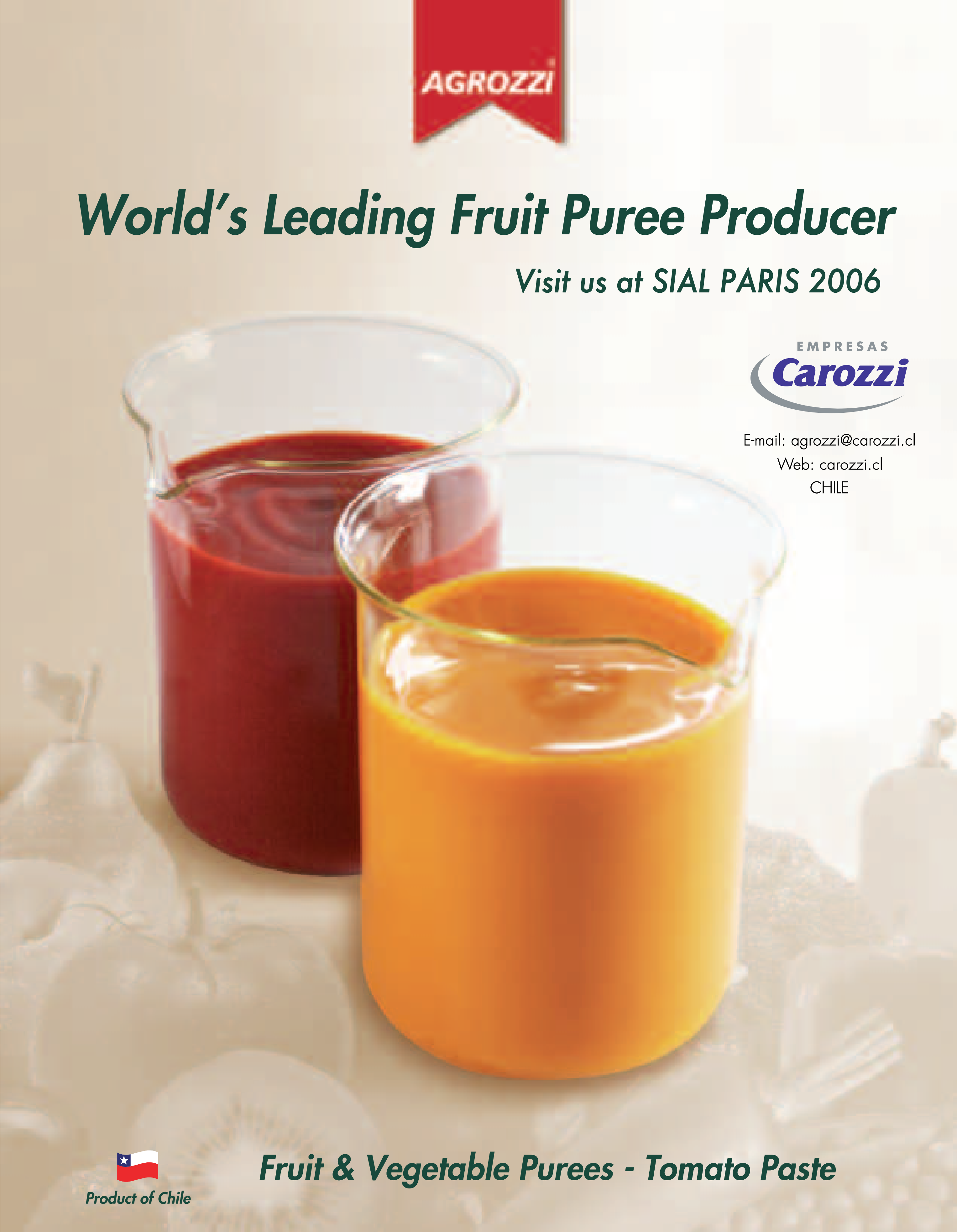
The Spanish industry has obvious concerns over the reform, as the introduction of subsidy decoupling will likely create provisioning problems over the medium-term.

Spanish tomato product producers may prefer tweaking the current system to their advantage, but they appear to be in a vulnerable negotiating position and may ultimately need to adjust to partial subsidy decoupling and the single farm payment that have become so prevalent in the EC's reform packages to this point. Should the reform occur along these lines, it is likely Iberian processing tomato production would soon thereafter, and exports somewhat later, rationalise to become profitable under new rules.

Italy's farmers' association signed contracts with packers earlier this year to provide around 5.3 million tonnes of processing tomatoes, well under last year's 6.1 million tonnes estimate and around 20-25% less than 2004's 6.5 million tonnes. A final production figure of around 4 million tonnes has been suggested as extremely hot weather was a factor this summer.

Spanish processed tomato production for 2006 was contracted for 1.80 million tonnes, a significant decline on 2005's 2.26 million tonnes total, while Portugal contracted about 1.12 million tonnes, down from the previous year' 1.27 million tonnes.

With circumstances changing dramatically for Europe's industry, this pattern of production decline only looks likely to continue.


AGROZZI
World's Leading Fruit Puree Producer
Visit us at SIAL PARIS 2006
EMPRESAS
Carozzi
E-mail: agrozzi@carozzi.cl
Web: carozzi.cl
CHILE
Fruit & Vegetable Purees - Tomato Paste
Product of Chile

Fruit and vegetables

It is time for reform

Fruit processors and growers in the US and southern hemisphere have for many years complained about EU fruit subsidies. Now the EU is tackling the issue.

BY CHRIS HORSEMAN

International trade pressure, a shrinking purchasing base and environmental concerns have all forced the EU to acknowledge that the European fruit and vegetable sector, left virtually untouched during the reform of the CAP in 2003, needs a thorough overhaul.

To get the ball rolling, EC published a report on 22 May aimed at opening a public consultation on the future of the fruit and vegetable market, which should lead to a more concrete proposal for reform later this year.

Fresh and processed fruit and vegetables are currently managed by a complicated system that, at its simplest level, involves the European Commission (EC) paying subsidies to farmer-managed Producer Organisations (POs).

These subsidies – aids for production and processing, export refunds to encourage trade abroad and payments to compensate farmers who withdraw their produce from the market to reduce excess supply – are considered as trade-distorting under international trade law.

Most EU money – €854 million in 2005 – is spent on the production and processing of tinned, canned and puréed fruit and vegetables. This sum counts as an Amber Box payment in the World Trade organisation (WTO) context, and will probably have to be reduced in any case to meet likely new Doha Round limits.

The simplest way of dealing with this problem would be for the EC to adapt the current system to meet updated international trade norms, but is likely to go a step further and bring the fruit and vegetables regime in line with the rest of the CAP by decoupling payments from production.

A third, more radical option, would be to introduce an 'area aid' scheme so that payments are based on the production challenges of a specific area, rather than on the basis of production (as they are now) or on the amount of farmed land (as in the case of decoupled payments).

Fruit and vegetable producers face the unavoidable problem of being highly susceptible to the vagaries of the weather and the market.

Their produce is perishable, and so, for instance, a downturn in demand for lettuces because of a cold summer can spell disaster for producers. On the other hand, several months' fine weather can mean an excessive harvest and can lead to farmers being paid to dump their produce – a wasteful practice which has attracted widespread criticism.

Insurance scheme

The most likely approach to reform would be some kind of insurance scheme, whereby the EU would contribute to insurance premiums that would pay farmers in the case of a crisis arising from a natural cause, or for member states to create a fund that could be tapped if a crisis occurred.

The EC is also suggesting allowing producers a temporary supplementary outlet for their produce in the event of a short-term crisis in the fresh produce market.

POs are generally struggling to cope with challenges thrown up by the modern marketplace. A particular problem is their increasing inability to command decent prices for their produce because of the shrinking number of purchasers as the big supermarket chains, such as Tesco and Carrefour, buy up the competition and demand low-priced produce. Traditional PO marketing channels are similarly being circumvented by a growing trend towards direct sales contracts between grower and retailer.

POs have thus generally failed to attract producers outside the major producing areas, those who want to sell directly to the market, or those who produce in non-traditional ways, such as organic farmers.

In order to make POs more attractive to farmers, the EC suggests in its consultation document that POs in different EU countries could work together and share their experiences and their concerns.

The consultation also wants to consider ways of reducing the environmental impact of fruit and vegetables on the environment; a successful harvest requires huge amounts of water and, in some cases, heating and pesticides.

This situation could be improved, according to the paper, by introducing cross-compliance measures as have been introduced for the rest of the CAP. This would mean that the EC's level of funding to POs would be dependent on their willingness to tackle the main environmental problems in their region.

A more radical option would be to make it compulsory for all POs to pay a minimum percentage of their funds to schemes that benefit the environment.

A further worry for fruit and vegetable farmers is falling consumption in Europe, despite messages from governments in all member states that five portions of fruit and vegetables a day is the minimum recommended level of consumption.

France revealed last month that consumption had stalled last year, while the average person in the UK eats just 3.7 portions (assuming 80g per portion) of fruit and vegetables a day, compared with the five portions recommended in a healthy eating push launched three years ago by the Department of Health. This means that the 'five-a-day' target is being fulfilled by only 74%.

The EC in its paper offers a range of possible solutions to increase consumption, such as more overlap between private and public initiatives in terms of marketing and health messages.

Canned foods

French trade

The French prefer their processed foods domestically sourced, but last year imports outnumbered home grown products, as a result of a weak dollar.

BY PETER CROSSKEY

Last year, France spent more than €4.5 billion on nearly 3.5 million tonnes of longlife ambient products. Canned, bottled and appertised foodstuffs in a host of packaging formats; pasteurised products such as fruit compôtes or foie gras; semi preserved fish preparations; frozen vegetables and jam, the list is as varied as it is long. The figures for all these sectors are collected by the same trade association, partly for historical reasons.

If the French food industry has any misgivings, they arise initially from the fact that food imports in this area last year carried a price tag of €1.7 billion, whereas the corresponding export earnings were just over €1.4 billion. This trade deficit is readily explicable, since domestic production in 2005 totalled just under 2.8 million tonnes

France also has a long history of exporting canned vegetables, notably sweetcorn. This was adversely affected by a weak dollar to euro rate, both at home and abroad.

Vegetable packers recorded a 4.5% year-on-year drop in semi-processed tonnages to 2.36 million tonnes during 2005, as a result of reduced sowings. Incorporate frozen vegetables (finished product, in net tonnes) into that equation and the total rises to 2.78 million tonnes.

The domestic market for canned goods saw stable volumes, with growth in canned ready meals and canned fish. Retail prices of canned foods even dropped slightly towards the end of the year – vegetables by an average of 2.6%, fish by 1.7% – as part of a high profile government retail price reduction programme.

The aim of the 2005 reform to the Loi Galland was to curb abuse of 'commercial co-operation' agreements by multiple retailers. This meant trying to control payments for preferential merchandising and the multiple tricks and ruses that buyers use to extort money from food manufacturers.

Interpretation

The original Loi Galland made selling below cost illegal. Much of the reform debate centred on how to define the cost of goods and how to ban retrospective discounting at the end of the year.

It is hard to square the spiralling cost of energy and tinplate during 2005 with the idea that there could possibly have been scope for giving price reductions to retailers by the autumn. It is equally unlikely that any retail margin was damaged during the making of this long-running legislative epic.

The year 2005 also saw a rise in the production and sales of seasonal specialities such as cassoulet and confit. It is hard to tell whether this is a necessary counterweight to increasing foie gras export volumes or if it was a bolthole for specialist poultry producers who started the fourth quarter under extreme pressure, with heavily reduced year-end sales volumes at the end of a business cycle.

The canned food sector could probably live with the growth of imports during 2005 (currently 42% of consumption) if it earned as much money from the 32% of its total production that it exports. With a canned food trade deficit of around €400 million, export earnings face additional pressure on a number of fronts.

The most obvious of these has been the weak dollar exchange rate. This has damaged the prices realised in export market as well as pulling cheap competing products into both the domestic and EU markets.

Competition against third countries with low labour costs has already sparked an EU anti-dumping procedure against Thai canned sweetcorn.

The growing tonnages of Chinese tomato paste coming into Europe has pushed surviving French tomato processors to move into premium niche products.

Since the enlargement of the EU, there has been stiffer competition with low-cost east European member states. This cuts a number of ways: first, there are limited opportunities for high margin export sales in these countries.

Second, these markets will give preference to increasingly cheap third country imports as tariffs drop. Finally, these countries have sufficient cost-base advantages to be highly competitive on the French home market, when and where it suits them.

SELECTED CATEGORIES OF FRENCH CANNED GOODS 2005

	Market value (€ million)	Consumption ('000 tonnes)	Production ('000 tonnes)	Exports ('000 tonnes)	Imports ('000 tonnes)	Exports (€ million)	Imports (€ million)	Trade balance (€ million)
Vegetables	808	927	1122	472	221	367	208	159
Cultivated mushrooms	160	99	95	34	38	33	37	-4
Tomatoes	41	272	41	11	236	19	121	-102
Ready meals/recipe dishes	795	498	503	48	43	64	82	-18
Specialities (inc. foie gras)	670	65	67	21	15	97	51	46
Fish	824	313	107	62	268	176	604	-428

Source: ADEPALE

Canned tuna

Gone fishing

Italy's tuna industry has been tossed about on the high seas of the international tuna markets: other operators can catch more and charge less.

BY RICHARD SIMPSON

Although not the biggest importer of canned tuna in Europe, Italy has the distinction of being both a major importer of product and possessing its own traditional domestic fishing industry.

However, Italy's fisheries industry appears to be in state of decline, with stricter regulations on fishing and a dwindling fishing fleet causing the downturn.

The number of companies involved in processing in Italy has fallen constantly over the last two decades. According to official data from the last industry census in 2001, there are only 415 fish processing companies left in the country.

Tuna canning is the most dominant division of Italy's processing sector, accounting for around 70% of the processing sector's value, and processing around 91 000 tonnes in 2005. Canned sardines in oil adds up to about 2 000 tonnes, anchovies in salt (12 000 tonnes), fillets of anchovies (9 000 tonnes), processed clams (2 400 tonnes), and others (16 000 tonnes). The domestic tuna canning industry has gone through significant downsizing in recent years, with greater availability of raw material for processing found in countries, such as Colombia and Ecuador.

The fish-processing sector in Italy has been facing a difficult financial situation for some years, due to high labour costs and the necessity of importing all raw material.

Tuna canning and sardine processing in particular have come under intense pressure from cheaper third country imports, with countries like Spain and South America.

Italy's fishery industry accounts for only around 0.1% of the country's GDP. Italy has expanded over the years into an important canned tuna importing country, while the country used to rely on domestic production for most of its consumption some ten years ago.

Spanish acquisitions

In Italy's domestic market, major takeovers of Italian brands by Spanish companies have led to increasing exports from abroad to the Italian market. According to reports, the increase in imported tuna loins in the canned tuna production, has led to softer meat and less chunk presentation among the canned tuna sold in Italy.

Imported tuna loins make up 90% of total production now. Italy has expanded over the years into an important canned tuna importing country. The country used to rely on domestic production for most of its consumption.

In 2005, 99 530 tonnes of canned tuna was taken by Italy, compared with 97 785 tonnes in the previous year and 64 585 tonnes in 2000. European neighbour, Spain, is by a large margin the biggest supplier of canned tuna to Italy, with sales of 28 925 tonnes accounting for almost one-third of all product entering the country.

Colombia has also raised its profile in the Italian market to 19 990 tonnes over the last six years, although in line with Italian imports on the whole, the rise in sales has slowed markedly since 2003. Ecuador has increased its presence in Italy's tuna trade since 2000 but exports have dropped off since 2003's high point of 13 015 tonnes, to 10 975 tonnes last year.

Ivory Coast (8 895 tonnes) remains a prominent supplier despite the upheaval rife in the country over the past few years, which has seen a number of canneries close and production fall.

With Italy's tuna needs increasingly being catered to by imports, it has been imperative for Italy's fleet to secure its future. According to Italy's Ministry of Agricultural and Forestry Policies, a deal between EU member states, agreed earlier this year, has secured funding for Italy's fishing industry of around €376 million (US$470 million) for the period of 2007-2013.

This accounts for around 10% of the European Fisheries Fund.

In addition to the EU funds, the Italian government provided €32 million (US$40 million) through the National Programme for Fisheries and Aquaculture.

This scheme finances support to associations (€7.7 million), support to companies (€2.7 million), support to market research (€1.6 million), and support towards research and development (€1.2 million). As another boost, Italy will also apply a reduced VAT rate to fish products of 7%, as opposed to the standard 20% rate, at an estimated annual public budget cost of €12 million.

ITALIAN EXPORTS OF CANNED TUNA

160414	2000	2001	2002	2003	2004	2005
France	4 446	4 673	8 850	4 440	4 426	4 923
Greece	2 793	2 851	3 338	3 772	3 760	2 832
Belgium	1 471	1 399	1 362	1 157	1 451	1 226
Germany	192	292	292	496	874	1 347
Slovenia	543	640	748	888	1 193	1 300
Saudi Arabia	582	970	798	747	800	937
Austria	333	396	551	485	611	764
Switzerland	277	225	253	303	353	566
Others	2 418	2 695	3 056	3 318	4 079	3 700
TOTAL	**13 055**	**14 141**	**19 248**	**15 606**	**17 547**	**17 595**

Source: GTIS

la pulpe

YOUR PARTNER FOR THE FRENCH MARKET

OUR VOCATION

SOURCING:
we constantly pursue new supply sources to obtain competitive prices, better quality and greater security against crop shortage.

IMPORTATION:
we oversee all logistical formalities, clearance through customs and payments. Goods are only put up for sale following strict application of the relevant regulations.

QUALITY CONTROL:
all our products go through a control carried out by an independent laboratory and validated by our quality department.

STOCKING / DELIVERIES:
Once controlled and put up for sale, we stock the necessary volumes to face the common risks of importation and, above all, to meet our customer's evolving requirements.

MARKET WATCHFULNESS:
We follow in permanence the evolution of the market in order to master important changes and to help our clients maintain their sales policies.

NORME ISO 9002

BVQI
Certificat de Système Qualité
LA PULPE

Our objective through this certification "Customer Satisfaction"

All the company is managed and organised by a Quality System Manual which puts together all procedures imposed by the norm ISO 9002

"Who, What, How, When and Where"

Everybody at the heart of La Pulpe brings with them their unique and valuable contribution, allied to a rigorous organisation where the number one concern is to give our valued customers 100 % satisfaction.

The strict respect of these procedures allows us to assure the traceability of our goods and to overcome the classic hazards of importation and imported products.

THE GUARANTEE OF OUR COMMITMENTS LA PULPE IS CERTIFIED ISO 9002 BVQI SINCE NOVEMBER 2000.

OUR CUSTOMERS:
CATERING, BAKERY, INDUSTRY, RETAIL

La Pulpe
61 rue de Ponthieu - 75008 PARIS - FRANCE
Tél. 33 1 58 05 36 36 - Fax : 33 1 40 55 08 09 - email : contact@lapulpe.fr - pcohen@lapulpe.fr

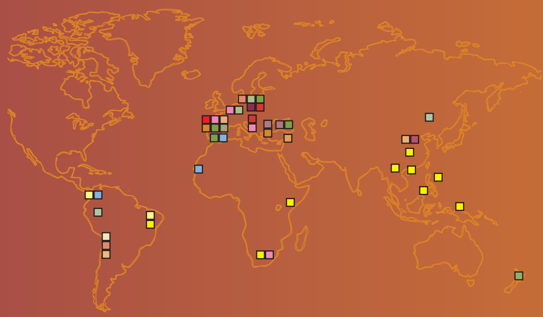
A HALF CENTURY OF EXPERIENCE

Founded in 1957, La Pulpe is a family business whose activities are based on the trade of canned fruits and dried sultanas and more recently canned vegetables and tuna.

The characteristics of our company :

HUMAN RESOURCES:

A team experienced and competent in each step of importation, multi-lingual, and whose strong sense of professionalism allows us to constantly demonstrate our swiftness to react and our flexibility to better satisfy our customers needs.



- Pineaples
- Apricots
- Dried Sultanas
- Pears
- Peaches
- Cocktail
- Cherries
- Kiwis
- Dark red plums
- Greengages
- Mirabelles plums
- Mandarin
- Guavas
- Grapefruits
- Apples
- Blackcurrants
- Baby fruits
- Sour Cherries
- Artichokes
- Olives
- Gherkins
- Tomatoes
- Aspargus
- Heart of palm
- Mushrooms
- Tuna
- Sardines

Refreshing fruits

- Peaches
- Apricots
- Pears
- Cocktail

Festive Fruits

- Blackcurrants
- Baby Fruits
- Fruit salad
- Kiwis
- Guavas
- Mandarin
- Grapefruit

Fruits with stones

- Cherries
- Mirabelles plums
- Greengages
- Dark red plums

The leader: Pineapple

- sliced
- tid bits
- pieces
- crushed

Fish

- Tuna
- Sardines

Vegetables and condiments

- Artichokes
- Tomatoes
- Gherkins
- Aspargus
- Olives
- Mushrooms
- Heart of palm

Frozen fruits

Fruitful relationships

Poland has a vital role in supplying frozen strawberries to the EU, but produce from other origins remains important; for raspberries, Serbia is a key source.

BY EUGENIE BRYAN

The European frozen strawberry trade may be well served by Polish produce, but latest trade figures show that third country supplies still play an important part in regional business.

Overall, trading conditions in 2005 for external producers were difficult as EU processors were able to rely on good supplies of relatively cheap strawberries from Poland, the established source of berries for Europe's processed fruit industry.

Consequently third country imports into the EU's 25 member states fell by 8% to 86 136 tonnes last year from 93 693 tonnes in 2004, which itself is 17% down on the previous year. The most significant shift in terms of sourcing external supplies between 2000-2005 has been the emergence of China which last year usurped Morocco as the leading third country supplier of frozen strawberries, after pushing up sales by 41% to 43 200 tonnes from 2004's level of 30 620 tonnes.

EU25 IMPORTS OF FROZEN FRUIT

	2000	2001	2002	2003	2004	2005
Raspberries 08112031						
Serbia	0	0	0	0	0	**29 678
Serbia/Montenegro*	44 348	49 411	59 869	54 744	48 761	22 543
Chile	11 112	12 963	12 603	12 823	17 838	13 523
Bulgaria	961	1 182	1 475	2 741	1 672	3 085
Non Detm'd Extra EU	0	0	0	1 575	0	1 635
Bosnia & Herzegovina	676	754	1 136	1 297	1 091	1 413
China	131	338	741	696	673	279
Romania	182	449	290	777	314	126
Turkey	293	62	241	89	164	74
Ukraine	55	122	36	182	413	141
Macedonia	542	19	13	20	0	80
Norway	0	50	0	0	0	57
Argentina	0	0	9	26	32	52
Others	1 255	1 209	445	275	465	176
TOTAL	**59 555**	**66 559**	**76 858**	**75 245**	**71 423**	**72 862**
Strawberries 081110						
China	5 945	6 154	8 941	37 925	30 622	43 197
Morocco	21 557	20 292	25 531	35 253	47 079	30 406
Non-EU Suppression	14 068	8 056	11 559	12 733	1 893	2 861
Turkey	8 044	8 636	10 503	9 312	7 089	6 121
Bulgaria	524	568	1 772	1 949	1 327	1 277
Chile	34	1	30	182	505	542
Ukraine	13	45	305	342	173	239
Egypt	0	87	120	705	1 906	233
Tunisia	9	13	19	223	452	225
Serbia	0	0	0	0	0	242
Serbia and Montenegro	0	0	0	2 067	758	127
US	87	12	267	1 036	280	189
Norway	36	0	133	42	23	122
Argentina	178	0	195	642	349	34
Romania	1	24	51	20	64	22
Bosnia & Herzegovina	41	9	55	65	53	13
Yugoslavia	1 227	2 392	2 754	0	0	0
Others	831	365	413	1 722	1 120	286
Total	**52 595**	**46 654**	**62 648**	**104 218**	**93 693**	**86 136**

Source: GTIS
*Serbia/Montenego's exports came under Yugoslavia until 2003. **2005 is the first year Serbia has audited its customs alone.

Chinese exports

China's export surge is particularly extraordinary as the country started from a low base and before 2000 was merely a minor player within the EU. However, since 2000 when exports from China accounted for just 5 945 tonnes of the 52 595 tonnes of frozen strawberries imported into the EU, five subsequent year-on-year increases has propelled the country into pole position in the export league table for external suppliers.

Moroccan exports have borne the brunt of China's ascendance, plunging 35% in 2005 from a peak of 47 079 tonnes in 2004, ending three years of consecutive increases.

Sales from the US have been another casualty of China's relentless advance. Although never a big supplier of frozen strawberries to the EU, in 2003 US exports surged to 1 040 tonnes, coinciding with a shortfall of produce from the EU's traditional sources. That record is unlikely to be matched soon, judging by last year's US deliveries which plummeted by one-third to 189 tonnes from the previous volume of 280 tonnes.

Third country deliveries of frozen raspberries into the EU rose by 2% to 72 860 tonnes in 2005 – 22% more than in 2000 when uptake was 59 555 tonnes. Deliveries from Serbia and Montenegro reached 52 220 tonnes, accounting for the lion's share of sales. Although Chile, the second largest supplier, recorded a 24% drop to 13 525 tonnes last year, this still represented the second biggest volume of Chilean frozen raspberries shipped to the EU.

Organic products

continued from page 16
situation, growers and retailers form their own delivery groups. Similarly, retailers form their own buying groups.

Many individual growers are limited by their small sizes from meeting wholesaler requirements.

The best way for an exporter to penetrate the French market is to deal through an importer or distributor.

Companies with branded organic foods may advertise through trade shows and specialised magazines. They may contact FAS/Paris for a list of trade shows and magazines.

Most of the supermarket chains have their own organic food label, carrying an array of products from dry foods to dairy products to meat and to fresh produce. Some retail outlets have positioned themselves as exclusive sellers of organic products.

Processors buy food ingredients directly from the manufacturers. The best way for an exporter to penetrate the French market, says the USDA, is to deal through local importer/distributors, as local representation and personal contacts are essential entry factors.

Also of importance is participation at trade food shows such as the Food Ingredient Show (FIE), Health Ingredient Show (HIE), the dietetic/organic trade show (NATEXPO), and the International Food Show (SIAL). French food processing industry players attend these shows.

The organic food-processing sector has traditionally consisted of small and medium-sized artisan enterprises with one to two specialty products that sell locally. Large agri-food companies are investing in organic foods under their own label and launching these brands nationwide.

The organic food service sector remains underdeveloped in France. Concerns about pesticides/additives and other food safety issues in France have not converted diners to organic food restaurants.

There were about 130 organic food restaurants in France in 2001, located primarily in large cities.

Many restaurants are beginning to develop organic dishes to accompany traditional menus. Some municipalities are also beginning to include organic food in school menus.

---

continued from page 4
Hugely increased demand for fresh product means that we can expect to see continually increasing prices till the product finally snaps its price elasticity.

New crop Goji berry is now in our warehouse and I am pleased to see the level of interest that this new addition to the berry range is attracting.

Turkish sultanas can be expected to maintain a rising trend through the season, though the crop is expected to be a healthy 265 000-270 000 tonnes, Taris seems to be in clear control and will manipulate the price steadily up.

The crop news for Turkish figs is similar to last year though we can expect a better quality unless there is rain in the next few days – the figs are drying at the moment.

We have some turnarounds in the seed game. Last year saw some very weak prices for Chinese sunflower and as a consequence plantings very sharply reduced. Coupled with this were reduced yields due to drought and so we can expect a total reduction of 40% with a preponderance of small sized seed. American plantings were also well down and they have had a similar problem with too dry weather. Argentina is now sold out and so there will not be any relief from there until possibly next May.

Pumpkin is steadier with increased planting in China especially the grown without shell variety.

After some uncertainties with the monsoon we can also expect steady pricing with a tendency to firmness for Indian sesame seed. Blue poppy attempted a rally on the back of reduced plantings in Tasmania for alkaloids but was unable to sustain it through to the European crops. Steady as she goes!

Freeworld Trading is a major importer and trader of dried fruit nuts and seeds.
Freeworld Trading Ltd, 21 Annandale Street, Edinburgh EH7 4AW
Tel. 0131 557 5600 Fax. 0131 557 5665
www.freeworld-trading.co.uk

---

continued from page 22
that, over some 25 years, outsourcing has grown from being provided by a few local hauliers to multinational operations, with distribution giants typically employing thousands in numerous countries. More local presence frequently enables bulk food suppliers to seek contracts with processors and packers previously too distant to serve efficiently.

Whereas suppliers have many functions other than ensuring goods reach their customers, dedicated transport organisations' sole function is ensuring the goods are correctly loaded, that they leave their clients on time and in vehicles which are correctly maintained; driven by personnel who are fully trained, with annual medicals and driving safety checks.

To understand the many pitfalls, consider the handbooks published by the Freight Transport Association or the Road Haulage Association which précis legal requirements and provide practical advice, including warnings that more accidents happen during loading and unloading than on the road.

Transport specialists can not, of course, always guarantee the goods will arrive on time owing to travel problems, although most do have real-time navigation systems in cabs to warn drivers over delays. Unfortunately, others will also be alerted to divert, so the congestion hardly eases.

They are though only too aware that most processors have just-in-time policies which can lead to serious downtime so, although any who agreed to consequential loss policies would soon be facing bankruptcy, they do take their obligations very seriously.

Logistics companies also have the advantage of being able to avoid wasteful empty return journeys as they are in a position to pick up new loads near to their delivery points, with many drivers prepared to leave their depots for weeks at a time to make numerous pick-ups and deliveries across Europe. Choosing third-party services is not straightforward. It is essential to ensure the provider has the necessary structure, know-how, state-of-art IT expertise – from warehouse management to vehicle tracking and deterioration monitoring – and financial robustness to operate efficiently.

Are its warehouses conveniently placed to serve your major customers, does it have a good environmental record, are its drivers familiar with all European destinations where your client processors are, and does it have secure arrangements in place for overnight parking?

The safety of the vehicle and its driver may not be your direct concern but failure to deliver on time is likely to lose customers.