



Swedish Chambers



Market Brief

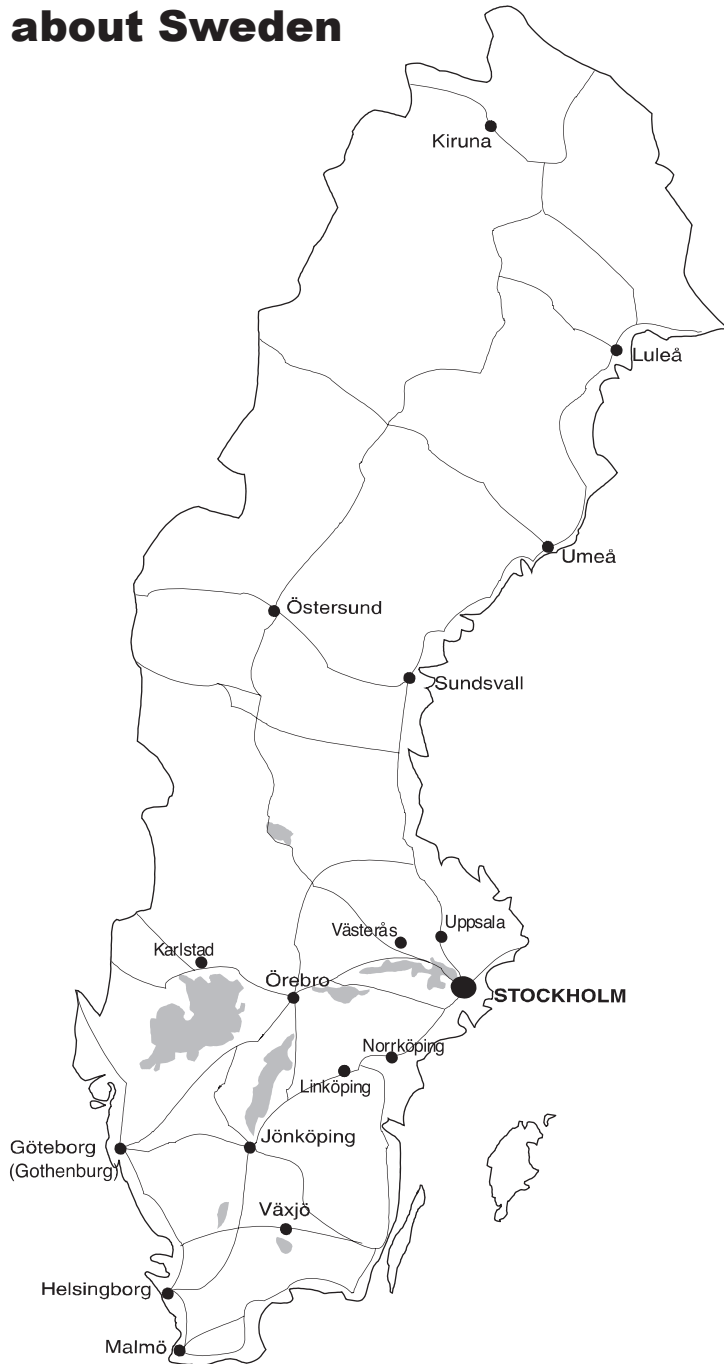
Focus on the Swedish Market



Rice and Pulses

June 2010

Facts about Sweden



Area: 449,964 sq.km
Population: 9.3 million

Capital: Stockholm.
Stockholm city: 810.100 inh.
Greater Stockholm: 2 mil. inh.

Business language:
Swedish, English

Religion:
Lutheran

Largest cities:
Stockholm city 810.100 inh.
Gothenburg 500.200 inh.
Malmö 286.500 inh.
Uppsala 190.700 inh.
Linköping 141.900 inh.
Västerås 134.700 inh.
Örebro 132.300 inh.
Norrköping 128.100 inh.
Helsingborg 126.700 inh.
Jönköping 125.200 inh.

Form of government:
Constitutional monarchy,
parliamentary democracy

Some distances:
Stockholm-Malmö 640 km
Stockholm-Gothenburg 490 km
Stockholm-Sundsvall 400 km
Stockholm-Kiruna 1310 km

Currency:
1 krona (SEK) = 100 öre

The European Union

- Austria
- Belgium
- Bulgaria
- Cyprus
- Czech Rep.
- Denmark
- Estonia
- Finland
- France
- Germany
- Great Britain
- Greece
- Hungary
- Ireland
- Italy
- Latvia
- Lithuania
- Luxemburg
- Malta
- Netherlands
- Poland
- Portugal
- Romania
- Slovak Rep.
- Slovenia
- Spain
- Sweden

The EES/EEA area
EU-countries, Iceland,
Liechtenstein and Norway

EFTA
Iceland, Liechtenstein,
Norway and Switzerland



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Report Summary

This CBI market survey discusses, amongst others, the following highlights for the rice and pulses market in Sweden:

- Sweden is a medium-sized consumer of rice and a small consumer of pulses. Total human consumption of rice in Sweden increased by 1.6% annually on average between 2004 and 2008, amounting to 65 thousand tonnes in the latter year. The human consumption of dried pulses remained stable between 2003 and 2006, at an amount of 6 thousand tonnes, but is expected to grow strongly in the coming years. Organic products would be an interesting market niche for imported products.
- Although it is one of the largest countries in the EU, Sweden has very little arable land. Therefore, domestic production of milled rice and pulses is not large. However, recently some rice millers have been established, leading to growing imports of rice and re-exports. Production of pulses amounted to 30 thousand tonnes in 2008. However, between 2004 and 2008 the production of pulses decreased by 24% annually. Sweden mainly produces peas.
- Sweden is a small EU importer of rice, accounting for 2.6% of the total EU imports in 2008. Sweden imported € 54 million / 63 thousand tonnes of rice that year; signifying an average annual increase of 10% compared to 2004. Sweden is also a small EU importer of pulses, accounting for only 0.6% of the total EU imports. In 2008, Sweden imported € 5.6 million / 6.9 thousand tonnes of pulses. Between 2004 and 2008, Swedish imports of pulses increased by 8.6% annually in terms of value.
- Developing countries accounted for 34% of the rice imports, which was below the EU average of 42% in 2008. However, Swedish rice imports from developing countries increased by 18% annually on average during the review period, which resulted in an increased share in imports. The leading supplier of rice to Sweden is Thailand.
- Developing country suppliers accounted for 24% of the Swedish imports of pulses, which was lower than the EU average of 40%. However, the imports from developing countries by Sweden increased by 22% annually on average during the review period, resulting in an increased share in imports. Interesting product groups for developing country suppliers would be broad and horse beans, adzuki beans and ‘other leguminous vegetables’.

This survey provides exporters of rice and pulses with sector-specific market information related to gaining access to Sweden. By focusing on a specific country, the survey provides additional information, complementary to the more general information and data provided in the CBI market survey ‘The rice and pulses market in the EU’, which covers the EU market in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from <http://www.cbi.eu/marketinfo>.

1 Market Description: Consumption and Production

1.1 Consumption

The total domestic use of rice and pulses consists of human consumption, animal feed, and the use of rice and pulses for further processing. This survey primarily focuses on human consumption, because this provides the most opportunities for developing country suppliers.

Rice

According to Eurostat, total human consumption of rice in Sweden increased by 1.6% annually on average between 2004 and 2008, amounting to 65 thousand tonnes in the latter year, which is comparable to consumption levels in Romania and Hungary. Per capita consumption of rice amounted to 7.1 kilograms in 2008, indicating the Swedish are medium-sized consumers of rice in the EU. Total consumption consisted for 78% of milled rice and for the remaining share of brown rice. This indicates Sweden is a relatively large consumer of brown rice.

Between 2004 and 2008, human consumption of brown rice remained rather stable, at an amount of 15 thousand tonnes. Human consumption of milled rice increased annually by 1.1% on average during the same period, amounting to 51 thousand tonnes in 2008. Sweden does not use broken rice for human consumption. Total domestic use of broken rice amounted to 2.1 thousand tonnes in 2008, most of which was used for animal feed.

The Swedish rice industry primarily uses long-grain and parboiled rice, but also Basmati rice from India and Pakistan and fragrant rice from Thailand. The more expensive and exotic rice varieties (fragrant and organic) are particularly popular among Swedish consumers.

Pulses

According to Eurostat, human consumption of dried pulses remained unchanged between 2003 and 2006 at 6.0 thousand tonnes, which is very little. However, according to Agriculture and Agri-Food Canada (2009) Sweden is now the second fastest growing market in the EU. Pulses consumption amounted to 16 thousand tonnes in 2008, according to the same source, and is expected to increase by 8.5% in 2010. Per capita consumption is expected to increase slightly (but steadily) towards 1.9 kg in 2009 and 2010. Lentils are a popular product group.

Total domestic use of dried pulses is much higher, amounting to 83 thousand tonnes in 2006, which is the result of Sweden using pulses mainly for animal feed. However, note that Sweden hosts a large group of immigrants from Eastern Europe, in particular former Yugoslavia and Russia. These minority groups traditionally include pulses in their diets.

1.1.1 Market Segmentation

The market for rice and pulses in Sweden can be divided into two segments: human consumption and animal feed. The major part of Swedish rice is destined for human consumption; only a small amount of broken rice is used for animal feed. In contrast, the main share of pulses is used for animal feed; around 82% of total domestic use of pulses is directed to this segment.

As in other European countries, organic products are gaining popularity in Sweden. The Swedish are health-conscious and care about the environment, resulting in a rapidly growing market for organic food. Around 3% of the total food consumption in Sweden consists of organic products. In 2007, the sales revenue of organic products is estimated to have been 4.5 billion Swedish crowns (€ 487 million); an increase of almost 30% compared to the previous year. Half of the organic food products is imported. Consumption increases at a stronger rate than production in Sweden, and it is estimated that consumption continued to grow strongly in 2008. Per capita spending on organic products by Swedish consumers is estimated at € 53 in 2007 (FiBL, 2009).

Another interesting niche could be Fair Trade, since sales are growing strongly. In 2008, total sales of Fairtrade certified products amounted to € 73 million, signifying an increase of 75% compared to the previous year. On the following websites, importers of Fair Trade products can be found: [http://www.wfto-europe.org/lang-en/Fair Trade-by-country/sweden.html](http://www.wfto-europe.org/lang-en/Fair-Trade-by-country/sweden.html).

1.1.2 Trends

- **Convenience:** Swedes increasingly demand convenience food, such as in-store eating and take-away food. Fast food is also increasingly consumed.
- **Health:** At the same time, Swedes are increasingly interested in natural and healthy food products. People are willing to pay a higher price for environment-friendly products. Therefore organic products are also becoming more popular. Moreover, the trend to consume vegetarian food is growing in Sweden.
- **New products:** Swedish people are open to new tastes, such as exotic foods, as they are moving away from their own traditions.
- **Private label:** Private label sales show continuous growth, whilst brands will face struggles to increase market share, because what persuades consumers to buy rice (as revealed by research) is its natural commodity status, rather than its brand status.
- **Protein foods:** Swedish consumers are becoming more interested in high protein foods which either contain no, or are low in, cholesterol. However, demand for pulses remained stable, which could indicate that pulse producers do not profit from the current trend.

1.2 Production

Sweden is one of the largest countries in Europe, but does not have much arable land, as most of the land (over 80%) is covered with forests, mountains, marshlands and lakes. Therefore Sweden relies heavily on imports to serve the food market. The total area under cultivation in Sweden is around 3 million hectares, which is approximately 7% of the total land. Crops are mainly concentrated in the southern part of Sweden.

Rice

Next to the small amount of arable land in Sweden, the climate is too cold for growing rice. Furthermore, the rice milling industry is only very small in Sweden. Eurostat does not provide figures on the rice production in Sweden. However, the small use of brown rice for further processing (only 0.2 thousand tonnes in 2008) confirms the small milling industry. However, the two major processing plants, Swedish Rice Production and Amanat Nawaz Rice, have a maximum production

capacity of 84 thousand tonnes per annum. The latter company produces 60 thousand tonnes annually, of which 95% is exported to other EU countries.

Pulses

Production figures on pulses are presented in Table 1.1. The category of dry beans includes urad and mung beans, adzuki beans, kidney beans and other Vigna and Phaseolus beans. Sweden is a medium-sized producer of pulses in the EU, with total production amounting to 30 thousand tonnes in 2008, consisting for 97% of peas. An EU country with a comparable production size is Greece.

Sweden also produces dry beans, with production amounting to 0.9 thousand tonnes in 2008. In particular, the growing of brown beans has a long history in Sweden and several traditional Swedish recipes contain Swedish brown beans, the best known being Swedish brown bean soup.

Between 2004 and 2008, total production of pulses decreased by 24% annually. However, production of dry beans remained rather stable in this period. The decrease in overall production could be due to the reforms in EU agriculture. Moreover, the decrease in production of pulses is likely to continue.

Table 1.1 Production of pulses in Sweden, 2004-2008, volume in thousand tonnes

Product	2004	2006	2008	Average annual change
Total pulses	89	52	30	-24%
Peas	88	51	29	-24%
Dry beans	0.9	1.0	0.9	0.6%

Source: FAOSTAT (2009)

1.2.1 Organic

Sweden is not among the leading organic producers in terms of area under organic management or increase in organic production. However, Sweden's share of organic land in its total agricultural land is large; around 8.0% in 2007. The total agricultural area under organic management was 248 thousand hectares in 2007 (FiBL, 2009).

The area for the organic production of protein crops, such as pulses, amounted to 8,350 hectares in 2006 (FiBL, 2008). This indicates that Sweden is a relatively large organic producer of protein crops, such as pulses.

1.2.2 Major Players

The only type of companies active in the production of rice products are rice millers and food manufacturers who import rice and process, package and re-export or distribute rice to the retail industry. Two large rice processors in Sweden are Swedish Rice Production (SRP) - <http://www.swedishrice.com> - established in 1997; and Amanat Nawaz Rice - <http://www.zebrice.com> - established in 2004. Please refer to the trade section for more information on major players.

Companies engaged in pulse production and trading in Sweden:

- Purcell Mountain Farms - <http://www.purcellmountainfarms.com> - An online farm in Sweden.
- Green n'Lean Healthy Food AB - <http://www.green-n-lean.se> - organic producer of pulses

1.2.3 Trends

- **Specialty rice:** Manufacturers have increased their range of speciality rice and retailers stock more exotic and unusual rice varieties under private-label.
- **Specialisation in pulse production:** Another trend in production is the consolidation of farms, as farms are becoming larger. Furthermore, farms are specialising their production.
- **Product range:** Due to the busier lifestyles of the Swedish and the increased number of single-person households, retailers are changing their product range, including more healthy foods, convenience food products, as well as home meal replacements (USDA, 2008). This in turn indicates manufacturers also need to tap into these trends.

1.3 Opportunities and Threats

- + The Swedish are average consumers of rice in the EU, but consumption shows an increasing trend.
- +/- Sweden is only a small market for pulses. However, consumption is forecasted to grow considerably in the coming years.
- + Production of rice is small in Sweden, and production of pulses decreased considerably during the review period, indicating that Sweden increasingly relies on imports.
- + In the last two decades, rice processing plants were established in Sweden. This provides opportunities for developing country suppliers to export their rice products directly to Sweden.
- + After beans, lentils are the most widely consumed pulses, and these are not grown in Sweden. They need to be imported, thus offering opportunities for developing country exporters of lentils.
- + Sweden has the largest food market in Scandinavia. Scandinavians have a high standard of living, one of the highest in the world, which provides opportunities for selling high-priced products, such as fragrant rice and ethnic dishes containing pulses. The market for Fair Trade products is also growing rapidly in Sweden.
- + The demand for rice is one of the most rapidly growing food products in Sweden. Fragrant rice and organic rice are currently popular among consumers and offer good opportunities for exporters of these types of rice. Organic beans are also a possibility, as these are rarely produced in Sweden. Furthermore, the health trend may lead to a further increase in brown rice consumption.

Exporters should take into account that the same trend can be an opportunity for one exporter and a threat to another. Chapter 7 of the survey ‘The rice and pulses market in the EU’ presents an example of an analysis of whether a trend/development is an opportunity or a threat.

1.4 Useful Sources

- Food from Sweden is dedicated to promoting and assisting Swedish companies in the global food industry - <http://www.foodfromsweden.com>
- FAO’s statistical database FAOSTAT - <http://faostat.fao.org>
- The Swedish board of agriculture provides information and statistics about the agricultural sector in Sweden - <http://www.sjv.se>
- World of Organic Agriculture 2008 and 2009 (FiBL) - These papers document the latest developments in the organic food industry

- Sweden Organic Products (USDA GAIN report 2004) - <http://www.fas.usda.gov/gainfiles/200409/146107434.pdf> - Information organic products.
- Swedish Ecological Farmers - <http://ekolantbruk.se/> - Information on ecological agriculture in Sweden.

2 Trade Channels for Market Entry

Due to increased concentration, the trade channels for rice and pulses as shown in Chapter 3 of the survey ‘The rice and pulses market in the EU’ are basically the same for all European countries.

2.1 Trade Channels

The food sector in Sweden is concentrated and integrated, meaning that several activities such as importing, wholesaling, retailing, and distribution are intergrated. The three largest import/wholesale groups have a total market share of over 80% in the food market (USDA, 2008). These three groups are:

- ICA - <http://www.ica.se> - 50% market share
- Coop - <http://www.coop.se> - 21% market share
- Axfood - <http://www.axfood.se> - 16% market share

Bergendahlsgruppen (<http://www.bergendahls.se>) is a smaller chain, which operates mainly in the south of Sweden. The group has a market share of 8.3% in the Swedish food market.

Each group is highly integrated, with activities ranging from purchasing, importing and wholesaling to distribution and retailing. These companies import either through their own chain, or through a specialised importer or agent. This implies that, when exporting food products to Sweden, an exporter can either enter the market through these groups (for large quantities), or through a specialised distributor or agent (for niche products and private label products) (USDA, 2008).

Specifically for rice and pulses, the major trade channels are commodity traders, rice millers or canners and food manufacturers. Listed below are the key players for the distribution of rice and pulses in Sweden:

- Zebrice - <http://www.zebrice.com> - the largest and newest miller, located in the very south-east of Sweden since 2004. The opening of this mill mainly explains the increase in exports of rice from Sweden. The company is 100% owned by the mother company Zeb Rice (Pvt) Ltd in Pakistan. The factory and European head office, located in the harbour of Åhus, supplies more than 10 countries in Europe.
- Rieber & Søn - <http://www.rieberson.com> - Rieber & Søn is actually a Norwegian food group, but has a strong presence in Sweden. Their main markets are Norway, the other Nordic countries and selected countries in Western Europe and Central Eastern Europe, where the Group holds a considerable market share for food products in the retail market. Their leading brand in Sweden is Mrs. Cheng’s rice, a brand name in the growing category of Asiatic food in Sweden.

2.1.1 Retail

The general trend in Sweden is that supermarkets and hypermarkets are increasingly popular (accounting for a share of 75%), while smaller stores are losing market share. Moreover, the number of retail stores is declining (to 6,800 in 2007). One retail channel which is gaining popularity is the discount store, which currently accounts for a share of around 12%. One of these discount stores is Lidl (<http://www.lidl.se>), which is established in all of the Nordic countries (USDA, 2008).

In contrast to many other countries, Internet sales are expected to decrease. The four largest retail chains have closed down their web sites for shopping, because consumers made little use of them. Furthermore, direct marketing in the form of a newspaper advertisement is the most-used form of marketing by retailers in Sweden. For more information on trends, visit the website of the USDA and read the GAIN Reports about Sweden.

2.1.2 Organic

The average Swedish person spends about € 53 on organic food per year. This is higher than the EU average, because Swedish consumers focus strongly on organic and healthy products. Organic food in Sweden has become mainstream and is, just as in Germany, even available in discounters (FiBL, 2008 and 2009).

Organic products are imported by Sweden either directly from the producer country or via a third country (re-export). There are two main distribution channels for organic foods, which are the large retail groups and the specialized organic importers. The retail chains buy imported products both directly and through local importers. Around 40% of all organic products is sold at Coop, followed by ICA (USDA, 2004). Regarding trade in organic grains, Eco Trade (<http://www.eco-trade.eu>) is the main importer in Sweden.

As Sweden is an EU member state, it follows the EU import regulations. However, in practice, organic products imported into Sweden need to be KRAV certified (<http://www.krav.se>). This label is extremely well-known in Sweden. KRAV's policy is to approve products which have been certified by other bodies which are accredited to IFOAM (<http://www.ifoam.org>). Also refer to CBI's market information database (<http://www.cbi.eu/marketinfo>). Select 'food ingredients' and Sweden in the category search, click on the search button and click on market access requirements.

2.2 Price Structure

Due to value addition by various players, different prices and margins apply throughout the various trade channels. The EU tariff structure for rice defines to a large extent what the margins are for the different players in the rice market. Due to the EU CAP reform, tariffs have been restructured. This issue has been discussed in the CBI survey 'The market for rice and pulses in the EU'. Margins for pulses resemble those in other EU countries.

2.3 Selecting a Suitable Trading Partner

Finding a trade partner in Sweden should not deviate from the general EU method as described in the CBI market survey 'The rice and pulses market in the EU'. Buyers and suppliers often find each other through their networks or at trade fairs. Brokers also fulfil an important function in market linking. Websites such as Alibaba also offer opportunities to find trade partners. The first step after finding a

trade partner is to give a quotation including price, variety, quality (grade), delivery times and sometimes packing details.

After obtaining contacts, you should evaluate the potential trade partners according to criteria such as information quality; the kind of trade relation the partner is interested in, the position of the partner and the financial status and credibility.

Internet provides many sources on business practices and culture, such as <http://www.cba.uni.edu/buscomm/InternationalBusComm/world/europe/scandinavia/scandinavia.html>. Please keep in mind that these pages only give general remarks. Therefore, when conducting business, use your intuition and an understanding attitude.

2.4 Useful Sources

On-line company databases for finding companies working in the rice and pulses market are:

- Food world - http://www.thefoodworld.com/food_exporters_importers - an extensive on-line food business directory, with full EU coverage. Cereals, grains and flours are a separate product group.
- Europages - <http://www.europages.com> – on-line business directory, with full EU coverage. Cereals and grains are a separate product group.
- Food from Sweden - <http://www.foodfromsweden.com/companies>

Business-to-business sources include the following:

- Agronetwork.com - <http://www.agronetwork.com/global>
- Organic Trade Guide - <http://www.organictradeguide.com>
- Alibaba - <http://www.alibaba.com>
- Rice importers - <http://rice.importers.com>
- Sweden Business - <http://www.go4swedenbusiness.com>
- Chamber Trade – www.chambertrade.com

3 Trade: Imports and Exports

3.1 Total Imports

Rice

Sweden is a small EU importer of rice, accounting for 2.6% of total EU imports in 2008. A comparable importer is Portugal, which also has a share in EU imports of 2.6%. In 2008, Sweden imported € 54 million / 63 thousand tonnes of rice. Between 2004 and 2008, imports increased by 10% annually on average in terms of value, and by 3.2% annually in volume terms. The increase in imports of rice coincides with the increase in rice consumption. Production is mostly exported to other EU countries, indicating Sweden relies heavily on imports for supplying its domestic market.

Developing countries accounted for 34% of imports, which was below the EU average of 42% in 2008. However, Swedish rice imports from developing countries increased by 18% annually on average during the review period, which resulted in an increased share in imports. The leading supplier of rice to Sweden is Thailand, accounting for 18% of total imports. Imports from Thailand increased by 23%

annually on average in the period under review. Pakistan is the second largest developing country exporter, from which imports increased by 44% annually on average in the same period. In contrast, imports from India decreased in the period under review, by 7.2% annually on average. China is an emerging supplier.

Pulses

Sweden is a small importer of pulses, accounting for a share of 0.6% in total EU imports in 2008. Comparable importers are Austria and Ireland. In 2008, Sweden imported € 5.6 million / 6.9 thousand tonnes. Between 2004 and 2008, Swedish imports of pulses increased by 8.6% annually in terms of value, and by 3.4% annually in terms of volume. The increase could be explained by a decreasing domestic production of pulses, while human consumption is growing.

Developing country suppliers accounted for 24% of Swedish imports of pulses, which was lower than the EU average of 40%. However, imports from developing countries by Sweden increased by 22% annually on average during the review period, resulting in an increased share in imports. The leading suppliers of pulses to Sweden are The Netherlands (re-export), Canada and the USA, followed by Turkey. Imports from Turkey increased by 13% annually on average during the review period, while The Netherlands and Canada showed stronger growth in their supplies. Imports from the USA decreased in the period under review. Furthermore, imports from China increased by 43% annually on average between 2004 and 2008. Imports from Lebanon and Thailand also increased in this period, by 40% and 76% per annum respectively.

Table 3.1 Imports of rice and pulses by Sweden, 2004 - 2008, € million / 1,000 tonnes

Product	2004		2006		2008		Average annual change	
	value	volume	value	volume	value	volume	value	volume
Rice total	37	55	36	76	54	63	10%	3.2%
Paddy rice	0.2	0.3	0.4	0.3	0.4	0.3	26%	-6.2%
Brown rice	7.4	13	11	35	11	12	10%	-2.4%
Milled rice	28	38	24	39	41	48	9.8%	5.8%
Broken rice	1.2	3.6	0.6	1.9	1.7	2.7	10%	-6.7%
Pulses total	4.1	6.1	4.8	6.4	5.6	6.9	8.6%	3.4%
Peas	2.2	3.2	1.6	2.0	1.2	2.5	-13%	-5.8%
Chickpeas	0.4	0.6	0.9	1.1	0.9	1.1	24%	14%
Urad and mung beans	0.09	0.1	0.1	0.1	0.3	0.2	29%	15%
Adzuki (small red) beans	0.04	0.03	0.1	0.02	0.03	0.03	-4.8%	-1.3%
Kidney beans	0.5	0.7	0.8	1.2	0.6	0.7	4.9%	-1.3%
Other Vigna and Phaseolus beans	0.2	0.3	0.2	0.3	0.4	0.4	22%	8.2%
Lentils	0.6	0.9	0.9	1.3	1.8	1.5	29%	12%
Broad and horse beans	0.05	0.09	0.06	0.08	0.2	0.3	50%	30%
Other leguminous vegetables	0.05	0.05	108	0.1	0.3	0.3	55%	54%

Source: Eurostat (2009)

3.2 Imports by Product Group

Rice

Regarding rice, the most important product group importer by Sweden is milled rice, accounting for 76% of total imports. Developing countries accounted for 33% of imports of this product group, which was higher than the EU average of 23%. Moreover, imports from developing countries increased strongly during the review period, by 38% annually on average, which is likely to be the result of the EU CAP reform, leading to lower imports tariffs on rice from extra-EU countries. Thailand is the main supplier of milled rice to Sweden, showing an average annual growth rate of 29% in its supplies in the period under review. Emerging suppliers are Pakistan and India, with annual growth rates of 97% and 254% respectively in the same period.

The second largest product group imported by Sweden is brown rice, representing 20% of total imports in 2008. Developing countries accounted for 44% of the imports, which is low compared to the EU average share of 74%. Moreover, Swedish imports of brown rice from developing countries decreased by 1.8% annually on average during the review period. The leading supplier Pakistan, however, showed an increase in its supplies in this period, of 27% annually on average. The overall decrease in imports is caused by Indian and Thailand, from which imports decreased by 14% and 55% annually respectively in the period under review.

The remaining product groups, broken rice and paddy rice, are not interesting for developing countries because imports of these product groups from developing countries are decreasing. Moreover, the share of developing countries in imports of broken rice is below the EU average.

Table 3.2 Rice imports by origin and leading suppliers 2004 - 2008, share in % of value, average annual growth in % of value

Product	Origin	Leading suppliers in 2008 (share in %)	Share
Rice Total	Intra-EU	Italy (14%), Germany (13%), Belgium (13%), Netherlands (8.2%), Denmark (5.5%)	63%
	Extra-EU ex. DC*	USA (2.5%), Australia (0.5%)	3.0%
	DC*	Thailand (18%), Pakistan (10%), India (5.4%), China (0.3%)	34%
Paddy rice	Intra-EU	United Kingdom (80%), Belgium (6.3%), Germany (5.7%), Greece (2.6%), Italy (2.1%)	99%
	Extra-EU ex. DC*	-	0%
	DC*	Thailand (0.7%)	0.7%
Brown rice	Intra-EU	Belgium (23%), United Kingdom (14%), Germany (7.9%), Italy (5.5%), Netherlands (2.5%)	55%
	Extra-EU ex. DC*	Australia (0.1%), U.A. Emirates (0.1%)	0.2%
	DC*	Pakistan (24%), India (19%), China (0.8%), Thailand (0.1%)	44%
Milled rice	Intra-EU	Italy (17%), Germany (15%), Belgium (10%), Netherlands (8.6%), Denmark (7.2%)	64%
	Extra-EU ex. DC*	USA (3.2%), Australia (0.6%)	3.9%
	DC*	Thailand (23%), Pakistan (7.3%), India (1.9%), China (0.2%), Vietnam (0.1%)	33%
Broken rice	Intra-EU	Finland (45%), Netherlands (36%), Germany (5.3%), Denmark (1.0%), Italy (0.6%)	89%
	Extra-EU ex. DC*	-	0.0%
	DC*	Thailand (11%)	11%

Source: Eurostat (2009)

*Developing Countries

Pulses

Regarding pulses, the largest product group imported by Sweden is lentils, representing 31% of total imports in 2008. Developing countries accounted for 19% of the imports of this product group, which was somewhat lower than the EU average of 22%. Imports from developing countries increased by 20% annually on average during the review period, while imports from EU member states increased by 53% annually on average. The leading suppliers are Canada and The Netherlands, followed by Turkey. The strong increase in imports from intra-EU countries is caused by The Netherlands, as well as the UK. Imports from Turkey increased by 20% annually on average during the review period.

The second largest product group imported by Sweden is peas, accounting for 22% of the total imports in 2008. This product group does not provide many opportunities for developing countries, because they accounted for only 1.0% of the supplies. Moreover, imports from developing countries decreased during the review period. The third and fourth largest product groups imported are chickpeas and kidney beans. The share of developing countries in imports of these product groups is below the EU average, and decreased during the review period, even though imports from developing countries increased. The same holds for urad and mung beans.

More interesting could be broad and horse beans, with developing countries accounting for 30% of the imports, which was higher than the EU average of 20%. This share is spread over several developing countries, such as Peru, Turkey, Iran and Lebanon. Besides Peru, emerging suppliers are, Syria and Tunisia. Adzuki beans could also be an interesting product group, although it is by far the smallest imported product group by Sweden. Developing countries accounted for 76% of the Swedish imports of adzuki beans, which was well above the EU average of 44%. Moreover, their share in imports increased during the review period. However, supplies are dominated by China. Furthermore, developing countries accounted for an above EU average share in Swedish imports of ‘other leguminous vegetables’.

Table 3.3 Pulses imports by origin and leading suppliers 2004 - 2008, share in % of value, average annual growth in % of value

Product	Origin	Leading suppliers in 2008 (share in %)	Share
Pulses total	Intra-EU	Netherlands (15%), United Kingdom (7.6%), France (7.2%), Germany (6.9%), Estonia (2.7%)	46%
	Extra-EU ex. DC*	Canada (15%), USA (13%), New Zealand (1.3%), U.A. Emirates (0.5%), Australia (0.3%)	30%
	DC*	Turkey (11%), China (4.2%), Lebanon (1.9%), Thailand (1.6%), Peru (1.3%), Mexico (1.0%), Iran (0.7%), India (0.4%), Chile (0.4%), Argentina (0.3%)	24%
Peas	Intra-EU	France (28%), Germany (13%), Estonia (12%), United Kingdom (5.5%), Belgium (1.1%)	61%
	Extra-EU ex. DC*	USA (22%), Canada (9.4%), New Zealand (6.1%), Norway (0.1%)	38%
	DC*	China (0.6%), Lebanon (0.4%)	1.0%
Chickpeas	Intra-EU	Netherlands (7.4%), United Kingdom (5.1%), Italy (3.3%), France (3.2%), Spain (2.0%)	23%
	Extra-EU ex. DC*	USA (24%), Canada (12%), Australia (2.0%), U.A. Emirates (0.1%)	37%
	DC*	Turkey (22%), Mexico (5.9%), Lebanon (3.0%), India (2.5%), Thailand (2.0%), Argentina (1.7%), Iran (1.5%), Syria (0.3%)	39%
Urad and mung beans	Intra-EU	Italy (24%), Netherlands (18%), Spain (2.1%), Germany (0.2%)	45%
	Extra-EU ex. DC*	Hong Kong (1.5%)	1.5%
	DC*	China (41%), Thailand (9.8%), Turkey (2.0%), Lebanon (0.5%), Syria (0.1%)	54%
Adzuki (small red) beans	Intra-EU	Germany (21%), Netherlands (1.4%)	22%
	Extra-EU ex. DC*	Japan (2.3%)	2.3%
	DC*	China (76%)	76%
Kidney beans	Intra-EU	United Kingdom (20%), Netherlands (15%), Spain (7.3%), Germany (2.8%), Italy (2.7%)	50%
	Extra-EU ex. DC*	USA (9.5%), Canada (7.9%), U.A. Emirates (4.9%)	22%
	DC*	Turkey (13%), Peru (4.1%), China (3.3%), Chile (3.3%), Lebanon (2.8%), Egypt (0.5%), Uzbekistan (0.4%), Thailand (0.1%), Iran (0.1%)	28%
Other Vigna and Phaseolus beans	Intra-EU	Netherlands (66%), Germany (5.1%), Spain (2.9%)	75%
	Extra-EU ex. DC*	Canada (3.2%)	3.2%
	DC*	Peru (8.2%), Thailand (7.4%), China (4.9%), Lebanon (1.1%), Egypt (0.4%), Nigeria (0.1%), Iran (0.1%)	22%
Lentils	Intra-EU	Netherlands (22%), United Kingdom (11%), Germany (2.6%), Italy (2.0%), France (1.6%)	40%
	Extra-EU ex. DC*	Canada (30%), USA (10%)	41%
	DC*	Turkey (17%), Lebanon (1.4%), Syria (0.4%), Iran (0.3%), Egypt (0.1%), Chile (0.1%)	19%
Broad and horse beans	Intra-EU	Germany (46%), Belgium (4.4%), Netherlands (2.4%), Denmark (2.0%), Spain (0.3%)	55%
	Extra-EU ex. DC*	Canada (14%)	14%
	DC*	Peru (8.0%), Turkey (7.8%), Iran (7.1%), Lebanon (5.4%), Syria (0.8%), Tunisia (0.8%), Egypt (0.2%)	30%
Other leguminous vegetables	Intra-EU	Austria (21%), Germany (9.9%), Netherlands (6.0%), Denmark (3.8%), United Kingdom (1.1%)	42%
	Extra-EU ex. DC*	Canada (0.3%)	0.3%
	DC*	China (25%), Turkey (8.1%), Thailand (7.5%), Myanmar (5.5%), Kirghizstan (5.3%), Lebanon (5.2%), Iran (0.3%), Syria (0.3%)	58%

Source: Eurostat (2009)

*Developing Countries

3.3 Exports

Rice

Sweden is only a small exporter of rice in the EU, accounting for only 0.2% of total EU exports in 2008. In that year, Sweden exported € 2.7 million / 4.0 thousand tonnes of rice, consisting for 91% of milled rice. Between 2004 and 2008, total exports increased by 28% annually in terms of value, and by 37% annually in terms of volume. Broken rice is the only product group showing a decrease in exports in this period. The increases in milled rice exports can be attributed to the opening of a large-scale rice miller (Zeb Rice Ltd) in the south east of Sweden. The main countries of destination were Poland (44%), Norway (15%) and Finland (12%). Re-export is likely to play a role here.

Pulses

Sweden is a small exporter of pulses, accounting for 0.3% of total EU exports in 2008, when Sweden exported € 1.2 million / 2.8 thousand tonnes of pulses. Between 2004 and 2008, Swedish exports decreased by 13% annually on average in terms of value, and by 27% annually in volume terms. Total exports consisted mainly of peas, accounting for a share of 73%. The only product group showing an increase in exports during the review period was broad and horse beans. Re-exports are likely to play a role, although not a very significant one, as Sweden also produced peas itself.

3.4 Opportunities and Threats

- +/- Sweden is a small rice consumer in the EU, and therefore also a small rice importer. However, as the country does not produce paddy rice, it is dependent on imports. Moreover, imports of rice increased during the review period.
- +/- Developing countries have a relatively low share in Swedish imports of rice. However, their share increased during the review period, which points to opportunities.
- + The most interesting product group would be milled rice, because developing countries have a large and increasing share in Swedish imports of this product group. The EU CAP reforms provide opportunities for developing country suppliers to import milled rice, since the new tariff structure makes it more interesting to import milled rice instead of milling brown rice domestically.
- The share of developing countries in imports of brown rice is low and decreasing. Furthermore, imports of broken rice and paddy rice from developing countries also decreased during the review period.
- +/- Sweden is also a small consumer of pulses. Imports are consequently small as well. Moreover, the share of developing countries in Swedish imports is relatively small. However, this share increased during the review period, which indicates opportunities.
- + Interesting product groups for developing country suppliers would be broad and horse beans, adzuki beans and 'other leguminous vegetables'. However, note that adzuki beans is the smallest imported product group and supplies are dominated by China.
- Developing countries accounted for a relatively low share in imports of lentils, which is the largest imported product group. Moreover, imports from intra-EU countries increased at a faster pace than those from developing countries. Also note that Turkey dominates the supplies from developing countries.

- Peas, chickpeas, kidney beans and urad and mung beans do not seem to provide many opportunities, because developing countries account for a low and decreasing share in Swedish imports of these product groups.
- Swedish consumers demand high quality food. This could be a threat to developing country producers, if they are not able to meet the expected high quality or when they are not able to convince potential buyers that their products have a high quality. For more information on the exact quality demand, refer to CBI's 'From survey to success. Guidelines for exporting rice and pulses to the EU'.

Exporters should take into account that the same trend can be an opportunity for one exporter and a threat to another. Chapter 7 of the survey 'The rice and pulses market in the EU' presents an example of an analysis of whether a trend or development is an opportunity or a threat.

3.5 Useful Sources

- EU Expanding Exports Helpdesk - <http://exporthelp.europa.eu>
→ go to: trade statistics
- Eurostat – <http://epp.eurostat.ec.europa.eu> - official statistical office of the EU
→ go to 'themes' on the left side of the home page
→ go to 'external trade'
→ go to 'data – full view'
→ go to 'external trade - detailed data'
- Understanding Eurostat: Quick guide to easy comext - http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20090513.pdf

4 Price Developments

Producer prices in Sweden are presented in Table 4.1 below. As can be derived from the table, prices of all products increased between 2005 and 2007. Price differentials in the producer prices between different countries can occur because different types of quality are produced, or prices of several production factors (such as labour) may differ. Most of the price fluctuations are caused by global movements. Due to recent economic developments, prices of raw materials have increased, which could have led to increasing production costs. On the other hand, because of the current economic crisis, oil prices have decreased significantly. Finally, the EU agricultural policy tries to prevent large price fluctuations.

Table 4.1 *Producer prices in Sweden, 2003-2007, Euro/tonne**

Product	2003	2005	2007
Dry beans	276	263	292
Peas	87	83	92
Vetches	232	221	247
Other leguminous vegetables	n.a.	272	333

Source: FAOSTAT (2009)

* Average annual exchange rates EUR/SEK, for 2003: 0.10964, 2005: 0.10778, and 2007: 0.10819 (<http://www.oanda.com>)

Regarding the consumer price (at retail level), differences between countries may occur because of factors such as price wars between supermarkets (currently happening in The Netherlands). Also the disposable incomes in a country determine the prices which retailers can charge. In general, disposable incomes are lower in East-European countries than in West-European countries. The disposable income in Sweden was 20% higher than the EU average in 2008, while retail food prices were 17% higher. One should note that the consumer prices of rice and pulses increased considerably in 2008, due to the food crisis as described further in the CBI market survey covering the EU market.

Furthermore, almost all organic products command a premium price. The price premium paid in Sweden is lower than the EU average. Moreover, price differences are generally less for processed products. Organic price premiums are mostly between 20% and 40%. Most of the production of rice and pulses is contracted in advance, at an agreed price. Price premiums for organic products are determined by the demand for such products in a country. Note also that, when people have a higher disposable income, they are more likely to buy premium-priced products.

Please refer to the CBI market survey ‘The rice and pulses market in the EU’, for general information on price developments.

Useful Sources

The main useful source for obtaining price information is:

- The Public Ledger - <http://www.agra-net.com> → go to the left side of the webpage and look for The Public Ledger

5 Market Access Requirements

As a manufacturer in a developing country preparing to access Sweden, you should be aware of the market access requirements of your trading partners and the Swedish government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns. You need to comply with EU legislation and have to be aware of the additional non-legislative requirements that your trading partners in the EU might request. Note that Sweden has one of the highest food safety standards in Europe, and regulations are even stricter than the EU requirements.

For information on legislative and non-legislative requirements, go to ‘Search CBI database’ at <http://www.cbi.eu/marketinfo>, select ‘rice and pulses’ and Sweden in the category search, click on the search button and click on market access requirements. Another interesting source of information could be the Open Trade Gate Sweden (<http://www.opentradegate.se/>).

A general requirement is that rice and pulses are packaged in containers which safeguard the hygienic, nutritional, technological, and organoleptic (i.e. scent, colour and pureness) quality of the product. When the product is packaged in sacks, these must be clean, sturdy, and strongly sewn or sealed. Polyethylene bags, on which the brand or private label could be printed, are usually used for packing rice and pulses. Rice and pulses are sold in the EU either in a truck load (140 sacks

of 100 kg each per truck) or in packs of 1.5 and 15 kilograms to manufacturers or retailers.

Additional information on packaging can be found in the CBI market survey ‘The rice and pulses market in the EU’ and at the website of ITC on export packaging: <http://www.intracen.org/ep/packit.htm>

Information on tariffs and quota can be found at <http://exporthelp.europa.eu/>

6 Doing Business

General information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) can be found in CBI’s export manuals ‘Export Planner’ and ‘Your image builder’. Furthermore cultural awareness is a critical skill in securing success as an exporter. Information on cultural differences in the EU can be found in chapter 3 of CBI’s export manual ‘Exporting to the EU’. These manuals can be downloaded from <http://www.cbi.eu/marketinfo> - go to search publications.

Pulse and rice producers should make sure that they provide:

- uniform supplies (i.e. not mixtures)
- representative samples to prevent disagreements after delivery
- useful information only, i.e. do not flood the buyer with too much information; however informing him about progress and problems
- good management of the shipments, which includes a timely delivery of the appropriate documents
- low prices, which are of extra importance in commodity markets such as the rice and pulses markets. Note that the price should also be set on the basis of the size of the global crop in that year.

6.1 Sales Promotion

Common practices of trade promotion should not differ widely from other European countries. In general, good care should be taken of existing contacts, by using prompt, constant and reliable communication. Letters of inquiry should always be replied to. An essential tool used in sales is a detailed and up-to-date customer database.

Assistance with market entry can also be sought through local business support organisations, import promotion organisations such as CBI and branch organisations focusing on rice and pulses or food ingredients sector.

6.2 Useful Sources

Trade associations

- KRAV, Organic Certification - <http://www.krav.se>
- Swedish Chambers – <http://www.swedishchambers.se>
- Swedish Federation of Trade - <http://www.svenskhandel.se>

Trade fairs

- Stockholm Food & Beverage Fair - <http://www.stockholmsmassan.se> - The next event will be held in November, 2010

For more information on fairs in Sweden, visit the websites:

- Fairlink - <http://www.fairlink.se> - events and exhibitions
- Elmia - <http://www.elmia.se> - an organiser of trade fairs and shows in Sweden

Trade press

- Several magazines related to the food industry are published by Forma Publishing Group, of which an example is the magazine Icakuriren - <http://www.icakuriren.se>

Appendix 1 - List of Abbreviations

CAP	Common Agricultural Policy (EU)
CBI	Center for the Promotion of Imports from Developing Countries
DC / DCs	Development country(ies)
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FAOSTAT	FAOs statistical database
FiBL	Research Institute of Organic Agriculture
FLO	Fairtrade Labelling Organisation
ITC	International Trade Centre
UK	United Kingdom
USDA	United States Department of Agriculture (USA)
UTZ	UTZ Certified (worldwide certification program)

Appendix 2 - Currency Conversion

Average exchange rate					
	Average rate in USD				
	2004	2006	2007	2008	2009
1 Euro	1.243	1.256	1.370	1.471	1.394

Source: www.oanda.com

The following sixteen EU-countries use the Euro as their daily currency:

- Austria
- Belgium
- Cyprus
- Finland
- France
- Germany
- Greece
- Ireland
- Italy
- Luxembourg
- Malta
- Portugal
- Slovak Republic
- Slovenia
- Spain
- The Netherlands

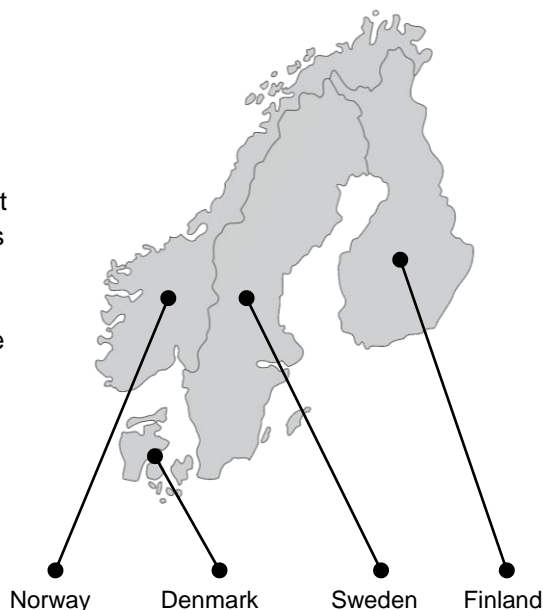
The Nordic Market

There are many similarities among the Nordic countries with regard to culture, language, political and social systems etc. Also when it comes to consumer behaviour and product preferences you find many similarities.

When entering one of the Nordic markets it therefore might be relevant to consider the possibilities in the other countries as well.

Three of the Nordic countries work with trade and import promotion activities. Below you will find contact details of the import promotion organisations in Finland, Norway and Sweden.

Population:	Denmark	5.5 million
	Finland	5.3 million
	Norway	4.8 million
	Sweden	9.3 million



Denmark

As from January 2010, Denmark has no trade promotion programme. The earlier programme (DIPP), which was financed by Danida (the Danish International Development Assistance), ended on 31 December 2009.

Norway

Department of international trade cooperation (DITC) is established according to an agreement between NORAD (Norwegian Agency for Development Cooperation) and HSH (Federation of Norwegian Commercial and Service Enterprises). DITC promotes imports from developing countries.

Contact details:

HSH – Department of International Trade Cooperation (DITC)
P.O. Box 2900 Solli,
NO-0230 Oslo, Norway
Phone: +47-2254 1700
Direct phone: +47-2254 1752
Fax: +47-2256 1700
E-mail: ellen.gjeruldsen@hsh-org.no
Internet: www.hsh-org.no

Finland

The Finnish business partnership programme, Finnpartnership, provides advisory services for business activities of Finnish companies in developing countries and financial support in the planning, development and implementation phases of a project.

Contact details:

Finnpartnership - Finnish Business Partnership Programme
c/o Finnfund
P.O. Box 391
FI-00121 Helsinki, Finland
Phone. +358-9-3484 3314
Fax +358-9-3484 3346
Internet: www.finnpartnership.fi

Sweden

The programme is carried out in cooperation with Sida (Swedish International Development Cooperation Agency). It focuses on business contacts, market information, training and extended contacts in order to promote export from developing countries.

Contact details:

Swedish Chambers of Commerce
Trade Promotion
P.O. Box 16050
SE-103 21 Stockholm, Sweden
Phone: +46-8-555 100 00
Fax: +48-8-566 316 30
E-mail: info@chambertrade.com
Internet: www.swedishchambers.se



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