PRODUCT FACT SHEET

PRACTICAL MARKET INSIGHTS INTO THE PRODUCT GROUP OF

Fresh Onion and Garlic

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The obvious global climatic changes lead to uncertainties concerning traditional harvesting times, quantities, and qualities from many countries of origin in the world.

Besides the occurring problems, this also creates chances for producers. Especially for products which are traditionally imported to Europe to complete a whole year cycle of delivery, importers try to find alternative origins to secure constant availability and be able to fulfil their own contracts e.g. with clients from the retail sector who are not importing all their demand themselves. In that respect longstanding partnerships with reliable producers become more and more important.

1 Product description

Garlic and onions are considered to be among the oldest cultivated vegetables in history. The onion and garlic market has shown substantial growth fuelled by its numerous health benefits including fibre, folic acid, vitamins, antioxidants, and antibacterial properties.

Garlic and onions – which are part of the allium family, along with shallots, leeks and chives – have so many health properties that they are often considered medicinal foods, especially in healing traditions like Ayurveda.

In addition, garlic and onion – fresh and dried - are widely used ingredients in world cuisine, and are used in cooking. Though science is still not entirely clear to what extent the body can actually use the healthy compounds if onion and garlic are cooked before eating. In general, allium vegetables are rich in organosulfur compounds, contain phytochemicals and probiotics.

This product factsheet focuses primarily on the fresh onion and fresh garlic, which are most relevant for the export from developing countries.

**TABLE 1:
HS PRODUCT CODES
FOR ONIONS AND GARLIC
SOURCE: ITC**

HS code	Description
0703	Onions, shallots, garlic, leeks and other alliaceous vegetables, fresh or chilled.
070310	Onions and shallots: Onion sets
070320	Garlic
070390	Leeks and other alliaceous vegetables

FRESH ONION

Onion (*Allium cepa* L., from Latin cepa onion), also known as the bulb onion or common onion, is a vegetable that is the most widely cultivated species of the genus Allium. The shallot is a botanical variety of the onion. Until 2010, the shallot was classified as a separate species.

The ancient Egyptians loved onions and believed that their round shape and concentric rings symbolized eternal life. Onions are one of Egypt's most important crops in terms of local consumption and exports, as they are the third most important export crop after oranges and potatoes.

The group of onions, shallots, garlic, leeks and other alliaceous vegetables, fresh or chilled consists of a wide variety of vegetable products.

There is a wide range of varieties, that can be classified mainly according to the colour of the bulb, shape and size. Categories of size range from "prickle" with 10-30mm to 40-70mm as "medium" and "extra large" with a size over 90mm.

Major onion varieties are:

+ **Yellow or brown onions:** a dry onion variety with a strong flavour and tough outer skin, with a balance of astringency and sweetness.
+ **Red or purple onions:** generally medium to large in size, round to oval in shape, containing higher levels of flavonoids and fibre compared to its yellow and white counter-parts.
+ **White onions:** the least common types of onions, very thin skin almost akin to paper.
+ **Sweet onions:** not as pungent, due to lower sulfur content and higher water content as the other varieties. *Walla Walla* and *Vidalia* are the most commonly known types of sweet onions.
+ **Shallots:** generally smaller with purple flesh, bulbs consisting of a structure similar to cloves of garlic.
+ **Green onions:** often referred to as scallions, are onions that have not fully matured and formed bulbs, or varieties that do not actually form bulbs; long with a green upper part and white stem at the bottom.

For more details on classification, please refer to the UNECE Standard for fresh onions.

FRESH GARLIC

Garlic (*Allium sativum*) is a species of bulbous flowering plant in the onion genus Allium. The word garlic comes from Old English *garleac*, meaning spear leek.

In Egypt, garlic was worshiped, and clay models of garlic bulbs were placed in the tomb of Tutankhamen. Garlic was so highly prized, it was even used as currency.

Garlic is native to Central Asia and has long been a common seasoning worldwide, with a history of several thousand years of human consumption and use - both a food flavouring and a traditional medicine. In foods and beverages, fresh garlic, garlic powder, and garlic oil are used to add flavour and in medical sector garlic is most commonly used for conditions related to heart and blood system.

As garlic comes from an edible plant with a bulb, stem and leaves, it is botanically considered a vegetable. Though, garlic is used more like a spice or herb than a vegetable, as it is rarely consumed in large amounts or single.

Major garlic varieties are:

+ **White garlic:** teeth with white or yellowish white skin and sometimes violet stretch marks; semi-round garlic, good conservation, very good gastro- nomic value, nutraceutical properties.
+ **Violet garlic:** teeth skin is light brown or similar tones, the bulb is white with soft violet striations; belongs to the noble garlic family; semi-early garlic with poor conservation capacity, but very good gastronomic value.
+ **Red garlic:** teeth have red skin or similar tones, bulb is white and neck is hard due to the presence of floral stem; late harvest, have good conservation and good gastronomic and nutraceutical properties.
+ **Purple garlic:** teeth have light brown skin or similar tones, bulb has strong purple striations and hard neck due to floral stem; belongs to the noble garlic family; early harvest garlic, poor conservation capacity, regular gastronomic value, and regular nutraceutical properties.
+ **Pink garlic:** skin of the teeth and bulb are pink or related tints, with a hard neck due to floral stem; group of common garlic; poor conservation properties.
+ **Brown garlic:** teeth have brown skin or similar tonnage, necks are hard due to the presence of floral stem, belongs to the noble garlic group; very late harvest garlic, very good conservation and very good gastronomic and nutraceutical properties.

For more details on classification, please refer to the UNECE Standard for Garlic.

2 Legislative requirements

Legal requirements are the minimum requirements which must be met by products marketed in the EU – the must-haves in order to enter the market. Products which fail to meet these requirements are not allowed on the EU market. EU legislation sets the basis for legal requirements in the EU.

For a full list of legal requirements, the new My Trade Assistant of Access2Markets provides an full overview, where specific product code are selected under Chapters 07 and 08.

2.1 GENERAL FOOD LAW

Food safety is the key issue in EU food legislation, in which the General Food Law is the framework regulation. The legislation also introduces requirements on traceability. All information can be found in the Regulation (EC) No 178/2002.

2.2 PRODUCT SAFETY FOR FOOD PRODUCTS

When exporting fresh fruit and vegetables to Europe, compliance with the requirements for food safety and product quality are crucial.

The EU has set **Maximum Residue Levels MRLs** on pesticides in food products to minimise health and environmental risks. The MRL, the pesticide residue, lies at 0.01 mg/kg for onions and garlic. For more details on the specific pesticides, the EU pesticide database provides all information relevant. A regular update is recommended, as Europe's food safety authorities amend levels on new developments of the market.

Contaminants are substances which have not been intentionally added to food but which may be present as a result of the various stages of its production, packaging, transport or holding. For instance, contaminants are aflatoxins, heavy metals, dioxins and nitrates. Similar to the MRLs for pesticides, the European Union has set limits for several contaminants.

The implementation of **hygiene and phytosanitary** measures are outlined in the EU legislation on hygiene of foodstuffs. Certification of such is voluntary and falls under the category non-legal requirements.

2.3 QUALITY AND SIZE

European legislation sets general and specific marketing standards for the minimum quality of fresh fruits and vegetables. A marketing standard determines the characteristics of "Extra Class", Class I and Class II products, the minimum maturity, the different size codes, and the allowed tolerances in quality and size. Over the years, the marketing standards have been aligned with the UNECE standards for fresh fruit and vegetables.

Operators are free to choose whether to work with the EU (GMS) or UNECE standard..

2.4 LABELLING AND PACKAGING

Food placed on the EU market must meet the legislation on food labelling. Trade packages and cartons of fresh fruit or vegetables must mention the following particulars:

The European Union (EU) requires that the text on the label must be written in one of the official languages of an EU Member State and be understandable for the consumer. Appropriate labelling must present at a minimum

+ Common name of the product,
+ Country of origin,
+ Name and address of producer, packer, importer, brand owner or seller in the EU – "packed for:",

+ Net content weight,
+ Producer identification / lot number,
+ Info on certification,
+ Additional info about quality class, size, post-harvest treatment, etc.

Packaging marketed within Europe must comply with the general requirements, which aim at protecting the environment, as well as with the specific provisions designed to prevent any risk to the health of consumers. The packaging must protect the product against contamination, leakage, and dehydration. Also pay attention to your buyer's preference for presentation, such as individual wrapping or sortation (for example, one side up). Products and packaging should be uniform.

TIPS

Please keep in mind that the legal requirements build only the baseline. Specific country legislation and buyer requirements add up to the legal framework.

For more details and further info consult the CBI (www.cbi.eu) and the Import Promotion Desk (www.importpromotiondesk.com) websites.

Check out the Factsheet on Food Traceability of the European Commission.

Pesticide management is of high responsibility on the production level. Buyers increasingly demand upfront information about spray records, shipments are checked etc.

Keep an eye on the latest developments of MRLs and contaminants to maintain flexibility.

Update yourself regularly on the EU level MRLs and additionally on specific national levels.

Find out more about the prevention and reduction of lead contamination in the Code of Practice published by the FAO Codex Alimentarius.

The EU introduced the European rapid alert system for food (and feed) products (RASFF) as a tool to exchange information on the enforcement of EU food safety legislation. Check on registered border rejections to understand the process.

Familiarise yourself with the Regulation EC/1756/2004 on plant health. Annex VI (page 170 – 171) of Directive 2000/29/EC provides an example of a phytosanitary certificate.

Read more about labelling and packaging guidelines for foodstuffs in Access2Markets.

The EU Directive 2019/904 on the reduction of impact of certain plastic products on the environment limits the use of single-use plastics by transferring the cost of waste and responsibility to the producers. With the European strategy for plastics, more and more buyers will demand alternative and environmentally friendly packaging.

3 Non-legislative requirements

Non-legal requirements reach beyond legislation, as companies can go further in their requirements than legislation. The main categories of additional requirements are environmental requirements and social (labour) requirements.

Food Safety is top priority in all European food sectors, and importers increasingly require not only the implementation but also the certification thereof.

Not only Food Safety, but also guaranteed information on social compliance become – especially in the context of products produced in the organic context – a common requirement.

3.1 AGRICULTURAL PRACTICE

GLOBALG.A.P.

GlobalG.A.P. is a pre-farm-gate standard that covers the whole agricultural production process, from before the plant is in the ground to the non-processed product (including the post-harvest handling, the storage, however, processing is not covered). Whether GLOBALG.A.P. certification is required also depends on the destination country, market conditions and market channel. Although it has become nearly impossible to supply northern Europe without GLOBALG.A.P., since it is a standard requirement for most supermarkets, and the rest of Europe follows fast. GlobalG.A.P. certification covers:

+ Food safety and traceability,
+ Environment (incl. biodiversity),
+ Workers' health, safety and welfare,
+ Animal welfare,
+ Integrated Crop Management ICM, Integrated Pest Control IPC, Quality Management System QSM, as well as HACCP.

3.2 FOOD SAFETY & PROCESSING

Buyers commonly require their suppliers that they have a quality/food safety management system in place. These systems require companies to demonstrate their ability to control food safety hazards in order to ensure that food is safe at the time of human consumption.

HACCP

As soon as GlobalG.A.P. is in place, also the HACCP (Hazard Analysis and Critical Control Points) are covered and audited.

In general, all buyers in the supply chain, such as traders, food processors and retailers, require the implementation of a food safety management system based on hazard analysis and critical control points (HACCP).

ISO 22000

Another food safety standard is the industry-developed standard by the International Organisation for Standardisation ISO. The standard sets out the requirements for food safety management and can be certified and at the same time is working with other ISO standards.

GFSI CERTIFICATIONS: FSSC22000, IFS AND BRC

The Global Food Safety Initiative GFSI is a private organisation and global network for the food industry. Several Standards are officially recognised by the GFSI, covering different levels of food safety standards.

FSSC22000 is based on the criteria of ISO22000, but the FSSC foundation added specific requirements. As the FSSC22000 is accredited by GFSI, it enjoys international trust.

For the handling or processing of fresh fruits and vegetables, the North-western European market requires – especially in for the retail sector – to comply with other GFSI standards such as **BRC** Global Standards, as general standard for hygiene and food safety. But also, the **IFS** International Featured Standard.

3.3 SOCIAL COMPLIANCE & SUSTAINABILITY

Though quality remains priority of the buyers, social compliance gains importance. There is growing attention to the social and environmental conditions in the producing areas. Initiatives in and attention to corporate social responsibility (CSR) vary across the various parts of Europe. In the eastern part of Europe, fewer buyers require strict social compliance, while there are buyers in Western Europe which have their own compliance programme.

Additionally, the EU and specific countries within, prepare at present a **Supply Chain Act**, which requires full traceability and the compliance with labour laws. This will be a legislative requirement in future.

Initiatives which develop and require social compliance and sustainability are for instance

+ The Sustainability Initiative for Fruit and Vegetables SIFAV, by the IDH
+ The Business Social Compliance Iniative BSCI, by Amfori
+ The Ethical Trading Initative ETI and Sedex.

For the certification of social compliance standards in the context of fresh produce, it is mainly the GlobalG.A.P. add-on GRASP which stands for Risk Assessment on Social Practice on workers' health, safety and welfare.

The **SMETA** (Sedex Members Ethical Trade Audit) is the most widely used social audit, as there is at first a self-audit feasible before getting into the certification schemes. Also, the **Amfori BSCI** enables the producing companies to improve social performance in the supply chain.

Fair trade labels are not commonly required in the fresh produce trade. However, relevant certification schemes are **Fair for Life** by Ecocert or **Fairtrade** by FLO.

The **Rainforest Alliance** is an international, not for profit sustainable development organisation that works to conserve biodiversity and ensure sustainable livelihoods for grower communities. The seal means that the certified (agricultural or forestry) product or ingredient was produced using methods that support the three pillars of sustainability: social, economic, and environmental. And focusing on the main themes

+ Forests – best practice for conservation
+ Climate – climate-smart practices to build resilience
+ Human Rights – advancing the rights of rural people
+ Livelihoods – ecosystem health & economic stability

As a certification combining social compliance with sustainability, the Rainforest Alliance gains increasingly interest among the European buyers. A best-case scenario could be the Rainforest Alliance certification together with organic certification.

3.4 ORGANIC

Over decades, and strengthened again by the Covid-19 pandemic, the demand for organic products rose significantly. It cannot be named a niche anymore. The main driver for the organic market in Europe is the growing consumer concerns over food safety, the environment and human health which are fuelling demand for organic products across Europe. More than ever before, European consumers are buying into the organic offering. However, brands need to step up efforts to gain consumer trust. In countries such as Italy, Ireland, France, Germany and Sweden, organic fruit and vegetables represent around a fifth of the total organic demand..

To be granted the organic certificate, the production methods have to comply with the European legislation for organic farming and need to be audited regularly by an accredited certification body.

All organic products imported into the EU must have the appropriate electronic certificate of inspection (e-COI). These certificates are managed through the Trade Control and Expert System (TRACES).

On January 1, 2022, the new organic regulation (EU) 2018/848 will enter into force together with the new Official Control Regulation. The new regulation is designed to ensure fair competition for farmers whilst preventing fraud and maintaining consumer trust. A very positive aspect is a new process for group certification specifically interesting for small farmers.

TIPS

Evaluate the status-quo of compliance with standards and assess a certification carefully. Such certification, implemented by most competitors, keep producers abreast of the market.

Focus on GFSI Food Safety standards, as those enjoy the best reputation in Europe regarding hygiene and food safety.

Implement a food safety management system and check the FAO Guidelines for the implementation of HACCP.

Pay attention to the upcoming Supply Chain Act, which is developed within the EU. Even it is looks like it would only concern big companies (> 3,000 employees for the moment) these bigger companies will certainly send the pressure down to the whole supply chain, ending with the producers. A plan how to prepare for that should be evaluated as soon as possible.

In the context of social compliance, it is recommended for fresh produce to focus on the GRASP certification as add-on to the GlobalG.A.P.

Check the changes of the new organic regulation. See links at the end of this study.

Be prepared to tell the story of your company, the people working along the chain and the products. Next to quality, the questions where products are coming from, who was involved etc. gain of significant importance.

Consult ITC's Sustainability Map. It allows, for instance, a look into standards for a specific sector (agriculture) and products (various options) in a specific market (Europe). Additionally, a self-assessment can be conducted etc.

4 Trade developments

The world average consumption of onion per capita reached 11.8 kg in 2019 globally, according to FAOSTAT. This is increase of 13.5% in over a decade.

This fact is also displayed in the increasing export numbers of, for instance, Egypt. The Egyptian Ministry of Agriculture and Land Reclamation indicated that in 2019 the export of onions from Egypt increased by nearly 45% compared to 2018. Egypt is one of the ten most productive countries of onions in the world, with exports of Egyptian onions, at end of 2019, accounting to 550,000 tonnes, compared to 310,000 tonnes in 2018 (FAO numbers).

Saudi Arabia was the largest importer of the crop, but this season Egypt relied on new markets such as India, Pakistan, Bangladesh, and other Asian countries as well, which significantly raised exports. Saudi Arabia is the largest market for Egyptian onions, accounting for approximately 60% of total onion exports. However, the 2019 season started off with disturbing news for onion exporters: the Ministry of Environment, Water, and Agriculture in Saudi Arabia imposed a temporary ban on importing onion goods from Egypt. The reason for this ban was explained as a high rate of pesticide residues found in the onion exports and only lifted in June 2019. At that time, the market was already saturated with onion from India or Bangladesh. As side effect, Egypt diversified its target markets. Additionally, the crop from Europe is facing serious challenges.

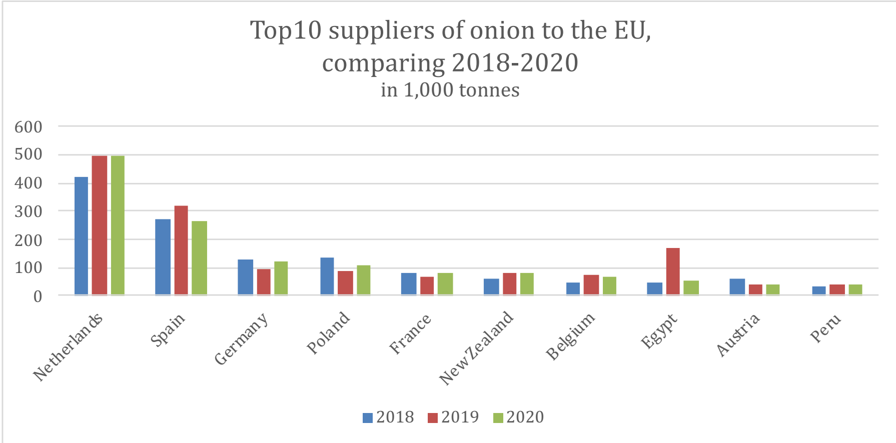
With its population of more than 500 million consumers (before Brexit) Europe is also responsible for 44% of the global trade value of fresh fruit and vegetables (including re-exported products). More than 20% of Europe's imports of fresh fruit and vegetables were realised by the Netherlands. The position of the Netherlands as a trade hub can be explained by its infrastructure, creating a logistical advantage. In general, Europe is a mature and diverse market for fresh fruit and vegetables. The demand is relatively stable, although short-term needs and prices change regularly.

The global fresh garlic and onion market is anticipated to rise at a considerable rate during the forecast period, between 2021 and 2025. In 2021, the market is growing at a steady rate and with the rising adoption of strategies by key players such as the Netherlands, Spain, France, Egypt, Italy, New Zealand the market is expected to rise over the projected horizon.

The main suppliers of onion to and from the European market are the Netherlands (mainly as producer, only in the context of intra-European trade), Spain, Germany and Poland. Europe's imports of onion from Egypt peaked in 2019 but fell back to 2018 level in 2020

For the category of plants and parts of plants, including seeds and fruits (HS 121190), the main global importers are the United States, Germany, Japan, France.

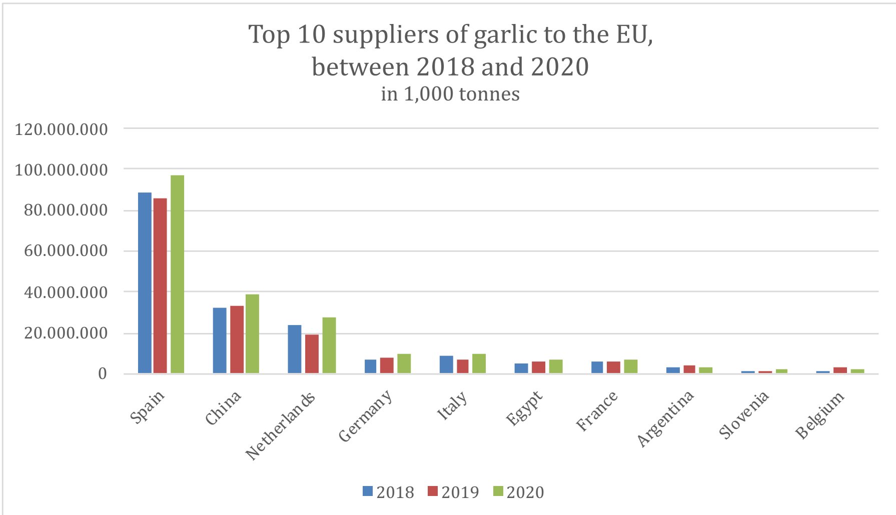
FIGURE 1:
TOP 10 SUPPLYING COUNTRIES OF FRESH ONIONS (HS 070310) TO THE EUROPEAN UNION, COMPARING 2018 TO 2020, IN 1,000 TONNES.
SOURCE: ACCESS2MARKETS



The top 5 garlic exporters to the European Union are Spain, China, Netherlands, Germany and Italy. All those, and also Italy, Egypt and France, experienced an increase in garlic exporters to the EU in the year 2020. Also, global garlic imports rose by 13% to 2.5 million tonnes in 2020, boosted by the increased popularity of home cooking and a widespread reputation that the product helps to strengthen immunity.

For instance, Germany is the largest importer of Spanish garlic in entire Europe, occupying 8.2% of the world total imports.

FIGURE 2:
TOP 10 SUPPLIERS OF FRESH GARLIC (HS 070320) TO THE EUROPEAN UNION IN THE YEARS 2018 TO 2020.
SOURCE: ACCESS2MARKETS



In the more global perspective and in terms of volume, Indonesia, Brazil, Malaysia and Bangladesh are the main importers of garlic in 2020.

For onions, in 2020, Bangladesh, the United States, Malaysia and Saudi Arabia are the countries importing the largest quantities. Covid-19 has a direct and negative impact on the garlic market globally. China, being the largest producer of garlic, accounting for 80% of all production, with the intensification of Covid-19, supplies from China have decreased and garlic prices have increased. Mainly in Europe. Additionally, the unpredictable weather conditions reduced the European supplies of garlic drastically, due to which the picture in terms of trade and supplying volumes can change in future even faster as until today.

5 Market trends

5.1 HEALTH AS THE DRIVER OF CONSUMPTION

The popularity of onions and garlics is increasing, as eating them has been linked to numerous health benefits, including lowered cholesterol, blood pressure and cancer risk.

Healthy lifestyle habits are becoming the normal way of life as concerns over obesity, food sensitivity and people affected by disease continue to rise. However, perceptions of healthy living are shifting beyond just physical health to represent a much more holistic view, where food, exercise, mental well-being and broader lifestyle issues are seen as a whole entity.

Consumers – not only in Europe - increasingly buy organic products as personal health, wellness and nutrition gain significant importance and might entail new developments such as de-globalisation of food supply chains, food security and governmental exertion of influence, etc.

The main driver for the organic market in Europe is the growing consumer concerns over food safety, the environment and human health which are fuelling demand for organic products across Europe. More than ever before, European consumers are buying into the organic offering. However, brands need to step up efforts to gain consumer trust. The added value of the product – the story behind the product – needs to be transferred along the entire supply chain. Organic is not enough anymore, meaning it is embedded in wider health and ethical positioning.

5.2 COVID-19

The outbreak of the Covid-19 pandemic in 2020 disrupted some of the existing trends in the fresh fruit and vegetables sector. But as long as the supply chain remained intact, the import was able to continue for most fruit and vegetables – with the burden of increasing transit times and costs.

The demand for fruit and vegetables from restaurants and other food service providers shifted to the retailers. The retail sales increased, especially for fruit and vegetables. Consumers tried to minimise their retail visits and preferred to go for affordable fruit and vegetables with a good shelf life.

5.3 SUSTAINABILITY

People at all levels in the value chain are gaining interest in fruits and vegetables produced and traded under more sustainable and responsible practices. This trend relates to many aspects along the supply chain, including working conditions, water use, waste management, among other things. And goes also back to consumer awareness growing as transparency is increasingly requested.

Retailers and traders throughout Europe are joining forces in the Sustainability Initiative Fruits and Vegetables (SIFAV), coordinated by the Sustainable Trade Initiative (IDH).
SIFAV addresses cross-cutting supply chain challenges such as smallholder farmer inclusion, health and safety, food safety and the sustainable use of water resources.

Along, the issues of reducing packaging and establishing alternatives has risen, as part of the sustainability movement. Since 2017, there is an EU strategy for plastics, recommitting to work towards the goal of ensuring that all plastic packaging be recyclable by 2030.
Less and recyclable plastic is the new standard. In the long term, reduction to a minimum or even completely replacement by alternative, biodegradable materials, is to be expected.

5.4 STANDARDS & CERTIFICATION

For the fresh produce trade, the food safety, the sustainability, and the social compliance have "teamed up" and becoming leading aspects. As mentioned, GlobalG.A.P. and others have developed into pre-requisites for trade with Europe. Moreover, not only the legal requirements in Europe request full traceability (documentation), but also the independent confirmation of practices in production.

When complying with the high standards and certifications of the European market, this does not only satisfy the export market, but shall also support the producer's internal system and risk management.

To mitigate the increasing concentration of buyer power, the European Commission proposed a new directive to protect small and medium-sized suppliers in the food supply chain from unfair trade practices of economically stronger buyers. The directive, which also covers fresh fruit and vegetables, aims at protecting farmers, processors, distributors, producer organisations, as well as suppliers from outside the European Union. The proposed directive was agreed in December 2018 and will be implemented over the next years. Once fully adopted, countries in the European Union will have two years to integrate the directive into their national laws.

5.5 GROWING MARKET SHARE OF ORGANIC FRUIT AND VEGETABLES

A significant group of European consumers are increasingly seeking pure and natural products such as organic fruit and vegetables. One of the main motivations for buying organic is because these products are associated with health and better taste.

The movement for organic foods has long since achieved mainstream status in Germany due to high consumer health-consciousness, among almost all age groups. Especially in the Scandinavian markets and Western Europe organic products of all product categories experience steady growth for many years.

Organic certification is often available for garlic and garlic products sold in retail, however, in this product category, it is not as common as in others due to an overwhelming share of imports. Fair-trade certification for garlic is even less common.

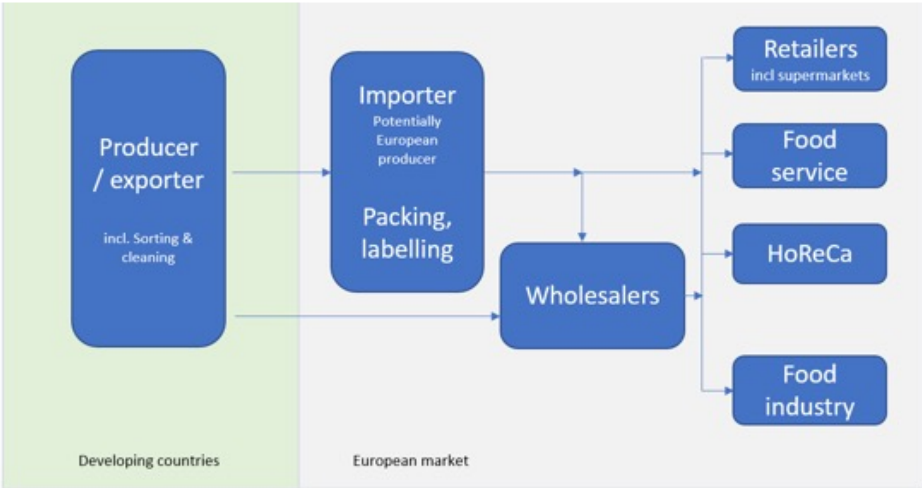
6 Market channels and segments

Trade channels for garlic in Europe and specifically in Germany covers both packaged and bulk products, but due to specifics of the German market it is recommended to trade specifically in bulk garlic, as most buyers prefer products that are processed, packaged, labelled and marketed locally, both for economic and food safety reasons. Also, trade and marketing of packaged branded products in Germany is complicated, subjected to tariffs, and highly competitive with Germans preferring local brands. But trade in bulk garlic, on the other hand, provides great opportunities, as the demand is high and there are many businesses which specialize in processing, packaging, labelling and marketing of imported garlic due to high demand for local brands. Usually, sorting and cleaning of garlic is done in the country of origin.

When trading in bulk garlic, there are different customer groups to target in Europe, mainly processing industry, food service industry, and some of the major supermarket and discounter chains. Although it is possible to target these customer groups directly, it often can be more efficient to reach them via importers and wholesalers, which have good knowledge of the legal requirements and the local market, as well as offer a wider contact network.

Supermarkets are an important segment for garlic and onion. The composition of market channels differs within Europe. Northern countries (for example Germany, the UK, the Netherlands and Belgium) have a highly dominant retail channel. France and Spain go even further with large hypermarkets, alongside smaller specialist shops. Countries in the Alpine region (for example Switzerland and Austria) are more favourably disposed towards small local shops.

FIGURE 3: TRADE CHANNELS OF FRESH ONION AND GARLIC. SOURCE: OWN DESIGN.



Fresh garlic and onion in German retail trade are most often unbranded or packed under the private labels of supermarkets and discounters. However, most of the local brands in Germany do not produce garlic locally, but rather import the produce from other countries and specialize in packaging, labelling and marketing for the domestic market.

However, it is important to note, that European producers of onions or garlic may be also importers of those products during off-season times. In the end, those companies supply wholesalers, retailers etc. throughout the year – for some months from own production, and afterwards by imports.

The segments on the European market vary from low-end, to middle- and high-end products. High-end products are of superior quality ('Extra' Class) or have added value in terms of certifications or catering to a specific niche segment.

There was recently a shift in the demand from large sizes, mainly demanded by the food service, to the small and medium sizes that are usually demanded by retailers.

At the same time, Europe offers ample opportunities for exporters to reach specialized, ethnic or independent stores and food services via wholesalers. As an exporter from a developing country, you have the choice to supply the German market directly or use international traders in the Netherlands or Belgium.

TIPS

Establish integrated producer cooperatives that provide sufficient assistance to farmers and that monitor both production methods and post-harvest handling and storage in order to maintain the required quality standards.

Telling the story of the company, products and people, innovative packaging, high quality and full traceability etc. is essential to stand out on the market.

To build up resilience in fast-moving times, establish trust and long-term partnership with European importers. Become a partner rather than a mere supplier.

For future plans and for using not only the first quality for fresh delivery, please check all possibilities to add value to your product. Especially dried onions with good food safety certification always find their markets.

MAIN EUROPEAN TRADE FAIRS – FOR FRESH PRODUCE:

FRUIT LOGISTICA

is the leading fair of the international fresh fruit and vegetable trade.

It takes place every year in Berlin, Germany, at three consequent days at the beginning of February. With more than 3,000 exhibitors, Fruit Logistica covers every single sector of the fresh produce business and is therewith a platform for the international supply chain.

Relevant product groups: fresh fruit, fresh vegetables, mushrooms, potatoes, convenience products, fresh herbs, spices and sprouts, conventional, organic and fair trade products.

www.fruitlogistica.com

FRUIT ATTRACTION

is an international trade fair for the fresh fruit and vegetable industry, held every year for three days in October in Madrid, Spain.

With around 2,000 exhibitors and participants from 140 countries Fruit Attraction has gained significant importance within the last years.

www.ifema.es/en/fruit-attraction

MACFRUT

is a leading trade fair for professionals operating in the national and international fruit and vegetables sector. In Rimini, Italy, the vertical exhibition Macfrut is organised in September each year that represents the entire supply chain, with 11 sectors involved:

Seeds, Plant Breeding & Nursery, Crop Technologies, Production, Trading & Retail, Processing Machinery, Packaging Materials, Fresh Cut, Dried Fruit, Logistics and Services.

Macfrut is the smallest (around 1,000 exhibitors) and the most specialised trade fair in Europe in the context of fruit and vegetables.

www.macfrut.com

7 Market competitiveness

The main competitors on the onion and garlic market are Spain, the Netherlands, Egypt, India, South Africa, Peru, China and Italy.

Seasonality plays an important role in European demand for imports of fresh fruit and vegetables. For instance, Spain is the most important producer in Europe, and the largest supplier to the European market – in general for fresh produce. In off-season, however, European countries import from Egypt, also a producer (and supplier also to Spain), as well as the Netherlands and Germany, with the latter not being producers but traders.

Regarding seasonality, onions from open land production is available from July to October in Western Europe. From November to April warehouse stock is offered. Meaning, in off-season months, produce from Egypt, Italy, Spain and the Netherlands are imported. The Netherlands mainly produces onions and garlic in greenhouses, whereas other countries also go for open land cultivation. In Egypt, the season for onions start in March or April and the main season goes until August.

China's garlic export industry is facing a number of challenges at the moment, including a shortage of shipping containers, rising shipping prices, and the ongoing pandemic in overseas markets. This creates opportunities for alternative suppliers, such as Egypt. Arabian countries have grown as a serious market for Egyptian garlic. Egypt is also seeking to take advantage of the growing global demand by moving into the Canadian, US and South African markets. China, which accounts for 83% of the world's garlic production, thus reduced its sales as a result of Covid-19. As a result, there's been a shortage of this vegetable at the global level. Egypt is currently the fourth largest producer of garlic in the world, producing around 280,000 tonnes per year, behind China, India and Bangladesh.

Latest developments in Spain show lower supply of large sizes, but also less demand. The onion market in Spain is marked by stagnant demand and prices that do not reflect the low volumes available, as crop yields fell by more than 40% in 2020.

Exports have fallen sharply since the start of the corona crisis. Spanish onions stand out in the export markets with the large sizes, which are mainly intended for restaurants, hotels and the catering industry. Despite the clear decline in the supply, not much has changed due to the low demand.

Another obstacle that Spanish onions have faced is the strong competition from the Netherlands, especially with the medium sizes, which are more abundant in Spain in 2020 and 20021. At the same time, the Netherlands have had a huge harvest. Dutch onions have flooded the markets and put pressure almost everywhere, despite the fact that India did not export. Countries in Africa and the Far East are well-supplied with Dutch onions.

TIPS

Study the supply cycles and seasonal competitors and check if your product could enter a supply gap. Check out supply calendars of the Import Promotion Desk or the website of Deutsches Obst und Gemuese.

Supply gaps or over-supply do not only originate from different seasons in different parts of the world, but also because of recent developments within prices, logistics and outside threats and opportunities. For instance, due to Covid-19 the market environment for exporting onions in 2021 was quite difficult. That leads to the fact that some growers who are only "jumping" in markets because of short-term opportunities will most probably leave the market in 2022. And that you can already see when checking the prices for seeds, at present. They are decreasing because short-time growers seem to leave the growers' base which will most probably lead to good market opportunities in 2022, due to less competition.

Communication is key in the establishment of a long-standing partnerships. This includes frank discussion about contract and subsequent payment terms. Please consider here the status of your relationship. Meaning, the payment terms of a new partnership will improve with the status of your relationship. Also, cultural differences playing an important role. Having the chance to involve a person/company who enjoys trust from both sides could prevent to stop good business opportunities already at this starting point

Refer to the CBI Market Competitiveness for Fresh Fruit & Vegetables for more details.

8 Useful sources

Fresh Plaza:	www.freshplaza.com
Fresh Fruit Portal:	www.freshfruitportal.com
CBI:	www.cbi.eu
Import Promotion Desk:	www.importpromotiondesk.com
International Trade Center:	www.trademap.org
EU Pesticide Database:	https://ec.europa.eu/food/plants/pesticides/eu-pesticides-database_en
EU Contaminants	www.efsa.europa.eu/en/data/data-reports
EU data	https://data.europa.eu/en
EU Access2Markets:	https://trade.ec.europa.eu/access-to-markets/en/content/welcome-access2markets-trade-helpdesk-users
Access2Markets Statistics:	https://trade.ec.europa.eu/access-to-markets/de/statistics
UNECE	https://unece.org/
Codex Alimentarius:	www.fao.org/fao-who-codexalimentarius/en
Information on GFSI:	https://mygfsi.com/
Information on Sedex:	www.sedex.com/
Information on BSCI:	www.amfori.org/content/amfori-bsci
"Supply Chain Act"/ Supply Chain Due Diligence:	www.europarl.europa.eu/RegData/etudes/BRIE/2020/659299/EPRS_BRI(2020)659299_EN.pdf

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