IMPORT PROMOTION DESK

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

CBI Ministry of Foreign Affairs

Practical market insights into your product

Dried Apricots in Germany

Consumption of dried fruit in Germany is about 0.75 kg per capita per annum. This equates to a market volume approaching 40,000 tonnes, worth over € 210 million. Dried apricots account for close to 20% of this large market. The market is driven by the consumption of snacks, underpinned by the growing demand for natural food with no flavourings. Further stimulus comes from innovation in the market, new packaging formats, recipes featuring dried apricots and new products featuring dried apricots in food sectors such as confectionery and bakery. Turkey is the leading supplier, but other exporters from Central Asia are increasingly finding opportunities.

PRODUCT DEFINITION

SULPHURED DRIED APRICOTS

NATURAL (SUN) DRIED APRICOTS

Prunus armeniaca is the most commonly grown apricot variety, and as the name suggests, is thought to originate in Armenia, although some think it originated in Manchuria, while others say India. Dried apricot is derived from fresh apricot, there are two types:

- natural dried apricots are dried directly under the sunlight and have a light to dark brown colouration. They are not treated with sulphur dioxide.
- sulphured dried apricots, which are treated with sulphur dioxide (SO_2) in order to provide a lighter colouring and a longer shelf life. The colouration is between light yellow and orange.

Dried apricots are cholesterol free, rich in vitamins (especially vitamin A and iron) and minerals, and totally fat free. They are a good source of fibre and also rich in antioxidants.

They are often consumed as a snack, and after grading are also mixed with other dried fruit and nuts, as well as being an important ingredient in chocolate snacks, baked cakes and desserts and breakfast cereals. They are usually supplied whole, but can be supplied in halves or slabs.

The statistics used in this document are based on Combined Nomenclature (CN) codes. The CN classification uses Harmonised System (HS) codes to classify products.

Combined Nomenclature (CN8) dried apricots are included in:

- 08131000: Apricots, dried

PRODUCT SPECIFICATIONS

QUALITY

The importance of product quality, combined with the traditional nature of the trade where buyers are often reluctant to change suppliers, means that new supplying countries face a challenge to enter the market. Although global climatic conditions mean that traders often need to look for new suppliers when there is a shortage, on no account will there be a compromise on quality.

CODEX (Codex Alimentarius) and UNECE (United Nations Economic Commission for Europe) are internationally recognized standards. They are not legally binding, but German buyers would expect suppliers to conform to them if they wanted to access the market. The product standard for dried apricot is based on the UNECE standard DDP-15 (also an updated trial edition) and the CODEX standard for dried apricots (CODEX STAN 130 -198) that applies to Prunus armeniaca that have been processed by drying either by the sun or by other recognized methods of dehydration, which may be preceded by sulphuring, into a form of marketable dried product for direct consumption. They may be presented:

- Whole, unpitted
- Whole, pitted
- Halves (cut longitudinally in two parts before drying)
- Slabs and pieces

In all classes, subject to the special provisions for each class and the tolerances allowed, the dried apricots must display the following characteristics:

- intact; however, slight superficial damage is not considered as a defect; the fruit may be pitted or cut (halves, slabs or pieces)
- sound; produce affected by rotting or deterioration such as to make it unfit for human consumption is excluded
- clean; practically free of any visible foreign matter
- sufficiently developed
- free from living pests whatever their stage of development
- free from damage caused by pests, including the presence of dead insects and/or mites, their debris or excreta

- Moisture content for unsulphured dried apricots should be not more than 20% m/m
- Moisture content for sulphured dried apricots should be not more than 25% m/m

- Product should be prepared and handled in accordance with the appropriate sections of the Recommended International Code of Practice – General Principles of Food Hygiene (CAC/RCP 3-1969 www.codexalimentarius.org/standards/list-ofstandards/en/?provide=standards&orderField=fullReference&sort=asc&num1=CAC/RCP), and other Codes of Practice recommended by the Codex Alimentarius Commission which are relevant to this product.
- There may be a requirement to meet the Directive 95/2/EC on food additives other than colours and sweeteners (directive 95/2/EC). The one reference in this piece of legislation relating to dried apricots concerns sulphite levels. The maximum level (mg/kg or mg/l as appropriate) expressed as SO_2 is 2000 for dried apricots. The maximum level of sorbates (mg/kg or mg/l as appropriate) expressed as SA is 1000 for dried fruit.

FRONT AND BACK PACK LABEL FOR DRIED APRICOTS

LABELLING

Labelling of consumer packs must be in accordance with the rules and regulations applying in the EU market, including Germany. Labels cannot contain any toxic ink or glue. See EU Directive 2000/13/EC, which lays down the general rules on labelling of pre-packaged food sold on the EU market. This directive will be replaced by Regulation (EC) 1169/2011 on the provision of food information to consumers, as from 13 December 2014. The key requirements of the regulation are:

- Name of the product
- List of ingredients
- Quantity of an ingredient or category of ingredients
- Net quantity (the amount of food in the container or package):
- Date of minimum durability
- Special storage instructions
- Name and address of the manufacturer or packager or EU buyer/retailer
- Place of origin or provenance of the product
- Batch number
- Instructions for use
- Certifier control number for organic products

In addition, any certification logo (if applicable) and/or retailer logo (in the case of private label products) should be on the label. Bar codes are used on all pre-packed products.

Regulation (EC) 1924/2006 covers the use of nutrition and health claims that can be made on labels. See also the CODEX guidelines on Nutrition Labelling (CAC/GL 2-1985).

More specific product information for dried apricots is required in addition to the requirements of the Codex Alimentarius General Standard for the Labelling of Pre-packaged Foods (CXS_001e). The name of the product should be clearly marked as follows:

- the name should be clearly declared on the label as “Dried Apricots”, together with the particulars ” whole unpitted”, “whole pitted”, “halves” or “slabs”, if the contents are not visible from the outside
- the variety or varietal type may be stated on the label

EXAMPLE OF BULK PACKAGING FOR DRIED APRICOTS

PACKAGING

Dried apricots must be packed in such a way so as to protect the produce properly. The materials used inside the package must be clean and of a quality such as to avoid causing any external or internal damage to the produce. The use of materials, particularly of paper or stamps bearing trade specifications, is allowed, provided the printing or labelling has been done with non-toxic ink or glue.

Packages must be free of all foreign matter.

Packages in a lot shall each contain product of the same commercial type, and shall have a uniform net weight. In practice, this is usually carton boxes ranging in weight from 5kg up to 12.5kg. Some customers also request that product is also pre-packed into smaller 200g size packs ready for retail sale.

- Cartons, bags and boxes should ensure adequate protection against humidity during storage and transport of the product.
- Any paper or other material used inside the package shall be new, waterproof and harmless to human health.

Check the Transport Information Service website for more details on product information and packaging for transport of dried apricots.

LEGISLATIVE REQUIREMENTS

GENERAL FOOD LAW AND FOOD SAFETY REGULATION

Regulation (EC) No 178/2002 introduces general definitions, principles, obligations, and requirements that apply to all food brought on the EU market, including Germany, in respect of food safety.

GERMAN HEALTH LEGISLATION

This aims to protect consumers from health hazards and fraud, the most important of which is Lebensmittel-, Bedarfsgegenstände- und Futtermittelgesetzbuch (LFGB), which regulates the food trade and includes some important definitions. Even though food labelling is widely harmonised throughout the EU, there are some peculiarities. Terms used in marketing food products with added health claims include “wellness”, “well-being” and “fitness” are generally used in English but are sometimes translated as “Wohlbefinden"

FOOD HYGIENE

Regulation (EC) 852/2004 covers all aspects of the food supply chain from a hygiene perspective. Food chain actors should comply with the general hygiene requirements and requirements regarding microbiological criteria; procedures; temperature control; maintenance of the cold chain; and sampling and analysis. For example, regulation (EC) 401/2006 lays down methods of sampling and analysis for the control of mycotoxins. For actors in the food supply chain (e.g. processors, packers, distributors), the EU, including Germany, requires the application of certain rules, which are based on the HACCP (Hazard Analysis & Critical Control Points) principles regarding food hygiene.

FOOD CONTACT MATERIALS

General requirements for all food contact materials are laid down in Framework Regulation 1935/2004. Food contact materials, usually from packaging, must be manufactured in such a way that they cannot be a danger to human health.

CONSIDERATIONS FOR ACTION

- Food safety is fundamentally important, and as an exporter you can gain advantage by demonstrating your appreciation of this. See the website responsible for Food Safety in Germany.
- See the link to the LFGB website (in German).
- Check the guidance document on control of foods imported into the EU.
- Check the CBI EU buyer requirements for processed fruit, vegetables and edible nuts which cover legal requirements in relation to food safety, food contact materials, contaminants and labelling.
- Check the guidance document on control of foods imported into the EU.
- Have a look at FRUCOM the European Federation of the Trade in Dried Fruit and related products. It keeps the trade up-to-date with legislative developments.
- Check also the FAO standards for dried apricots.

CONTAMINANTS/TRACES

The EU has set threshold limits for certain substances that could be present in food products, such as microbiological contamination, contaminants and residues of pesticides. The basic principles of EU legislation on contaminants can be found in Regulation 315/93/EEC. Maximum levels for selected contaminants in food can be found in (EC) 1881/2006. Note that although it is not a legal requirement, the issue of aflatoxin is also relevant for dried fruit as well as for nuts. Buyers will expect the necessary checks and tests to have been carried out to ensure product is free from aflatoxins. Cross contamination is a particular issue for organic suppliers. Buyers spend a lot on analysis to ensure their organic batch is not affected by this. Dried apricots have recently been rejected at the EU border for too high sulphite levels.

- Check the Fact Sheet on Food Contaminants by the Directorate General for Health and Consumer Protection.
- More information on this subject can be found on the official EU website.
- Look at the Afghan case study on good manufacturing practices for tree nuts and dried fruit processing.
- See link to RASFF safety alerts. RASFF (Rapid Alert System for Food and Feed) is an important tool to enable a quick reaction when risks to public health are detected in the food chain.

TRACEABILITY

Under EU law, including Germany, this refers to the ability to track any food or related substance used for consumption through all stages of production, processing and distribution. There has been some concerns regarding the traceability of product, in as much as imports from a third country might be labelled as coming from an intermediate country. It is important to ensure that you trust that your partner does not misrepresent the source of their supply. The bigger issue is where smaller supplying countries are forced to sell to large Turkish processors who have the required equipment to provide product at the necessary quality standards.

- See the general principles and requirements of Food Law in Regulation (EC) 178/2002 on traceability.

ORGANIC LEGISLATION

Regulation (EC) 834/2007 for Organic Food and Farming has information on organic legislative requirements.

- Check these requirements.

IMPORT CONTROLS

Once cleared by customs, product can circulate freely within the EU. Imports of dried apricots from developing countries must come through designated Border Inspection Posts and are subject to a series of checks before being allowed to enter. The Most Favoured Nation (MFN) applied tariff for dried apricot is 5.6%.

- Check the EU Export Helpdesk for more information on import tariffs and import regulations.
- More specific information on importing to Germany can be found at the German Trade and Invest portal.
- Check the website of German customs.

NON-LEGISLATIVE REQUIREMENTS

OTHER FOOD SAFETY SCHEMES

The HACCP (Hazard Analysis & Critical Control Points) principles regarding food hygiene are a legal requirement (see above) but in practice many buyers insist on higher standards (the International Food Standard is referred to frequently in Germany). The Global Food Safety Initiative (GFSI) contains a benchmark of relevant standards.

BUSINESS SCHOOL COMPLIANCE INITIATIVE (BSCI)

This is a leading business initiative for companies committed to improving working conditions in the global supply chain. It is used by leading retailers but is by invitation only.

ORGANIC STANDARDS

The German Organic Trade Association has higher standards than EU organic regulations, so certification is more challenging to new DC suppliers to this market. Organic sales represent a small proportion of the dried apricot market, but this is an important niche. To the left you can see the EU organic logo, but Germany also has a number of its own organic standards including Demeter and Bioland, each with their own logo. Bio-Siegel (also left) is an organic standard seen on some dried apricots in Germany, as is Naturland.

FAIR TRADE

Fair trade is also a small but important niche segment in Germany, primarily found on agricultural products, including various dried fruit. It focuses on fair labour standards and fair prices for small developing country producers. The FairWild standard is the only fair trade standard covering sourcing from wild collection. The "Fair for Life" standard is exclusively for cultivation.

OTHER SOCIAL AND ENVIRONMENTAL STANDARDS

There are many international schemes available and it is a question of determining what is most suitable for your product and market, but other important initiatives regarding sustainability include ISO14001 for environmental management, ISO 31000 for risk management, ISO 26000 for social responsibility and SA8000 for social accountability.

CONSIDERATIONS FOR ACTION

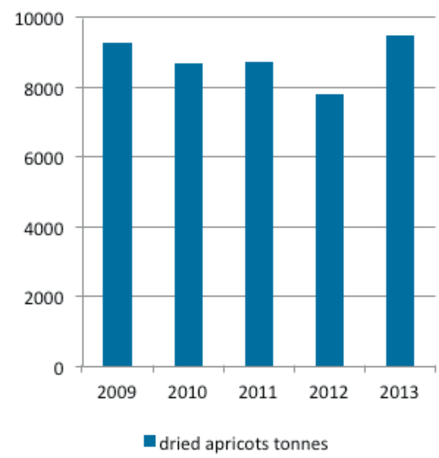
- The International Trade Center (ITC) provides information on voluntary standards and codes of conduct, which you can search and identify those which are most suitable for your product.
- Check the other leading food safety schemes such as the British Retail Consortium Global Standards, the Food Safety Certification System 22000, the International Food Standard (IFS) and the Safe Quality Food Programme (SQF).
- Check the GFSI website for benchmarking information of relevant standards.
- Check the BSCI website for more information.
- Check the German organic trade association for more information on the various organic labels in Germany.
- Look on the Bio Siegel website for more information.
- Look on the website of Naturland for more information.
- Check the organic feasibility study in Central Asia document in relation to dried fruit to help you appreciate the challenges of meeting organic certification.
- Check the German fair trade website.
- Check the FairWild website.
- Check the fair for life website.
- Look for more information on ISO 14001, ISO 31000 and ISO 26000.
- Look for more information on SA 8000.

TRADE AND MACRO-ECONOMIC STATISTICS

This section provides more detailed statistics of Dried Apricots in Germany.

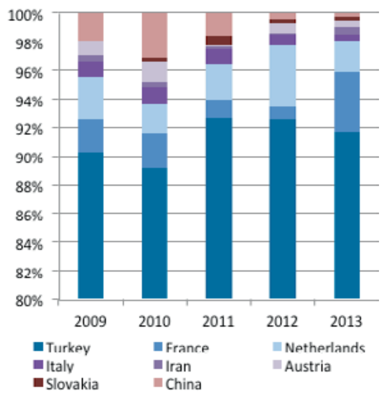
TRADE: IMPORTS AND EXPORTS

FIGURE 1: IMPORTS OF DRIED APRICOTS TO GERMANY, 2009-2013, TONNES



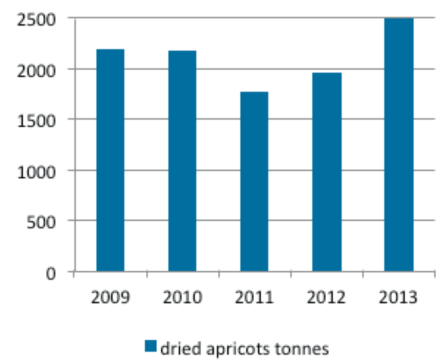
Source: Eurostat

FIGURE 2: LEADING 8 SUPPLIERS OF DRIED APRICOTS TO GERMANY, 2009-2013, % BASED ON TONNES



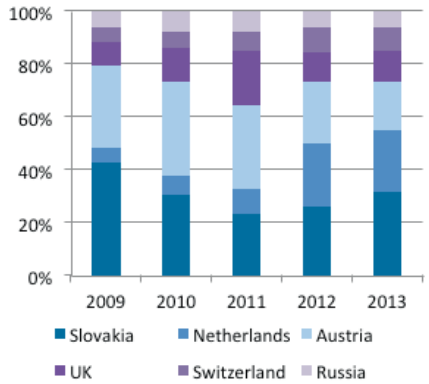
Source: Eurostat

FIGURE 3: EXPORTS OF DRIED APRICOTS FROM GERMANY, 2009-2013, TONNES



Source: Eurostat

FIGURE 4: LEADING 6 EXPORT DESTINATIONS OF DRIED APRICOTS FROM GERMANY, 2009-2013, % BASED ON TONNES



Source: Eurostat

ANALYSIS AND INTERPRETATION

- Germany accounts for 18% of dried apricot volume imports into the EU, and is the leading importer.
- Total imports of dried apricots into Germany increased in 2013 after declining in 2012, registering almost 9,500 tonnes, although in value terms they were approximately € 25.2 million, indicating decreasing import prices.

CONSIDERATIONS FOR ACTION

- Consider exporting to Germany if you are looking at the EU market for dried apricots. As both a leading importer and exporter, Germany represents an important centre of the dried apricot trade, not just in the EU, but globally.

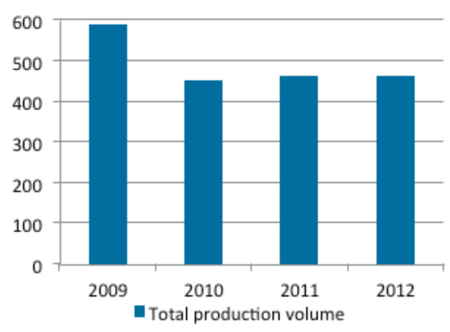
- The leading 8 supplying countries shown in Figure 2 accounted for over 99% of all dried apricot imports in 2013.
- Turkey was the dominant supplier of dried apricots into Germany, accounting for 91% of all imports in volume. This was up from 89% in 2009, indicating a decreasing share of imports from other sources. However, there is a proportion of Turkish trade that re-exports from other Central Asian countries to Germany. The extent of this trade is unclear but potentially significant. The trade tends to buy in the autumn after the harvest, up to the following January or February. Most contracts are annual contracts, so sufficient quantities are purchased to cover one year's expected demand. Dried apricots can maintain their quality for a year if they are stored properly. 2014 is likely to be a difficult year for the Turkish crop, with expected shortages leading to price increases. Traders are likely to diversify their sources of supply to counter this likely shortage by the dominant supplier.
- Imports from France and Iran registered strong growth, whereas imports from the China and Italy declined. Afghanistan, Uzbekistan, Tajikistan, Lebanon, Chile and Pakistan were also important DC suppliers.
- Imports from China were significant in 2010 (second largest volume importer) but they fell in 2012 and 2013. This may just be a matter of a poor crop in these years or an increase in Chinese domestic consumption.
- Exports from Germany were valued at € 9.5 million in 2013, well above the value in 2009. Export volumes were over 10% higher in 2013 compared to 2009. Over the period there appears to be regular fluctuations in export prices, but prices were at their highest in 2013.
- The destination of exports was relatively concentrated. The top 6 export destinations in Figure 4 accounted for 59% of all exports by volume. Other than re-exporting via the Netherlands, most exports were to Germany's close neighbours.
- Outside of Europe, the major export destination of any significance was the Russian Federation.

- Although Turkey is dominant, food imports from other countries within the European Union fall under the “free movement of goods” principle. This means that products that are imported by other EU-countries may be brought into Germany even if they violate German food laws. If this is the case, importers must obtain a permit from the Federal Office for Consumer Protection and Food Safety (BVL) in order to sell the product in Germany.
- The reduction in the share of Chinese supplies is also a further sign of opportunities being available for new supplying countries. To take advantage, ensure that you can guarantee reliability of supply, as this is an important determinant of forging a strong trading relationship.
- Consider other markets close to Germany that have a good trade, such as Austria and Slovakia. The Russian Federation may also offer good export opportunities for DC suppliers.

PRODUCTION AND CONSUMPTION

Production figures for dried apricots are not available, although there are production figures for dried fruit other than bananas; dates; figs; pineapples; avocados; guavas; mangoes; mangosteens; citrus fruit and grapes; mixtures of nuts or dried fruits. It is not clear whether dried apricots actually feature in this figure. Looking at the FAOSTAT database for fresh apricots, the apricot crop in 2012 represented 350 tonnes, although the proportion of this converted to dried apricots is not known, but it is likely to represent a relatively small proportion. For the purposes of this fact sheet, the broader available figure for dried fruit is used in the following production table.

FIGURE 5: PRODUCTION OF DRIED FRUIT (LESS EXCEPTIONS) IN GERMANY, 2009-2012, TONNES



Source: Eurostat

FIGURE 6: CONSUMPTION OF DRIED APRICOTS IN GERMANY, 2009-2012, TONNES AND PER CAPITA CONSUMPTION ESTIMATES

	2009	2010	2011	2012
Consumption (tonnes)	7,463	8,121	8,200	6,398
Consumption /kg*	0.091	0.099	0.100	0.078
Estimated consumption/kg**	0.182	0.198	0.200	0.156

* expressed in kg per person based on UN population census
** based on estimated % of population consuming dried apricots

Source: Nuts & Dried Fruit Global Statistical Review

ANALYSIS AND INTERPRETATION

- It is to be expected that there is minimal production of dried apricots in Germany, as apricots are not a major harvested crop in Germany.
- France, Italy and Greece are the leading three EU countries that have the largest value of production of fresh apricots.
- According to the International Nut & Dried Fruit Council, global production of dried apricots increased from 164,000 tonnes in 2009 to 240,000 tonnes in 2012, but fell to 171,000 in 2013. Turkey accounts for 65% of global production (75% in 2012).
- The consumer market for dried apricots in Germany on the basis of these volume estimates could be worth € 40 million in retail values. This would include retail sales and use in the food ingredient trade. This also equates to a per capita consumption of 150g per annum.
- Germany is the eighth largest global consumer of dried apricots (after Turkey, Iran, Russia, USA, UK, France, Australia). On a per capita basis, Germany is the twelfth highest after Iran, New Zealand, Turkey, Australia, Israel, UK, Azerbaijan, Switzerland, France, Ukraine and USA.

CONSIDERATIONS FOR ACTION

- Limited domestic production can indicate additional opportunities for DC exporters.
- Consider the possibility of partnering with other importers of related products such as nuts.
- Check the website of the International Nut & Dried Fruit Council for more information. In Germany, interesting information can be found at the website of Waren-Verein, which represents the interests of wholesalers in dried fruit. You may be interested to check some of their members to see whether relationships could be formed.
- Consider where these sales are taking place. Are they online, are they in supermarkets?
- Ask yourself what types of consumer are more likely to buy dried apricots. Are they young or old, affluent or value-driven, from one of the many ethnic groups in Germany?

- Although global consumption of dried apricots fell in 2013, attitudes to dried apricots remained positive in Germany. This is due to a combination of the perceived healthiness of dried apricot, and the increase in snacking. The convenience of snacking is an important reason why consumers are more readily eating dried apricot. Use as a food ingredient is also driving increased sales.

- Carry out further research to establish which other food market sectors may be of interest for dried apricots.

MARKET TRENDS

This section provides more detail about specific trends in the markets for dried apricots in Germany.

ANALYSIS AND INTERPRETATION: SOCIAL FACTORS

- Dried apricots have multiple health claims, benefiting from the healthy eating trend. They are a very good source of iron and potassium, and are high in beta carotene.
- Linked to this trend is the importance of product quality and safety, probably a bigger issue in Germany than most other EU member states, making the issue of certification high on consumers' agenda. This is a particular issue for the over 55s.
- Dried apricots are also perceived as easy to use and exotic, which incorporates the concept of ethnic, another important consumer trend in Germany. This trend is also reinforced by the relatively high ethnic population, particularly from Turkey. Turkey is the leading supplier of dried apricots. Turks are also heavy consumers of dried apricot.
- Germany is the largest organic market in the EU and this segment has withstood the recession better than the conventional segment. As a consequence, Germany is increasingly dependent on organic imports to satisfy demand.
- Convenience is an important social trend. Consumers have limited time and dried apricots can be eaten without any preparation. The emergence of special snack packs for dried fruit reinforces this.
- Dried apricot is purchased on impulse. Despite the perceived health benefits of unsulphured product (no additives or preservatives), many retailers choose to sell sulphured product due to their greater visual appeal.
- German consumers are particularly environmentally conscious in terms of recycling and disposal of packaging.

CONSIDERATIONS FOR ACTION

- Find out more about the health claims of dried apricot. Be sure to be clear about what can be said and be careful not to make any false claims. For more information on nutrition and health claims refer to the EU website.

- Find out which certification scheme your intended customers prefer.
- Consider whether the potential costs for organic certification justify the additional sales benefits that may ensue.

- Consider the importance of this target group, and whether there are other related benefits that can be made in terms of the origin of your own products.

- Consider certification and labelling of your products as Organic. See the background, assessment, and interpretation document for (see link on page 4) Regulation (EC) No 834/2007 for Organic Food and Farming for more information about requirements.

- Check that packaging materials comply with EU and German domestic regulations in terms of recycling and disposal.

TECHNOLOGICAL FACTORS

- Online food shopping is continuing to grow, in conjunction with the importance of social media in communicating new products, ideas for recipes and flavour combinations. This has implications for speed of communication within the supply chain, as well as to consumers.

- Make sure you have the technical facility to communicate with both trade customers and direct purchasers. Ensure that your procedures and processes for supplying product are efficient.

ECONOMICS FACTORS

- Germany is a price conscious market, and although the economy is slowly emerging from the downturn, many still look for the best discounts. There is a trend to larger pack sizes for some products to obtain better value.

- Have you considered offering a range of differing pack sizes to cater for price conscious consumers who wish to buy in bulk?

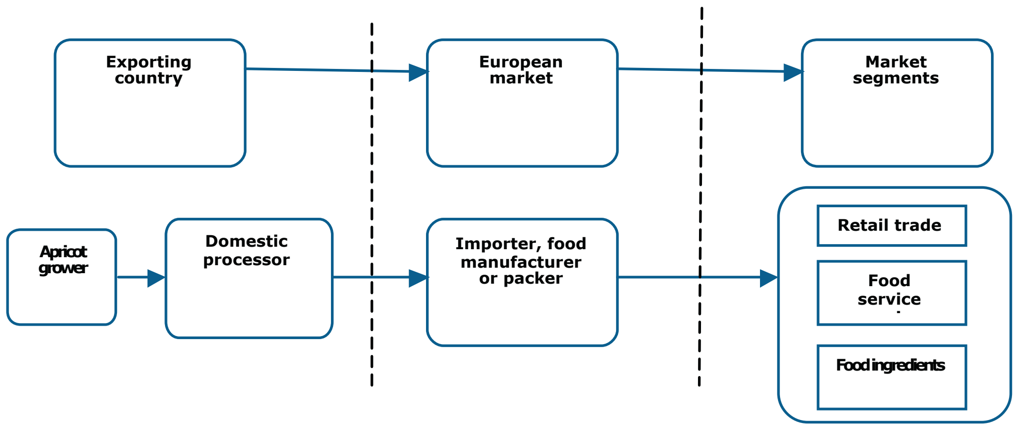
- There remains a strong consumer segment that has not been affected by the economic downturn. These consumers continue to insist on high quality and look for product innovations.

- As well as the established niche opportunities for organic and fair trade variants, look for other emerging relevant trends, such as developments in the vegetarian and vegan sectors.

MARKET CHANNELS AND SEGMENTS

This section provides some information about the marketing channels through which dried apricots are marketed in the EU, including Germany.

FIGURE 7: MARKET CHANNELS FOR DRIED APRICOTS IN GERMANY



The top line of this figure highlights the supply structure overview, while the second horizontal line summarizes the key actors in the chain. All activity to the left of the first vertical dotted line refers to activities within the exporting country. All other activity occurs within the importing country. In relation to this, it is important to reiterate the regular involvement of transition countries such as Turkey that are important channels/routes to the German market for other countries such as Kyrgyzstan and neighbouring states.

ANALYSIS AND INTERPRETATION: MIDDLEMAN OR NOT?

- The choice here is usually dependent on the size of the exporter. Although some larger supermarkets choose to import directly from the producer, smaller dried apricot exporters would usually use a traditional wholesaler or importer.
- Some wholesalers buy from suppliers and arrange delivery direct to their clients, preferring to avoid expensive warehousing costs. This is an option if quantities justify it. In many instances, keeping stocks in warehouses is required.
- If purchases are made by the container load, perhaps from China or Egypt, they are likely to arrive in Rotterdam and be distributed directly from there.
- Many wholesalers are happy to try new suppliers. In one example, a wholesaler tried some apricot samples from a new supplying country, and although the quality was good, the taste and appearance were different to their existing supplies, so they chose not to take them. This is an issue of the importance of suppliers educating their buyers, as retail consumers do not appreciate the distinction in flavour between different apricot varieties.
- The other key issue would be the degree of specialisation or exclusivity of the product. The more specialised your product, the more specialised the distributor should be. This will usually refer to types of value addition such as certification.

WHICH SEGMENT?

- Building a long-term close working relationship with your customers is essential, irrespective of which channel you select.
- Supplying the retail trade – supermarkets, health food shops and other specialist shops – will get your product in front of the end consumer but the concentrated buying power of the leading chains sometimes comes at a high cost.
- The foodservice sector is an interesting segment but can be difficult sometimes to find the main buyer. The public sector caters to hospitals, prisons etc, while the private sector covers restaurants, hotels etc. Both are interesting options, with advantages and disadvantages between the public and private.

CONSIDERATIONS FOR ACTION

- Understand the growing strength of retail private labels. These large retailers insist on large volumes and consistency of supply, as well as transparency throughout the supply chain.

- If you want to work with an importer, try to find out the extent of his contacts and whether you think that particular importer is best suited to reach the ultimate consumers you would like to find.
- Talk to as many experts in the trade that you can to fully appreciate the specific issues on the German market before making this important commitment.

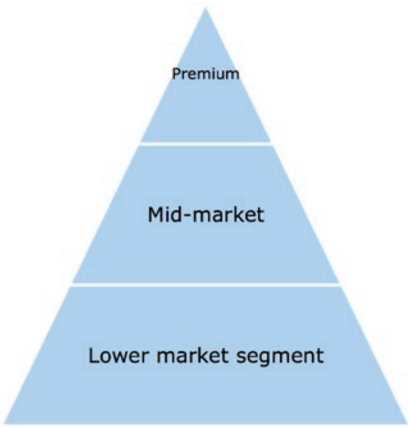
- In the retail trade, half of all dried apricot sales go through traditional supermarkets and 30% go through the health and bio channel. The remainder is sold through markets and online. Which segment would you be most suited to deal with?
- Consider whether you wish to develop a visible presence on the market, in which case the retail trade would be your preferred route. Alternatively there are also possibilities to develop good sales through the other channels.

- Many dried apricots are sold to the food industry as a food ingredient, e.g. in cakes in the bakery trade, in the confectionery trade as snack bars, etc. Perhaps half of all dried apricots are used in this way, the remainder being sold in retail packs.

PRICES

This section covers the important question of prices, costs and margins. It is useful to work backwards from retail prices, then to look at the different margins expected by the various actors in the supply chain in order to calculate your own ability to compete in this market. The leading producer countries tend to control the price each year, depending on the crop. Prices for smaller suppliers tend to be fixed in relation to this. Prices are likely to increase in 2015 due to frost damage in Turkey, which has reduced the apricot crop by 80% this year. (See link).This also illustrates the potential volatility of prices when available volumes are affected in such a significant way. Trade margins can vary depending on quantities and whether extra service has been provided. There tends not to be higher trade margins for organic compared to conventional product. The higher organic price is due to the additional costs involved for certification. Here is an illustration of the different segments within the German retail trade for dried apricots.

FIGURE 8: INDICATION OF PRICE RANGES AND MARKET SEGMENTS



Organic retail: Premium quality and additional standards from processing to consumer packaging.
Price range: wide ranging but typically € 1.60-1.70 per 100g.
Main sales channel: Specialist retail

Mainstream retail: Good quality, standard retail requirments from the processing industry.
Price range: € 0.90-1.20 per 100g
Main sales channel: Supermarket

Bulk product for the food industry:
Average to good quality for use as food ingredient.
Price range: quite a bit lower than above, subject to end use.

ANALYSIS AND INTERPRETATION

- Dried apricots in the lower segment are sold at high volumes and at relatively low margins. Quality aspects in terms of sorting and colour are less demanding, but high standards are still expected.
- Mid-market dried apricots are of a higher class and standard. These products are usually sold in the retail segment under manufacturers' brands or private labels. They have some added value characteristics, such as innovative packaging (e.g. printed cartons or bags), making it possible to obtain relatively higher margins.

CONSIDERATIONS FOR ACTION

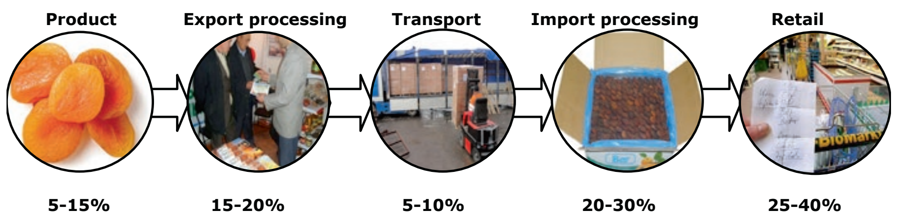
- Supplying the lower market segment involves fewer quality hurdles, but returns will be lower. Ensure that you appreciate the key differences between supplying the food service or food ingredient segment, compared with the retail market. Products in the low segment would usually be "category 2" graded product.
- The mid-market segment would require either "category 1" or "extra category" product.

- Many customers in the premium part of the market are also price sensitive. Despite this, the premium part of the market requires the highest quality standards and you will need to demonstrate that you qualify to provide additional quality reassurance on the labelling, such as the organic standard or fair trade label. All trade customers expect to see evidence that all the necessary analyses have been done.

- The premium sector would insist on the highest quality “extra category” with homogeneous coloration. If you wish to engage in this segment, consider that you have researched all the options that maximise the quality product and presentation possibilities.

The following estimates can vary between different product types, formulations and sources of supply, and other considerations such as branding, packaging. For example, for fair trade and organic products, producers will achieve a higher proportion of the ultimate selling price. Despite the greater costs involved in certification, this can amount to between 30-50% more value addition than for conventional product. Retailer margins can also vary considerably, depending on the scarcity or demand of a particular product.

FIGURE 9: BREAKDOWN OF HOW THE COST IS SHARED THROUGHOUT THE SUPPLY CHAIN



Source: Searce estimates

This figure highlights the importance of value addition for DC exporters. Many traders think purely in terms of the retail selling price. There is considerable scope to add value to products, including dried apricots, in the production and export processing stages within the supply chain. Correct documentation can also provide added value at the “Product” stage. The wide variances in the contribution of each stage to the final selling price highlights the opportunities to add value.

USEFUL SOURCES

Check the various links provided throughout this document, but here are some other useful references:

EXPORT AND MARKET ENTRY SUPPORT

www.cbi.eu/marketintel_platform/Processed-Fruit-and-Vegetables-and-Edible-Nuts/177430

SOME IMPORTERS AND WHOLESALERS

August Töpfer www.atco.de/kategorie/Trockenfruechte,11.html
Rapunzel www.rapunzel.de/ (organic only)
Heinrich Brüning www.heinrichbruening.de/
Fruitwork www.nutwork.de/
Seeberger www.seeberger.de/en.html
Organic wholesalers and importers include Bode Naturkost www.bodenaturkost.de/ and Naturkost Ernst Weber www.naturkostweber.de/index.php?en

TRADE PRESS

The Cracker is the official publication of the International Nut & Dried Fruit Council www.nutfruit.org/en/
The Clipper monitors the world-wide trade in dried fruit and nuts www.agropress.com
Food News and The Public Ledger www.agra-net.com
Bio Press www.biopress.de/

DRIED APRICOTS

German dried fruit trade association www.waren-verein.de
European dried fruit association www.frucom.eu
The German Fruit Trade Association www.dfhv.de
The Association of Organic Processors, Wholesalers & Retailers www.n-bnn.de/en and www.bnn-einzelhandel.de/
Information on the EU Food Industry http://ec.europa.eu/enterprise/sectors/food/index_en.htm

MORE INFORMATION

EU Expanding Exports Helpdesk – http://exporthelp.europa.eu – go to 'trade statistics'.
Eurostat – http://epp.eurostat.ec.europa.eu/newxtweb – statistical database of the EU. Several queries are possible. For trade, choose 'EU27 Trade Since 1995 By CN8'. Use the guide 'Understanding Eurostat: Quick guide to easy comext' (http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20090513.pdf) for instructions.
International Trade Statistics – www.trademap.org – you have to register

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This survey was compiled for CBI by Searce in collaboration with Klaus Dürbeck

ANNEX

Here are a selection of dried apricot retail packs that can currently be found on the German market, illustrating the wide variety and consumer choice available. These products can be found on a number of websites, including Amazon. Prices were accurate as of May 2014 but will vary between retailers:

BIOKING ORGANIC DRIED APRICOTS, 2 x 500g € 13.98

EL PUENTE FAIR TRADE DRIED WILD APRICOTS, 100g € 2.29

CLASEN BIO DRIED APRICOTS, 2 x 200g € 4.85

KLUTH DRIED APRICOTS, UNSULPHURED 500g PACK € 5.79

BODE NATURKOST ORGANIC DRIED APRICOTS 500g € 6.76

FRU'CHA ORGANIC DRIED APRICOTS, 1kg € 8.90

FRUCHTHOF.DE TURKISH DRIED APRICOTS, 500g € 5.75

MARYLAND DRIED APRICOTS, SULPHURED, 1kg € 14.44

FRONT & BACK OF PACK RAPUNZEL SWEET DRIED APRICOTS, 500g € 6.99

FRONT & BACK OF BIOGOURMET DRIED APRICOTS 7 x 200g SACHETS, € 29.33

FRONT & BACKOF SEEBERGER DRIED APRICOTS, 1kg € 8.79

NATURIX24 DRIED WILD APRICOTS, 1kg BAG € 8.50