



Swedish Chambers



Market Brief

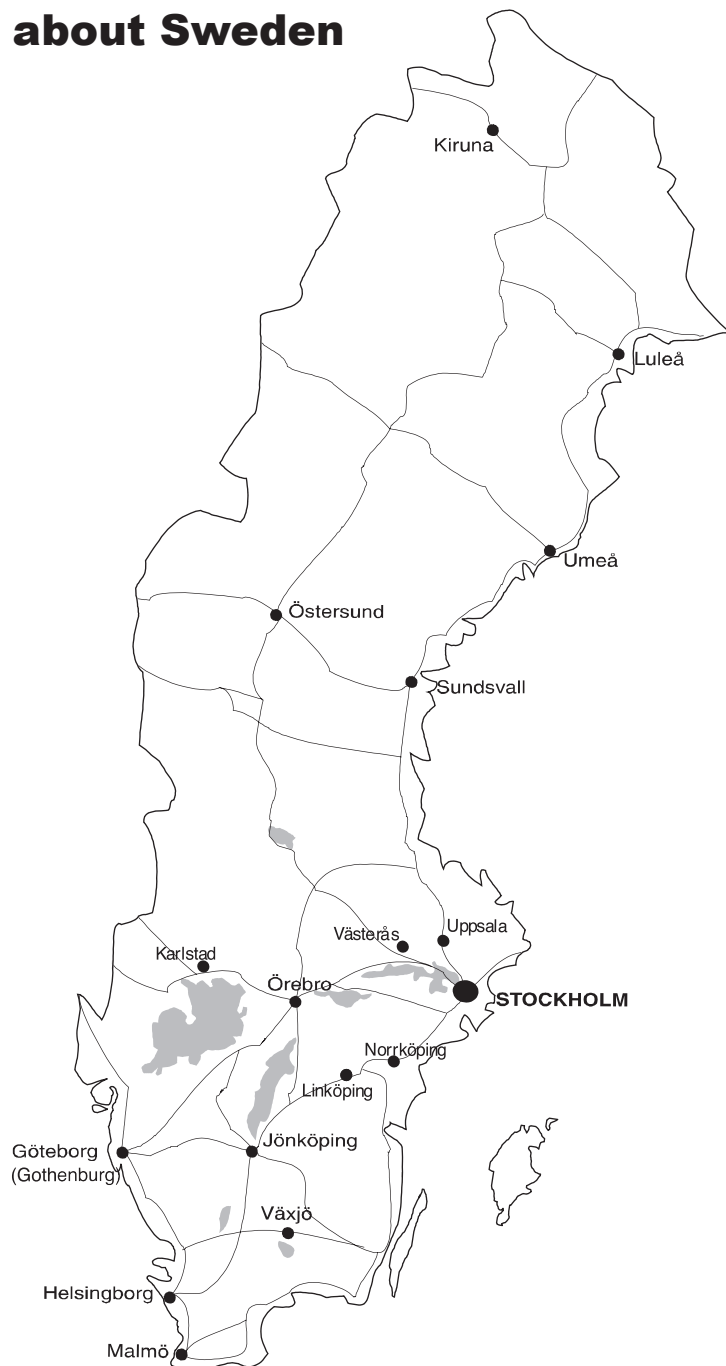
Focus on the Swedish Market



Spices and Herbs

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

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EU-countries, Iceland,
Liechtenstein and Norway

EFTA
Iceland, Liechtenstein,
Norway and Switzerland



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Report Summary

This CBI market survey discusses the following highlights for the spices and herbs market in Sweden:

- In 2008, total consumption in Sweden amounted to 7.8 thousand tonnes, indicating a steady annual average growth of 10% in the period 2004-2008.
- Production of spices and herbs in Sweden is limited.
- With regard to imports, Sweden is a relatively small player with a share of only 3.3% of total EU imports, amounting to € 37 million and 9.1 thousand tonnes. Imports increased in volume and value terms.
- Sweden plays a fairly important role as re-exporter of spices and herbs to neighbouring countries. In this sense, it serves as a gateway for spices and herbs to the region.
- Most imports enter Sweden via other EU countries. Only 31% of total imports is supplied directly by developing countries, which is considerably below the EU average level of 50%.
- Due to the recent economic crisis, uncertainties on the market give rise to developments in consumption and production which are not entirely foreseeable. It is not clear how and to what extent this can affect the trade in spices and herbs to and within the EU.

This survey provides exporters of spice and herbs with sector-specific market information related to gaining access to Sweden. By focusing on a specific country, this survey provides additional information, complementary to the more general information and data provided in the CBI market survey 'The spices and herbs 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

In this chapter, data from the statistical database of the Food and Agriculture Organization of the United Nations (FAOSTAT) and the statistical office of the EU (Eurostat) are used to indicate apparent consumption (production + import - export). One of the limitations of this calculation is that strong fluctuations are sometimes seen between years. Please apply these data with care, as they can only be used as an indication of the market. Also see chapter 1 of the CBI survey 'The spices and herbs market in the EU'.

1.1.1 Total Market Size

In 2008, Sweden was a middle-sized consumer of spices and herbs in the EU. Swedish apparent consumption totalled 7.8 thousand tonnes in 2008, indicating a steady and firm increase of almost 10% since 2004. This makes Sweden one of the fastest growing markets for the selected spices and herbs in the EU.

The recession, following the financial crisis in Sweden was severe and although the Swedish economy showed some signs of recovery, it unexpectedly slid back into recession in the fourth quarter of 2009. Industry sources indicate that there is still a lot of uncertainty on the market due to the recent economic crisis, and that traders are reluctant to build stocks. There is an overriding hesitance in making predictions on how the spices and herbs market will develop in the coming years.

1.1.2 Product Groups

The apparent consumption of almost all product groups showed a considerable increase in value terms, in the period 2004-2008. Apparent consumption of mixtures, cinnamon and saffron grew especially strongly. The consumption of the largest product group, mixtures, rose by 51%, amounting to 1.5 thousand tonnes in 2008, which is relatively high compared to other countries. Apparent consumption of both paprika, chillies & allspice and pepper, the second and third most consumed products, has been fluctuating somewhat.

Spice seeds and ginger are consumed in the same amounts and have developed in a similar way. Apparent consumption of both products amounted to 572 tonnes. Cinnamon consumption experienced a very strong increase between 2004 and 2005, but then continued to decline up to 2008. So the average annual growth rate of 20% provides a distorted picture. The opposite was seen in the apparent consumption of nutmeg, mace & cardamom, which decreased between 2004 and 2005, but then steadily increased to reach 380 tonnes in 2008.

The markets for turmeric and cloves both showed considerable average growth rates. But while the consumption of turmeric increased steadily from 2005 onwards, the consumption of cloves fluctuated. The market for saffron grew explosively. Nevertheless, the market for vanilla decreased, which is the opposite trend to what is going on in many other EU countries.

Finally, apparent consumption of the product group 'other spices' has been fluctuating.

Table 1.1 Apparent consumption of selected spices and herbs in Sweden, 2004-2008, in tonnes

	2004	2005	2006	2007	2008	Average annual change
Total spices & herbs	5,364	6,086	6,926	7,648	7,787	9.8%
Mixtures	301	649	1,270	1,452	1,546	51%
Paprika, chillies & allspice	1,259	1,380	1,418	1,527	1,482	4.2%
Pepper	1,254	1,144	1,277	1,512	1,423	3.2%
Spice seeds	432	426	516	538	572	7.3%
Ginger	410	359	413	483	572	8.7%
Cinnamon	226	670	547	538	467	20%
Nutmeg, mace & cardamom	445	318	332	363	380	-3.9%
Turmeric	103	91	103	114	152	10%
Cloves	70	59	85	163	107	11%
Saffron	2	2	8	1	56	130%
Vanilla	n.a.	15	11	17	7	-22%
Other spices and herbs	863	975	949	940	1,025	4.4%

Source: own calculations based on Eurostat and FAOSTAT data (2009)

Until recently, market experts indicated that a further growth was expected in the consumption of spices and herbs. This growth was, for most EU member states, in line with developments on the food markets. However, the effect of the economic crisis on spending has been manifested across Europe. Consumers have reduced their spending on food. Nevertheless, in some countries this development was not as apparent as in countries where the economic crisis hit hardest, as for example in the UK. It is expected that the impact of the crisis on Sweden will be rather limited, compared to other European countries. Although consumers may have switched to cheaper food sources, these cheaper foods also require seasoning, resulting in a continuous demand from the Swedish food industry. This is confirmed by the Swedish Trade Council (2009). While many industries experienced considerable falls in their exports in the first half of 2009 compared to the first half of 2008, the food industry managed to increase its exports by 3%. Economists expect modest economic growth in 2010 and full recovery in 2011, meaning that the food industry will increase further and stronger.

1.1.3 Market Segmentation

Although spices and herbs can be used for the non-food market such as the pharmaceutical and perfumery, the largest end-user group of spices and herbs is the food-processing industry.

In the food market, the consumption of herbs and spices is divided into 3 sectors:

- Industrial, which is the largest, in which spices are used particularly in the processing of meat, fish, canned products, sauces, soups, bakery goods and other prepared and convenience food.
- Retail, where developments are usually triggered by experimental and ethnic consumers.
- Catering, which is small but growing.

For more information on market segmentation, please refer to the CBI survey covering the EU market for spices and herbs.

1.1.4 Major Consumption Trends

In recent years, Swedish consumers have taken an increasing interest in ethnic food, which is cuisine from especially India, East Asia as well as from Latin America and the Mediterranean countries. This tendency is reflected in the growing number of ethnic restaurants in Sweden, in the types of products that the food industry is producing and in the increasing variety of spices and ingredients for these types of food found on the shelves in Swedish supermarkets. The increasing interest in these international cuisines means that spices not traditionally used in the Swedish cuisine are gaining ground on the Swedish market.

Furthermore, Swedish consumers are gravitating towards fresher, more convenient and more nutritious foods. High demands are made on food quality, origin and environmental concerns. Swedish consumers are extremely health-conscious when it comes to the consumption of food. As a result, organic and so-called functional foods are gaining in popularity.

The Swedish organic market was estimated at almost € 487 million in 2007, accounting for 4.3% of the total food market. This means that the Swedish organic market is relatively well developed; however there is much room for expansion, as the organic food market grew by 26% between 2006 and 2007. This makes Sweden one of the EU countries with the highest share of organic food sales and also one of

the fastest growing organic markets in the EU. Furthermore, the price premium paid for organic products is substantially lower in Sweden than on average in the EU.

Although growth of the organic food sector was hampered by the economic crisis in most countries, Organic Monitor (2009) expects double-digit growth for Sweden in 2009. Industry sources indicate that it is expected that the future market for organic spices and herbs will continue to grow. Amongst other factors, the government attempts to stimulate organic farming by increasing public sector consumption of organic food. For example, its aim is that 25% of public consumption of food in schools, hospitals and other institutions should be organic in 2010.

Besides being one of the strongest growing organic markets, Sweden is also the strongest growing market for Fairtrade certified products. The total Fairtrade market grew by no less than 75% in only one year, reaching almost €73 million. This makes Sweden the fourth largest Fairtrade market in the EU (Fairtrade Foundation, 2009).

In addition, the ongoing socio-demographic changes with busier lifestyles and increasing single-person households are affecting the food market considerably, meaning that there is a growing demand for fast food, convenience products and ready-made meals.

Note that there are many similarities among the Scandinavian countries with regard to culture, language, political and social systems etc. Also when it comes to consumer behaviour and product preferences many similarities exist. When entering one of the Scandinavian markets, it therefore might be relevant to consider the possibilities in the other Scandinavian countries as well.

For more information on consumption trends, please also refer to the CBI survey covering the EU market for spices and herbs.

1.2 Production

Total Production

According to FAOSTAT data and industry sources, no production of spices takes place in Sweden. Furthermore, Eurostat has no data available on Swedish cultivation of officinal herbs, aromatic plants, plants for seasoning. Other sources also indicate that the production of herbs used in food is very limited.

Interesting players

There are no major producers of spices and herbs in Sweden.

Major Production Trends

Due to Sweden's nonexistent production of spices and herbs, no production trends can be described.

For more information on production trends, please also refer to the CBI survey covering the EU market for spices and herbs.

1.3 Opportunities and Threats

- + Apparent consumption of the selected spices and herbs has showed a steady and firm growth. This is supported by increased interest for convenience, ethnic and healthy food. However, this increasing market is not met by increased production of spices and herbs. Swedish production is very limited. This offers good opportunities for suppliers in developing countries (DCs).
- + Almost all product groups have seen growing markets, and therefore offer opportunities. Especially the market for mixtures seems interesting. It is the most consumed product group and experienced very strong and steady growth.
- Vanilla experienced a considerable fall in apparent consumption, which is the opposite development of the EU in general. Therefore, the vanilla market does not offer many opportunities.
- + Opportunities can be found in the supply of organic and Fairtrade markets. Both have shown very high growth rates compared to other EU countries. The organic market seems to be performing especially well, despite the economic downturn in 2008 and 2009.

It is important to note that the outcome of the above analysis depends on the specific situation of an exporter. The same development can be an opportunity for one exporter and a threat to another; exporters should therefore analyse the trends considering their own circumstances. For an example of such an analysis, please refer to chapter 7 of the CBI survey covering the EU market for spices and herbs.

1.4 Useful Sources

Interesting sources for obtaining information on consumption and production of herbs and spices are firstly encountered in the survey covering the EU. More information can be found at:

- Information on the organic market is available at KRAV - <http://www.krav.se>
- Furthermore, Swedish trade associations mentioned in chapter 6, and the Swedish statistical agency - <http://www.scb.se> - can be sources of information.
- FAO's statistical database FAOSTAT, available at <http://faostat.fao.org> – is a valuable source.

2 Trade Channels for Market Entry

2.1 Trade Channels

Most direct imports of spices and herbs from DCs concern whole, un-ground products, while processed and packed spices only rarely come from DCs. Spices and herbs share the same trade channels, with the bulk of trade entering the EU through a small number of importers and brokers. Direct trade by processors and, to a lesser degree, food processors has become more prevalent, although processors increasingly work with companies which combine steady high quality and large volumes, instead of several small companies. However, distinctions between different trade channels are becoming increasingly blurred, with different activities now carried out within one company. The main trade channels for spices and herbs are shown and further explained in the CBI market survey covering the EU market for spices and herbs.

The trade channels for Sweden deviate to some degree from that structure, as a more substantial part of spices and herbs is imported from other EU countries, instead of directly from DCs. This concerns the main trading countries in the EU such as Germany and The Netherlands. The largest end-user group in Sweden is the food-processing industry, which purchases either from processors (often in other EU countries) or directly from (often German or Netherlands) importing/trading companies. Other end-user groups are the retail sector, purchasing spices directly from grinders or processed products from food industries. The same holds for catering companies, the third important end-user.

Organic

Producers and exporters of organic spices and herbs supply their organic products mostly to specialised traders/importers and/or sometimes to grinders/processors. In Sweden, the organic segment is relatively larger than in the EU in general. Large retail groups are an interesting distribution channel for DC producers. In most markets, a few specialised organics traders tend to be the dominant customers for foreign producers. They often have an organic specialisation, focusing on a broad range of products. Several organics traders have a European-wide focus, but the important traders are not located in Sweden.

2.1.1 Retail Trade

The retail trade of spices and herbs is dominated by supermarkets, many of which also sell a significant number of organic spices and herbs. The buying organisations of large supermarkets have strong buying power. Unlike many of their European competitors, Swedish retailers handle most of the import and wholesale activities within their own companies. Three large retail groups, ICA, COOP and Axfood, account for approximately 70% of sales of food products in Sweden. They also have a very dominant position on the organic food market. COOP alone accounts for 40% of organic sales, followed by ICA and Axfood. Compared to other European countries, sales through specialised stores are very limited in Sweden.

2.1.2 Trends

Due to increasingly strict governmental regulations and high quality standards demanded by the food industry, it is difficult for DCs to enter these markets, in particular the market for processed spices and herbs.

As buying organisations of large supermarkets (sometimes representing multiple chains) have strong buying power, supermarkets exert downward pressure on processors' margins and further down the value-chain. Additionally, supermarkets are increasingly marketing spices and herbs under private labels.

In the retail market, quality is of crucial importance. In order to control and guarantee quality, large retailers in Sweden import directly from DCs. This is normally done via an agent or the company's own purchasing department.

2.2 Useful Sources

Interesting companies in Sweden include those listed below. This also further visualises the limited importance of direct imports into Sweden, because Swedish companies mainly focus on processing of spices and herbs and further processing in food products.

- DR Persfood Production AB - <http://www.dr-persfood.com> - food processor
- SFK Food A/S - <http://www.sfkfood.dk> - processor
- AB Norrvea - <http://www.nordarom.se> - flavours and colorants
- Coop Sverige AB - <http://www.coop.se> - retailer
- ICA Sverige AB - <http://www.ica.se> - retailer
- Santa Maria AB - <http://www.santamariaworld.com> – food processor
- Axfood - <http://www.axfood.se> – food wholesaler and retailer

Furthermore, Swedish trade associations can also be of interest for finding relevant companies. These are mentioned in chapter 6.

2.3 Price Structure

Prices of spices and herbs can be found in the CBI market survey covering the EU market, as the indications of prices given there do not differ from those in Sweden. Prices of spices and herbs are to a large degree dependent on origin, and buyer preferences regarding demanded quality, order size etc. Therefore, actual prices are dependent on negotiation with partner companies, and prices provided in the market survey covering the EU should be used as a reference point only. DC exporters must be aware that the price premium paid for organic products is substantially lower in Sweden than on average in the EU (approximately 30%).

Exporters need to have detailed production costs/volume price breaks for their supplies of spices and herbs. This will give them a valuable reference point for any negotiations with buyers.

The margins charged by different intermediaries in the trade of spices and herbs are influenced by many different factors. These include the type of spice or herb, the current and expected future harvest situation, the availability or number of sources for the particular spice, the level of demand and the trend in prices.

2.4 Finding 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 covering the EU market. Buyers and suppliers often find each other at trade fairs. Especially the BioFach trade fair is of importance for organic spices and herbs, whereas Anuga, SIAL, FI Europe are of principal importance for conventional products. Establishing contact through export directories or by directly contacting interesting companies you encounter can also be useful. Brokers also fulfil an important function in market linking while websites offer another opportunity to find trade partners.

For more information on prospects for the spices and herbs market in Sweden, refer to the websites below.

General information:

- The Canadian Agriculture and Agri-Food website provides market information, including country information, product reports and market access - <http://www.ats-sea.agr.gc.ca>
- The International Trade Centre provides information on trends in organic consumption within EU member countries - <http://www.intracen.org/organics>
- Furthermore, Swedish trade associations mentioned in Chapter 6 of this survey, and the Swedish statistics agency - <http://www.scb.se> - can be sources of information.

Sector specific information:

- Although the 2004 IENICA report is somewhat outdated, it still offers relevant information. It describes the situation for the spices and herbs market in Sweden and other EU member countries - <http://www.ienica.net>
- FAO's statistical database FAOSTAT, available at <http://faostat.fao.org> – is a valuable source

On-line company databases for finding companies working in the spices and herbs market are:

- Food world - <http://www.thefoodworld.com/> - an extensive on-line food business directory, with full EU coverage. Condiments, spices and herbs are a separate product group.
- Europages - <http://www.europages.com> - on-line business directory, with full EU coverage. Condiments, extracts and spices are a separate product group, falling under the category of 'Food & related products'.
- HerbImporters.com - <http://www.herbimporters.com> - provides contact information of 135 European importers of herbs and herbal medicine products at a cost of US\$15.
- SpiceImporters.com - <http://www.spiceimporters.com> - provides contact information of 220 European importers of spices, seasoning and flavouring at a cost of US\$20.

Business-to-business sources include the following:

- Agronetwork.com - <http://www.agronetwork.com/global>
- Organic-market.info - <http://www.organic-market.info> - on-line magazine for organic trade.
- Spices Trade world - <http://spices.tradeworlds.com>
- Ingridnet - <http://www.ingridnet.com> - marketing instrument for companies supplying ingredients to, among others, food industries. The database includes contact details of 15,000 ingredient suppliers.

3 Trade: Imports and Exports

3.1 Total Imports

In 2008, total imports of spices and herbs by Sweden amounted to € 37 million/ 9.1 thousand tonnes. Imports increased particularly after 2006. During the review period, the increase was considerable, showing an annual average increase of 14% in value terms and 9.1% in volume terms. Among the leading EU member countries, Sweden is a relatively minor player in the trade of spices and herbs, accounting for 3.3% of total EU import value in 2008 and ranking in the 9th place. However, it is one of the fastest growing importers of spices and herbs in the EU.

Of all Swedish imports of spices and herbs, 31% originated directly in DCs, which was relatively low compared to the EU average of 50%. However, their share was even smaller in 2004 (26%). Furthermore, imports from DCs increased by a higher growth rate (21%) than those from intra-EU countries (12%). Furthermore, in the EU spices and herbs market, imports from DCs increased by a more modest rate of 8.7% in the period reviewed.

The Netherlands was the largest supplier of spices and herbs to Sweden. The Netherlands supplied at a value of around € 6.3 million, accounting for 17% of total imports by Sweden. Imports from The Netherlands showed an annual average increase of 11%. Imports from Spain and India, the second- and third-largest supplier had a respective market share of 9.3% and 8.4%. It is noteworthy that both the latter countries achieved a strong increase in supplies to Sweden during the review period, by 17% and 16% per annum, respectively. Most notable is the large increase in the imports from Vietnam (86%), which has a market share of 4.5% and supplied at a value of € 1.7 million in 2008.

Organic

According to FiBL (2009) around half of the total organic food market in Sweden was supplied by imports 2007. This means that around €243 million of organic food was imported that year, indicating a growth of about 37% compared to 2006. Organic spices and herbs will have constituted a relatively small share of total organic imports; however, these will most probably also have grown.

3.2 Imports by Product Group

Pepper imports accounted for 17% of total imports of the selected spices and herbs of Sweden. Imports amounted to € 6.2 million/ 1.8 thousand tonnes in 2008, indicating an annual average growth of 12% in value and 4.4% in volume. The majority is supplied by DCs (69%). India and Vietnam both already supply more than three-fifths of total pepper imports, respectively 39% and 24%. Furthermore, imports from these countries increased considerably, by 20% annually in the case of India and 83% annually in the case of Vietnam.

Between 2004 and 2008, imports of **saffron** increased by 24% annually in terms of value, and by 73% annually in terms of volume. Saffron imports amounted to € 6.0 million / 58 tonnes in 2008 and come from a select group of countries. However, when comparing data on volume with previous years, it is unlikely to be as much as 58 tonnes in total. Spain is on its own responsible for 38% of total saffron imports, while Iran (36%) and France (25%) together have a market share of more than 50%. Imports from Spain increased on average by 13% per annum.

Imports of **mixtures** also increased both in value and in volume and reached high annual growth rates of 34% and 38%, respectively. Mixtures imports amounted to € 5.9 million/ 1.6 thousand tonnes in 2008. The large majority is supplied by other EU countries (78%). However, imports from DCs showed a higher annual increase (50%) than those from intra-EU countries (30%). With a market share of 14%, Croatia was the most important DC supplier of mixtures in 2008. However, annual average growth rates of Croatia stabilised between 2006 and 2008. Less outstanding, but still considerable, was the annual average increase of 46% of imports from Thailand, accounting for 2.4% of total mixtures imports in 2008.

Table 3.1 Imports of selected spices and herbs 2004 - 2008, € thousand/tonnes

Product	2004		2006		2008		Average annual % change	
	value	volume	value	volume	value	volume	value	volume
Total spices & herbs	21,863	6,598	25,509	8,145	37,207	9,365	14%	9.1%
Pepper	3,925	1,496	3,784	1,540	6,195	1,780	12%	4.4%
Saffron ¹	2,551	6.5	2,907	8.1	5,969	58	24%	73%
Mixtures	1,848	453	4,541	1,319	5,896	1,624	34%	38%
Nutmeg, mace & cardamoms	1,832	659	1,346	519	4,547	561	26%	-3.9%
Paprika, chillies & allspice	3,981	1,369	4,151	1,540	4,381	1,726	2.4%	6.0%
Spice seeds	791	499	1,011	553	1,524	632	18%	6.1%
Ginger	828	439	906	467	1,010	611	5.1%	8.7%
Vanilla	1,271	16	901	26	865	20	-9.2%	4.8%
Cinnamon	571	421	879	681	782	631	8.2%	11%
Cloves	296	89	596	102	673	148	23%	14%
Turmeric	161	110	162	116	283	165	15%	11%
Other spices	3,808	1,041	4,325	1,276	5,082	1,409	7.5%	7.9%

Source: Eurostat (2009)

¹ As stated in the text, the volume of imports of saffron in 2008 is likely to be lower. This has also influenced the annual average increase in terms of volume between 2004 and 2008.

In contrast to the cases of pepper and mixtures, during the review period, imports of **nutmeg, mace & cardamom** showed a positive annual growth rate for value (26%), but an annual decrease in terms of volume (-3.9%). Imports amounted to € 4.5 million/ 561 tonnes in 2008. Almost two-thirds of these imports are supplied by other EU countries. Furthermore, during the review period, imports from these countries increased considerably (36%), while those from DCs, responsible for more than a third of total imports, showed an annual increase of 14%. Although Guatemala already has a considerable market share of 34%, imports from this country increased by 14% annually. Other DC suppliers of nutmeg, mace & cardamoms were India, with a share in imports of 0.7%, and Lebanon, with a share in imports of 0.4%, increased substantially, by 15% and 50% respectively.

Although Swedish imports of **paprika, chillies & allspice** also increased in both value and in volume, although annual growth rates were considerably lower than total herbs and spices. Total imports reached € 4.4 million/ 1.7 thousand tonnes in 2008, indicating an annual average growth of 2.4% in value and 6.0% in volume. In this case, the largest share of imports was supplied by extra-EU countries (55%). Imports from these countries increased on average by 8.4% annually. However, this annual growth rate is doubled by the annual increase of imports from DCs (17%). They accounted for 14% of total imports by Sweden. Imports from India and Jamaica, the leading DC suppliers, increased during the review period, accounting for a share in imports of 5.8% and 4.8% respectively.

Similar to the largest product groups, imports of **spice seeds** increased in both value and volume terms. Imports of spice seeds increased by 18% in value and by 6.1% in volume, totalling € 1.5 million/ 0.6 thousand tonnes in 2008. Slightly less than half of total imports of spice seeds is supplied by DCs (47%). However, imports from intra-EU countries, accounting for slightly more than half of total

imports (52%), showed a lower annual increase (13%) in comparison to the imports from DCs, which rose by 24% annually.

In the case of **ginger**, imports increased by 5.1% annually in value terms and by 8.7% annually in volume terms, reaching € 1.0 million / 0.6 thousand tonnes in 2008. More than 75% of ginger imports is supplied by other EU countries, while slightly 22% came from DCs. Imports from these countries increased at a much lower annual average rate (2.9%) than from intra-EU countries (5.9%). During the review period, Vietnam became one of the leading suppliers, accounting for 13% of total imports. In the same period, imports from China accounted for 5.9% of total ginger imports, but decreased considerably by 20% annually.

Vanilla was the only product group of which imports decreased in terms of value (-9.2%), reaching a value of € 865 thousand. This decline was the result of lower price levels than in 2004, but was accompanied by an import volume increase of an average 4.8%. The majority of imports was imported from other EU countries (86%). However, imports from these countries decreased by 11% annually, while those from DCs, with a more modest share in imports of 14%, increased strongly by 152% annually.

Imports of **all other product** groups described here rose in both value and in volume terms. Cloves imports reached the highest growth rates, 23% in value and 14% in volume. During the review period, imports of cinnamon increased 8.2% in value and 11% in volume, while imports of turmeric reached growth rates of 15% and 11% respectively.

Finally, in line with many of the other product groups, the product group ‘other spices’ also increased modestly both in value and in volume. Imports amounted to € 5.1 million/ 1.4 thousand tonnes in 2008, indicating growth rates of 7.5% and 7.9% respectively.

Table 3.2 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 ¹	Average annual % change
Total spices and herbs	Intra-EU	The Netherlands (17%), Spain (9.3%), Denmark (8.0%), Germany (7.9%), France (6.1%)	61%	12%
	Extra-EU, ex DC	Israel (3.4%), USA (3.1%)	7.7%	7.7%
	DC	India (8.4%), Iran (5.9%), Vietnam (4.5%), Guatemala (4.1%), Croatia (2.3%), Turkey (1.6%)	31%	21%
Pepper	Intra-EU	The Netherlands (13%), Germany (7.3%), Estonia (4.9%), UK (2.7%), Italy (1.0%)	29%	-2.2%
	Extra-EU, ex DC	Norway (0.9%)	1.6%	-11%
	DC	India (39%), Vietnam (24%), Malaysia (3.4%), Sri Lanka (1.4%)	69%	25%

Product	Origin	Leading suppliers in 2008 (share in %)	Share ¹	Average annual % change
Saffron	Intra-EU	Spain (38%), France (25%)	64%	26%
	Extra-EU, ex DC	-	0%	n.a.
	DC	Iran (36%)	36%	20%
Mixtures	Intra-EU	Denmark (24%), Spain (15%), Germany (14%), United Kingdom (11%), Netherlands (7.2%)	79%	30%
	Extra-EU, ex DC	Iceland (1.2%)	4.3%	57%
	DC	Croatia (14%), Thailand (2.4%)	17%	50%
Nutmeg, mace & cardamoms	Intra-EU	The Netherlands (53%), Estonia (7.2%), Finland (3.4%)	65%	36%
	Extra-EU, ex DC	-	0%	-38%
	DC	Guatemala (34%)	35%	14%
Paprika, chillies & allspice	Intra-EU	Germany (14%), Estonia (4.7%), Spain (4.2%), The Netherlands (3.7%), United Kingdom (2.3%)	31%	-8.0%
	Extra-EU, ex DC	Israel (29%), USA (26%)	55%	8.4%
	DC	India (5.8%), Jamaica (4.8%)	14%	17%
Spice seeds	Intra-EU	The Netherlands (30%), Germany (6.7%), Estonia (6.5%), Denmark (6.4%), Finland (2.0%)	52%	13%
	Extra-EU, ex DC	Norway (0.8%)	1.1%	11%
	DC	Turkey (35%), India (8.8%), Lebanon (1.1%)	47%	24%
Ginger	Intra-EU	The Netherlands (37%), Denmark (28%), Estonia (8.8%), Germany (2.3%)	78%	5.9%
	Extra-EU, ex DC	-	0%	1.9%
	DC	Vietnam (13%), China (5.9%), Thailand (1.7%), India (1.4%)	22%	2.6%
Vanilla	Intra-EU	France (47%), Germany (28%), Denmark (9.8%), The Netherlands (1.0%)	86%	-11%
	Extra-EU, ex DC	-	0%	-75%
	DC	South Africa (12%), Sri Lanka (1.0%)	14%	152%
Cinnamon	Intra-EU	The Netherlands (28%), Estonia (27%), Germany (7.6%), Denmark (2.9%)	66%	5.3%
	Extra-EU, ex DC	-	0%	-46%
	DC	Indonesia (33%)	34%	15%
Cloves	Intra-EU	The Netherlands (43%), Estonia (31%), Germany (10%)	85%	23%
	Extra-EU, ex DC	-	0%	n.a.
	DC	Madagascar (11%), Vietnam (2.9%)	14%	20%

Product	Origin	Leading suppliers in 2008 (share in %)	Share ¹	Average annual % change
Turmeric	Intra-EU	Germany (27%), Estonia (6.8%), The Netherlands (6.5%)	31%	-6%
	Extra-EU, ex DC	-	0%	-100%
	DC	India (60%)	69%	4%
Other spices	Intra-EU	The Netherlands (23%), Denmark (19%), United Kingdom (9.3%), Germany (8.9%), Estonia (8.4%)	40%	22%
	Extra-EU, ex DC	-	0%	-100%
	DC	India (1.9%), Lebanon (1.1%)	60%	12%

Source: Eurostat (2009)

¹ Due to rounding off, shares might not add up to exactly 100%.

Imports are more and more influenced by increasingly strict governmental regulations and high quality standards demanded by the food industry, especially for processed spices and herbs.

3.3 Exports

At a value of € 12 million and a volume of 1.6 thousand tonnes, Sweden is an average-sized exporter, accounting for 1.7% of total EU spices and herbs exports and ranking in the 11th place. Exports of spices and herbs from Sweden increased considerably, especially compared to the larger EU exporters of spices and herbs. Exports rose by an annual average of 7.7% in value and of 6.3% in volume.

Most exports go to other EU countries (75%). However, exports to DCs increased at a faster rate (13%) than to EU countries (5.7%). A large share of total exports concerned spices and herbs re-exported to neighbouring countries. In this sense, Sweden serves as a gateway for spices and herbs to the region. Sweden's largest customers are Finland (34%), Denmark (32%) and Norway (23%) and, to a lesser extent, Estonia (5.9%).

The largest product group exported by Sweden is pepper, accounting for 25% of total spices and herbs exports, followed by nutmeg, mace & cardamoms (20%), Paprika, chilies & allspice (11%), and cinnamon (7.8%). The product group 'other spices' is also significant in terms of exports, with a market share of 18%. The exports of all product groups showed an increase in terms of value, of which saffron showed the highest annual average growth rate (21%).

Spice traders face difficult trading conditions in times of crisis. There is much uncertainty and confidence is low. Buyers are running down stocks and buy only when needed. According to the International Trade Centre (ITC), it is not realistic to make predictions for the near future. On the one hand, major economies will continue to be in recession, of which it is not clear how it impacts the spice market. On the other hand, some trading conditions are improving; shipping costs are have decreased, interest rates have come down considerably and industries will soon need to restock. As mentioned before Sweden has moved out of recession and is expecting modest economic growth in 2010 and full recovery by 2011.

3.4 Opportunities and Threats

- + Imports of spices and herbs have shown considerable increases in Sweden, including imports of the larger product groups. In addition, Sweden has a fairly important role as re-exporter of spices and herbs in the Scandinavian region. This offers opportunities for DC suppliers.
- + An interesting product group could be mixtures. It is one of the most-imported products and has shown very interesting growth rates in value as well as volume. Although imported in much smaller quantities, cloves and turmeric could also be interesting as they have grown considerably. While turmeric already has a high share of DC supply, DC supply of cloves is increasing strongly.
- +/- Furthermore, imports from DCs increased considerably, and at higher growth rate than those from EU countries. However, compared to other EU countries, DCs still have a minor share in total imports by Sweden.
- The increasingly strict governmental regulations and the high quality standards demanded by the food industry, especially for processed spices and herbs, make it difficult for developing countries to enter these markets.

Note that the same development or trend can be an opportunity for one exporter and a threat to another. Exporters should therefore analyse if the developments and trends discussed in the previous chapters provide opportunities or threats. The outcome of this analysis depends on the specific situation of an exporter. Refer to chapter 7 of the EU survey for an example of such an analysis.

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

Prices and margins of spices and herbs are under pressure in Sweden. Retailers in particular have strong buying power and are increasingly demanding higher quality products at lower prices. At the same time, they are introducing their own private labels. The reason for this development is the increased competition in the retail market, which is also dubbed the 'supermarket war'.

Useful sources for price information are:

- The International Trade Centre Market News Service (MNS) - <http://www.intracen.org/mas/mns.htm> - fortnightly bulletin.
- The Public Ledger - <http://www.agra-net.com>
- The International Pepper Community Weekly Price Bulletin - <http://www.ipcnet.org/>
- The Indian Spices Board - <http://www.indianspices.com> - offering domestic and international prices for spices.

5 Market Access Requirements

As a manufacturer in a DC 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, according to industry sources, Sweden possesses one of the highest food safety standards in Europe, with regulations even more strict than EU requirements.

For information on legislative and non-legislative requirements, please contact Open Trade Gate Sweden – <http://www.opentradegate.se>. Information can also be found via CBI – go to ‘Search CBI database’ at <http://www.cbi.eu/marketinfo>, select spices and herbs and Sweden in the category search, click on the search button and click on market access requirements.

Detailed information on packaging can be found 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>

The general VAT rate in Sweden is 25% (as from February 2006). Foodstuffs and food additives fall under a reduced rate of 12%.

More information on taxes can be found at:

- Taric Homepage
http://ec.europa.eu/taxation_customs/dds/cgi-bin/tarchap?Lang=EN
- Directorate General XXI
http://ec.europa.eu/taxation_customs/common/publications/info_docs/taxation/index_en.htm

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.

Useful Sources:

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

Interesting *trade associations* in Sweden are:

- Swedish Spices and Herbs Association / Residing under the Foodstuffs Association / Svenska Kryddföreningen c/o Livsmedelsföretagen - <http://www.li.se>
- KRAV - <http://www.krav.se> - organic certification
- Swedish Food and Drink Retailers Federation (SDH) - <http://www.dagligvaror.se>

Trade fairs offer companies in DCs the opportunity to establish contacts, promote their products and conduct EU market orientation. Major fairs of EU-wide significance are mentioned in the survey covering the EU. *Trade fairs* of interest in Sweden are:

- Horeca Malmö - <http://www.biztradeshows.com/trade-events/horeca-malmo.html> – Professional Fair for Foodservice and Hospitality. The next event will be held 30-31 March 2011 in Malmö, Sweden.
- Stockholm Food & Beverage Fair “Det goda köket” – <http://www.detgodakoket.se> – The next event will be held 11-14 November 2010 in Stockholm, Sweden.
- Search for trade fairs and exhibitions in Scandinavia via Fairlink – <http://www.fairlink.se>.

Trade press can function as a means for gaining insight into market developments and competition, but can also have a promotional function. This concerns finding potentially interesting companies, as well as promotion of your own activities and products. Major trade press of EU-wide significance is mentioned in the survey covering the EU. Several magazines related to the food industry are published by Forma Publishing Group - <http://www.formapg.se> (which can be found by using a search engine) - an example is the magazine *Icakuriren* (in the Swedish language).

Appendix 1 - List of Abbreviations

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
IENICA	Interactive European Network for Industrial Crops and their Applications
ITC	International Trade Centre
MNS	Market News Service (under ITC)
UK	United Kingdom
VAT	Value Added Tax

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

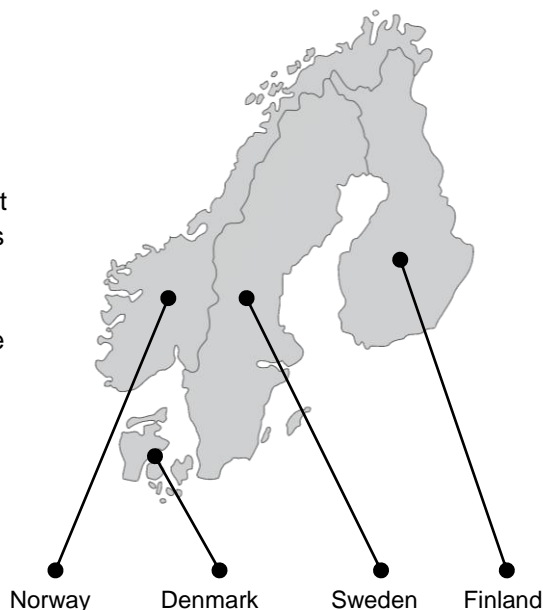
The Nordic Market

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: +46-8-566 316 30
E-mail: info@chambertrade.com
Internet: www.swedishchambers.se



Swedish Chambers

Swedish Chambers of Commerce

Trade promotion

PO Box 160 50

SE-103 21 Stockholm, Sweden

Phone: +46 (0)8 555 100 000

www.swedishchambers.se

www.chambertrade.com

info@chambertrade.com

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