

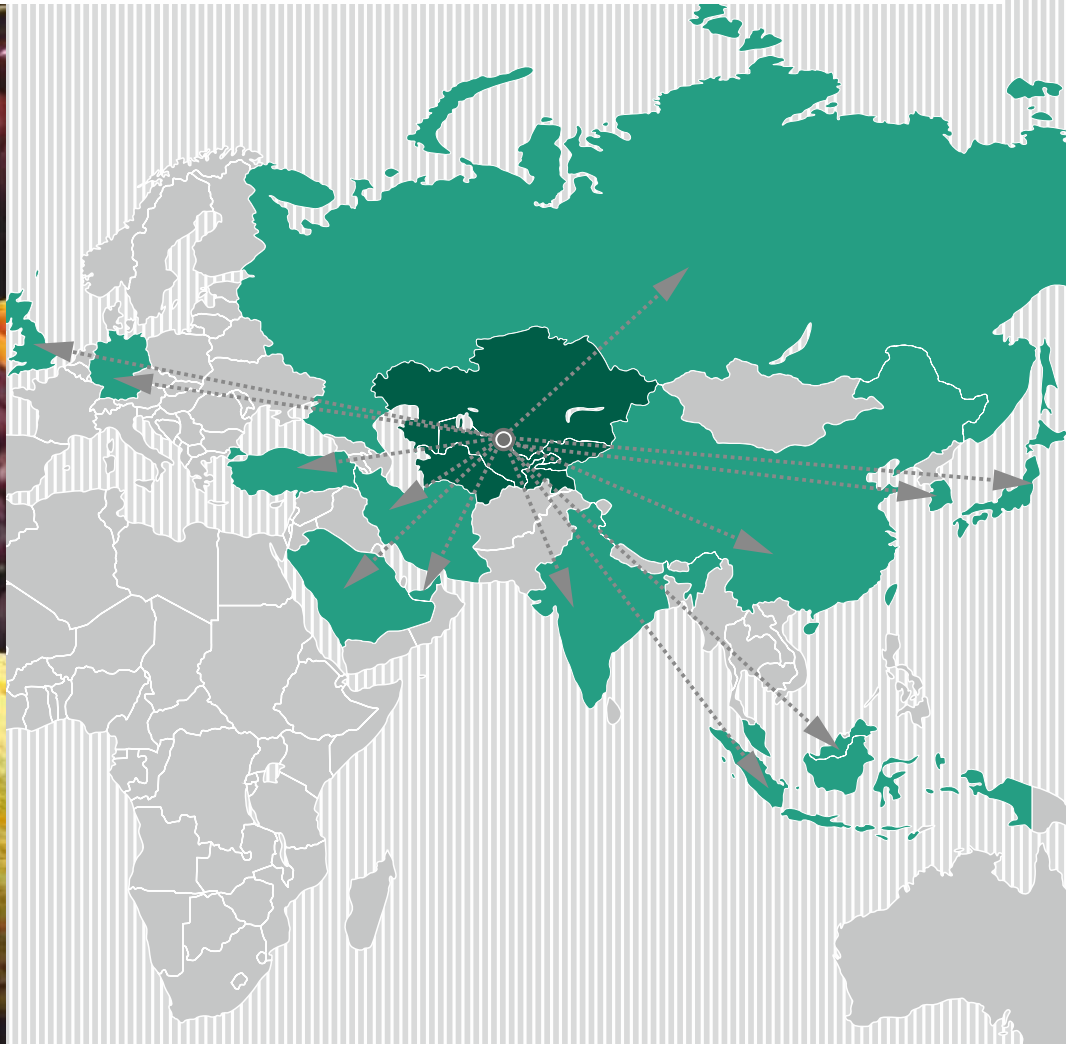


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Analysis of Priority Markets for diversification of export of products from Central Asia

**Fresh horticultural products:
market access strategies and recommendations**



Implemented by:



Analysis of Priority Markets for diversification of export of products from Central Asia

Fresh horticultural products: market access strategies and recommendations

A report developed by Euromonitor International

This research was made possible under the order of the Programme “Trade Facilitation in Central Asia” implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German Federal Government.

The opinions and analysis in this research do not necessarily reflect the views and official policies of Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

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1. INTRODUCTION

This report is a summary of findings and analysis Euromonitor International performed under the order of the Programme ‘Trade Facilitation in Central Asia’, implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German Federal Government. “Trade Facilitation in Central Asia” is a Regional Program for Central Asia and aims at implementation of selected trade facilitation measures among the countries of Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan.

GIZ aims to find the ways to facilitate international trade to traditional and other potential new export markets from the Central Asian countries for selected agricultural products, including fresh fruits (apricots, grapes, cherries and melons), processed fruits and vegetables (dried fruits, leguminous and nuts) and meat (bovine, sheep and sausages). Please see Appendix 1 for more detailed scope of the research.

The goal of the research was to help GIZ Programme to achieve its objectives in development of market access strategies and trade related services to facilitate export trade from Central Asian markets by:

- Identifying the existing challenges that Central Asian exporters face, when exporting to international markets;
- Understanding the exporting environment, demand for the product, distribution network and consumer trends related to the products in question;
- Gap analysis of both challenges and opportunities in order to design and implement intervention measures aimed at overcoming these challenges in order to facilitate trade and take advantage of export opportunities.

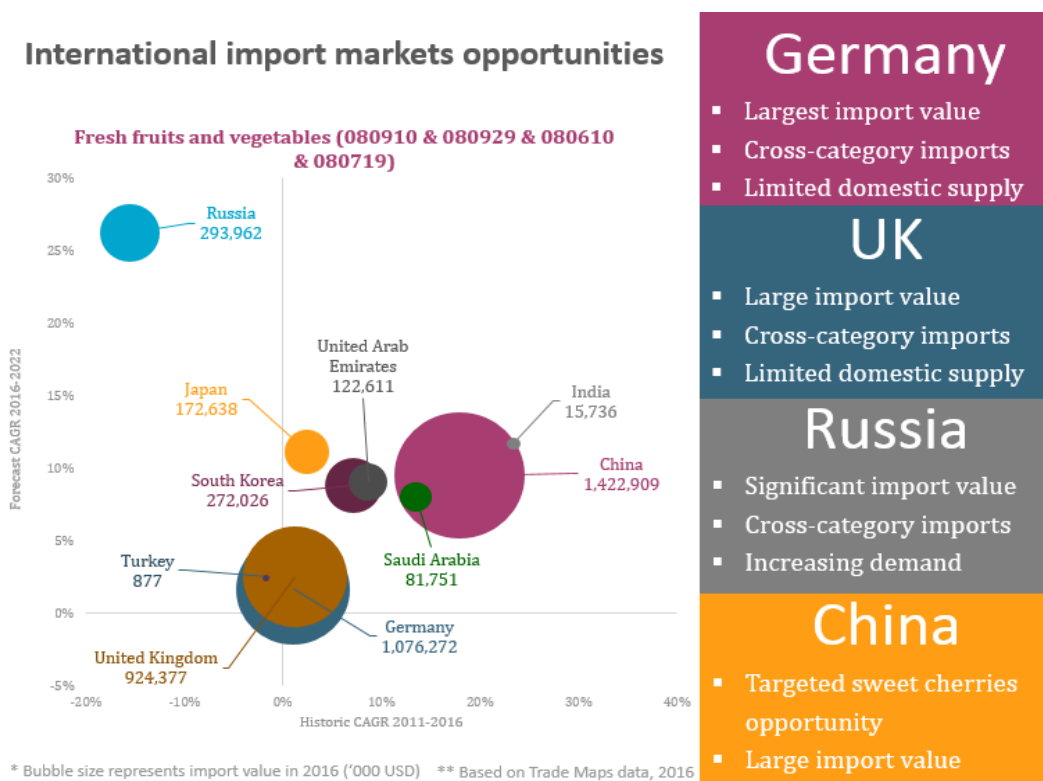
Please note, that all the text in this report that is displayed as underlined is an active hyperlink to a more detailed source of information.

2. METHODOLOGY

Euromonitor International has approached the study in two stages. The first stage of the research was focused on the top-line analysis of potential international export market opportunities. GIZ Programme has selected 10 international markets, based on their experience and previously collected trade feedback that presented potential opportunity for Central Asian exporters of agricultural produce. The long-list of international markets was comprised of China, Germany, India, Japan, Russia, Saudi Arabia, South Korea, Turkey, United Arab Emirates and United Kingdom.

Within the first research stage Euromonitor team was sizing the import demand of each of the ten markets for each of the product categories, including fresh apricots (HS080910), table grapes (HS080610), sweet cherries (HS080929) and melons (excluding watermelons) (HS080719), based on the officially published international trade data published by International Trade Centre and Comtrade. While building the opportunity matrices, Euromonitor team aimed to highlight the top export markets for each of the categories (see Appendix 2) as well as presented a cross-category view for the complete fresh fruit opportunity (see Figure 1), in terms of import market size, demand preferences as well as initial screening of market entry requirements.

Figure 1: International import market opportunity matrix for fresh fruit



Source: ITC Trade Maps, 2016

Notes: Bubble size represents import value in 2016 ('000 USD)

As a result of the first stage of the research the top three export priority markets were selected, including Germany, United Arab Emirates and People's Republic of China. Such choice of the priority markets allows Central Asian exporters to get a closer view on the export opportunities into three different regions, including European Union, Middle East and South-East Asia. Furthermore, the choice of the priority market was determined by the cross-category opportunities presented for fresh fruit, processed fruit and vegetables and meat categories combined, which were discussed and supported by the feedback of Central Asian agricultural trade industry and GIZ internal knowledge of the Central Asian capabilities.

The second stage of the research was focused on the above mentioned short-listed three priority markets and aimed at the detailed analysis of the priority markets, including understanding the consumer demand, distribution channels, supply chain, legal framework, customs regulations, and retail landscape. Such a multitude of research angles allowed Euromonitor to provide GIZ Programme with an actionable recommendations on the future initiatives and activities to be developed for further trade facilitation.

The research was based on a wide range of sources, including official publications, such as national statistics, Euromonitor in-house data, United Nations Comtrade statistics, International Trade Center Developed Trade Maps's import and export indicators (see *appendices*), trade publications, including trade press, industry articles and brand websites as well as primary research across the 88 trade interviews conducted across the C-level executives of the agricultural trade supply chain. The findings were cross-checked and validated before the conclusions were formed.

3. EXECUTIVE SUMMARY

Central Asia has long-term agricultural focus

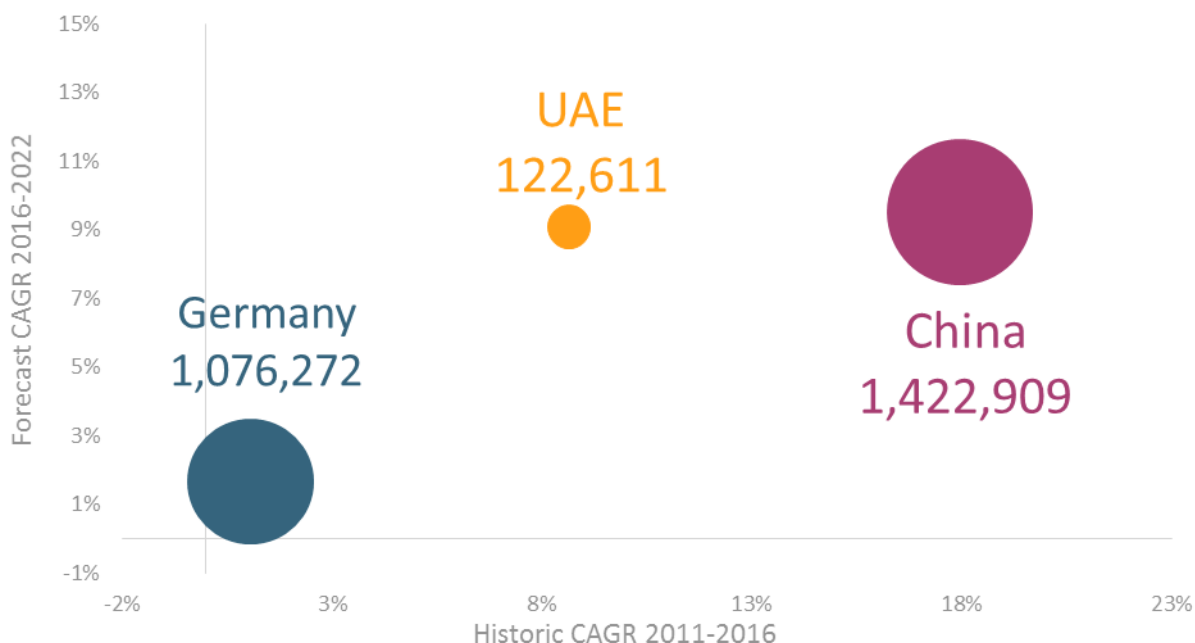
Currently, agriculture remains a key industry for the Central Asian countries. Kyrgyzstan, Tajikistan and Uzbekistan are significantly more dependent on agriculture, while agriculture in Kazakhstan is rather limited and primarily focused on meat.

International fresh fruit trade in Kazakhstan and Kyrgyzstan is highly unbalanced with imports of apricots, table grapes, sweet cherries and melons significantly exceeding the exports of the same produce. Tajikistan shows a limited, however positive international trade balance in fresh fruits. Uzbekistan is the absolute leader of Central Asian international fresh fruit trading, with export value sales exceeding the trade results of neighbouring Kazakhstan, Kyrgyzstan and Tajikistan combined by some 34 times.

Fresh fruit imports are in demand across the priority markets

All three priority markets are large global fresh fruit importers, in regards to the product categories in scope (see *Chart 1*)

Chart 1: Fresh fruit import markets value sales, USD mn 2016 (HS080910, HS080929, HS080610 and HS080719)



Source: ITC Trade Maps, 2016

Notes: Bubble size represents import value in 2016 ('000 USD)

Germany largely relies on fresh fruit imports from international markets, as domestic and regional production is limited in regards to the fruit categories in scope. Typically Germans prefer sweet, yet not too sweet-tasting fruit combined with soft juicy texture for all, but melons are preferred to have a crunchy texture. German consumers are ready to pay a premium for domestic farmers' market and ecological produce, however imports are expected to remain the key fruit supply source.

As domestic fresh fruit production volume is limited, **UAE** relies strongly on agricultural imports from international markets. UAE consumers generally prefer an intense taste, and look for sweet and very sweet fruits. Apricots and cherries in UAE are premium fresh fruit categories targeted primarily at expat consumers, while grapes and melons are available all year round at affordable prices.

China is a large domestic fresh fruit producer, leading output of grape and melon producers globally. However, China relies heavily on imports of cherries to satisfy local demand. Chinese are also interested in imported variants of grapes. Chinese consumers are looking for the good appearance of fruit, choosing larger-sized and ripe fruits. In addition, as the premiumisation trend is spreading across China in first- and second-tier cities, consumers are more willing to pay for products offering high quality and good taste

Central Asia is well positioned to benefit from international trade opportunities

Central Asian countries have good prospects in fresh fruit exporting due to rising support from government and international organisations. Being a member of WTO has and will boost the region's international trade further.

Looking closer at fresh fruit categories, Central Asian producers are equally well positioned to develop trade in any of the four product categories. Apricots are believed to have higher nutritional qualities, which appeals to health-aware international markets. Dark-coloured and sweet-tasting cherries are in high demand in international markets and Central Asia has an opportunity to gain pre-season market advantage, being able to supply cherries a few weeks before the Spanish season begins. With marketing investment, sweet and crunchy grapes are expected to gain popularity among international consumers, while melons enjoy the easiest transportation conditions and are a good product for road transport.

Cherries should be the key focus of Central Asian exporters

Cherries represent the most interesting export opportunity for Central Asia, especially if Central Asian countries focus on large-sized, sweet dark berry variants. In order to penetrate German market, Central Asia may take advantage of early harvests of cherries, ripening prior to the 18th week of the calendar

year. While in China and UAE the seasonality does not offer Central Asia a point of differentiation, it is all about the quality of the produce.

Central Asia is on a path towards international trade facilitation

While there are a number of factors that Central Asia has to improve on to gain access and demand in international markets, the starting point is improving the awareness of Central Asian fruits, their quality and health benefits across the international markets, so international buyers, who currently source the majority of their fruits from suppliers across the globe, include Central Asia to their suppliers' pool. Furthermore, consolidation of the highly fragmented Central Asian fruit market is key in developing international trade partnerships, providing quality calibrated produce on time and in required volumes. Furthermore, international standardisation, certification and of course adherence to legal requirements are the 'musts' the Central Asian suppliers have to prioritise, while developing international trade agendas.

As GIZ, the commissioner of the study, is looking for improving international cooperation and sustainable development of the Central Asian region, the recommendations of the study are tailored to the perspective of development of trade related services that GIZ Programme can support further in the region.

1

Raise awareness of taste and attributes of Central Asian fruits

- Facilitate and promote participation of Central Asian producers and exporters at international trade expositions
- Develop or facilitate the development of educational programs focused on international market demands in regards to Central Asia fruit market
- Develop or facilitate the development of the Central Asia origin promotional campaigns (arm exporters with marketing materials)

2

Consolidate production to enhance quality consistency and volume supply

- Promote or facilitate the promotion and education on industry consolidation through cooperatives and associations
- Facilitate the industry and government dialogue and cooperation in terms of governmental support of coordinated production efforts
- Develop or facilitate the development and promotion of an export promoting and coordination body

3

Enhance fruit calibration to meet international standards

- Develop or facilitate the development of educational platform on fruit calibration practices and benefits
- Develop a promotional fruit calibration as best agricultural practice program

4

Achieve international certification

- Develop educational programs for SME farmers on international certification benefits and requirements
- Facilitate the development of educational platforms (e.g. university courses) for future certification experts
- Establish or facilitate the establishment of GlobalG.A.P. or wider certification advisory body available to consult SME's
- Educate SME's on the group GLOBALG.A.P. standard through industry consolidation initiatives
- Facilitate lobbying between the industry and the government in terms of subsidising the certification process for small players
- Facilitate dialogue between the industry and financiers, in order to facilitate the financial mechanisms and make them more accessible

5

Learn from international best practices to modernize laboratories

- Facilitate the establishment of internationally recognised laboratories in Central Asia through dialogue between the globally recognized certification bodies and Central Asian controlling institutions and training
- Facilitate the development of educational systems for future food quality experts
- Develop an information sharing program aiming to provide information to exporters and current laboratories about what are the acceptable quality levels in international markets as well as detail what are the tests that are to be performed

6

Identify opportunities for partnerships in air freight

- Facilitate the dialogue and partnership building between exporters and air freight carriers
- Help exporters to connect with relevant cargo carriers
- Educate exporters on charter and other competing cargo solutions

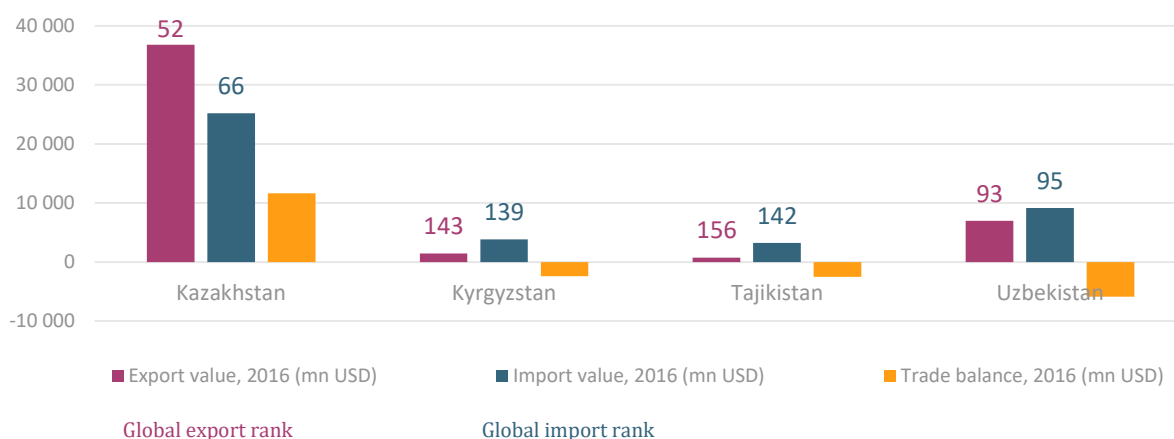
4. OVERVIEW OF CENTRAL ASIAN SUPPLY

4.1 OVERVIEW OF CENTRAL ASIAN MARKETS

Central Asian trade is focused on natural resources, while agricultural trade remains limited

While long ago the Silk Road put the Central Asian region at the forefront of international trade, today the region's trade is underdeveloped. With a population of 61.9 million spread over 3.5 million square kilometres of land with limited connectivity and long distances Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan face low density of trade (see *Chart 2*), particularly focused on a few commodities, including crude oil, gas, metals and cotton fibre. With oil and gas the key export commodities, the region is highly dependent on global oil price fluctuations, which in 2017 were rather favourable for overall trade development.

Chart 2: Central Asia international trade 2016



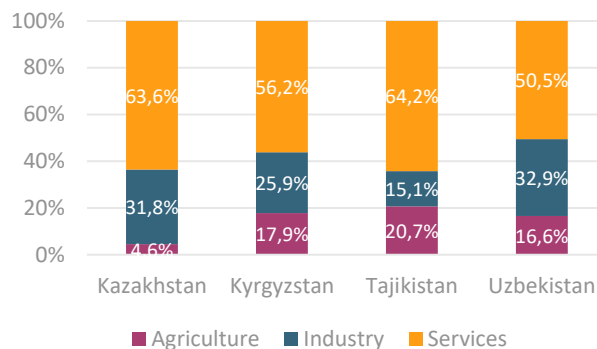
Source: ITC Trade Maps 2016

Agricultural focus of Central Asia has declined post-Soviet Union, however for Uzbekistan, Tajikistan and Kyrgyzstan agriculture remains key

Since gaining independence from the Soviet Union, Central Asian agriculture has gone through a set of reforms to transition from a centralised state agricultural set-up of large corporate farms to individual and family-run farms.

This is a very significant change not only in the structure of the agricultural market, but also in ideology of the capital-intensive, highly mechanised economies of scale fostering small-scale farms as these are easier to organise and operate than corporations, free from labour costs and potentially highly efficient entities. Prior to 1990, over 30% of the region's GDP was derived from agriculture, while today combined agricultural share of GDP amounts to 8.9% across the four researched Central Asian markets (see *Chart 3*). Such a decrease is mainly attributed to Kazakhstan, where only 4.6% of GDP is accounted for by the agricultural industry. Kyrgyzstan, Tajikistan and Uzbekistan are significantly more dependent on agriculture with an average of 17.1% of the region's GDP attributed to this industry.

Chart 3: Composition of Central Asian GDP 2016



Source: *The World Factbook, Central Intelligence Agency*

Kazakhstan's international trade is driven by oil and gas, while the fresh fruit trade is highly unbalanced

Kazakhstan is the largest Central Asian country under research by territory and is the only Central Asian market showing a positive trade balance, with export value sales exceeding import value sales by 30%, largely due to exports of crude oil and gas [ITC Trade maps, 2016]. Agriculture in Kazakh industry is rather limited. Trade in apricots, table grapes, sweet cherries and melons in Kazakhstan shows a negative balance, with import



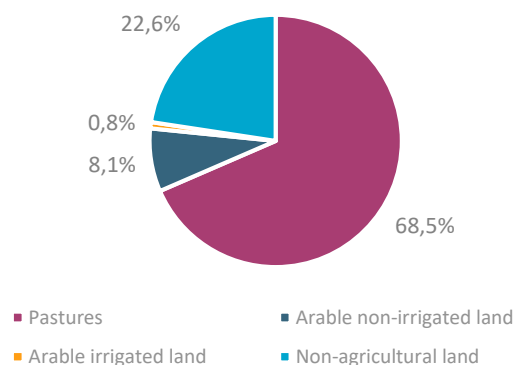
value sales exceeding export value sales by 57 times (see *Chart 4* and *Chart 5*). Export of fresh fruit product categories under research amounts to 0.01% of total export value sales in 2016, while imports of fresh fruit products are responsible for 0.48% of total import value sales [ITC Trade maps, 2016]. Kazakhstan's agricultural industry is strongly focused on grains, mainly wheat and barley, thus flour is the agricultural export product. Across the fresh fruit categories under research, melons have the strongest presence, accounting for 78% of fresh fruit export value sales in 2016 [ITC Trade maps, 2016]. The key fresh fruit export destination for Kazakhstan is the Russian Federation.

Table 1: Kazakhstan - Key facts



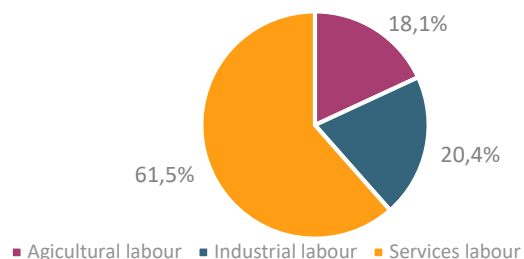
Land

Area	2,724,900 sq km
Agricultural land	2,089,567 sq km
Arable land	240,273 sq km
Irrigated land	20,660 sq km
Pastures	1,849,295 sq km



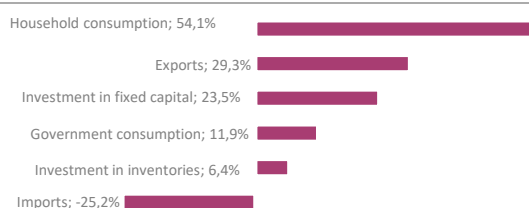
Population

Total population	18,360,353
Rural population	8,592,645
Labour force	8,964,000
Agricultural labour	1,622,484



Economy

GDP (PPP)	USD468.8 bn
GDP per capita	USD25,700
GDP (agriculture)	USD21.6 bn



International trade

Export commodities	Oil and oil products, natural gas, ferrous metals, chemicals, machinery, grain, wool, meat, coal
Export partners	China, Russia, France, Germany, Italy, Greece

Import commodities	Machinery and equipment, metal products, foodstuffs
Import partners	Russia, China, Germany



Fresh fruit trade*

	Apricots	Table grapes	Sweet cherries	Melons
Production volume**	19,086 tons	70,327 tons	12,000 tons	1,927,989 tons***
World export rank (value)	51	81	50	37
World export value	USD65,000	USD257,000	USD140,000	USD1,640,000
Key export partners	Russia	Russia	Russia	Russia and Latvia

Source: The World Factbook, Central Intelligence Agency

Notes: *ITC Trade Maps, **Faostat (2014), ***Kazkhagro

While trading with Russia and Kazakhstan, Kyrgyzstan international trade is underdeveloped

Kyrgyzstan is the least populated country of the four Central Asian markets under research. On a total level, import value sales are 2.7 times higher than export value sales in 2016, in this case the trade balance deficit is caused by imports of natural resources, such as crude oil and gas in particular [ITC Trade maps, 2016]. International trade in fresh fruit also shows a negative trade balance with import value sales of apricots, table grapes, sweet cherries and melons exceeding export value sales by 5.8 times (see *Chart 4* and *Chart 5*). The key fresh fruit export categories are apricots and table grapes, accounting for 55.7% and 35.6% of total export value sales, respectively, destined for markets in Russia and Kazakhstan mainly [ITC Trade maps, 2016]. Interestingly enough table grapes are also the key fresh fruit import product category responsible for 66.5% of import value sales in 2016 [ITC Trade maps, 2016]. Kyrgyzstan’s key import commodities include sugar, vegetable oils and bakery products, while major export categories are legumes, dairy and dried fruits.

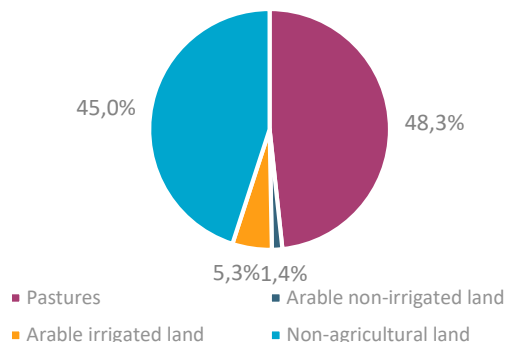


Table 2: Kyrgyzstan - Key facts



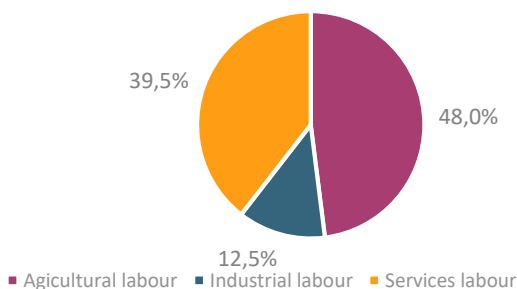
Land

Area	199,951 sq km
Agricultural land	110,772 sq km
Arable land	13,396 sq km
Irrigated land	10,233 sq km
Pastures	92,639 sq km



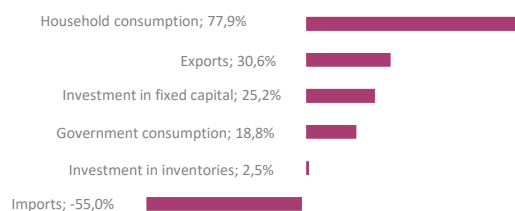
Population

Total population	5,727,553
Rural population	3,682,817
Labour force	2,778,000
Agricultural labour	1,333,440



Economy

GDP (PPP)	USD21.0 bn
GDP per capita	USD3,500
GDP (agriculture)	USD3.8 bn



International trade

Export commodities	Gold, cotton, wool, garments, meat, mercury, uranium, electricity, machinery, shoes
Export partners	Switzerland, Uzbekistan, Kazakhstan, UAE, Turkey, Afghanistan, Russia
Import commodities	Oil and gas, machinery and equipment, chemicals, foodstuffs
Import partners	China, Russia, Kazakhstan



Fresh fruit trade*

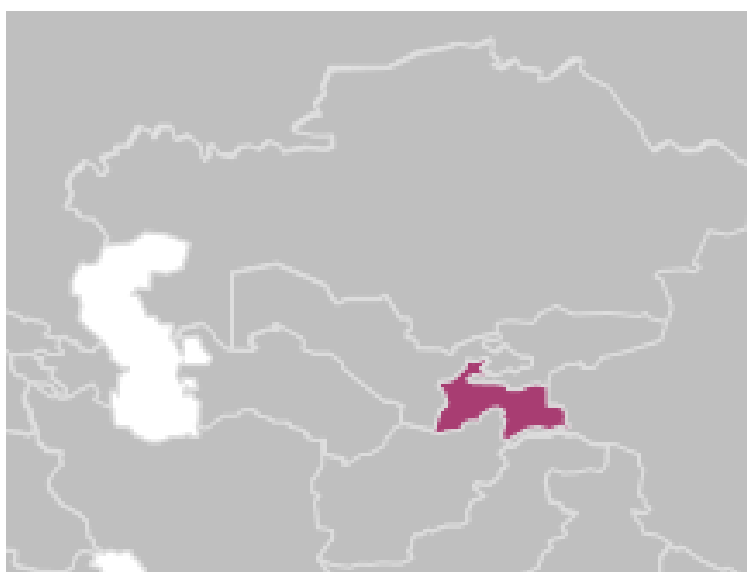
	Apricots	Table grapes	Sweet cherries	Melon
Production volume**	28,000 tons	8,473 tons	5,000 tons	235,000 tons***
World export rank (value)	32	75	54	127
World export value	USD551,000	USD352,000	USD86,000	USD0
Key export partners	Russia	Russia	Kazakhstan	Russia

Source: The World Factbook, Central Intelligence Agency

Notes: *ITC Trade Maps, **Faostat (2014), ***Inozpress Kyrgyzstan

Tajikistan fresh fruit produce is primarily consumed domestically

Tajikistan is the smallest country by territory, and has the lowest level of international trade among the four Central Asian markets under research in 2016. Tajikistan’s import value is just slightly lower than that of Kyrgyzstan, while export value sales are over two times lower than those of Kyrgyzstan, therefore the trade deficit is significantly larger with import value sales exceeding export value sales by 4.5 times (see *Chart 2*). Tajikistan is a



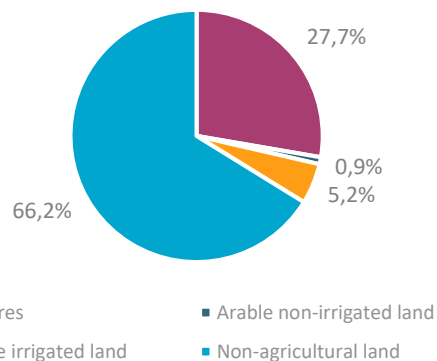
highly agrarian market, therefore looking at the key export categories, export of agricultural produce is the fifth largest export category in the country [ITC Trade maps, 2016]. However, turning to international trade of fresh fruit product categories under research, Tajikistan shows a positive trade balance, as import value sales of apricots, table grapes, sweet cherries and melons account for just 0.2% of the export value sales of the same (see *Chart 4* and *Chart 5*). The key export destinations for fresh fruit currently are Kyrgyzstan, Russia and Kazakhstan, and for sweet cherries in particular China. Despite the fact that fresh fruit sees a positive international trade balance, fresh fruits are primarily consumed within the country.

Table 3: Tajikistan - Key facts



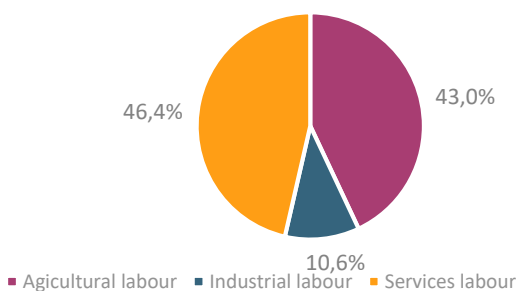
Land

Area	144,100 sq km
Agricultural land	49,103 sq km
Arable land	8,632 sq km
Irrigated land	7,420 sq km
Pastures	39,198 sq km



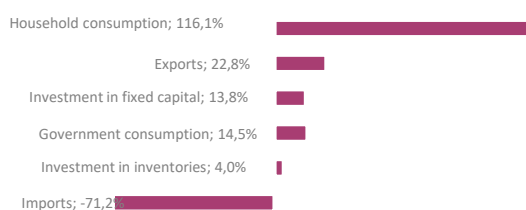
Population

Total population	8,330,946
Rural population	6,098,252
Labour force	2,295,000
Agricultural labour	986,850



Economy

GDP (PPP)	USD25.8 bn
GDP per capita	USD3,000
GDP (agriculture)	USD5.3 bn



International trade

Export commodities	Aluminium, electricity, cotton, fruits, vegetable oil, textiles
Export partners	Turkey, Kazakhstan, Switzerland, Iran, Afghanistan, Russia, China, Italy
Import commodities	Petroleum products, aluminium oxide, machinery and equipment, foodstuffs
Import partners	China, Russia, Kazakhstan, Iran



Fresh fruit trade*

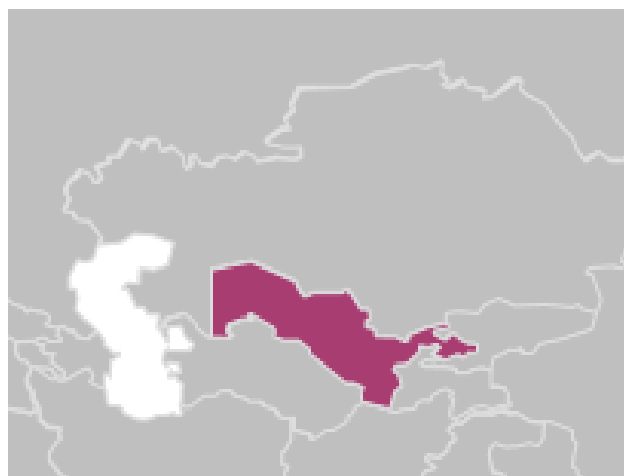
	Apricots	Table grapes	Sweet cherries	Melons
Production volume**	33,000 tons	188,836 tons	n/a	594,170 tons***
World export rank (value)	25	51	42	82
World export value	USD918,000	USD1,685,000	USD356,000	USD34
Key export partners	Kyrgyzstan	Kyrgyzstan	China	Kyrgyzstan

Source: The World Factbook, Central Intelligence Agency

Notes: *ITC Trade Maps, **Faostat (2014), *** Inozpress Kyrgyzstan

Uzbekistan is the largest fresh fruit trader in Central Asia today, with strong focus on apricots, grapes and cherries

Uzbekistan has the highest population density among the four Central Asian markets under research. The international trade balance of Uzbekistan is also negative, similar to Kyrgyzstan and Tajikistan, however the trade balance is more balanced, with import value sales exceeding export value sales by some 30%, while in the other two markets there is much greater imbalance [ITC Trade maps, 2016]. Turning to the international trade in apricots, table grapes, sweet cherries and



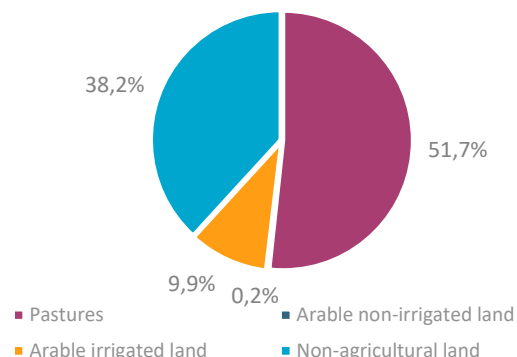
melons, Uzbekistan is a clear leader in Central Asia (see Chart 4 and Chart 5). Not only does Uzbekistan display a positive international trade balance across these categories, with import value sales accounting for 0.03% of export value sales, but Uzbekistan’s export value sales are nearly 34 times higher than those of Kazakhstan, Kyrgyzstan and Tajikistan combined [ITC Trade maps, 2016]. Uzbekistan’s fresh fruit export portfolio in 2016 is quite diversified, with 45.4% of export value sales generated by table grapes, 33.6% by sweet cherries and 19.2% by apricots [ITC Trade maps, 2016]. The key export destinations in 2016 include Russia, Kyrgyzstan and Kazakhstan.

Table 4: Uzbekistan - Key facts



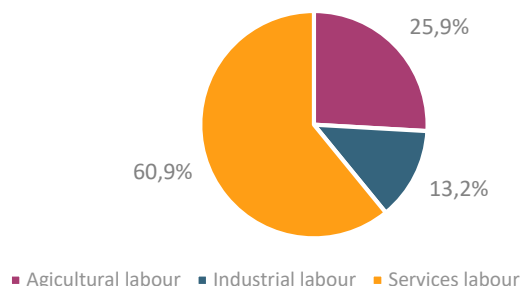
Land

Area	447,400 sq km
Agricultural land	266,300 sq km
Arable land	8,632 sq km
Irrigated land	42,150 sq km
Pastures	219,932 sq km



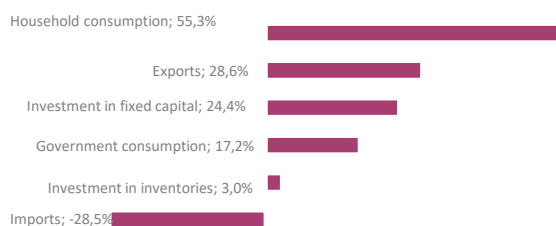
Population

Total population	29,473,610
Rural population	18,745,220
Labour force	18,100,000
Agricultural labour	4,687,900



Economy

GDP (PPP)	USD202.3 bn
GDP per capita	USD6,500
GDP (agriculture)	USD33.6 bn



International trade

Export commodities	Energy products, cotton, gold, mineral fertilisers, ferrous and non-ferrous metals, textiles, foodstuffs, machinery, automobiles
Export partners	Switzerland, China, Kazakhstan, Turkey, Russia, Bangladesh
Import commodities	Machinery and equipment, foodstuffs, chemicals, ferrous and non-ferrous metals
Import partners	China, Russia, South Korea, Kazakhstan, Turkey, Germany



Fresh fruit trade*

	Apricots	Table grapes	Sweet cherries	Melons
Production volume**	547,000 tons	1,441,200 tons	80,000 tons	1,850,000 tons***
World export rank (value)	4	17	8	32
World export value	USD29,496,000	USD69,685,000	USD51,641,000	USD2,793,000
Key export partners	Kazakhstan	Kazakhstan	Kazakhstan	Russia

Chart 4: Central Asia international trade value sales in fresh fruits, 2016 (USD mn)

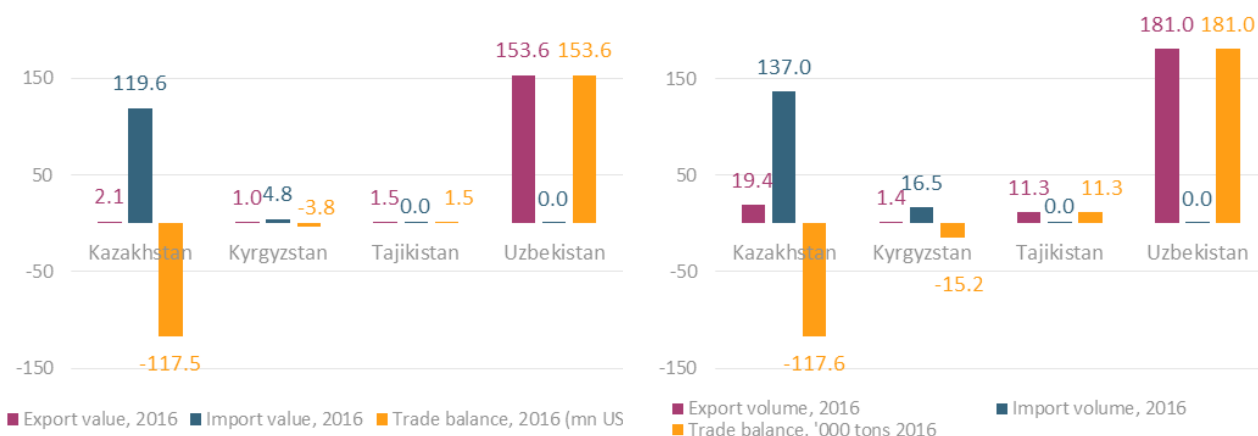
(HS080910, HS080610, HS080929, HS080719)

Chart 5: Central Asia international trade volume sales in fresh fruits, 2016 (tons)

(HS080910, HS080610, HS080929, HS080719)

Source: The World Factbook, Central Intelligence Agency

Notes: *ITC Trade Maps, **Faostat (2014), *** Fermer.ru



4.2 CENTRAL ASIAN EXPORT SUPPLY CHAIN OVERVIEW

Fresh fruit supply chain across Central Asia follows a typical global set-up, however lack of volume consolidation results in high costs and inefficiency

The typical fresh fruit supply chain in all Central Asian countries is rather standard, with producers, exporters and buyers being the three key links of the chain (see *Figure 2*). The majority of the producers are individual farmers and small and medium-sized agricultural enterprises who have limited funds and experience, but most importantly rather limited production volumes. While trading fruits domestically, small farmers are able to offer their produce to local traditional traders, however international trading requires a different level of bureaucracy, procedural conformity and produce volumes.

F19)

HS080929, HS080719)



The majority of large-scale international buyers require their supplier to be GLOBALG.A.P. certified. While Central Asian producers are fully aware of the requirement, there is only a handful of organisations, such as SC Gold Dried Fruits Export, which are able to independently go through and afford GLOBALG.A.P. certification. The majority of micro and SME producers are not able to afford

GLOBALG.A.P. certification independently, and there are currently no significant trade association bodies or cooperatives that would work towards volume consolidation and potentially would be able to afford a GLOBALG.A.P. group certification. Other quality standards that are difficult to implement due to fragmentation of the producing sector include ISO22000 and organic certifications.

International export consultancy is currently under development. There are a number of start-up and young companies moving into the consultancy business, however there is a need for more. The major industry players already have good understanding of international trade requirements, procedures and costs, while small-scale producers have many concerns in terms of international market demand, product quality standards, labelling requirements, certificates, customs procedures, logistics and all related paperwork.

Exporters may and play the role of producers' consolidators, however while currently there are established exporters to Russia and bilateral trade between Central Asian markets, exporters to other international markets are quite limited. The key goals of international exporters should include sample quality inspections with buyers as well as overall quality assurance, logistics management and payment management. In terms of payment, compulsory advance payment may be a threat to further development of Uzbekistan's exports.

International customs and quality conformity inspectors are important components of the fresh fruit supply chain, however the fresh fruit industry has the least control over these. The key Central Asian challenges in terms of customs control and inspections are to do with recognition and trust. Central Asian quality certificates are not being recognised by the EU or China due to lack of local internationally recognised conformity assessment bodies, such as laboratories, certification and inspection bodies. Additionally, lack of trust caused by past trade experience, where Central Asian producers have provided local certificates stipulating the level of pesticides or other substances within certain limits, while the tests when repeated by the receiving country's inspectors differ also challenges positive international trade development.

Beyond customs control and obligatory safety and quality requirements, international buyers have their own individual requirements of their suppliers, therefore even if the product passes the customs inspection and is allowed onto the international market, the final level of checks performed by the buyer may result in the order being declined for any number of reasons, including visual appearance, calibration, transportation conditions, taste or current supply and demand situation in the market.

Therefore, although the typical supply chain appears relatively standard, there are many inspections and checks involved at every step, which all result in a rather high level of risk attached to international fresh fruit trade.

4.3 OVERVIEW OF THE CENTRAL ASIA EXPORT BOTTLENECKS

Natural fruit cultivation lack modern technologies to gain global bio and ecological status

Another distinct quality of Central Asian fresh fruit produce is its ecological nature, as farmers historically are not used to applying harsh chemicals to their crops as they often cannot afford to purchase such products. However, such a clean growing approach in many cases is not supported by organic or ecological certificates, due to lack of knowledge, experience and finance, therefore in many cases this cannot be officially claimed on the product label. Nevertheless, ecological and natural fruit development has been recognised as one of the major trends in the region and is gradually developing, paying attention to chemical composition as well as wider production criteria.

Central Asian agriculture undergoes improvement, however the majority of today's producers face at least some technological difficulties

Central Asian agriculture across the region is undergoing modernisation and improvement, however lack of strong financial muscle among the majority of small-scale producers means that the technological advancement is slow and time consuming. Nevertheless, Central Asia as a region strategically understands that the agricultural industry offers an international trade opportunity that is yet barely tapped, and therefore the region is aiming to improve and develop its technological capabilities to meet international requirements (see *Table 5*).

Table 5: Central Asia production enhancement areas

Production enhancement areas

Current situation	<ul style="list-style-type: none">▪ Kazakhstan continues to be a meat-focused market and thus does not prioritise fresh fruit agricultural development at present▪ Kyrgyzstan is currently working on expansion of its fresh fruit export geography and focuses on implementation of internationally recognised quality standards and production certificates. The country has been granted GSP+ status in 2016. Kyrgyzstan implements EAEU certification
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standards, which are expected to be recognised by all member states and potentially some other countries of the world.

- Tajikistan focuses on increasing fresh fruit production volumes, as the country strategically moves away from growing cotton to fruits.
- Uzbekistan is currently undergoing market liberalisation reforms, including the recent lifting of the UzAgroExport monopoly, which was the only company permitted to export fruits and vegetables. Such a market structure limited export opportunities and allowed for significant unused potential, caused by bureaucratic obstacles. The demonopolisation of export rights was stipulated in President Shavkat Mirziyoyev's decree, "On measures further supporting domestic exporters and facilitating foreign trade activities", adopted on 21 June 2017. The goal of the reform is to enable all business entities to export fruits and vegetables to international markets, while opening the trade rights equally to all exporters. Along with the expansion of export volumes, the abolition of the monopoly is also intended to stimulate farmers to increase the production of fruits and vegetables as well as to improve crop yields through more efficient use of land resources, including repeated seeding. Apart from that, the present reform also covers the issue of certification. The government obliges certification bodies to issue certificates of conformity for manufactured and imported goods within a period not exceeding three working days.

Focus of current technological advancements

Throughout the region, current technological improvements are focused on implementation of drip irrigation systems.

- Kazakhstan has recently made further steps towards drip irrigation, particularly in southern regions such as Almaty and Zhambyl, because most of the fruits and vegetables are grown in this part of the country. In 2014, the Ministry of Agriculture of Kazakhstan increased the subsidy rates up to KZT150,000 (USD444) per hectare of cultivation area for growing fruits and vegetables, using drip irrigation systems.
- Kyrgyzstan is at the end of its irrigation mission with many drip irrigation projects completed. In addition, Kyrgyzstan has seen some greenhouse development for off-season fruit and vegetable cultivation in recent years. Pursuing a goal to increase the number of greenhouses and logistics centres in southern regions, the government of Kyrgyzstan plans to allocate large funds to agricultural projects in 2017. The funds are planned to be allocated to peasants and farmers for five years with an annual grace period.

- Tajikistan, while still recovering, after civil war caused economic crisis, has also started to develop drip irrigation systems across the agricultural industry. However, to date, implementation is minimum and does not yet have any effect on the export industry. Five years ago Tajikistan adopted a law, by which wastelands, stony lands unsuitable for agriculture, were given to interested farmers for lifetime possession. The law led to a significant increase in agricultural produce and exports (including fresh fruit), as farmers irrigated and cultivated former dry land turning this into agricultural land.
- Along with continuous drip irrigation development, Uzbekistan is also developing other kinds of irrigation techniques, including usage of plastic hoses instead of traditional irrigation field ditches. This method significantly reduces the intensity of water infiltration, resulting in saving up to 15% of irrigation water in comparison with conventional irrigation methods. Another irrigation method that is being promoted is the use of plastic films in the form of a protective layer (mulch) on furrows. In this case, as practice shows, water consumption is reduced by 25%. The development of all these irrigation methods is one of the state's priorities in the field of water conservation.

Future technological advancement plans

Across the four Central Asian markets, drip irrigation is expected to continue development over the next five years. While Kyrgyzstan and Uzbekistan are expected to have higher levels of drip irrigation in the medium term due to their current advancement over Kazakhstan and Tajikistan, Kazakhstan's economic position may result in more rapid development of the country's irrigation.

Lack of fruit agriculture support is hindering growth opportunities

As a landlocked country, Uzbekistan faces high transportation costs, which hinder its opportunity to offer competitive trade volumes and values as opposed to perhaps its main competitor Turkey. In addition, Uzbek legislation requires 100% prepayment on any agricultural export transaction. On the one hand, such a requirement, of course, safeguards the local producers/exporters from fraudulent partners. On the other hand, however, it serves as an obstacle for developing direct trade partnerships with large buyers, such as modern retail chains. Large importers in the EU or UAE are used to making a payment either after the cargo is delivered or with small prepayment of 20-30%. Therefore, it would be expedient for Uzbekistan to consider reducing the full advanced payment requirement to at least partial

in order to attract a higher number of buyers. Moreover, Uzbek producers lack familiarity and sometimes awareness of export procedures and standards as well as local Uzbek fruit certification bodies are not equipped with the latest technology and therefore are unable to produce globally accepted fruit quality certificates.

Kyrgyzstan is similar to Uzbekistan in terms of insufficient local certification as well as lack of government support behind irrigation development projects, which the majority of the farmers cannot afford on their own.

Tajikistan, despite having the smallest economy and still suffering from the aftermath of civil war, has already recognised the importance of certification and sees the biggest issue in gaining international partnerships and marketing the Tajikistan name in the global agricultural trade industry.

While each of the markets has individual pain points in terms of international trade development, all of them face a lack of support from government in terms of policies and subsidies, export experts and consultants in terms of procedural practice and advice, certification bodies, financiers and academics (see *Table 6*).

Table 6: Central Asian export facilitation bottlenecks

Key export facilitation bottlenecks	
Lack of cooperation and knowledge sharing	<p>As Central Asian agriculture is primarily run by micro and SME businesses, there is a lack of production efficiency in terms of:</p> <ul style="list-style-type: none">▪ Ability to meet the volume demand of large international buyers. Small players can only negotiate on small-scale orders, while bigger orders may be more cost effective as well as binding the retailer.▪ Ability to provide production quality certificates, such as GLOBALG.A.P. and ISO. Small farmers are not able to afford voluntary certification and all related audit and inspection costs.▪ Ability to apply the best industry practices is limited. Agriculture is a traditional industry, and while there are small yet highly innovative and forward-thinking establishments, the majority of agricultural entities are limited by their existing knowledge and lack wider global best practice experience.

Rigid legislation	<p>Uzbek law on full 100% advanced payment on any agricultural export products limits Uzbekistan’s export opportunities, in particular trade partnerships with large buyers, who typically require partial prepayment or payment delay. Therefore, Uzbek suppliers are not able to meet common retailers’ expectation to pay not only upon delivery, but later in the selling process.</p> <p>On the other hand, demonopolisation of agro export is a positive improvement in Uzbek legislation, allowing all local exporters to reach out to international markets and develop new trade relationships.</p>
Lack of private standards implementation	<p>While the Central Asian region fully understands the importance of private standards certification, there is a lack of local certification expertise:</p> <ul style="list-style-type: none"> ▪ Lack of complete understanding of what are the private standards requirements and how to assure the conformity. ▪ Lack of domestic inspection/audit bodies, able to provide the required checks and recommendations to improve upon. ▪ While foreign consultants, auditors and inspectors are available to invite into the countries, the costs of such inspections exclude the majority of local businesses from the possibility of obtaining the necessary certification. ▪ A highly fragmented agricultural industry once again limits the ability of individual and small-scale farms to afford the certification, while a lack of collective exporters does not allow for collective certification. ▪ Lack of technological capabilities does not allow the performance of all the required inspection tests, or merely supports performance of them with limited success or lower confidence levels. <p>Central Asian markets already understand the problematic areas and are developing plans to improve on those, including introducing special university courses to develop local certification experts.</p>
Costly and time consuming logistics	<p>As Central Asian markets do not have direct access to marine transportation, SMEs face logistical difficulties, while balancing transportation costs, production margins and competitive offerings.</p> <p>Tajikistan and Uzbekistan are not part of the EAEU, which represents the majority of the current export market. Thus transportation of fresh fruits by Uzbek or Tajik carriers is more costly than using Kazakh or Kyrgyz partners. Therefore, Tajikistan</p>

and Uzbekistan often export their produce to neighbouring Kazakhstan and Kyrgyzstan for further re-exporting to other markets, such as Russia.

Lack of access to finance Across the region, agricultural producers face difficulties in acquiring business loans or mortgages for modernisation of production methods or increasing productivity (volumes) levels. While banks have developed products for agricultural borrowers, the requirements are complicated, challenging and unclear to the majority of SME players.

In addition, Kyrgyzstan's farmers lack financial state support in the form of subsidies or governmental loans for further irrigation development.

4.4 OVERVIEW OF THE CENTRAL ASIA EXPORT OPPORTUNITIES

High natural sugar content is the key attribute of Central Asian fruits

Fresh fruit trade is significant primarily for Uzbekistan and Tajikistan, as both of the countries not only have deep agrarian roots, but also have well-balanced climatic conditions to grow fruit crops, while climate conditions in Kyrgyzstan and Kazakhstan are somewhat less favourable, in this regard. Nevertheless, Kyrgyzstan is also strongly dependent on fruit production, as its meat production is not accepted by international trade partners due to the lack of globally accepted quality standards. All the markets with the exception of Kazakhstan, which is mainly focused on meat production, have very limited import levels of the fresh fruit categories under research and local production is used for domestic and international trade. Uzbekistan, Tajikistan and Kyrgyzstan as major fruit growing markets are known for very good soil conditions, which allows for fruits to ripen reaching high natural sugar levels, and therefore Central Asian fruits are well known for their very sweet taste. In particular, Uzbekistan is known for its unique melon variant Torpedo and apricots grown in the Ferghana, Namangan and Surkhandarya regions, while Tajikistan is well known for its Kandhari apricots, which contain a high amount of beta-carotene (this type of apricot is only grown in Tajikistan), within Central Asia, however international popularity is relatively minor, because of the lack of international trade.

Despite the challenges Central Asia expects its fresh fruit exports to grow

Central Asian fruit producing countries expect to increase their fresh fruit exports in the next five years, counting on rising support from government and wider international organisations, including World Trade Organization, United Nations Economic Commission for Europe, and International Trade Centre, facilitating export procedures domestically and improving international bilateral and multilateral trade agreements, including Generalised Scheme of Preferences (GSP) and GSP+ agreements with Europe.

International trade is further developing through re-export strategies, as Uzbekistan and Tajikistan export fresh fruits to Kazakhstan and Kyrgyzstan on the basis of their bilateral preferential trade agreements, while Kazakhstan and Kyrgyzstan then re-export the produce to Russia and other markets based on their preferential trade agreements and lower customs rates.

While Kazakhstan, Kyrgyzstan and Tajikistan are World Trade Organization (WTO) members and therefore can enjoy Most Favoured Nation (MFN) treatment. Uzbekistan, meanwhile, still in the very early stages of WTO membership, is clearly restructuring agricultural export focus and facilitating internal export procedures.

Looking at the particular fresh fruit categories under research, Central Asian producers are equally well positioned to develop trade in any of the four product categories (see *Table 7*). Central Asian apricots, especially Tajik and Uzbek produce, are believed to have higher nutritional qualities than competitive offerings, however they lack international marketing and consumer awareness of product benefits. The sweet cherries opportunity requires a strong focus on large, dark-coloured and sweet-tasting berry variants, as these types are in demand across international markets; while typical to Central Asia, smaller-sized berries may be regarded as lower quality. Central Asian grapes meet fierce competition from global rivals, including India, Turkey and the Americas. While Central Asian grape produce is sweet and crunchy, it is unknown to international consumers, thus marketing investment is required to promote this particular product type. Melons, while the bulkier product of the four categories under research, provides the easiest transportation conditions, enabling Central Asia to use road transport rather than air.

Table 7: Central Asia fresh fruit opportunity matrix

	Apricots	Table grapes	Sweet cherries	Melons
Favourable climate	Yes	Yes	Yes	Yes
Ease of transportation	No	No	No	Yes
Buying price points	Medium	Low	High	Low

Melons and grapes, while both see some seasonality across the buying markets, have well-established year-round supply structure, while supply of cherries is low during the off-season period, which

represents an opportunity for Central Asia to focus on those cherry variants that provide harvest as early in the season as possible or greenhouse cherry variants, to benefit from monopolistic sales prior to the season peaks. Opportunity in apricots is also present, however this does require strong marketing efforts from Central Asian producers and exporters in order to build demand for the product.

5. PRIORITY EXPORT MARKETS: GERMANY

5.1 GERMAN FRESH FRUIT MARKET OVERVIEW

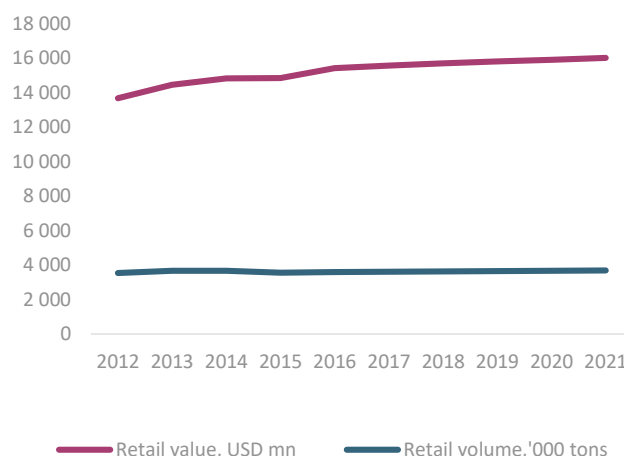
Mature German fresh fruit market is positively stable

In 2016, Germany enjoyed a relatively favourable macroeconomic environment, supported by lower interest rates. Unemployment remained below 5%, and increased consumer confidence positively contributed to spending on goods and services. Fresh food has also benefited from this development, with German consumers purchasing more high-quality products, often labelled as organic, fair trade, or regionally produced. Fresh fruit and vegetables, however, is characterised by more visible price increases, than other areas. Nevertheless, consumption of these products remained constant, and slight increases in sales can be noted for both categories.

The total fresh fruit market in Germany amounts to 4,206,300 tonnes per annum. Retail sales account for the largest share of the market with 3,582,600 tonnes in 2016 (see **Ошибка! Источник ссылки не найден.**). The fresh fruit volume sales show flat development over the research period, while values sales have upward movement, as unit prices are getting higher.

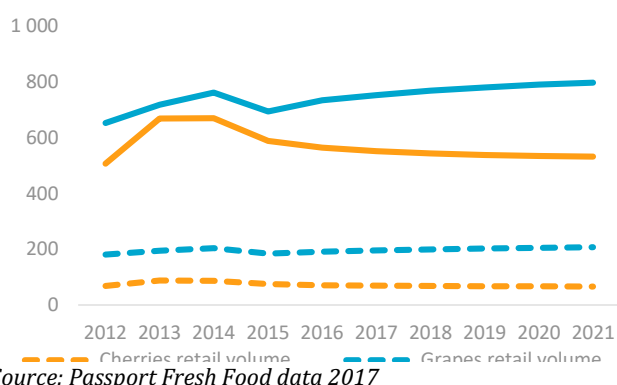
While Germany is a fresh fruit producing country, due to its geographical location the German climate restricts the agricultural sector to summer harvests only as well as limits its ability to grow sweet fruits. Therefore, although German agriculture has grapes and cherries present, the majority of the produce is wine grapes and sour cherries, respectively. In terms of the fresh fruit

Chart 6: Fresh fruit market size in Germany 2012-2021



Source: Passport Fresh Food data 2017

Chart 7: Cherries and grapes market size in Germany ('000 tonnes and USD mn) 2012-2021



Source: Passport Fresh Food data 2017

categories under research, Germany largely relies on imports from international markets. As Germany is part of the EU, other member state producers, such as Italy, Spain, Portugal, Greece and Bulgaria are preferential German suppliers in fresh fruit categories. Germans have a strong appetite for table grapes consuming around 200,000 tonnes of grapes each year, while the appetite for sweet cherries is rather

seasonal, and therefore annual consumption volume stands at just over 70,000 tonnes per annum (see *Chart 7*). Apricot consumption amounted to 65,000 tonnes a year in 2016. Consumption of fresh fruit under research is relatively stable, with year-on-year fluctuations ranging from 1-2% depending on the harvest yield and any subsequent impact on price points. Thus, for example, prices for cherries saw the most significant increase in 2017 due to a poor harvest and lower supply during the season. In addition to the economical drivers, weather conditions influence the level of demand, with melons, for example, seeing higher demand during the warmest periods, as this category is perceived by German consumers as light and refreshing.





Several trends have affected consumer preferences in the past years. Firstly, the health and wellness trend is continuing to influence the nutrition and consumption habits of Germans. Consumers value the variety of fresh fruits and their health benefits, and have a good understanding that this category is subject to more visible price fluctuations, than other food products. Younger people have also started to pay more attention to healthy eating, and contribute to the market for fresh fruits. Moreover, there is a trend towards healthier snacks, and smaller packages of fruits and vegetables (eg mini-pineapples, mini-bananas, smaller portions of berries etc).

5.2 OVERVIEW OF GERMAN FRESH FRUIT MARKET REQUIREMENTS

Fruit calibration is a must to meet local consumer demand

German consumers value both taste and visual aspects when shopping for fresh fruits, therefore retailers are rather strict on fruit calibration and demand similar shaped and sized fruits from their suppliers. The key preferences of Germans are typically based on long-standing habits and somewhat traditional fruit shapes and tastes, however some of the newer product variants have seen success, including orange-red apricots and honey melons (see *Table 8*). Typically, Germans prefer sweet, yet not too sweet-tasting fruit combined with soft juicy texture for all, but melons are preferred to have a crunchy texture. Germans typically shop for fresh fruits that are distributed through a non-temperature-controlled area of a supermarket and via farmers' market stalls, with some exceptions, such as cherries and melons. Chilled melons are typically sold as a healthy snack, as supermarkets cut melons in small bite-sized pieces and pack them in cups or plastic bags for easy on-the-go consumption.

Table 8: German consumer fresh fruit preferences

 Apricots	
Shape	Round and oval
Taste	Sweet
Texture	Juicy and soft (yet not too soft)
Variant	Orange-red apricot
 Cherries	
Shape	Round and relatively large sized
Colour	Dark maroon
Taste	Sweet to very sweet
Texture	Juicy and soft, yet not squashy
 Grapes	
Shape	Oval and rather large size
Colour	White grapes are the most popular, followed by mix of red and white grapes, and red grapes, all featuring some transparency. Black grapes are limited
Texture	Crunchy outer skin and juicy, melting inside berry texture. Seedless grapes are preferred
 Melons	
Shape	Round and oval (depending on the variant)
Colour	Light yellow
Taste	Sweet and refreshing
Texture	Crunchy, yet juicy and melt in the mouth
Variant	Whole, yet small in size (not more than 1kg)

Harvest and seasonality are the key price determinants for fresh fruit

Pricing tiers for fresh fruit categories are shaped by the level of seasonality, harvest yields of both local and global produce, consumer demand as well as country of origin. Other more specific factors influencing fresh fruit price points include taste, visual appearance, texture, colour, packaging and nutritional value. While all the above mentioned criteria fluctuate over time, in 2016 the level of wholesale prices was stable (see *Table 9*).

Table 9: Fresh fruit wholesale price points 2016



Fresh fruit wholesale price points (EUR/100kg)

	Minimum wholesale price	Maximum wholesale price
Apricots	110	350
Cherries	300	600
Grapes	200	300
Melons	99	200

Source: The Federal Office of Agriculture and Food

As a rule, German consumers are ready to pay an extra premium for higher quality and better tasting fresh produce, however fresh fruits in particular are perceived as naturally healthy products rich in vitamins and minerals, therefore organic or bio-labels are somewhat less important for this particular product category, accounting for 5.7% of total fresh fruit retail sales in 2016 [Source: Passport Fresh Fruit database].

Appetite for apricots is lower than that for peaches and nectarines

Apricot consumption in Germany was stable during the last decade, however it is relatively limited, as traditionally Germans prefer substitute products such as peaches and nectarines. According to data by The Federal Office of Agriculture and Food (BLE), market volume for peaches and nectarines reaches over 250,000 tonnes, which makes this fruit category among the top five most consumed fruits in Germany at an average price of EUR2.5 (USD3.0) per kilogram (see *Table 10*). Organic apricots are not consistently available as consumers prefer taste to labels and claims.

Cherries are considered premium products due to high average prices

Unlike apricots, cherries do not see any substitute competition in the market and are only available via retail during the season lasting from May to August. Initial supply comes solely from Spain starting during the 18th week of the year, with somewhat limited export partners including Turkey, France and Greece until the 27th week of the year, after which the list of export partners increases substantially. In 2017, the average retail price for cherries saw a 20-30% increase on 2016 prices as a result of a weather-influenced weak harvest in the spring. Despite the spike in prices in 2017, traditionally the average retail price for cherries is quite high, therefore both consumers and retailers are rather reluctant to pay an additional premium for organic origin in this particular product category.

Grapes represent an affordable daily fruit treat for Germans

Similar to cherries, grapes are not easily substituted for another fruit. Grapes see stable supply and demand through the course of the year with no significant price fluctuations over the seasons. The favourite German grape variant - white seedless grapes - are typically slightly more expensive than red grapes or grapes with seeds. Average grape prices vary between EUR1.9 (USD2.3) and EUR3.0 (USD3.6) per 500g of the product (see *Table 10*). Grapes are one of the essential daily fruits on German tables, therefore consumers value quality slightly more than price and often choose more expensive premium grapes to the other regular less visually attractive grape variants.

Melons contribute to the fresh convenience segment growth

Melons are relatively affordable and continuously available throughout the year in German supermarkets with some limited substitute rivals, in the form of watermelons over the summer period. The average retail price is typically set on a melon piece rather than by kilogram weight of the fruit, and is strongly determined by the melon variant. The most popular oval-shaped honey melon variant on average is priced at EUR2.2 (USD2.6) per piece (see *Table 10*), while the smaller round Galia melon variant is priced at EUR1 (USD1.2) per piece and some larger variants such as Charentais are typically priced around EUR4 (USD4.8) per piece.

In the past year, total consumption of melons has witnessed a moderate decrease. This, however, did not affect the fresh convenience segment, where melon consumption remained slightly positive and contributed to the overall category performance in the country. This is mainly explained by the fact that cut chilled melons are considered to be a convenient refreshing product during the hotter months, and a healthy snack in the off-season period. Melons in chilled distribution are also often used as part of fruit mix packages that have also gain popularity among consumers.

Table 10: Fresh fruit average retail price observations 2016



Apricots

Minimum price	EUR1.8/kg
Maximum price	EUR5.5/kg
Average price	EUR2.5/kg
Producing market	Spain and Italy



Cherries

Minimum price	EUR4.0/kg
Maximum price	EUR8.0/kg
Average price	EUR4.9/kg
Producing market	Turkey, Italy, Greece



Grapes

Minimum price	EUR3.0/kg
Maximum price	EUR5.5/kg
Average price	EUR3.6/kg
Producing market	Italy, South Africa and Turkey



Melons

Minimum price	EUR1.0/kg
Maximum price	EUR3.9/kg
Average price	EUR1.8/kg
Producing market	Spain and Brazil

Source: Rewe, Edeka, Lidl, Aldi

Increasing interest in nutritional food value leads German consumers to fresh fruit consumption

The German population is facing a number of health issues, including an ageing population, obesity and hectic lifestyles, all leading to increasing healthcare and health insurance costs. While these challenges are being addressed by public bodies and private organisations, in light of media attention consumers have turned to improving their lifestyles and nutrition. In addition to increasing their physical activity, German consumers revisited their diets, focusing on calorie intake and the nutritional value of the consumed foods. This has led to fresh food, and subsequently fresh fruit prevalence over processed food consumption. Melons, grapes and cherries are primarily consumed fresh and distributed through retail. These categories also have some limited foodservice and horeca channel presence, where melons, grapes and cherries are used for fruit plates and desserts. Apricots, while also being primarily consumed fresh, have some considerable presence in food processing, where apricots are used in preparation of confectionery, juices, bakery and dairy products.

Fresh fruit consumption is expected to continue stable development

While healthy living awareness is expected to strengthen, fresh fruit consumption is expected to remain stable. Some of the traditional fruits, such as apples and pears, are expected to see slight decline in demand, while newer and more exotic fruits, including cherries, grapes and melons, are expected to slightly gain in terms of demand. All the fruit categories under research are expected to remain in typical German consumers' diets, with the appetite for consumption primarily shaped by price and taste. Fresh fruits are expected to have stronger presence in snacking over the medium term, where melons (cut in bite-sized pieces) in particular are expected to become a typical snack offering. Although German consumers will develop more prominent healthy eating habits, and with that, country of origin, organic and fair trade labels are expected to become more important and allow for somewhat higher price points; typical German consumers are expected to remain price and taste, rather than claim, orientated.

5.3 OVERVIEW OF GERMAN FRESH FRUIT IMPORT COMPETITION

Germany meets fruit demand through well-structured imports

Fruit produce in Germany accounts for a quarter of domestic demand. Being a major EU market, Germany imports most of its fruits and vegetables from the 28 EU member states, with Italy being one of its strongest partners. Import volumes of fruits and vegetables from Italy constitute around 380,000 tonnes, according to the German Trade Union for Fruit (DFHV). Other important suppliers of fruits to Germany are Spain, France and Greece in EU terms, and Turkey, as well as South American and Caribbean countries on a wider global scale. German consumers value local produce and are ready to pay a premium for domestic farmers' market and ecological produce, which is expected to continue

growing over the medium to long term, however imports are expected to remain the key source of fruit supplies.

Lack of cherry suppliers at the beginning of the season offers an opportunity to Central Asia

Germany has very limited domestic production of sweet cherries, as due to the lack of sun sour cherries are easier to grow. Agricultural Market Information Company estimates domestic production of sweet and sour cherries combined at 26,000 tonnes in 2017, which represents over 40% decline compared to 2016. Cherries are highly seasonal products, and unexpected weather conditions (such as frosts) can negatively affect production levels. Germany remains one of the largest cherry importers in the world, and the import share of this fruit category constitutes between 55-65% of consumption. Most of the cherry imports come from the 28 EU member states and Turkey. Germans value local produce and enjoy shopping at farmers' markets, however domestic cherries are only available during the brief summer period. The typical season for cherries runs from May to August (see *Table 11*), starting the 18th week of the calendar year. The beginning of the season sees very limited suppliers available, with 2017 stock coming solely from Spain and offering retail price points as high as EUR8 (USD9.6) per kilogram, which is later joined by France, Turkey and Greece. By end of the season, suppliers become more diversified, with the Netherlands, Bulgaria and Portugal supplying and the average price point falls to reach EUR3.5 (USD4.2) per kilogram [BLE].

Off-season apricot supply travels from long distance suppliers

Again due to limited climatic opportunities, Germany's apricot production is largely non-existent. Thus, apricot demand is primarily met by import supplies, which amounted for some 60,000 tonnes in 2016. While this may seem as a sizeable opportunity, substitute products such as nectarines and peaches represent four times the market volume, at 250,000 tonnes a year. The peak period of apricot consumption is May to August (see *Table 11*). The main suppliers of apricots during the season are Spain, Italy, France, Morocco and Turkey. In 2016, Spanish and Italian supplies strengthened on the German market, and French orange-red apricots have been well accepted by consumers. Germany's domestic apricots are briefly present on the market in June and July. Off-season supplies of apricots are covered by South American producers during all other calendar months except November. In addition to taste and texture, an important success factor for apricots is their visual quality. Thus, some suppliers may suffer losses, if their produce does not meet marketing requirements. Such products may still be utilised through discounters or other less popular distributors at much discounted prices. A recent example of such discounted apricots has been the supply of Pinkcot apricots from Hungary. (BLE).


Highly competitive grape market sees fierce price pressure

German domestic produce of table grapes satisfies a marginal share of demand, as most of German-grown grapes are wine grapes, not table grapes. Some of the biggest table grape exporters to Germany are Italy and Greece, primarily offering white seedless grapes variants that are the most popular among end consumers, however red seedless grapes are gaining momentum. Grapes are available in retail throughout the year (see *Table 11*). During the domestic off-season period, ie winter, grapes are supplied by producers from South Africa, South America and Australia. The German grape market is highly competitive and mature, thus often suppliers' success depends on price flexibility. Recently, Spanish white seedless grapes are among the most popular types of table grapes, however, Italian produce overtook the market due to lower prices by producers. Italian table grapes have been better positioned in supermarket chains due to higher price flexibility of exporters.

While available throughout the year, the summer period faces high competition from watermelons

Consumption of melons decreased slightly in 2016, as compared to 2015. A typical season for melons runs from April to September, however, the product is generally available to consumers throughout the year. However, during the summer months melons are often replaced by watermelons, as these are seasonal and only available in summer. In addition to the traditional whole fruit format, melons are becoming popular in convenience formats in a packaged, cut and chilled format. During the high season period, major German supply comes from the EU, particularly Spain. The off-season period's domestic demand is satisfied through South American countries, including Brazil, Guatemala and Costa Rica. Melons are considered to be rather easily transported due to their form and resilience to physical damage.

Table 11: Fresh fruit seasonality

 Apricots	
Season start	May
Season end	September
In-season suppliers	Spain, Italy, France, Turkey, Morocco, Germany
Off-season suppliers	South America

 **Cherries**

Season start	May
Season end	August
In-season suppliers	Spain, France, Turkey, Greece, Germany, Netherlands, Portugal, Bulgaria
Off-season suppliers	Turkey

 **Grapes**

Season start	All year
Season end	All year
In-season suppliers	Italy, Greece, Egypt
Off-season suppliers	South Africa, South America, Australia

 **Melons**

Season start	All year
Season end	All year
In-season suppliers	May to August: Spain, Italy, France, Israel, Germany
Off-season suppliers	Winter and autumn: Brazil, Costa Rica, Guatemala, Venezuela, Ecuador, South Africa

5.4 OVERVIEW OF GERMAN REGULATORY LANDSCAPE

German importers face the same quality requirements as local producers

The German law is focused on food products and their quality and does not provide special provisions to importers versus local producers. Therefore, any fresh fruit importer adhere to the same set of standards, norms and regulations as local producers, which means that it is importers' prime responsibility to ensure the quality of the imported goods and their conformity to the minimum quality requirements set by UNECE, EU, and German regulations (see

Table 12). The conformity checks that importers have to perform include product quality inspections, packaging inspection, country of origin checks as well as tracing the route of the product from its origin to the final destination point. In order to be accepted and recognised, the above-mentioned checks shall be performed by German experts and laboratories via sample testing. Although it is importers' responsibility to ensure the imported goods' quality and conformity to the applicable regulations, the legislation allows importers to skip the conformity checks in cases where the exporter provides them with the necessary conformity certification and other documentation, issued by laboratories recognised or operating in the EU. Thus, in practice importing companies require international exporters to handle all the conformity-related checks and provide them with the relevant certificates and testing protocols before the start of the export logistics, so importers are only responsible for the final check of the quality of goods post transportation.

Local conformity checks are executed via sample testing

The key German authority responsible for controlling imported produce conformity to quality standards is The Federal Office of Agriculture and Food (Bundesanstalt für Landwirtschaft und Ernährung (BLE)), which runs selective conformity checks on a random selection of product samples at the point of import and also which runs checks on request on product samples that are to be imported to Germany or the EU. BLE has controlling stations across the country, including Hamburg, Bremerhaven, Berlin, Munich, Frankfurt am Main and Cologne. In addition to BLE, German Federal Lands (Bundesländer) also oversee imported products' conformity to regulations at packing stations and in the retail and wholesale sectors. Similar to BLE, controls take place in a selective manner, based on risk analysis by controlling authorities. Thus products that have higher risk levels (based on product nature or historical data of the checks to date) are being checked more often and more thoroughly, rather than those that are labelled as low risk. The conformity process starts with the electronic application filed by the exporter for every set of export goods, stating the date, time and place for the sample testing. In the case of the destination point being selected for the control point, the transporting vehicle is sealed and allowed through customs to the set destination. The checking body (BLE) analyses the application and within a few days confirms if the exports will undergo sample testing controls or not. In the case where BLE has decided not to test the imported goods, the produce is allowed into the country and importers themselves check for the final quality on arrival. In the case where BLE has chosen to run the control sampling, the checks are performed at the initially selected destination. Such conformity checks do not bear any additional costs to the exporter and also may be performed at any other EU border.

Table 12: German fresh fruit import-related regulations affecting Central Asian suppliers

Summary of the legislation	Implications for exports from CA
General Marketing Standard	
Document location: Annex 1 (English), European Commission fruit and vegetable regime (English)	
General marketing standards set minimum requirements on fruit and vegetables quality, maturity, deviation tolerance and origin of produce	<ul style="list-style-type: none"> ▪ Quality requirements: Intact, sound (not affected by rotting), clean and free from foreign matter, free from pests and their damage, free from abnormal moisture, free from foreign smells or taste, able to withstand transportation and handling, arriving in satisfactory condition to the place of destination. ▪ Maturity requirements: Sufficiently, but not over-developed, display satisfactory ripeness and not overripe. State of the produce must allow continuation of the ripening process. ▪ Tolerance: 10% of the produce count or weight that is not satisfying minimum quality requirement shall be allowed in each shipment, however only 2% of the tolerance deviation may comprise produce affected by decay. ▪ Country of origin: Full name of the country of origin should be stated in a language understandable to the consumers of the country of destination.
EU Regulation 1308/2013	
Document location: Summary (German), Complete regulation (English)	
The aim of the regulation is to create a common market for agricultural products across the EU. Fruit and vegetables are present in Section IX of the Regulation.	<p>CA fresh fruit produce has to adhere to the following minimum requirements:</p> <ul style="list-style-type: none"> ▪ Healthy - no fungus or any traces, no sun scorch, no cold temperature damage, no visual pressure damage. ▪ Clean - no visible dirt, earth traces or fertiliser residue ▪ Pest free - colonies of insects and pests are prohibited, while random individual insects are allowed as long as they do not affect the quality of the produce.
In general, the products should be fit for sale on the market, not damaged, or	

with significant defects. Unless there are some specific requirements, overall marketing standards can be applied to the fruit.

- Pest damage free - no visible signs of pest traces, affecting marketing and consumption. Some random minimal traces are tolerated.
- External fluid free - no external fluids are allowed, except condensed fluids caused by temperature changes during transportation.
- Neutral smell and taste - no unusual, unnatural smell and taste caused by other products, transportation and warehousing.

EU Regulation 543/2011

Document location: [Summary](#) (German), [Complete regulation](#) (English)

The aim of the regulation is to set out detailed rules for the application of the Council regulation EC 1234/2007, which was repealed by EU 1308/2013 (above). The regulation applies to fresh and processed fruit and vegetables.

Regulation specifies that general marketing norms should be applied to all fruit and vegetable produce, provided that the produce corresponds to international [UNECE](#) and [OECD](#) standards (please click on 'UNECE' or 'OECD' to view more detailed information on standards).

More particular EU regulations are applicable for 10 particular product categories, including apples, pears, strawberries, grapes, paprika, kiwi, nectarines/peaches, tomatoes, salad and citrus fruits.

Conformity checks are carried out by sampling and are focused on traders who are most likely to have goods that do not comply to the standards. Conformity checks are carried out before the goods enter the customs territory of the EU.

Customs allow goods into the EU in cases where the conformity certificate is present or a competent inspection body has notified customs that the conformity certificate has been granted.

Marketing standard for table grapes

Document location: [Annex 1](#) (English), p103

The standard is only applicable to table grapes supplied for fresh consumption; industrial processing ingredients are excluded.

The regulation sets additional requirements specific to table grapes,

Additional quality requirements: Berries should be intact, well formed, normally developed, pigmentation caused by sun is not considered a defect.

Additional maturity requirements:

The juice of the fruit shall have a refractometric index of at least:

including quality requirements, maturity requirements, classification requirements, sizing provision, tolerance provision, presentation provisions (uniformity, packaging), marking provisions (identification of the packer/dispatcher, nature of produce, origin of produce, commercial specification and official control mark along with full list of varieties.

- 12 °Brix for the Alphonse Lavallée, Cardinal and Victoria varieties;
- 13 °Brix for all other seeded varieties;
- 14 °Brix for all seedless varieties.

In addition, all varieties must have satisfactory sugar/acidity ratio levels.

Classification requirements:

- Extra class - superior quality, firm berries, firmly attached to stalks, free from defects;
- Class I - good quality, firm berries attached to stalks, however less evenly spaced as opposed to the Extra class. Slight defects in colouring, shape and sun scorch are accepted if not impacting overall appearance;

Class II - includes grapes that satisfy minimum requirements, but do not satisfy Extra and Class I requirements.

UNECE Standard FFV-2 for apricots

Document location: [UNECE apricot quality standard \(English\)](#), [UNECE apricot quality standard \(Russian\)](#)

The aim of the standard is to define the quality requirements for apricots at the export control stage after preparation and packaging. The standard applies specifically to apricots that are aimed to be consumed fresh; industrial-use apricots are excluded.

- Quality requirements: Intact, sound (not affected by rotting), clean and free from foreign matter, free from pests and their damage, free from abnormal moisture, free from foreign smells or taste, able to withstand transportation and handling, arriving in satisfactory condition to the place of destination.
- Maturity requirements: State of the produce must allow continuation of the ripening process. The colour characteristic of variety, turning from the background colour, must be present on at least 30% of the surface.
- Classification requirements:
 - Extra class - superior quality, flesh must be perfectly sound, free from defects;
 - Class I - good quality, flesh must be perfectly sound. Slight defects in shape, development, pressure marks and skin are accepted if not impacting overall appearance;
 - Class II - includes apricots that satisfy minimum requirements, but do not satisfy Extra and Class I requirements.

The standard further outlines size provisions, tolerance provisions, presentation provisions and marking provisions.

UNECE Standard FFV-13 for cherries

Document location: [UNECE cherries quality standard](#)

The aim of the standard is to define the quality requirements for cherries at the export control stage after preparation and packaging. The standard applies specifically to cherries that are aimed to be consumed fresh; industrial-use apricots are excluded.

- Quality requirements: Intact, sound (not affected by rotting), clean and free from foreign matter, free from pests and their damage, free from abnormal moisture, free from foreign smell or taste, able to withstand transportation and handling, arriving in satisfactory condition to the place of destination.
 - Maturity requirements: Cherries must be sufficiently developed and display satisfactory ripeness.
 - Classification requirements:
 - Extra class - superior quality, free from defects;
 - Class I - good quality. Slight defects in shape and colouring are accepted if not impacting overall appearance;
 - Class II - includes apricots that satisfy minimum requirements, but do not satisfy Extra and Class I requirements.
 - The standard further outlines size provisions, tolerance provisions, presentation provisions and marking provisions.
-

UNECE Standard FFV-23 for melons

Document location: [UNECE melon quality standard](#) (English), [UNECE melon quality standard](#) (Russian)

The aim of the standard is to define the quality requirements for table grapes at the export control stage. The standard applies specifically to table grapes that are aimed to be consumed fresh.

Minimum requirements for melons:

- Intact
 - sound; produce affected by rotting or deterioration such as to make it unfit for consumption is excluded
 - clean, practically free of any visible foreign matter
 - fresh in appearance
 - practically free from pests
 - free from damage caused by pests affecting the flesh
 - firm
 - free of abnormal external moisture
 - free of any foreign smell and/or taste.
 - The melons must be sufficiently developed and display satisfactory ripeness.
 - In order to satisfy this requirement the refractometric index of the flesh measured at the middle point of the fruit flesh and at the equatorial section must be equal to or greater than 10° Brix for Charentais type melons and 8° Brix for other melons.
-

UNECE Standard FFV-19 for table grapes

Document location: [UNECE table grapes quality standard](#) (English), [UNECE table grapes quality standard](#) (Russian)

The aim of the standard is to define the quality requirements for table grapes at the export control stage. The standard applies specifically to table grapes that are aimed to be consumed fresh.

Minimum requirements for grapes:

- sound; produce affected by rotting or deterioration such as to make it unfit for consumption is excluded
- clean, practically free of any visible foreign matter
- practically free from pests
- practically free from damage caused by pests
- free of abnormal external moisture
- free of any foreign smell and/or taste

In addition, berries must be:

- Intact
- well formed
- normally developed.

Pigmentation due to sun is not a defect.

Table grapes must be sufficiently developed and display satisfactory ripeness. In order to satisfy this requirement, the fruit must have obtained a refractometric index of at least 16° Brix.

Fruit with a lower refractometric index are accepted provided the sugar/acid ratio is at least equal to:

- 20:1 if the Brix level is greater than or equal to 12.5° and less than 14° Brix
- 18:1 if the Brix level is greater than or equal to 14° and less than 16° Brix.

EU Pesticide residues database

Document location: [Maximum residue level database](#)

The unified EU Database contains a large number of existing pesticide residues and product categories. By selecting products and various pesticide residues, it is possible to check the most relevant maximum residue level for the relevant product category. MRLs may be often updated, thus, it is useful to check the database in case of doubt.

EC Regulation 396/2005 on the maximum pesticide residue levels

Document location: [EC Regulation 396/2005](#) (English)

Regulation (EC) No 396/2005 of the European Parliament and of the defines a fully harmonised set of rules for

The Regulation covers plant and animal products intended for marketing in the EU, which may contain pesticide residues.

pesticide residues. This Regulation lays down provisions for the setting of EU pesticide maximum residue levels (MRLs) in food and feed. Maximum residue levels are established for fruit and vegetables and have to be observed by food business operators and controlled by the EU country authorities.

Imports of plant and animal products must comply with such MRLs set by the European Commission to protect consumers from exposure to unacceptable levels of pesticide residues.

EC Regulation No 1881/2006

Document location: [EC Regulation 1881/2006](#) (English)

EC Regulation 1881/2006 sets maximum levels of contaminants in foodstuffs and foodstuff mixes marketed in the EU. On the EU level, maximum limits are set for certain contaminants and should be controlled by state authorities (e.g. nitrates in vegetables, aflatoxins in nuts etc.). Annex I to the Resolution has a table of product categories and maximum levels of contaminants tolerable.

For fresh fruit maximum level of Lead is at 0,10 mg/kg, berries have the maximum level at 0,20 mg/kg.

The maximum level of cadmium for fruit is set at 0,050 mg/kg of wet weight.

The Federal Office of Agriculture and Food (Bundesanstalt für Landwirtschaft und Ernährung (BLE))

Document location: [Contact details](#)

Contact details to all controlling stations of BLE, providing physical addresses and phone numbers. Includes stations in Hamburg, Bremerhaven, Berlin, Munich, Frankfurt am Main and Cologne.

BLE guide to the conformity control of the import and export of fresh fruit and vegetables

Document location: [About conformity controls](#) (German)

The guide summarises the main legislation documents concerning conformity requirements, and outlines the conformity control procedure by BLE. Fruits imported to Germany need to conform to the general marketing norms, and given specific standards for some types of fruit. It is the main responsibility of producers, packers and importers to check the conformity of the products. BLE conducts controls on a selective basis. For the import of consignments, conformity documents have to be presented at the border (third countries may show export control

documents issued by inland authorities recognised by the EU in accordance with Part IV of the Regulation 543/2011).

Guide to risk analysis and reporting requirements

Document location: [About risk analysis and reporting](#) (German)

The document explains risk analysis definition and process, and contains an example of a checklist for risk analysis on page 22.

The guide is mainly applicable to importer companies/distributors/buyers in Germany, as the companies are part of the German database. However, some important risk factors for imported fruits are also addressed.

Risk analysis enables German authorities to analyse the level of risk that import/marketing of fruits from certain producers/ distributors may cause. There are several risk parameters to be considered:

- Type of the business and its position in the supply chain (producer, packing station, cooperative, etc);
- Assortment of products;
- Size of the company (according to turnover).

When it comes to foreign goods, as in the case of this study, importers in Germany have little control over the conditions of production in the exporting country, thus, different risk parameters play a significant role here:

- Product range;
- Country of origin;
- Exporter/packer;
- Buyer;
- Other factors (transportation conditions, seasonality, and point of conformity control).

Each company/produce is assigned a certain number of risk points and categorised as high or low risk. This further affects the frequency of controls and conformity checks.

Phyto-sanitary norms

Document location: [Phyto-sanitary norms](#)

EU has a detailed set of rules to reduce or eliminate the possible risks of animal and plant diseases being introduced into the EU with goods originating from third countries. The norms also contain cooperation guidelines between relevant authorities and customs services, as well as provisions on targeting control on the basis of risk analysis.

The norms concern preventative measures to be taken by relevant authorities and customs services at the EU, in order to prevent introduction of harmful substances, pests and other prohibited elements that may threaten or damage plant and public health in the country of destination.

Phyto-sanitary certificates

Document location: [Phyto-sanitary certification norms and guidelines](#)

The document sums up international norms for filling phyto-sanitary certificates. Imports of fresh fruit and plants from all non-EU countries require phyto-sanitary certificates. These certificates indicate that consignments do not pose threats to plant and human health. The certificates have to be issued by a competent food and agriculture authority within the exporting country (in the local language and in English).

Each phyto-sanitary certificate needs to be issued in the exporting country, however, the importing country may have some additional requests regarding the language, and validity period of the certificate. Section 2.1 contains sample requirements for the completion of the certificate. Some of them refer to the name and address of the importer, number and description of packages, place of origin, distinguishing marks, botanical names of plants, name of the point of entry etc.

Wooden packaging of the imported products

Document location: [Wooden packaging regulation](#)

Certain types of wooden packaging fall under phyto-sanitary control requirements, and thus, have to be regulated separately. Packaging made of raw wood, or wood not processed sufficiently (eg heat treatment), has to be accompanied by a phyto-sanitary certificate and/or be stamped accordingly. There are certain exceptions to the rule:

- Packaging made of raw wood but no more than 6mm thick;
- Packaging of wood that has undergone processing such as heat treatment, pressure, and contains glue materials;
- Wooden shavings, sawdust;
- Wooden materials that are continuously linked to the transportation/containers.

Wooden packaging that is included in the regulation, has to undergo relevant treatment to ensure it is free of harmful organisms.

Food and feed safety

Document location: [Food and feed safety norms](#)

EU rules on food safety are designed to protect human life and health, while the Regulation (EC) No 178/2002 - Section 4 lays down all main principles of food safety under the food law. Unsafe products should be prohibited from sales. All food business must ensure traceability of

rules on animal feed aim to protect human and animal life and health. their products at all stages of production and distribution, and immediately withdraw unsafe products from distribution.

There are some general principles and requirements for this category of imports to be considered before introducing them to the market. The following aspects are important in assessing food safety and risks:

- Information provided to consumers;
- Normal conditions of consuming the products;
- Short- and long-term effects on health;
- Toxic effects;
- Sensitivities by some consumer groups (eg children).

Regulation (EC) No 853/2004 on the hygiene of foodstuffs provides information on ensuring hygiene of food products at all stages of production and distribution. This concerns food premises and equipment, transport, water supply, food waste, personal hygiene of workers, wrapping and packaging and any heat treatment.

EU Regulation 1169/2011

Document location: [Complete text of the regulation in English](#)

The Regulation is establishing requirements for food information to be provided to consumers. There is a set of mandatory food information requirements that have to be provided to consumers:

- Information on the identity, composition, properties of the food;
- Compositional additives that might be harmful to some groups of consumers;
- Durability, storage, safe use;
- The health impact, also, related to harmful and hazardous consumption of the food;
- Information on nutritious values.

The food business operator responsible for the food information shall be the one, under whose name the food is marketed. The Regulation further provides a more specific list of mandatory food information requirements:

1. The name of the food;
2. List of ingredients;
3. Any ingredient causing allergies and intolerances (also listed in the annex to the regulation);
4. Quantity of certain ingredients;
5. "Use by" date;
6. Any special storage conditions;
7. Name of the food business operator;

8. Country of origin, or place of provenance.

Guidelines on additional controls of organic products imported to the EU from particular countries

Document location: [Complete document in English](#)

All organic products should undergo complete documentation checks at the point of entry. The documents to be checked:

- Certificate of inspection, boxes one to 15;
- Documents of custom declaration;
- Transport documents;
- Operators and product traceability: Verification of names, addresses and valid certification of all operators in the trade flow.

At least one representative sample shall be taken of each of these consignments at the point of entry in the EU. Samples should be analysed for the presence of pesticide residues in an accredited laboratory. When pesticide residues are detected, investigation shall start and a note should be made in the EU Commission's Organic Farmers' Information System (OFIS).

Multiple bilateral and multilateral trade agreements drive EU international trade

EU trade policy is based on the law of the EU, and agreement on establishing a common economic area, and thus, a single market. This creates a free trade zone between the European Union (EU) and European Free Trade Association (EFTA) member states, and allows for free movement of goods, services, people and capital. Apart from this, the EU has multiple bilateral trade agreements that benefit its trade. For example, agreement with Turkey creates a customs union and provides concessions for tariffs on agricultural goods. In addition, the EU actively works on promoting trade with least developed countries and countries with low incomes and vulnerable economies. Generalised Scheme of Preferences (GSP, GSP+) allow for closer trade relations with these countries, and reduce tariffs on 66% of the goods imported to the EU. In the course of the development of any GSP country, it may no longer be considered eligible for the GSP due to better economic conditions. In such cases, a country and its export product groups may be considered as "graduated" from the GSP. This was the case with Kazakhstan in 2014. On the other hand, Kyrgyzstan has transitioned from GSP to GSP+ scheme, which allows for even further trade facilitation measures, such as zero rate custom rates for agricultural produce. The EU considers the Central Asian region significant from a geostrategic perspective and aims to develop and facilitate trade relations with the Central Asian republics. While the intentions to develop trade are present on both sides, the EU and Central Asia, currently trade turnover remains very low. The main goods

imported to the EU from Central Asia are of a non-food nature (cotton fibre, oil, gas, metals), and the EU exports mainly machinery and transport to the region. The EU has developed a strategy for cooperation with the Central Asian republics, and the main prerequisite for building closer economic relations has been World Trade Organization (WTO) membership of the republics. Kyrgyzstan (1998), Tajikistan (2013) and Kazakhstan (2015) already satisfy the latter criteria, while Uzbekistan is just starting the accession process. Further relations with the region are based on general EU Central Asia Strategy and on bilateral Partnership and Cooperation Agreements that also provide for Most Favoured Nation treatment, and prohibition of general quantitative restrictions on imports to the EU.

Table 13: Germany's bilateral and multilateral trade agreements affecting fresh fruit trade

Summary of the legislation	Implications for exports from CA
<p>The EU Single Market Policy</p>	
<p>Document location: EU Single Market Policy</p>	
<p>The Law of the EU (Treaty on Founding the EU, other additional treaties) provides that all EU member states become part of a single market, with no trade barriers. Quantitative restrictions on imports and exports are prohibited and standardised technical procedures are applied to manufacturing, monitoring and other procedures on the market. All EU products get a CE mark that certifies their safety for consumption on the whole territory of the union.</p>	<p>For CA countries, such a situation provides both advantages and challenges.</p> <p>On the one hand, CA exporters may expect harmonised rules and import conditions across all EU-28 countries, and thus apply unified EU requirements to their products and enter the EU at any border point that is most suitable from a logistical point of view.</p> <p>On the other hand, CA exporters face increased competition from the EU-28 countries that have no barriers to supply their products to other member states. For the fruit category, this may be even more important, since the products are seasonal and affected by weather conditions - thus, fast reaction to a changing marketing environment may be needed for successful trade. At the same time, it is important to keep in mind that the EU still has to import a large share of its fruit from third countries, in order to meet internal demand. Therefore, there is some opportunity for new suppliers of quality fruit.</p>
<p>EU-Turkey Preferential Agreement on Agriculture</p>	
<p>Document location: EU-Turkey Preferential Agreement on Agriculture</p>	

EU and Turkey are linked by a customs union agreement since 1995. However, the free trade agreement applies to industrial and some processed food goods, and does not apply to agricultural goods.

Trade in agricultural goods is regulated by separate concessions laid down in the Preferential Agreement on Agriculture and further Directives.

Turkey is one of the biggest trade partners of the EU, and has been developing relations for several decades. In the fruit category (especially, apricots) Turkey is one of the most important competitors on the German market. Turkey and the EU have agreed upon certain bilateral tariff concessions that helped liberalise trade. For example, by decreasing some tariffs, or by making procedures around transportation, invoicing and other aspects easier for the exporters from a legal point of view.

European Economic Area (EEA)

Document location: [European Economic Area Agreement](#)

EEA brings together EU member states and EFTA member states (Liechtenstein, Norway and Iceland) in a single market. The Agreement provides for the distribution of four main freedoms (free movement of people, goods, services and capital) across the 31 EEA states. It also includes provisions on cooperation in research and development, education, environment, etc.

Note: Switzerland is not part of the EEA, and has separate bilateral agreements on free trade with the EU.

The EEA Agreement prohibits customs duties and equivalent charges between the contracting parties, as well as any quantitative restriction on imported/exported products. Trade in agricultural products, however, is regulated more strictly, and there is no full liberalisation in this segment according to the EEA. However, no specific restriction are provided in the legislative document.

Iceland, Norway and Liechtenstein are not the main competitors on the EU fruit market, and thus do not represent a serious threat to exporters of Central Asian fruit. However, this agreement illustrates another aspect of free trade cooperation with the EU.

EU Generalised Scheme of Preferences (GSP, GSP+)

Document location: [EU GSP+](#), [EU GSP](#)

EU Generalised Scheme of Preferences covers over 30 countries, and allows tariff reductions for 66% of goods categories imported to the EU. It helps vulnerable countries pay fewer tariff duties and benefit from exports to the EU. GSP sets clear criteria for granting GSP+, while vulnerable countries can use GSP+ as an incentive to develop and trade more.

In the light of the current research, GSP+ is an interesting scheme, and was granted to Kyrgyzstan in 2016. There are certain strict criteria to joining GSP+:

- The country must be vulnerable, without diversified sectors of economy;
- Import levels from the EU must be low;
- The country must have ratified 27 conventions on human and labour rights, environment and other socially important issues;
- There are currently eight beneficiaries of GSP+, including Kyrgyzstan.

Four of the five Central Asian countries benefit from favourable access to the EU market, through the Generalised Scheme of Preferences (Kazakhstan, as an upper middle income level economy, no longer benefits from this scheme, since January 2014).

EU partnership and cooperation agreements

Document location: [EU PCA with Uzbekistan](#), [EU PCA with Kazakhstan](#), [EU PCA with Kyrgyzstan](#), [EU PCA with Tajikistan](#)

EU PCAs with CA countries promote trade relations between the parties and lead to further harmonisation of legislation and standards, including those related to trade.

In terms of trade, PCAs are of non-preferential nature and ensure the regime of Most Favoured Nation, while prohibiting quantitative restrictions on imports/exports between the parties.

The PCAs envisage approximation of the legislation related to trade, customs, technical standards, intellectual property rights etc. Thus, the agreements lay down a base for promoting closer relations between the EU and CA countries.

5.5 OVERVIEW OF GERMAN FRESH FRUIT IMPORT SUPPLY CHAIN

Structured and clear supply chain, calls for stronger Central Asian produce promoters

The German fresh fruit supply chain is rather traditional. Domestic produce typically moves from a domestic producer to modern retail chains or local farmers' markets in order to reach the final consumer (see *Figure 3*).

Figure 3: Domestic fresh fruit supply chain



When it comes to imports, only the largest producers are able to directly contact retailers, while mid- and small-sized producers reach the market through import enterprises, also known as traders. These companies deal with a large number of SME producers and therefore are able to collect significant product volumes, which are then sold to retailers in order to reach the end consumer (see *Figure 4*)

Figure 4: Fresh fruit imports to Germany supply chain



As mentioned above, currently Germany has very limited trade with Central Asian markets especially in terms of fresh fruit. One of the key reasons behind the slow Central Asian fresh fruit import development goes beyond legal and retailer requirements and is connected with the lack of Central Asian produce marketing and awareness. German consumers are not aware of the taste and quality of Central Asian produce, and therefore retailers are choosing safe and tested supply partners from markets that already have presence in Germany. In order to develop a stronger international trade partnership between Germany and Central Asia, there is a need for an extra link in the supply chain, responsible for Central Asian export promotions in Germany, produce presentation to domestic importers and buyers and general and initiation of business transactions (see *Figure 5*). Such an export promoter may take the form of a satellite office of a particular large-sized producer, or export promoting association, allowing the smaller players be able to reach out to the German buyers and importers or even create a special group in the chamber of commerce.

Figure 5: Improved fresh fruit imports to Germany supply chain



German buyers prefer marine distribution for long-distance deliveries

European fresh fruit imports are typically delivered by trucks and in smaller quantities, while South American trade partners primarily use marine deliveries through Hamburg port (the second busiest

European seaport and the 15th largest seaport globally), Bremen port and also neighbouring Rotterdam port in the Netherlands. Fresh fruits in particular are typically imported and transported in high volumes, therefore marine distribution allows optimisation of logistical costs, compared to the cost of distribution by air, and ensures the scale of delivery, as opposed to land-based logistics.

Exporters are expected to customise logistical solutions to meet importers' requirements

Detailed and customised preferences of German fresh fruit importers depend on the actual geographical location of the players and their target markets, as each player is looking to receive the order in the most convenient manner. Therefore international exporters are advised to do some preliminary research of the importer they deal with to have an initial understanding of what the logistical preferences of the particular player might be. For example, UNIVEG Trade International GmbH is located in Bremen, and therefore its preferred import port is Bremen seaport, whereas Fresh Line Fruit Services is on the border with the Netherlands and Luxembourg and therefore prioritises Rotterdam seaport over others, while Fruchthof Eichinger GmbH primarily focuses on Bavaria-based clients, so this particular importer does not have any particular preferences in terms of seaport destination, and places strong emphasis on road transportation, including cold chain.

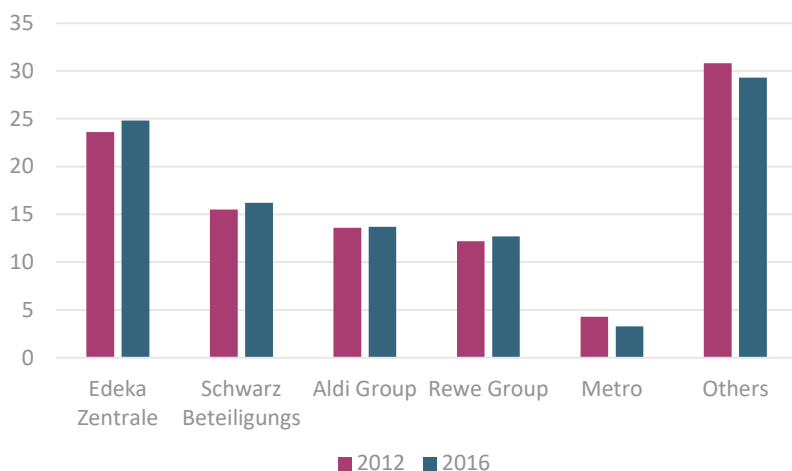
5.6 OVERVIEW OF GERMAN FRESH FRUIT RETAILING LANDSCAPE

German fresh fruit buyers become more concentrated

Germany's fresh food retailing landscape is strongly focused on modern retailers, which control 80.2% [Source: Euromonitor Fresh Food 2016 database] of fresh food retail volumes in 2016. Looking at the wider grocery market, 71% of grocery value sales in 2016 were generated by the top five retail holdings (see *Chart 8*) namely Edeka Zentrale AG & CoKG (Edeka, Netto Marken, Marktkauf), Rewe Group (Rewe, Penny Markt, Rewe Center), Schwarz Group (Lidl, Kaufland), Aldi Group (Aldi) and Metro AG (Real). In addition to the big five there are a few more important players, including nationwide discounter Norma and regional purchasing cooperatives, such as Bunting, Tengemann, Bartels-Langness, Dohle Handelsgruppe, Globus and Klaas & Klock. Discounters alone control around 35% of grocery retail value sales, catering to price-sensitive consumers, while offering good quality products. Retailers such as Edeka and Rewe have in recent years particularly addressed the quality needs of German consumers through product and store differentiation as well as the grocery shopping experience as a whole. It is

also particularly important to them that their product ranges reflect current trends and consumer needs.

Chart 8: Grocery retail landscape (value sales based market shares 2012, 2016)



Source: Euromonitor. Grocery Retailing 2016

Retailers typically work directly with large producers, while in the agro sector SMEs are dominant. Therefore, retailers work with importers that are able to meet their volume requirements while consolidating stock of different producers. Importers themselves do not have any minimum volume requirements to producers, since importers typically work on a commission basis (around 8-10%), so they are interested in any volumes.

Fresh fruit brokers play an insurance role for exporters

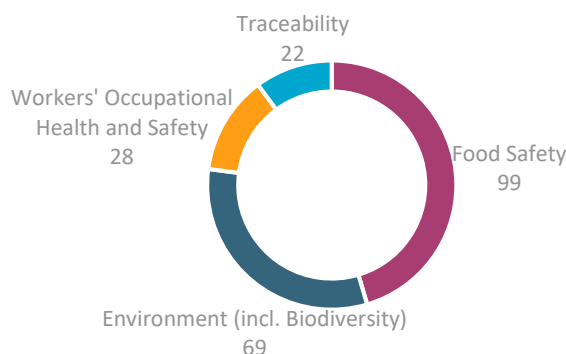
The final consumption fresh fruit market is expected to continue growing through chained modern retailers and discounters as well as farmers' markets (specifically focusing on local farm produce), while food processing is expected to remain stable or marginally decrease. An interesting market player is the fresh fruit broker, which specifically focuses on wholesale and re-export of fruits that were imported to Germany as a result of purchasing contract fulfilment between the producer (exporter) and German buyer (eg supermarket/distributor), which were then declined by the initial buyer due to inconsistencies in quality, visual product aspects (such as shape, size or colour) or other reasons. Fresh fruit brokers aim to wholesale the defective product either to other retailers or the food processing industry or re-export to other markets, where buyers' requirements are different (less strict) from German ones. Recently there was a case of a German retailer refusing a consignment of hail-damaged apricots due to visual inconsistencies that were re-sold by the broker to local discounters, who were able to utilise the produce at cheaper prices. The cold-chain logistics for fresh fruit are relatively established in the German market, where fresh fruit produce is typically delivered under a controlled temperature of 2-8 degrees Celsius, nevertheless there are cases of fruit being damaged due to temperature control inconsistencies. While visual and quality concerns are some of the reasons for an original contract to be voided, there are some less supplier-dependent factors, such as retail market price and demand. In a case where a retailer or other buyer has overestimated the price of the fresh fruit, while contracting the order, and the actual market situation would not allow any sale at the

expected price point, the buyers are looking for ways to void the contract in order to minimise any losses.

Key German retailers work with GLOBALG.A.P. certified suppliers

European supermarket chains are increasingly demanding that their suppliers be certified against a private food safety standard such as GLOBALG.A.P., BRC and IFS. These chains account for over 60% of fresh produce retail sales in many European countries. In addition, each individual retail company may impose even stronger quality requirements on its suppliers so as to differentiate its products from those of its competitors. German retailers in particular are looking for holistic suppliers that can not only guarantee food safety, but also occupational health and safety, traceability, biodiversity and environmentally-friendly production methods (see *Chart 9*). All of the above-mentioned requirements are part of the fifth version of the Fruit & Vegetable GLOBALG.A.P. certification, offering 218 control points over the production cycle.

Chart 9: Composition of GLOBALG.A.P. standard



Source: www.globalgap.org/fv

For example, the largest German retailer Edeka sources its fruit and vegetables from more than 80 countries and in order to ensure equally trusted and respected levels of safety control Edeka became a GLOBALG.A.P. member in 2005. While GLOBALG.A.P. has 15 different standards, Edeka demands all its producers to be certified with Integrated Farm Assurance Standard, Chain of Custody Standard and since 2014 GRASP (Risk Assessment on Social Practice) standard.

Rewe Group demands its suppliers to be certified with Quality Scheme for Food (QS) or GLOBALG.A.P. standards, as a means to add additional levels of end-to-end controls and inspections throughout the entire production and supply chain, including farming, logistics and wholesale. Rewe Group sets high standards on pesticide control and demands far beyond statutory requirements, asking all its fruit and vegetables suppliers to employ integrated agricultural practices and use fertilisers responsibly, in moderation and in an environmentally-compatible manner. Rewe is the only German retailer that annually publishes a report on chemical plant protection (“Statusbericht chemischer Pflanzenschutz”), where the company measures and evaluates data from residues and talks about measures for improvement and development.

Other key German players such as Metro, Lidl and Aldi support Global Food Safety Initiative and demand their suppliers provide International Featured Standards (IFS) and GLOBALG.A.P. certifications.

Table 14: Common voluntary conformity requirements in German fresh fruit industry

GLOBALG.A.P.

Document location:

- Fruit and Vegetables Booklet - the document provides a good overview of the existing GLOBALG.A.P. Certification Version, and explains what the most important aspects to it are;
- GLOBALG.A.P. Documentation - there are several documents and checklists applicable to fruit and vegetables producers. These documents are free to download and allow farmers to run preliminary self-assessment in light of the GLOBALG.A.P. requirements;
- Approved GLOBALG.A.P. Certification Bodies - the list provides an overview of the existing Certification Bodies and can be filtered by region and country.

GLOBALG.A.P. is an international standard ensuring Good Agricultural Practices across almost 200,000 farmers worldwide. The aim of GLOBALG.A.P. is to ensure safe and sustainable food production, and offers opportunities for voluntary certification to small and large enterprises, as well as to groups of farmers.

Several aspects are crucial for GLOBALG.A.P. standards and certification:

- Food safety and traceability;
- Environment protection (including bio-diversity);
- Safe work conditions and social responsibility;
- Animal protection;
- Plant safety control and quality management system, Hazard Analysis and Critical Control Points (HACCP).

All retailer chains in Germany require GLOBALG.A.P. certification in addition to other conformity standards. Thus, this cannot be considered a voluntary conformity requirement in the context of the German market for food and agricultural products. A technical benefit of GLOBALG.A.P. certification is that it allows tracing of farmers' status by their unique certification number in the online database at any time.

LocalGAP is a stepping stone to GLOBALG.A.P. certification. LocalGAP can be created by a local programme owner and allows farmers to step, generally, from a foundational to an intermediate level, and obtain GLOBALG.A.P. certification in five years. LocalGAP thus represents an assessment process, and is a subset of the International Farm Assurance Standard. Every LocalGAP programme has a programme owner that signed a Memorandum of Understanding with the GLOBALG.A.P. Secretariat. Implementation of the programme is customer and market related, the process and results of assessments are only visible to the specific customer requesting the LocalGAP programme for certain farmers. Programme owners must be members of GLOBALG.A.P. and can be retailers, manufacturers, traders or cooperatives.

There are five main steps to obtaining GLOBALG.A.P. certification (skipping LocalGAP):

- Get the relevant document on the GLOBALG.A.P. website;
- Choose a certification body within the relevant country and acquire a GLOBALG.A.P. number (GGN);

- Conduct a self-assessment based on the checklist and see what points are the weakest. GLOBALG.A.P. licensed Farm Assurers can provide necessary consultations and help;
- After arranging an appointment with the local GLOBALG.A.P. certification body, a first on-site inspection will be conducted.

After successful completion of the steps, a GLOBALG.A.P. certificate will be granted to producers for the certain scope of their products for one year.

Hazard Analysis and Critical Control Points (HACCP) system

Businesses in the food sector should apply HACCP principles which are part of the Codex Alimentarius (please click on “Codex Alimentarius” for detailed information). These principles, however, do not replace official checks.

The HACCP system outlines the key principles of food hygiene and safety and is a legal requirement according to EU law.

EU countries must encourage the development of national guidelines based on HACCP principles, with the possibility of EU-wide guidelines if this is thought necessary.

Food imported into the EU must comply with EU standards or their equivalent, as well as any requirements that the importing country may impose.

International Featured Standards (IFS)

IFS is one of the most widespread food standards, and although not directly laid down as an obligatory requirement, IFS is preferred by most Germans buyers and traders. IFS can apply to both producers and to logistics and packaging companies. HACCP is also part of IFS certification. All retailers (Metro Group, Rewe Group, Edeka, Aldi, Lidl) in Germany require IFS from their suppliers. For developing small enterprises, there is an opportunity to obtain IFS Global Markets Certificate.

Main aspects of IFS are as follows:

- Responsibility of enterprises;
- Establishment of quality and food safety systems;
- Resource management;
- Production process;
- Assessments, measurements, analysis;
- Food defence (defence of food chain from terrorist attacks).

To be audited by the IFS, following steps have to be taken:

- Decision to get IFS Food or IFS Logistics certificate;
- Ordering the latest version of the standard via www.ifs-online.eu;
- Assessment of the current status (by the enterprise itself);
- Choice of certification location;

- Determining of audit conditions and times;
 - Optional - having a pre-audit to maintain status quo;
 - Conduct of the audit.
-

ISO22000

ISO provides a quality norm for the entire supply chain, from production to end destination. However, IFS is a more detailed and broad standard, and would be sufficient for most buyers.

FSSC 22000

FSSC 22000 represents a complete food safety certification system and is primarily based on independent international standards such as ISO22000, ISO22003, with sector-specific requirements. The certification scheme includes manufacturing and transportation, and on-site storage. The standard can be applicable to all kinds of food businesses, regardless of their size and structure.

The geographic scope of FSSC 22000 includes Central Asian republics, except Tajikistan and Turkmenistan. The scope includes countries, where the standard is currently implemented and product sectors covered by the standard are verified. In terms of product scope, FSSC 22000 covers food safety systems for animal products, vegetal products, products with a long shelf life and food packaging.

In order to obtain and maintain the standard, third party audits have to be conducted, and surveillance audits take place once per year. More specific information on the certification process can be found under the [FSSC certification scheme](#) (please click on “FSSC certification scheme” for detailed information).

The FSSC certification process can be viewed as the following sequence:

- Selection of the certification scheme and preliminary self-assessment;
- Addressing any non-conformities;
- Selection of a certification body;
- Creation and signing of a certification agreement between the certification body and the food enterprise;
- Elaboration of an audit scheme and calculation of the costs;
- Audit process - check relevant food safety documentation and check implementation of food safety standards;
- Issuance of the certificate.

The certificate expires three years after its issuance. During this period, surveillance audits shall be conducted at least once per year. It is up to the certification body to decide whether an extension of the certificate can be granted after the initial three years.

Fairtrade

Fairtrade certification is available for producers of different sizes, and for multiple product categories (including pulses, nuts, fresh and prepared/preserved fruit and vegetables). In general terms, Fairtrade refers to a strategy that aims at promotion of sustainable development and reduction of poverty by introducing fair trade standards. The system is designed to benefit small producers, in particular. Small farmer organisations may apply for the certification and should accept the necessary technical requirements for the audits, laid down by the certification body. The farms should concentrate on agricultural production that does not involve a significant number of permanently hired workers (eg family farm, seasonally hired works as regulated by the certification body). Most of the income of such workers should come from the farm.

Products sold under the Fairtrade label have to be well traceable and separated from other non-certified products. All aspects of production flow have to be recorded, as well as all the sales of Fairtrade products by a farm. Fairtrade International publishes minimum fair trade prices, and they are further defined in contracts between producers and buyers. An important aspect of Fairtrade certification refers to the environment protection, risk analysis every three years, as well as consistent control of pests and diseases, and relevant training provided to farmers. More specific information on Fairtrade certification for small farmer organisations can be found [here](#) (please click on “here” for detailed information).

Organic Regulation EU 834/2007

The document puts together the main principles for the production and certification of organic products. The product range covers living and unprocessed agricultural products, processed food products, feed and seeds. The document provides the main standards for organic farming and food processing, as well as prohibits the use of ionising radiation and the use of GMOs.

Organic production should rest on the following principles:

- The appropriate design and management of biological processes based on ecological systems using natural resources that are internal to the system by methods that:
- Use living organisms and mechanical production methods;
- Practice land-related crop cultivation and livestock production or practice aquaculture which complies with the principle of sustainable exploitation of fisheries;
- Exclude the use of GMOs and products produced from or by GMOs with the exception of veterinary medicinal products;
- Are based on risk assessment, and the use of precautionary and preventative measures, when appropriate;
- Restriction in the use of external inputs.

Where the inputs are necessary they should be limited to:

- Inputs from organic production;

- Natural or naturally-derived substances;
- Low solubility mineral fertilisers;
- The strict limitation of the use of chemically synthesised inputs to exceptional cases these being: adaptation, where necessary, of the rules of organic production taking account of sanitary status, regional differences in climate and local conditions, stages of development and specific husbandry practices.

German Organic Trade association has similar, yet somewhat higher standards for food products to be marketed in Germany. Bio-Siegel is one of the most widespread organic labels in Germany for the categories in scope. Before using Bio-Siegel for the first time, manufacturers of organic products must notify their intention to the Bio-Siegel information service located within the BLE. Both the German Bio-Siegel and the trademarks of other organic producer organisations may be used in addition to the EU eco label.


In order to get a more clear understanding of the existing organic standards and requirements, it is useful to consult the [Organic Standards](#) information portal (click on “Organic Standards” for detailed information).

5.7 OVERVIEW OF THE GERMAN CUSTOMS AND DUTIES

Exporters to German market face stable custom tariffs and online services

German import customs and tariff norms conform to the wider EU tariff system and are available to find online within the [TARIC database](#) (see *Table 15*). Over the past decade, customs and tariffs have been relatively stable. Some preferential quotas may appear, based on preferential agreements. Such agreements are not in place for the Central Asian republics. However, it is noteworthy, that for Uzbekistan and Tajikistan, tariffs under GSP arrangement are lower than for other republics - eg the tariff for apricots is set at 16.5%, for grapes 14.1%, for cherries 8.5%, and for melons 5.3%. For Kyrgyzstan, as a member of GSP+, preference tariffs are set at 0%.

Table 15: Key fresh fruit customs duties in Germany

 Apricots	
Kazakhstan (Third country duty)	20%
Kyrgyzstan (GSP +)	0%
Tajikistan (GSP)	16.5%
Uzbekistan (GSP)	16.5%

Standard Import Value EUR219/100 kg

 **Cherries**

Kazakhstan (Third country duty)	12%
Kyrgyzstan (GSP +)	0%
Tajikistan (GSP)	8.5%
Uzbekistan (GSP)	8.5%
Standard Import Value	n/a

 **Grapes**

Kazakhstan (Third country duty)	14.1-17.6%
Kyrgyzstan (GSP +)	0%
Tajikistan (GSP)	14.1%
Uzbekistan (GSP)	14.1%
Standard Import Vale	EUR105.8/100 kg

 **Melons**

Kazakhstan (Third country duty)	8.8%
Kyrgyzstan (GSP +)	0%
Tajikistan (GSP)	5.3%
Uzbekistan (GSP)	5.3%
Standard Import Value	EUR99.9/100 kg

Source: TARIC database

Every product is assigned a tariff norm based on its country of origin. Normally, the importer is notified about the delivery of the import consignment to the border. The importer should fill in the import declaration and present it with all necessary documents such as declaration of value, invoice check the

export tax rate, enter the name of the country of origin and the harmonised product code etc. For more specific tax information, each exporter or importer may contact the tax office directly and enquire personalised calculation of the tax for the particular import/export consignment. The tax enquiry is binding to the extent that it sets the tariff for the particular product to be imported and lasts for and other applicable documents at customs. When all supporting documents (see *Table 16*) are correct, the import duties are fixed and as soon as they are paid and the goods have been controlled by the BIP, the importer receives the goods.

The VAT rate for fruit does not depend on the origin of the product, but on the level of processing. Products that are sold fresh are subject to reduced VAT of 7% (with some product exceptions, not applicable to the categories in scope).

Table 16: Customs related documentation in Germany

Import declaration

Document location: Import declaration (Einfuhrzollanmeldung)

The document is issued by the central tax authority of Germany, which can be found online at zoll.de.

Invoice

Invoice should contain information about buyer and seller, date and place of document, precise description of goods and packages, price of goods, conditions of delivery and payment, as well as country of origin of goods.

Declaration of value

Document location: Declaration of value

Declaration of value is normally necessary for imports valued at over EUR 15,000. The declaration is to be presented with the import declaration and relates to the customs value and calculation of customs value. The document is issued by the central tax authority of Germany.

Import licence

Required - laid down by EU legislation.

5.8 OVERVIEW OF OPPORTUNITIES IN GERMAN MARKET OPEN FOR CENTRAL ASIAN SUPPLIERS

Central Asia export opportunities are limited to cherries and apricots

Cherries represent the most interesting export opportunity to the German market. The product is in strong demand, however supply is very limited especially at the beginning of the season. The Central Asian region may benefit from the opportunity by focusing its production on the early harvests of cherries, ripening around the 17th or 18th week of the calendar year. Demand is for large-sized, sweet dark berries, therefore Central Asia should focus particularly on such variants. The price points of cherries are significantly higher than any of the other fruit categories under research.

The German apricots market may also offer opportunities for Central Asian producers, especially for Uzbekistan and Kyrgyzstan, as produce from these markets already has some presence in the German market and has its own target audience. Organic apricots or otherwise ecologically certified natural produce would be in high demand. Despite the existence of opportunities in apricots, the appetite for apricots is somewhat limited in Germany and often replaced with peaches and nectarines consumption.

The melons and grapes categories, despite significant market maturity and all year round availability, have limited opportunities, due to fierce competitive pressures and low price points.

6. PRIORITY EXPORT MARKETS: UAE

6.1 UAE FRESH FRUIT MARKET OVERVIEW

Strong economy and growing population positively affect fresh fruit demand

The United Arab Emirates (UAE) is the fourth largest economy in the Middle East and Africa, having one of the highest living standards globally. Despite UAE being among the most diversified economies in the Middle East, it remains strongly dependent on oil prices and hydrocarbon exports. Therefore, in 2016 UAE saw real GDP growth of only 3%, the lowest in the last seven years, caused by hampered oil production, which in turn resulted in lower consumption and investment levels. Slower economic development is expected to continue through 2017, with real GDP growth of 1.5%. In 2018, the economy is expected to rebound, thanks to recovering oil prices and a return to stronger real GDP growth of 4.4%. Furthermore, UAE is expected to continue benefiting from the improvement in Iran’s trade relations globally, as it serves as a transshipment point for renewed trade activity. In January 2017, UAE and India signed 14 deals that will strengthen and enhance the two countries’ technology, defence, infrastructure and trade sectors [Source: Euromonitor. Countries and Consumers].

The total fresh fruit market in UAE amounts to 927,700 tonnes per annum. Retail sales accounted for half of fresh fruit volume sales in 2016, at 467,300 tonnes (see *Chart 10*). Due to its desert-based geography UAE’s agricultural industry is very limited, generating only 0.7% of GDP in 2016 [CIA World Factbook]. As domestic fresh fruit production volume is very insignificant, UAE relies strongly on agricultural imports from international markets, such as South Africa, India, Iran, Australia, Honduras, the US and others.

Over 80% of the country’s population are foreign expatriates, thus cuisines and eating habits in UAE are diverse. Population growth in UAE is due to domestic organic growth as well as the growing expatriate community and expanding labour market, therefore fresh fruit demand increases through diverse requirements. Domestic Arab and expatriate markets have a high purchasing power and as a result are looking for premium fruit quality, while below mid-income level labourers are looking for affordability.

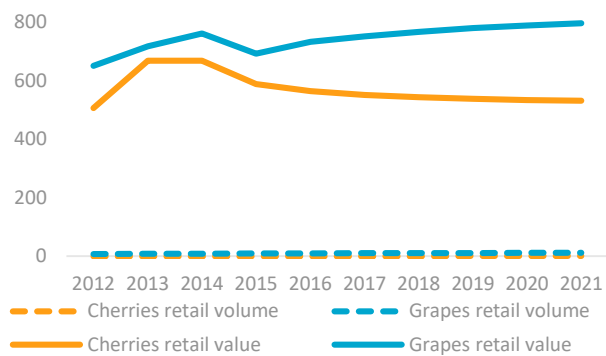
Chart 10: Fresh fruit market size in UAE 2012-2021



Source: Passport Fresh Food data, 2017

While UAE' fresh fruits consumption is on the rise, both grapes and cherries see very limited demand

Chart 11: Cherries and grapes market size in UAE ('000 tonnes and USD mn) 2012-2021



Source: Passport Fresh Food data 2017

(see *Chart 11*). In addition to residential demand, UAE tourism is booming with hotel chains and infrastructure growing at a fast pace. Foodservice accounts for almost 40% of the overall market for fresh fruit. UAE is considered a hub for trade within GCC and many other countries in the region, thus there is a good proportion of imported fresh fruit used for re-export purposes (re-exports account for 13% of fresh fruit imports). There is heavy dependence on imports of fresh fruit to meet local consumption requirements and for re-exports. Therefore, political instability in the region to a

certain extent can hinder market growth. The recent embargo on Qatar has caused some speculation on future price hikes. Furthermore, UAE has banned import of some fresh fruits from its neighbouring countries such as Egypt, Oman, Jordan, Lebanon and Yemen due to concerns about high levels of pesticides.

6.2 OVERVIEW OF UAE FRESH FRUIT MARKET REQUIREMENTS

Fruit calibration is a requirement for premium fruits, but not for mass market





Modern retail chains have become the key middle- and high-income consumers' shopping destinations. These retailers are very particular about product quality in terms of both taste and visual appearance. Thus, premium fresh fruits are required to be calibrated in order to visually appeal to the consumer through identical size, shape and colour of the fruit to the buyers. The lower-income population, known as labourers, typically shop through traditional retail channels that offer loose fruits of different shapes, sizes and colours. This channel is primarily focused on affordable prices, rather than on visual appearance of the products.

Sweetness is key for UAE consumer taste palate

UAE consumers generally prefer strong tastes, which means that they prefer sweet and very sweet fruits (see *Table 17*). Also as mid- and high-income consumers are looking for premium quality, fruit sweetness is directly associated with fruit ripeness and readiness for consumption. Grapes, melons and apricots are only available in fresh format in UAE, while cherries are available in both fresh and frozen formats. Frozen fruits are mainly used in horeca and food processing, while in retail consumers typically prefer the fresh format to frozen, and only choose frozen fruit for baking and preparation of desserts.

Fresh fruits are typically packed in plastic bags or baskets in supermarkets and hypermarkets. Plastic bags are typically used for larger fresh fruit volumes and typically are slightly lower priced, while baskets are used for smaller convenient pack sizes and are supporting the premiumisation trend in fruits. Low-end open-air markets mainly offer loose fruits or fruits packed in plastic bags, regardless of the volumes.

Table 17: UAE consumer fresh fruit preferences

 Apricots	
Taste	Sweet
Texture	Crunchy and soft
Variant	Orange-red apricot
 Cherries	
Taste	Sweet to very sweet
Texture	Juicy and crunchy
Variant	Tartarian Black and Bing
 Grapes	
Taste	Taste
Texture	Juicy and crunchy
Variant	Seedless grapes
 Melons	
Taste	Sweet
Texture	Crunchy, yet juicy
Variant	No particular variant preferences

Seasonality, quality and political climate are key fresh fruit price determinants

Fresh fruit prices are subject to seasonality with prices declining for fruits that are in season.. The fresh fruit prices in UAE are also somewhat affected by political volatility, as some UAE suppliers are being banned from the market. For example, the recent ban on trade with Qatar resulted in higher fresh fruit volumes available for domestic market, and therefore driving the prices down.

Large supermarket and hypermarket chains in the UAE currently do not face any fresh fruits supply concerns and offer fruits in the stores throughout the year, while carefully choosing suppliers from across the globe to benefit from varying harvest calendars.

Quality is of course another important price determinant, especially keeping in mind rising healthy living trend in the UAE. Since UAE consumers are defined by their origin and income level, the demand for quality differs by consumer group. Wealthy foreign expats prefer imported produce, preferably from around the region they are coming from. Arab expats, who also earn high salaries are mostly looking for quality, though not concerned about the origin of imported fresh fruits. Labourers usually look for the cheapest option available regardless of quality or origin.

Apricots and cherries are targeted the expat community

Apricots and cherries in UAE are premium fresh fruit categories, due to higher average price points, AED20/kg (USD5.4/kg) for apricots and AED16/kg (USD4.3/kg) for cherries (see *Table 18*). Such a pricing strategy is targeted mainly at expat consumers. However, as the health awareness trend rises, retailers offer special promotions on fresh fruits to cater to lower-income consumers. For example, Carrefour provides weekend offers to attract price-sensitive consumers, while Spinneys provides a cherry dish recipe on Mondays to attract consumers interested in baking and cooking at home. Similarly, online retailers Géant and Choitrams deliver cherries with gift toys. Otherwise lower- income groups are not able to afford cherries and apricots.

Cherries are available in hypermarkets primarily in a pre-packed format, however, during the season, some of the loose produce is also available. Tartarian Black and Bing variants are the most popular across modern retail chains. Cherries are typically sourced from Lebanon and Iran between April and September, while off-season supply comes from Argentina from October onwards and Spain between March and June. Apricots are imported from Jordan, Pakistan and Spain during the season period of April to September, while key off-season suppliers are Australia and the US.

Grapes are all time fruit treat for UAE consumers

Grapes are available all year round at affordable prices as UAE has multiple import suppliers able to meet local demand throughout all seasons of the year. Therefore grapes have become a healthy sweet treat for all consumer income groups. Supermarkets, hypermarkets and open-air markets typically offer grapes at more affordable prices than their online specialist competitors, such as Choitrams. The average price of grapes ranges between AED9 and AED17.5 per kilogram (USD2.4-4.8/kg) depending on the supplier (see *Table 18*), including the US, Iran, Spain and many other producing markets.

Melon prices driven by availability of suppliers and consumer demand

Melons are the most affordable fruit in scope with average price points around 2.95 AED per kilogram (0.8 USD/kg) (see *Table 18*). Melons are generally available throughout the year with limited substitute rival suppliers during the off-season period between October and March.

Spain, Malaysia and Iran are the key supplier of melon imports to UAE. In 2015, Abu Dhabi Food Control Authority had briefly banned the import of watermelons from Iran due to insect infection on the outer layer, and later all melons had to go through quality inspection for insecticides and pollutants. Oman was also one of the UAE’s melon suppliers, however post the Qatar embargo there is heavy dependence on Spain suppliers for good quality melons.

Table 18: Fresh fruit average retail price observations in UAE 2016

 Apricots	
Average price	AED20/kg
Producing market	Jordan, Pakistan, Spain
 Cherries	
Average price	AED16/kg
Producing market	Lebanon, Iran, Argentina, Spain
 Grapes	
Average price	AED9.0-17.5/kg
Producing market	US, Iran, Spain

 **Melons**

Average price	AED3.0/kg
Producing market	Malaysia, Spain, Iran

Horeca (hotels, restaurants and cafes) shows good potential for fresh fruits supply

As only half of fresh fruit volume is distributed through retail, foodservice and re-exports are the key distribution channels as well. Horeca and food processing constitutes close to 40% of fresh fruit volume

Source: Lulu sales, with remaining domestic consumption generated by institutional channels. Horeca has expanded into juice bars and with restaurant menus increasing their fruit variants of salads and desserts, this distribution channel offers a great stepping stone into the fresh fruit market opportunity. Hotels and restaurants see increasing consumer demand for healthier meals and snacks and therefore adjust their menus, introducing fresh fruit varieties. The horeca channel continues diversifying its fruit suppliers, aiming to import high volumes of fresh fruit throughout the year. It is notable that consumers in the horeca channel are less concerned about the origin of the produce, thus lesser-known suppliers have a higher chance to enter horeca, rather than having to convince retailers.

Fresh fruits replace snacks in context of healthy living

Healthy eating and general wellness trends paired up with fresh fruit affordability allowed fresh fruit to become the daily healthy snack option, replacing some of the processed unhealthy snack variants. This trend is very prominent in youth, as schools lunches increasingly include fresh fruits through support from both parents and schools. Despite the fact that the fruits are available throughout the year, consumers believe, that the taste and nutritional value of the fruits are better during the season peak

Furthermore, beverage market sees increasing presence of fresh juices, replacing some of the carbonates and added sugar drinks..

Furthermore, increased health awareness drives demand for organic fruits

Rising awareness of obesity and other food-related diseases in media has promoted healthy foods and resulted in higher demand for natural fruit and vegetables. Organic fresh food has continued to increase its share of total volume, with organic fresh fruit volume sales accounting for 18% of total fresh fruit retail volume sales in 2016. There was a strong increase in organic produce in leading retail chains, such

as Spinneys, Carrefour and Lulu. Carrefour, while used to offering organic apples and cucumbers, in 2016 adopted the farmers' market idea of an organic fresh fruit and vegetables box, known as "ripe-me" box, and started offering a wide selection of items, such as organic marrows, carrots and beans. While none of the categories under research are widely present in the "ripe-me" category, this is indeed a future opportunity.

Furthermore, supermarket chain Spinneys, which has a specific focus on Western expatriates, introduced various organic items at the end of 2016, with broad in-store campaigns supporting the image of a supermarket specialising in healthy and organic food. Organic buyers, even when economising, prefer to stick to organic foods. This is particularly true for fruit and vegetables, as once having learnt about some of the more questionable practices employed in standard "industrialised" food production, and having consequently switched to organic, it becomes very difficult for them to turn back, even during times when their spending is restricted [Source: Euromonitor. Fresh Food data 2017].

6.3 OVERVIEW OF UAE FRESH FRUIT IMPORT COMPETITION

UAE is looking to improve domestic production

UAE is the second highest consumer of food in the GCC, and due to the lack of domestic produce, local demand is primarily met by imports. Some of the leading importers and suppliers of fresh fruit in UAE include Barakat, Fresh Fruits Co LLC, Kibsons, and Abdulla Al Khattal to name a few. Domestic demand is high and is expected to grow further, at a 4% CAGR in volume terms by 2021, due to the rising number of consumers in UAE. As domestic consumption is growing rapidly, there are initiatives to improve the domestic production of fresh fruit. The government started efforts to improve the domestic production of fruits and vegetables with the help of various subsidies. More recently, the government announced an agricultural fund started by the Abu Dhabi Farmers Service Centre (ADFSC). This fund will support the farmers by spending nearly USD5.4 million per year to support and finance modern farming techniques. The fund mainly focuses on hydroponic programmes and will cover up to 50% of the total cost of production, for every farmer. Due to the government's efforts to increase domestic production, the farmers produced over 38,800 tonnes of fruits and vegetables in the 2014-2015 farming season. It is estimated that the value of domestically-produced fruits and vegetables will increase by 25% in the future. Demand for fruit and vegetables has been growing year on year, so has the need for foreign investors and local farmers. However, consumer demand in UAE is very high and many retailers and importers will continue to depend entirely upon imports.

While happy with current import structure, UAE open to new competitive and high quality partnerships





While domestic production remains marginal, key fresh fruit supply is generated by imports, which amounted to 89,585 tonnes in 2016 and were sourced from such markets as Australia, the US, Argentina, Spain, Honduras, India, South Africa and many others. Since around 80% of fresh food supplies to UAE come from imports, the country puts an especially high emphasis on developing a diversified portfolio of import suppliers able to meet UAE demand for fresh fruits throughout the year (see

Table 19). Therefore, although each of the product categories under research has its own seasonality, UAE supply is relatively stable during the year, as it benefits from varying harvest calendars across the globe. High season for apricots lasts from late April and until mid-May, during which the majority of the produce is sourced from Spain, Jordan and Italy, while off-season supply comes from South African, Australian and New Zealand harvests. Cherries feature a slightly longer, yet a bit later in the year season between early June and late September, during which the produce is imported from North American suppliers and Lebanon. Grapes, just as in Germany, are available throughout the year, without any particular seasonal peaks or off-peaks, with fresh grape produce travelling to UAE from South Africa, India, Iran and the US. Melons, although also available all year round, have a seasonal peak between mid-April and early September, with a range of suppliers from South America. Currently, the majority of importers have poor understanding of the trade agreements that exist between UAE and other countries. However, most of the fresh fruit importing countries have a long-standing relationship with UAE. While UAE is confident in its current suppliers' capabilities, and is somewhat concerned about Central Asian exporters' ability to offer consistent service and high quality produce, the market is always open to new partnerships, especially those offering competitive pricing.

Imports are expected to increase by 2021

UAE is the second highest consumer of food in the GCC, and local demand is mainly met by imports. Some of the leading importers/suppliers of fresh fruits in UAE include Barakat, Fresh Fruits Co LLC, Kibsons and Abdulla Al Khattal to name a few. Demand in the country is high and expected to grow further by volume at a 4% CAGR by 2021 due to the rising number of consumers in UAE. Local consumption is growing rapidly and there is more scope for improvement in domestic means of production to meet consumer demand. To limit UAE's reliance on imports, the government started efforts to improve the domestic production of fruits and vegetables with the help of various subsidies. Due to the government's efforts to increase domestic production, farmers produced over 38,800 tonnes of fruits and vegetables during the 2014-2015 farming season. It is estimated that the value of domestically-produced fruits and vegetables will increase by 25% in the future. Demand for fruit and vegetables has been growing year on year, so has the need for foreign investors and local farmers. However, consumer demand in UAE is very high and many retailers and importers will continue to depend upon imports.

Table 19: Fresh fruit seasonality in UAE

 Apricots	
Season start	Late April
Season end	Mid May
In-season suppliers	Spain, Jordan, Italy
Off-season suppliers	South Africa, Australia, New Zealand
 Cherries	
Season start	Early June
Season end	Late September
In-season suppliers	Canada, US, Lebanon
Off-season suppliers	Australia, Argentina, Spain
 Grapes	
Season start	All year
Season end	All year
In-season suppliers	South Africa, India, Iran, US, Australia, Italy, Egypt
 Melons	
Season start	Mid April
Season end	Early September
In-season suppliers	Australia, Oman, Honduras, Brazil
Off-season suppliers	India, Jordan, Iran

6.4 OVERVIEW OF UAE REGULATORY LANDSCAPE

Health assurance is achieved through detailed import regulations

Imported products, whether for final consumption or re-export, face the same legal requirements. Food, including fresh fruit imports to UAE, despite its set purpose, be it final consumption, food processing or re-export, is subject to national import regulations and standards, which aim to safeguard human health and only access fit for purpose products to the market. The import-related procedures are required to be covered by producer or exporter prior to their goods reaching UAE customs. Some of the prerequisites for goods entering UAE include registration of the company in the Dubai Municipality (DM) and Food Import and Re-Export System (FIRS), which allows for food label approval in order to confirm produce compliance with quality standards. FIRS approval is followed by the FIT inspection performed by Dubai Central Food Laboratory or by other internationally accredited laboratories, specifying the items' fitness for human consumption. Additionally exporters are required to fill in some paperwork supporting the imported goods, including documents such as the original health certificate issued by the governmental health authority of the country of origin, packing list, and invoice to name a few. Post-shipment, food products are subject to visual inspection to ensure compliance with label and shelf life regulations.

UAE focuses on increasing food quality requirement

With the rising healthy living trend in UAE, the country is looking to increase its domestically consumed food quality as well as transparently inform consumers about the food's nutritional benefits and substantiate other marketing claims. Thus, in April 2017 UAE banned fruit and vegetable imports from countries including Egypt, Oman, Jordan, Lebanon and Yemen, due to unreasonably high pesticide levels found in these suppliers' fresh fruits. The ban primarily affects the melons category as banned Lebanon and Oman were big UAE suppliers. Moreover, the government has specified that all countries affected by the ban must submit certificates to indicate that all their fruits and vegetables are free of pesticide residues before allowing their importation. Furthermore, UAE is looking to increase the food quality requirements of foodservice players, as the recent regulation demanded that foodservice players and horeca substantiate any nutritional and benefit claims they make.

Due diligence checks pre-shipment will merit products entering UAE

Products entering UAE go through a set of procedures before they are finally approved for further distribution and sales. UAE trade officials, customers, and food authorities scrutinise a product to determine compliance with food ingredient standards. For all products entering the market for the first time, laboratory testing is required, however some of the imported products also go through random laboratory testing. It is recommended that exporters carefully go through the guidelines and requirements for fresh products before actual shipment of goods, especially for first few consignments

to UAE). Costs involved vary, depending on type of product and ingredients. Occasionally, local health officials will permit the importation of food products with minor labelling infractions. Exemptions are granted on a one-time basis and the sale of such products is usually limited to institutional end users.

Standard label rules apply for fresh products entering UAE

Labelling regulations apply to all products shipped in bulk and institutional-sized containers. Bulk cartons of fresh fruits and vegetables must contain most label information, but need not carry production/expiry dates. The letter “P” must precede the production date. The expiry date must be preceded by one of the statements: “Expiration (date);” “Fit for.....from the date of production”; “Use by (date);” “Use before (date);” “Sell by (date);” “Valid until (date) from the date of production;” or the letter “E.” However, production dating is a key difference in determining quality products from various countries. Bi-lingual labels are now required and should contain product description, ingredients, country of origin, name and address of manufacturer/producer or exporter declared on the label, special storage requirements (if any), foods with health claims labelled accordingly as they will require re-approval by Ministry of Health and net weight clearly written in Arabic and English. There are no specific requirements for imported food samples. Samples for food shows and other promotional events are routinely exempt from local labelling and shelf life requirements. Product samples must be clearly marked as samples and accompanied by a statement claiming that they are not for sale.

Table 20: UAE fresh fruit import-related regulations affecting Central Asian suppliers

Summary of the legislation	Implications for exports from CA
Import procedures for foodstuff	
Document location: Regulation	
<p>The regulation covers import and re-export requirements for foodstuffs, and includes food labelling procedure, company procedure, food label approval, registration of the company with e-government, food item barcode registering, activation of FIRS service and company representative training, laboratory test, and deposit.</p>	<p>If Central Asia is to import fresh fruit produce to UAE, the suppliers have to adhere to:</p> <ul style="list-style-type: none"> ▪ Food items procedure: Includes the procedures of food labelling and item barcode registration in the FIRS database. ▪ Company procedures: The consignee should have a trade licence covering food trading activity or general trading issued by the government licensing authority in UAE. ▪ Food label approval:

Request to ensure compliance of the label with standard and regulation of food labelling - samples or complete scanned label of the item should be submitted online.

- Registering the company in the e-government:

Copy of trade licence is required with stamped registration form available at DM website, DM main office - Tawar Center/Karama Center.

- Food item barcode registering:

Samples or complete scanned label of the item should be submitted to be registered and classified on the database of the system, Karama Center 04-3374800 - Dubai Flower Center 04-2163485.

- Activation of FIRS service and company representative training:

Copy of trade licence and contact details of the company and their representative should be submitted.

- Laboratory test:

Lab test for the item at consignee's expense to ensure the item's compliance with standards and regulations.

- Deposit:

Permanent deposit for unlimited number of consignments of AED 15,000 should be paid in cash, cheque or credit card (company cheque is not accepted), Karama Center - 04-3374800.

GCC Gulf Standard – GSO 9/2007

Document location: [GCC Standards](#)

This GCC standard looks into the labelling requirements for UAE. While the UAE has accepted English-only labels in the past, bi-lingual labels are now required.

The product that is imported should have Arabic stickers or labels that clearly mentions the product description, ingredients, country of origin, and net weight. Products intended for institutional use, may be exempt from the Arabic labelling requirement, but the “mechanism” is designed to eventually provide greater clarity on this point. Exporters should work closely with their importers to ensure that their products will meet the needs of retailers. Labelling regulations apply to all products shipped in bulk and in institutional-size containers. Bulk cartons of fresh fruits and vegetables must contain most label information, but need not carry production/expiry dates. Most major municipalities in the UAE offer

the services related to pre-shipment approval of food labels, compliance checks with food ingredients standards

GCC Gulf Standard – GSO 150/2007

Document location: [GCC Standards](#)

This standard concerns the shelf life of imported products and relates to expiration periods of food products. The following products are exempt from expiration dating - salt, white sugar, dried legumes, dried vegetables, spices and other condiments, tea, rice, fresh fruits and vegetables and vinegar. However, importers tend to prefer to have such products labelled with production and expiry dates, as consumers often are not aware of this exemption.

GCC Gulf Standard – GSO 2233/2012

Document location: [GCC Standards](#)

This regulation applies to the nutrition labelling of all pre-packaged food products except for raw products such as fresh fruits, vegetables, meat and fish. The health claims mentioned in the product must be cleared by one of the following bodies in the importing country:

- 1) Food control section of the importing municipality
 - 2) Medical clinic of the municipality
 - 3) Federal Ministry of Health of importing country/municipality
-

GCC Gulf Standard – GSO 839/1997

Document location: [GCC Standards](#)

The standard stresses the need to use suitable materials that protect the integrity of the food, its wholesomeness and characteristics whether it is packed with metal, glass, plastic, paper, carton, multi-layered textile, or wood.

GCC Gulf Standard – GSO 2500/2015

Document location: [GCC Standards](#)

UAE health authorities look closely at the addition of food colouring, preservatives, antioxidants and non-nutritive sweeteners when reviewing new-to-market products. The Food Control Section of the respective Municipality should be contacted for further details.

FIRS

The system covers all services provided by the Food Trade Control Section of the Food Control Department. Such services include: importing foods, importing foods for re-export, food label approval, issuing all kinds of

health certificates, food destruction application and issuing of their certificates. This is in addition to displaying all circulars and information to food traders, all food establishments, and other internal and external clients.

Fully electronic FIRS system, allows consignee to make application, review its status as well as submit payments from anywhere in the world.

Federal National Council Regulation

Document location: [Full regulation](#) (English)

The goal of the regulation is to establish a system of effective regulatory and oversight services to ensure the protection of public health and consumers.

UAE follows general quality standards for food products and does not have developed specific requirements for fruit categories. As UAE's quality standards are being recognised by other international markets, the country has a well-established standardisation body; it harmonises standards at local and federal levels and participates in regional and international standards-setting activities.

Animal and Plant Health Inspection Services (APHIS) Phyto-Sanitary Certificate

Document location: [Phyto-sanitary certificate](#)

Pest and insect free confirmation issued by the health department of local municipality, Ministry of Environment and Water.

This is to certify that the plant(s) product(s) have been inspected and/or tested according to appropriate official procedures, are considered to be free from quarantine pests, and conform to phyto-sanitary regulations of the importing contracting party including those for regulated non-quarantine pests.

Country of origin certificate

Document location : [Origin certification](#)

Conformity of origin confirmation issued by customs authority.

This is to certify and promote products from Central Asian countries and bring awareness of Central Asian produce through "Made in Kazakhstan", "Made in Uzbekistan", "Made in Kyrgyzstan", and "Made in Tajikistan".

Health Certificate and Radiation-Free Certificate

Document location: [Health certificate](#)

Health department-issued health certificate.

Confirming product fitness for human consumption.

Conformity certificate for organic products

- Detailed organic certification requirements.
- Registration on ESMA website (Emirates Authority for Standardization and Metrology)
 - Application for a certificate of conformity
 - Uploading the required document as per the scope (crops - livestock - processed food)
 - Paying service fees
 - Evaluation of the facility
 - Obtaining a certificate of conformity
 - The average period for service completion is 10 working days and it costs AED1,000 for the application fee and AED2,500 for the assessment fee.

Bill of entry

Electronic document that includes the country of origin, the source of the shipment, its type, its cost and other information, issued by customs.

Delivery order

It is a document issued from the port authority to the shipment once it arrives to release it under the consignee's request.

Relevant control bodies

- Emirates Authority for Standardization & Meteorology - develops specifications and technical regulations for products as well as regulates imported products.

Website: <http://www.esma.gov.ae/en-us/Pages/index.aspx>

- Abu Dhabi Food control - regulates the import of food products.

Website: <http://www.adfca.ae/english/pages/default.aspx>

- Dubai Municipality is responsible for issuing guidelines for importing products, ensuring food safety and providing conformity standards.

Website: http://login.dm.gov.ae/wps/portal/home_ar

- Sharjah Municipality - responsible for issuing guidelines for importing products, ensuring food safety and providing conformity standards and inspection.

Website: <http://portal.shjmun.gov.ae/>

Fresh fruits free of exemptions as per trade agreements with UAE

UAE along with Saudi Arabia, Kuwait, Qatar, Bahrain, and Oman is part of the political and economic alliance of Middle Eastern countries known as The Gulf Cooperation Council (GCC). The six GCC member states have formally become part of a customs union, allowing for a free trade area with a common external tariff first outlined in January 2003. The free trade bloc has set a standard 5% levy on goods imported from outside the GCC and has a single point of entry system for imported goods. Similar to the EU model, customs duties are paid only on the non-GCC-produced products and only once at the port of entry. The GCC countries will also implement the unified GCC customs procedures guide in order to facilitate bilateral trade and strengthen cooperation with non-GCC countries. In addition to the customs union, UAE has a number of bilateral and multilateral trade agreements starting with General Agreement on Trade and Tariffs (GATT) membership since 1994, WTO membership since 1996, Trade and Investment Framework Agreement with the US (TIFA), EFTA-GCC Free Trade Agreement, GCC-Singapore Free Trade Agreement (GSFTA), Greater Arab free Trade Area Agreement (GAFTA) and many other bilateral preferential agreements (see *Table 21*).

While it is UAE’s strategic goal to have diversified import suppliers, the region is particularly interested in preferential trade agreements with Asia, the US and Europe. Cooperation with Europe has become easier since the EFTA-GCC FTA which includes Switzerland, Iceland, Liechtenstein and Norway on the European side and UAE, Saudi Arabia, Oman, Qatar, Bahrain and Kuwait on the GCC side. While UAE does not currently have any sizeable fresh fruit trade with Central Asia, in 2012 UAE agreed with Kazakhstan on a free trade area.

Table 21: UAE’s bilateral and multilateral trade agreements affecting fresh fruit trade

Summary of the legislation	Implications for exports from CA
GCC	
Document location: GCC law , GCC regulation	
GCC law aims to unify customer procedures of all GCC member states and enable cooperation in the customs field and regulation of the relationship between these administrators and the community of traders in GCC member states, namely Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and UAE.	Standard customs rules apply for Central Asia for entry of goods to any of the GCC member states, including UAE.
EFTA-GCC FTA	
Document location: EFTA-GCC free trade agreement	

The EFTA-GCC free trade agreement exists between a number of European countries such as Iceland, Liechtenstein, Norway and Switzerland, with the GCC countries, including UAE, and this trade agreement implemented on 1 July 2015. No implications for Central Asia.

GSFTA

Document location: [Trade agreement with Singapore](#)

GSFTA is a free trade agreement between the GCC countries and Singapore. It allows GCC goods full duty-free access to the Singapore market, and 99% of Singaporean goods into the GCC market for tariff-free concessions. No implications for Central Asia.

GAFTA

Document location: [UAE trade agreement](#), [Other UAE trade agreements](#)

GAFTA is a trade facilitation and development agreement with 17 of its member countries, including Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, UAE and Yemen. Standard customs rules apply for Central Asia for entry of goods to any of the GAFTA member states, including UAE.

Bilateral trade agreements with Central Asia

Document location: [Other bilateral trade agreements](#), [Kazakhstan trade agreement](#)

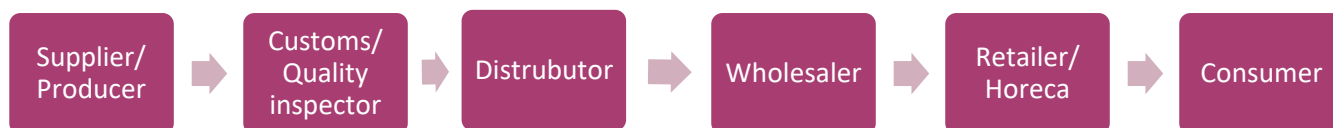
Trade agreement with Kazakhstan was signed in 1998 on trade and economic cooperation between the two countries, with priority focus on agricultural, industrial and consumer goods production. Central Asia has a trade agreement with UAE with the long-standing trade partnership with Kazakhstan. As per Article 4 of the trade agreement, it would help Kazakhstan make arrangements for trade fairs, exhibitions, and events in UAE for the purpose of developing trade and economic relations.

6.5 OVERVIEW OF UAE FRESH FRUIT IMPORT SUPPLY CHAIN

Intermediaries-driven supply chain prevails

UAE’s fresh fruit import supply chain is relatively standard, however based on the current market structure a typical product’s route to market is rather lengthy, going through a number of intermediaries before reaching end retailers and consumers (see *Figure 6*). Typically, fresh fruits arrive at Jebel Ali Zone where the produce is received by distributors. Some of the major distributors of fresh fruits include Fresh Fruits Co LLC, Barakat, Kibsons and Bakrawi Group. Thereafter, the distributor, based on market demand and current contract agreement, shifts the imported produce to either domestic wholesalers or SME distributors or retailers or foodservice. Among the imported fresh fruits targeted for local consumption, 50% of volume sales was distributed to retail in 2016, 40% to foodservice and 10% to institutional sales. In addition, there are SMEs that play a key role as wholesalers, importers and exporters in the UAE market for fresh fruits and vegetables. This is due to the fact that the retailing landscape in UAE continues to remain highly driven by traditional retail formats, which due to smaller scale require the presence of intermediaries.

Figure 6 Fresh fruit imports to UAE supply chain



In the case of large retail chains such as Lulu Hypermarket and Spinneys Group Ltd, imported products reach retailers directly bypassing the middlemen (see *Figure 7*). In this scenario, fresh fruit is directly imported from the suppliers in order to guarantee quality and better control costs. Such supply chain optimisation has become possible in modern retail due to their state-of-the-art logistics solutions that facilitate efficient distribution through warehouse management processes and automates communication of resource allocation. Buying of fresh food directly from suppliers helps reduce prices on average by 15%, benefiting all the parties, including chained retailers, suppliers and end consumers.

Figure 7: Effective large retail chain supply chain in UAE



Only a small volume of the imported fresh fruit is available for re-export, whereby distributors directly buy the imported fresh fruit and sell to various neighbouring countries. Demand through local consumption (retail) is rising noticeably due to population growth in UAE.

Marine distribution is preferred

Marine is the preferential route for food, including fresh fruit imports to UAE, due to its relatively low costs and significantly larger volume capacities, compared to air or road transportation. Given that UAE has become an important re-exporting partner to other Middle Eastern markets, the volumes required by the industry players are significant (see *Table 22*). Moreover, marine distribution typically uses containers as the transportation units, thus it is slightly easier to ensure legal cold chain temperatures of 3-4 degrees Celsius.

Table 22: Key UAE cargo ports

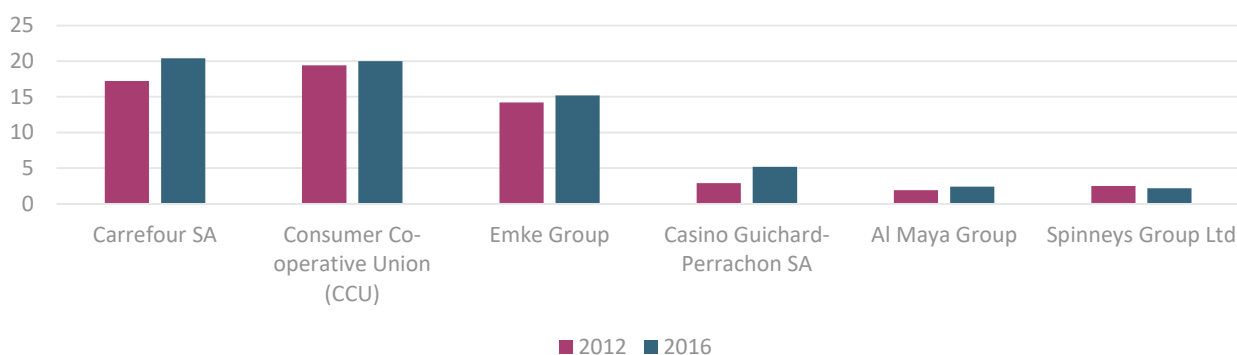
Key Port	Location	Cargo Handled	Website
Jebel Ali Port	Dubai	General cargo	http://www.dpworld.ae/en/content/71/47
Port Rashid	Dubai	General cargo	http://www.dpworld.ae/en/content/45/101
Khalifa Port	Abu Dhabi	General cargo and containers	http://www.adports.ae/en/article/khalifa-port/khalifa-port-was-inaugurated-on-december-12th-handling-all-of-abu-dhabis-container-traffic.html
Port Zayed	Abu Dhabi	General and bulk cargo	http://www.adports.ae/en/article/ports/mina-zayed.html
Port Khalid	Sharjah	General, reefer, and dry, liquid, and bulk cargoes	http://www.sharjahports.gov.ae/
Port of Hamriyah	Sharjah	General cargo and oil tankers	http://www.sharjahports.gov.ae/
Port of Khor Fakkan	Sharjah	Containers (transit shipment hub)	http://www.sharjahports.gov.ae/
Port of Fujairah	Fujairah	General cargo, bulk cargo, wet bulk cargo, and container handling	http://fujairahpor

6.6 OVERVIEW OF UAE FRESH FRUIT RETAILING LANDSCAPE

Convenience-driven consumers are looking for one-stop shop

Within retail, modern supermarket and hypermarket chains such as Carrefour SA, Consumer Cooperative Union (CCU), Lulu Hypermarket (managed by Emke Group), Géant (a franchise by a French grocery retailer Casino Guichard-Parrachon SA), Al Maya Group and Spinneys Group Ltd, aggressively compete in UAE with a 65% share of the retail market (see *Chart 12*). Retail infrastructure has changed in the past 10 years adapting to busy consumer lifestyles; people are shifting preference towards larger outlets offering a one-stop shop. These outlets offer a large variety of culturally distinct food items in term of flavours and variants. Consumer preference for modern retail has increased across the country, and as the number of expatriates in the country grows and the government works towards world-class infrastructure, the development of modern retail is coming along. Grocery retailers is set to grow at a CAGR of 6% at constant 2016 prices over the forecast period. Key drivers of growth for the channel are rising disposable incomes and population growth, as UAE is continuously emerging as a desirable country for expatriates to live and work in, in the light of weaker economic conditions in regional countries and high unemployment levels in South Asia. In addition, the open-air markets channel is also of importance in UAE as it mainly supplies the lower-income consumer segment, which is quite significant in UAE given the large pool of labourers. [Source: Euromonitor. Grocery Retailing 2016]

Chart 12: Grocery retail landscape in UAE (value sales based market shares 2012, 2016)



Source: Euromonitor. Grocery Retailing 2016

Voluntary certification is yet to develop in UAE

While traditional trade controls a significant share of the market, and modern retailers are not yet present in the same way as in developed markets, voluntary conformity norms are not yet common in UAE. While large UAE retailers are certainly familiar with conformity standards such as GLOBALG.A.P., HACCP and ISO22000, even these retailers primarily use certification as “nice to have”, rather than a mandatory requirement.

6.7 OVERVIEW OF THE UAE CUSTOMS AND DUTIES

Standard taxes for all fresh fruits entering UAE

As UAE is a GCC free trade area member, it therefore faces similar tax norms, rates and procedures as the wider GCC. The customs duties for most items are calculated on Cost, Insurance and Freight (CIF) value at the rate of 5%. CIF value will normally be calculated by reference to the commercial invoices covering the related shipment, but customs is not bound to accept the figures shown therein and may set an estimated value on the goods, which shall be final, as far as duty is concerned.

Customs duty is calculated based on the value of imported goods declared by the importer or his agent. In addition to custom duty, UAE will be introducing a standard VAT rate of 5% across GCC countries effective as of 1 January, 2018. According to the VAT law basic food items will be subject to a standard VAT rate of 5%. VAT is due on the goods and services purchased from abroad. In case the recipient in the State is a registered person with the Federal Tax Authority for VAT purposes, VAT would be due on that import using a reverse charge mechanism. In case the recipient in the State is a non-registered person for VAT purposes, VAT would be paid on import of goods from a place outside the GCC. Such VAT will typically be required to be paid before the goods are released to the person. A business must register for VAT if their taxable supplies and imports exceed the mandatory registration threshold of AED 375,000. Furthermore, a business may choose to register for VAT voluntarily if their supplies and imports are less than the mandatory registration threshold, but exceed the voluntary registration threshold of AED 187,500. Similarly, a business may register voluntarily if their expenses exceed the voluntary registration threshold. This latter opportunity to register voluntarily is designed to enable start-up businesses with no turnover to register for VAT.

To promote growth and expansion in investment and trade with UAE, the Ministry of Finance (MoF) has an agreement with its trading partners to avoid double taxation on income between UAE and foreign countries. The agreements on the avoidance of double taxation aim to ensure fairness across the board of taxpayers, companies or individuals, and protecting the national economy. These agreements also aim to support the principles of transparency and information exchange to strengthen UAE's position as a global financial and trade hub. UAE has signed 94 agreements with other nations to avoid double taxation on investment overseas, and among Central Asian countries it has agreements with Tajikistan, Azerbaijan, Uzbekistan, Kazakhstan, and the agreement is under ratification for Kyrgyzstan.

A customs declaration form is produced for any goods entering or leaving the country; the goods are then presented to the customs authorities at the nearest customs office. All papers are required to be ready before products are shipped and for customs declaration they should be ready upon arrival of the goods/products to the port. In addition to manual customs declaration procedure, Dubai customs

provides an online service for paying any outstanding bills, surcharges or customs fines and top-up on their customs duty accounts. Every import consignment must be supported by the following documents:

- Delivery order from a shipping agent addressed to a company licensed in UAE;
- Original bill of lading (for seaports);
- Original invoice from the exporter addressed to a licensed importer in the country detailing total quantity, goods description and total value for each item (in triplicate)*;
- Copy of the trade licence of buyer and seller;
- Certificate of origin approved by the Chamber of Commerce in the country of origin detailing the origin of goods*;
- Transport certificate*;
- Customs entry declaration.

A form or letter of exemption from customs duties in cases where exemption requirements are fulfilled, including a Local Purchase Order (LPO):

- Detailed packing list - weight, method of packing and HS code for each individual article contained in the shipment*;
- Import permit from the competent agencies in the event of importing restricted goods*;
- A health or phyto-sanitary certificate or, for processed goods, an export certificate confirming that the product is fit for human consumption;
- A non-radiation certificate (optional for European products)*;
- Transport documents required for import clearance.

Further customs and tariff requirements may be found in *Table 23*.

Table 23: Additional customs-related information

Import tariff information

- <https://www.export.gov/article?id=United-Arab-Emirates-Import-Tariffs>
- <http://www.dubaicustoms.gov.ae/en/eServices/ServicesForBusinesses/ClaimsRefund/Pages/PayCustoms.aspx>
- <https://www.export.gov/article?id=United-Arab-Emirates-Import-Tariffs>
- <http://www.dubaitrade.ae/knowledge-centre/laws>
- <https://www.mof.gov.ae/En/strategicPartnership/taxAgreement/Pages/DoubleTaxtion.asp>

*Note: *Documents must be attested by the Embassy of the United Arab Emirates and the Chamber of Commerce in the country of origin of the products.*

x

- <https://www.mof.gov.ae/En/budget/Pages/VATQuestions.aspx>
- <https://www.tax.gov.ae/pdf/Federal-Law-No-8-of-2017.pdf>
- http://www.dubaicustoms.gov.ae/en/publications/publications/customer_guide_env3.pdf

Additional costs of warehousing and administration apply in UAE

Goods placed in the yards and warehouses of the customs office are subject to storage, handling and insurance charges and the other services required for the storage and inspection of goods at the applicable rates. However, storage charges normally do not exceed 50% of the estimated value of the goods. If the warehouses are administered by entities other than the customs office, additional charges can be levied according to the provisions and rates specified between the parties. Goods may be subject to charges for stowage, sealing, analysis and all services rendered.

6.8 OVERVIEW OF OPPORTUNITIES IN UAE MARKET OPEN FOR CENTRAL ASIAN SUPPLIERS

Thorough promotion of Central Asian produce is needed to start UAE trade

The market in UAE has three major requirements of any of the fresh fruit categories, with cherries and apricots at the top of the list, due to premium price points:

- All the produce must be of immense quality in terms of taste, nutrition and visual appearance;
- The supplier must be reliable, delivering agreed product volumes in agreed timelines and in good quality;
- The supplier must be able to offer competitive prices in order for UAE to include it in its typical supplier list.

All these demands are met sufficiently by the current set of suppliers. Nevertheless, as UAE has very limited domestic production capabilities, the country is continuously looking for new import suppliers aiming to satisfy not only domestic, but also wider Middle Eastern re-export demand.

Currently Central Asia does not have a footprint in UAE. Due to lack of awareness, UAE buyers use their fairly negative trade experience with Azerbaijan to identify possible opportunities with Central Asia. As Azerbaijan is not part of Central Asia, Kazakhstan, Kyrgyzstan, Uzbekistan and Tajikistan must promote “Made in Central Asia” produce through trade shows, domestic chambers of commerce and other business specific meetings with potential buyers.

While there is a lack of awareness of Central Asian produce among retailers, importers and distributors might become a great stepping stone to enter UAE, specifically targeting players working with horeca and foodservice buyers, as these are typically less concerned about country of origin.

Above all else, Central Asian producers and exporters also need to demonstrate to UAE buyers that they are able to provide consistent and reliable service and produce on time. Therefore initial attempts to get into the market should specifically stress and guarantee reliability of the Central Asian partner.

Based on their price points, cherries and apricots are the key products to focus on while developing UAE export strategies, as these are targeted at higher-income consumers and allow for higher profit margins on the supply side.

7. PRIORITY EXPORT MARKETS: CHINA

7.1 CHINESE FRESH FRUIT MARKET OVERVIEW

Sizeable fresh fruit market in China is expected to expand further

China's fresh fruit market continued stable growth in 2016. Similar to other markets, the rising awareness of healthy living is encouraging Chinese consumers to look for healthier choices in food.

With improved technology, most fresh food categories witnessed healthy growth in production and limited unit price rises, which also contributed to increased consumption. In 2016, China issued new Dietary Guidelines, which directed the general population, offered recommendations groups with special needs including infants, children and adolescents, pregnant and breastfeeding women and the elderly. The Dietary Guidelines suggested that a rich food variety for consumers' daily intake was a minimum of 12 types a day, and 25 a week. Cereals and tubers were suggested as the base of daily diets, which together with vegetables and fruits should make up the majority of any meal.

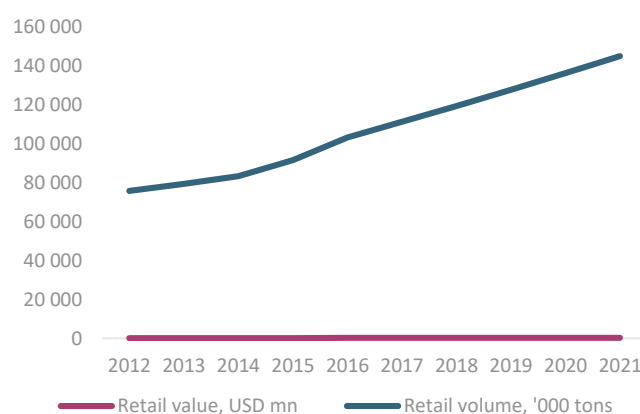
The total fresh fruit market in China amounted to 103.3 million tonnes or USD186.5 billion in 2016. Volume consumption of fresh fruit under research continues increasing, with a CAGR of 6.4% over 2012-2016. [Source: Euromonitor. Fresh Food data 2016]

Looking at the categories under research, namely apricots, cherries, grapes and melons, current market size amounted to 29.6 million tonnes or USD36.5 billion in 2016. Volume consumption of fresh fruit under research

continues increasing, with a CAGR of 6% through the historic period. It is expected that total consumption volume of apricots, grapes, sweet cherries and melons will amount to 34.8 million tonnes in 2020, representing a CAGR of 4.1% [Source: Trade interviews].

China is the largest table grape producer in the world, multiplying its production yield sevenfold between 2000 and 2014 and generating 34% of global table grape volumes in 2014 [Source: FAO-OIV FOCUS 2016], followed by India and Turkey, each with 8% of global production. However, in terms of international trade, China started its table grape exports in 2000 with just one million tonnes of volume trade. By 2014, China had become the fifth largest table grape exporter in the world offering 30,000 tonnes of grapes to international markets, primarily focusing on the neighbouring Southeast Asia region.

Chart 13: Fresh fruit market size in China 2012-2021



Source: Passport Fresh Food data 2017

[Source: FAO-OIV FOCUS 2016]. The latest table grape production data for 2015/2016 yield are estimated at 9.6 million tonnes, showing a 9% increase on the year before due to increased vine acreage. Exports of Chinese table grapes to international markets are expected to continue growing, boosted by a drop in prices in China, caused by rapid production expansion. For example, the Red Globe variety of Shaanxi province saw a 20% farm gate price drop to CNY4.8 per kilogram in 2016.

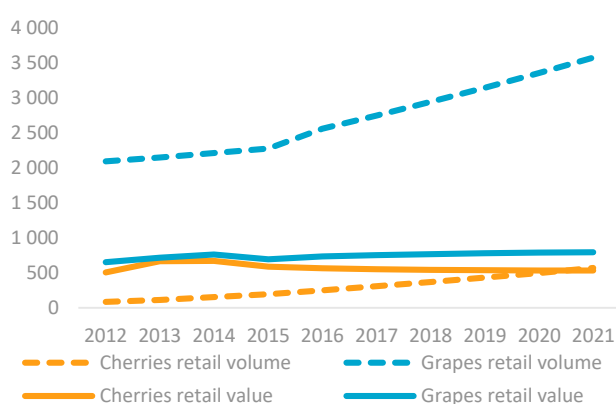
Melons have the largest market size in terms of volume. The total market for melons in mainland China amounted to 15.7 million tonnes and USD15 billion in 2016, registering a volume CAGR of 4.2% and a value CAGR of 0.4% over 2012-2016. Total consumption of melons will continue to grow and reach 17.4 million tonnes in 2020.

In addition, cherries generally recorded the fastest growth rate at 19.2% over 2012-2016. In 2016, consumption value for cherries in mainland China amounted to USD1.3 billion, and this is expected to reach USD2.1 billion in 2020 (see Chart 14).

Among the four categories, apricots accounts for the smallest share. In 2016, the total value of apricots in mainland China only reached USD77.5 million, with a CAGR of 7.6% over 2012-2016.

Total value sales of apricots are expected to increase to USD88.2 million in 2020.

Chart 14: Cherries and grapes market size in China ('000 tonnes and USD mn) 2012-2021



Source: Passport Fresh Food data 2017

7.2 OVERVIEW OF CHINESE FRESH FRUIT MARKET REQUIREMENTS

Rising middle-class consumers are looking for health in fruits

Per capita daily fruit consumption in China was around 200 grams in 2015, as opposed to approximately 300g in the US and 425g in Italy, suggesting there is further room for growth. Rising living standards and increasing disposable income result in growing numbers of middle-class consumers, who are looking for premium and imported fresh fruit produce of high quality.

Moreover, the Chinese are pursuing healthy living trends, looking to increase their fitness as well as improve their diets, thereby driving consumption of vitamin-rich and nutritious foods, including fresh fruits. Young Chinese consumers, especially across first- and second-tier cities, value novelty and like to try new products within the fresh produce scope, thus avocado and pitaya imports have seen great success in recent years. The development of new retailing and foodservice channels, including e-commerce specialist fresh fruit stores targeting young professionals and higher disposable income consumers, makes fresh fruit consumption more accessible for the public. The increase in the number



of fruit juice stores in first- and second-tier cities, as well as the development of the foodservice channel using fruits as ingredients (eg dessert shops, bakeries and milk tea shops) drive the foodservice channel’s consumption of fruits further.

Sweet tasting and visually appealing fruits are in demand

As the largest table grape producer in the world China has a wide variety of grape variants available, however the most popular variant is Red Globe featuring large-seeded sweet-tasting berries. In contrast to Western tastes, the Chinese prefer dark-coloured grapes, especially black and dark red. Chinese domestic cherry production is mainly focused on sour taste and small-sized variants, while imported products are typically sweet-tasting and large-sized. Domestic melon production is relatively diversified across the different variants, however Hami melon, Muskmelon, Elizabeth (Yilishabai) melon and Golden (Huangjin) melon are the most popular. While grapes, cherries and melons are in demand in China, there is as yet no appetite for apricots. Typically Chinese prefer sweet-tasting fruits, and following the healthy living trend fresh fruits are preferred to frozen ones. While there is no preference in terms of packaging, typically fruits are available in plastic bags and baskets. However loose selling is also in demand, especially across the lower end of the market.

The Chinese consumers are looking for visual appearance in fruits, choosing larger-sized and ripe fruits. Consumers’ tastes and preferences around fruits are rather consistent (see *Table 24*)

Table 24: Chinese consumer fresh fruit preferences

 Apricots	
Shape	Round and oval
Taste	Sweet
Texture	Juicy
 Cherries	
Shape	Round and relatively large-sized
Colour	Dark red
Taste	Sweet
Texture	Juicy and soft, yet not squashy



Grapes

Shape	Large-sized round and oval
Colour	Black, red and white grapes are all popular
Texture	Juicy, crunchy outer skin, melting inside berry texture




Melons

Shape	Round and oval
Texture	Crunchy and juicy
Taste	Sweet and refreshing

Fresh fruit prices remain stable through the year, while mainly reacting to consumer preferences

As across the globe, fresh fruit prices are strongly affected by the yield, with prices usually decreasing during favourable production seasons, as domestic supply exceeds demand, especially across the grapes and melons categories. However, during the off-seasons, fruit prices increase accordingly, following the import demand across the globe, as well as transportation methods and costs. However, the most important price determinant is consumer preference, which drives prices up for such strongly demanded products as cherries. The average price points for the fresh fruit categories under research are relatively diverse, with melons and grapes being affordable to the majority, while cherries focus on the wealthier middle class (see *Table 25*). Across the product categories, open-air markets typically offer much lower price points than modern retail chains, catering to less wealthy consumers, while the growing middle class prefers shopping at modern retail formats.

Table 25: Fresh fruit average retail price observations in China 2016

	Modern retail chain	Open-air market
 Apricots		
Minimum price	CNY11.9/kg	CNY6.5/kg
Maximum price	CNY18.9/kg	CNY8.9/kg
Average price	CNY14.9/kg	CNY7.5/kg

 **Cherries**

Minimum price	CNY40.0/kg	CNY30.0/kg
Maximum price	CNY70.0/kg	CNY45.0/kg
Average price	CNY49.9/kg	CNY34.9/kg

 **Grapes**

Minimum price	CNY5.0/kg	CNY3.0/kg
Maximum price	CNY19.9/kg	CNY11.9/kg
Average price	CNY8.5/kg	CNY5.5/kg

 **Melons**

Minimum price	CNY4.0/kg	CNY3.0/kg
Maximum price	CNY17.9/kg	CNY4.9/kg
Average price	CNY7.5/kg	CNY3.9/kg

Source: Open-air markets, Carrefour, Wal-Mart, Century Mart, Ole

In China, both product quality and prices are important to purchasing decision indicators. In terms of fresh fruits, rural and smaller cities consumers primarily look for value for money; however across the larger first- and second-tier cities, the middle class is putting quality as the priority and willing to pay higher prices. The quality judgement the affluent consumers make is based on their impression of the fruit’s visual appearance mainly, rather than actual details of nutritional value or organic origin. Imported fruits typically fall into the premium price segment, and therefore are mainly sold in first-tier cities such as Beijing, Shanghai, Shenzhen and Guangzhou. However, the premiumisation trend is now entering second-tier cities, such as Chengdu, Wuhan and Hongzhou.

7.3 OVERVIEW OF CHINESE FRESH FRUIT IMPORT COMPETITION

Imports from Central Asia

Currently China has very little fresh fruit trade with Central Asia, thus Chinese consumers are unaware of the Central Asian fruit taste and quality. The only Central Asian product that found its way in China is cherries, which are currently being imported to the adjacent to Central Asia regions, such as Xinjiang province, while eastern, midland and coastal regions have no or marginal business related to Central Asian fruits.

Distribution of imported fruits

Most of the fruits in the market are sold via retail to end consumers where traditional and modern retail combined take control over 95% of the distribution. Recently, the traditional sales fresh fruit channel have seen some diversification with successful entrance of fresh fruit specialist chains, such as Jiawo, Pagoda, Xianfengsg.

The online channel is also under development, but remains small, though growing. Among the fresh fruit e-commerce successes who experienced rapid development there are such platforms as Hema Xiansheng, Jingdong fresh, Fruitday, Missfresh and Yiguo Fresh Fruits.

Due to the higher price point, the processing industry is using locally produced fruit.

Organic fruits have started targeting health conscious consumers

Consumers' pursuit for health has changed their perception of dietary requirements, as health aware affluent consumers are looking for balanced and highly nutritious foods. Organic fresh fruit market is starting to target this health aware consumer segment claiming their free from pesticides, chemical fertilizers, weed killer substances nature as well as promoting nutritional benefits, such as increased vitamin and mineral levels.

Domestic consumption is the main import purpose

Fruits imported to China are for the purpose of domestic consumptions. Chinese buyers are highly fragmented. There are numerous fresh fruits importers throughout the country. Due to the vast territory in China, leading importers are only dominant in certain region. For instance, Dole food Company Inc is a leading player in Shanghai and East China, while JOY WING MAU Group is a major importer in South China. Despite of their dominance in regions, the market share of these companies are no greater than 1%.

Strong seasonality for apricots, grapes and cherries, and all-year-round availability of melons in China

Among the four categories of fresh fruits under review, apricots, grapes and sweet cherries have strong seasonality in China, due to difficulty in storage. Besides, the greenhouse fruits of these categories have no bulk supply, thus their sales seasons coincide with production seasons. In contrast, melons are continuously available over the year (see

Table 26).

Apricot consumption in China is relatively low during the past years, as Chinese consumers have no consumption habits of fresh apricots. They usually prefer peaches. Despite of the low domestic consumption, apricots are generally supplied from late May to mid-July.

In China, there are a large variety of grapes available in the market. Different grape variants have different supply seasons. Although grapes, especially domestically produced ones, are generally supplied from July to August, imported grapes (“Tizi”) have stock for all seasons. For instance, among the grapes imported from different countries, grapes from U.S are sold from August to December, following the sales season of domestic variants. Grapes from Peru are available from November to January next year. They are followed by grapes from Chile supplied from February to June.

Cherries have a relatively short supply season which peaks from mid-May to mid-June. March is usually the season for domestically produced greenhouse cherries with those from Dalian supplied in Mid-March and those from Yantai supplied from Mid-march to late April. The bulk of domestically produced cherries is available in May, among which fruits from Southern part of China comes to market in Early May, and those from Yantai and Dalian are available Mid-late May and early June respectively. However, imported cherries have a different sales seasons. Cherries from Canada are usually available from August to September. Due to the inverse seasonality of the Southern hemisphere compared to the Northern hemisphere, November is the season for cherries from Chile and cherries from Australia and New Zealand are supplied in bulks in December. Overall speaking, February is the void season of cherries supply and the domestic cherries production season ends in early July.

Although melons have storage requirement (e.g. ambient, cool and dry, etc.), it is available throughout the year, with some limited substitutes from watermelon in summer. Across all four categories, there are demands for fruits outside the seasonal periods. However, it is noteworthy that Chinese consumers’ demands for the imported fruits only come when the market supplies. This is because during non-production seasons of imported fruits, consumers will turn to domestic variants and even other fruits like apples, pears and bananas, etc.

Table 26: Fresh fruit seasonality in China



Apricots

Season start	Late May
Season end	July
In-season suppliers	Domestic, US
Off-season suppliers	Chile



Cherries

Season start	Mid-May
Season end	Mid-June
In-season suppliers	US
Off-season suppliers	Chile



Grapes

Season start	July
Season end	August
In-season suppliers	Domestic
Off-season suppliers	Chile, Peru, Australia



Melons

Season start	All year
Season end	All year
All-year suppliers	Domestic

7.4 OVERVIEW OF CHINESE REGULATORY LANDSCAPE

Strict government regulation of imported fruits and vegetables

The Chinese government has released a series regulations to control the quality of imported fruits and vegetables, in order to ensure that all imported fresh fruits and vegetables meet the standards in terms of inspection and quarantine (see *Table 27*).

Inspection and quarantine access a prerequisite for countries and exporters to export fresh fruits to China

In order to conduct trade business of fresh fruits with China, export countries should obtain inspection and quarantine access.

In the first instance, the official phyto-sanitary department of the exporting countries should submit its written application to the General Administration of Quality Supervision, Inspection and Quarantine (SAQSIQ) and provide the necessary technical documents, such as planting area, orchard management measures, pest and disease prevention measures, etc. Subsequently, SAQSIQ may initiate the access procedures and conduct pest risk analysis. Pest risk analysis includes risk analysis initiation, risk assessment and risk management. The risk assessment determines whether the pests carried by fresh fruit are quarantine pests and assesses the likelihood of their invasion and diffusion as well as any potential economic impact. If necessary, SAQSIQ may require the quarantine department of the exporting countries to supplement, confirm and clarify the relevant technical information, and send a technician to the exporting countries or regions for quarantine inspection.

Based on the results of the risk assessment, SAQSIQ will present a list of pests, namely a list of prohibited pests, and specify the quarantine requirements that should be achieved during the cultivation, harvesting, processing, storage and transportation of fresh fruit, as well as measures of harm treatment to be taken. If the import and export sides of the quarantine requirements, which includes the list of pests and measures to be taken to remove pesticides, are accepted they will sign the export protocol. Until then, the inspection and quarantine access permit is granted to the exporting country.

In addition, China also implements a registration system applied for all fresh fruit-exporting orchards and packaging companies. All the fresh fruit orchards and packaging companies that want to export fresh fruits to China are required to register as required.

Table 27: Chinese fresh fruit import-related regulations affecting Central Asian suppliers

Summary of the legislation	Implications for exports from CA
Foreign Trade Law of the People’s Republic of China	
Document location: Complete regulation (Chinese)	
This law is formulated with a view to developing foreign trade, maintaining the foreign trade order and promoting healthy development of the socialist market economy.	Regulates the import of goods and techniques at the top level.
Customs Law of the People’s Republic of China	
Document location: Complete regulation (Chinese)	
It states the provisions for import and export of transport, goods, tariffs and law enforcement.	Regulates the transportation means, customs clearance and tariffs of import goods at the top level.
Regulation of the People’s Republic of China on the administration of the import and export of goods	
Document location: Section II of Chapter II (Chinese)	
It regulates the import and export of goods in China.	Apricots, grapes, sweet cherries and melons are the restricted import categories.
Law of the People's Republic of China on the entry and exit of animal and plant quarantine	
Document location: Chapter II (Chinese)	
It regulates the inspection and quarantine of imported animals and plants.	Central Asian countries should apply for fruit import permission if they want to export fruits to China and their products need to be inspected and quarantined for the access permission.
Measures for the administration of inspection, quarantine, and supervision on fruits entering China	
Document location: Complete regulation (Chinese)	
These measures shall apply to the inspection, quarantine and supervision and control of fresh fruit entering China, for the purposes of preventing	Before concluding a contract or agreement on the trade of the fruit, one shall file an application to SAQSIQ for going through the examination and approval formalities for the quarantine and inspection of the fruit

the fruit from spreading and carrying quarantine-harmful organisms and poisonous and harmful substances and protecting the agricultural production, ecological safety and human health of China.

and shall obtain an entry animal and plant quarantine licence of the People's Republic of China (hereafter referred to as the EAPQL).

The fruit owner or its agent shall provide the EAPQL (original) and the plant quarantine certificate issued by the official quarantine and inspection department of the exporting country or region (hereafter referred to as the PQC) (original) to the inspection and quarantine institution when applying for inspection and quarantine.

List of fresh fruits obtaining access to China and exporting countries/regions (updated 2 August 2017)

Document location: [Complete list](#) (Chinese), [Central Asia quarantine access protocol](#) (Russian)

According to the list, only Tajikistan, Kyrgyzstan and Uzbekistan have obtained inspection and quarantine access, and are allowed to import cherries (*Prunus avium*) to China by end of August 2017.

In order to export fresh fruits to China, Central Asian countries shall first obtain the inspection and quarantine permit.

Currently, cherries from Kazakhstan, and other fruits from all four CA countries require export permission from China.

The recognised certification body is known as the General Administration of Quality Supervision, Inspection and Quarantine (SAQSIQ)

Food Safety Law of the People's Republic of China

Document location: [Complete law](#) (Chinese), [Complete law](#) (English)

This Law is formulated to assure food safety and safeguard people's health and life. The following business activities carried out within the territory of the People's Republic of China shall abide by this Law:

- 1) Food production and processing; food sales and catering service;
- 2) Production and trading of food additives;
- 3) Production and trading of packing materials, containers, detergents/disinfectants for foods, as well as tools and equipment used in food production and trading;

Imported foods, food additives and food-related products shall comply with China's national food safety standards.

Imported foods and food additives shall pass inspection by the exit-entry inspection and quarantine agencies (CIQ) pursuant to laws and administrative regulations. Imported foods and food additives shall be accompanied by inspection certificates, as required by AQSIQ.

Overseas exporter and producers shall guarantee that the foods, food additives, and food related products exported to China comply with requirements of this Law, other Chinese administrative laws, regulations and the national food safety standard; they shall be responsible for content of the food labels and instructions.

- 4) Food additives and food-related products used by food producers and traders;
- 5) Food storage and transportation;
- 6) Safety management of food, food additives and food-related products.

Regulation on the Implementation of the Food Safety Law of the People's Republic of China

Document location: [Complete regulation](#) (Chinese)

This Regulation is formulated in accordance with the Food Safety Law of the People's Republic of China (hereinafter referred to as the "Food Safety Law").

The food producers and business operators shall, in accordance with laws, regulations and food safety standards, engage in production and business operation, establish and improve the food safety management system, and take effective management measures to ensure food safety. The food producers and business operators shall be responsible for the safety of food which they produce and deal in, be responsible to the society and the general public, and bear the social responsibilities.

NHFPC Food safety standards

Document location: [List of Standards](#) (English)

List of 37 National food safety standards include food additives, testing methods, specific food product and hygienic practice for food operation.

- Procedures for toxicological assessment on food safety – GB15193.1-2014
- Good laboratory practice of food toxicology – GB15193.2-2014

China CFDA Food Safety Sampling Inspection regulation

Document location: [about the regulation](#) (English)

China Food and Drug Administration (CFDA) issued Food Safety Sampling Inspection regulation, containing 53 articles and specifying planning, sampling, inspection, treatment method and legal liability of food sampling inspection.

Food manufacturers or distributors are responsible for food safety

It is manufacturers and distributors duty to stop selling unqualified products and actively assist the government to solve the food safety problem.

Increased legal obligation of food inspection institution

Increase penalties for the misconduct of food inspection institution. Food safety inspection institutes presenting false testing reports, seeking illegal benefits or illegally releasing information will face penalties or annulment of qualification.

Sampling focus

- Food with high risk, increasing pollution level, high consumption, large number of customer complaints or obvious security risk;
- Main and subsidiary foods especially for high risk groups (eg infants, pregnant women, etc)
- Collective meal distribution units, school canteens and scenic catering services
- Foods, which caused healthy issues in foreign countries

Improving the re-examination procedures of disqualified results

Food Safety Sampling Inspection Regulation stipulates that food manufacturers can submit written application for re-examination within 5 days after receiving the disqualification report. The inspection agency shall draw a re-examination conclusion within 10 days after receiving the backup sample. However the regulation also indicates that if the samples were tested with microbial overweight or the backup samples are beyond expiration date, the application for re-examination will not be accepted.

Simplifying the authenticity dissent handling procedure

Food manufacturers or distributors can submit written application and related materials of the food authenticity within 5 days after receiving the disqualification report.

Food Contact Material Standards

Document location: [about the regulation](#) (English)

National Health and Family Planning Commission of the People's Republic of China (NHFPC) released 53 Food safety national standards including 52 standards on food contact materials and articles (herein called FCM) on 18 November 2016.	The standard consists of: 2 General standards General safety requirements in regards to food contact materials and packaging 10 Product standards Specifies particular requirement to various contact materials, such as plastic, enamel, ceramic, etc 40 testing standards Specifies requirements and procedures of testing
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Limited bilateral trade agreements outweighed by size of domestic market

Since China’s accession to WTO in 2002, China offers Most Favoured Nation (MFN) treatment to all WTO members, including Kazakhstan, Kyrgyzstan and Tajikistan. In addition, China has also signed free trade agreements with several countries to facilitate bilateral and multilateral import and export trade. Until August 2017, China had signed 11 bilateral FTAs (with Georgia, Australia, South Korea, Switzerland, Iceland, Costa Rica, Peru, New Zealand, Singapore, Pakistan and Chile).

However, just as the other two priority markets under research, China has become a member of two multilateral free trade agreements with the Association of Southeast Asian Nations (ASEAN) and the Asia - Pacific Trade Agreement. The regional trade agreements facilitate and develop trade across the neighbouring markets. Bilateral trade agreements are rather limited thanks to the significant size of the domestic market and its neighbouring export destinations (see *Table 28*).

Table 28: China’s bilateral and multilateral trade agreements affecting fresh fruit trade

Summary of the legislation	Implications for exports from CA
Free trade agreement between China and Chile	
Document location: Complete FTA (English)	
Committed to strengthening the special bonds between China and Chile.	Zero tariff for sweet cherries and grapes.
Free trade agreement between China and Australia	
Document location: Complete FTA (English)	
Strengthen the economic partnership and further liberalise bilateral trade and investment to bring economic and social benefits.	4.0% tariff for sweet cherries and 5.2% tariff for grapes.
Free trade agreement between China and Peru	
Document location: Complete FTA (English)	
Promote reciprocal trade through the establishment of clear and mutually advantageous trade rules and the avoidance of trade barriers, unjustified discrimination and distortions to their reciprocal trade.	Zero tariff for sweet cherries and grapes.

Domestic consumption is the main import driver

Fruits imported to China are for the purpose of domestic consumption. Chinese buyers are highly fragmented. There are numerous fresh fruit importers throughout the country. Due to the vast territory in China, leading importers are only dominant in certain regions. For example, Dole Food Company Inc is a leading player in Shanghai and East China, while JOY WING MAU Group is a major importer in South China. Despite their dominance in respective regions, the market share of these companies is no greater than 1% nationally.

7.5 OVERVIEW OF CHINESE FRESH FRUIT IMPORT SUPPLY CHAIN

Rather lengthy supply chain caused by fragmented domestic retail market and vast territory

A typical value chain in the imported fresh fruits industry starts from the area of production. After fruits are harvested in the production zone, importers will purchase them from the exporters in the countries of origin and sell to the primary distributors and/or wholesalers. The secondary distributors will then purchase from the primary distribution market and sell imported fresh fruits further to various sales channels, such as hypermarkets and supermarkets, independent and chained fresh fruit stores, open-air markets, online retailers, etc. In fact, over 90% of imported fresh fruits are sold by primary distributors and/or wholesalers, among them approximately 35% goes directly to retailers (eg premium supermarkets with product offerings of imported goods, hypermarkets, online fresh fruits sales channels, etc) and over 60% goes into the second level distribution market and is then sold to retailers (eg independent and chained fresh fruit stores). Currently, none of the fresh fruits are sold to food processing enterprises and less than 5% goes to the foodservice channel (see *Figure 8*).

In recent years, chained fresh fruit stores and online retailers have developed quickly, but their share is still small. Currently, wholesalers still dominate the market and are the main buyers of imported fruits, selling the products to secondary distributors or retailers further along the supply chain.

Although the entire market is highly fragmented, the competitive environment stimulates industry development. The greater number of importers, the greater choice for consumers. This drives consumers' consumption of imported fruits to some extent.

Figure 8: Fresh fruit supply chain in China



Fresh fruit imports are allowed to designated ports only

Fresh fruits should only be imported through designated ports. Currently, there are a great number of designated ports across China, among which coastal ports include Shanghai Yanshan deep-water port,

Shanghai Waigaoqiao free trade zone, Zhuhai Gaolan port, Zhejiang Wenzhou port, Guangxi Qinzhou free trade port, etc.

As China borders Kyrgyzstan, Kazakhstan and Tajikistan, there are several frontier ports, namely Tulgate port (Kizilsu Kirgiz Autonomous Prefecture) and Irkishtan port (Kizilsu Kirgiz Autonomous Prefecture) between Xinjiang province in China and Kyrgyzstan, Ahetubieke port (Altay area), Jimo Nai port (Altay area), Buckport port (Tacheng area), Alashankou port (Boltara Mongolian Autonomous Prefecture), Horgos port (Ili Kazak Autonomous Prefecture), Tiruta port (Ili Kazak Autonomous Prefecture) and Mucha Zate port (Ili Kazak Autonomous Prefecture) between Xinjiang province in China and Kazakhstan. However, there is only one border port between Xinjiang province in China and Tajikistan, namely Karasu port (Kashi area). As China and Uzbekistan do not border each other, the two countries have no direct border ports and can only rely on cross-border trade and entrepot trade. At present, Xinjiang province mainly imports from Horgos port.

As there are many fruit import ports, it is convenient for companies to import fresh fruits into China. Generally, fresh fruits are imported from the ports nearest to the sales destination. At present, imported fresh foods mainly go through coastal ports in China.

China is open to various logistical solutions, however competitive pricing is key

China's geographic location allows for a number of logistical solutions, including transportation by sea, by air and by road. Currently, fresh fruits are mainly transported by air or sea, and road transportation is very rare. CIF and FOB clauses are the ones widely used in domestic trade related to imports of fresh fruits.

The different transportation methods have significant price differences. Generally, air transport costs could be as much as 10 times higher than marine transport costs. Take imported cherries for example. In the early period of every year's production season, namely the first week of every year's production season, air transport is typically used, as it is faster than other transportation methods and distributors try to ensure product freshness and grab market share by saving on delivery time. However, in the late period (from mid-late term to the end of the season) marine transport is typically used due to its cost competitiveness and large transportation capacity, so that cherries can be supplied in a stable and continuous way. In the case of marine transport, certain preservation methods are required.

Marine transport is more cost efficient, while air transport should be used for the purpose of ensuring freshness. For example, cherries from the US sell at a higher price, so they usually go to large cities such as Beijing, Shanghai, Guangzhou and second-tier cities such as Zhengzhou and Chengdu via air shipments. In contrast, cherries from Chile are imported by marine transport. It takes about one month for Chilean cherries to reach the port of Shanghai via marine transport. In order to ensure that products

are fresh when they arrive Shanghai, cherries are usually freshly harvested on the day of exporting while no more than 70% ripe, which can reduce the wastage ratio and increase storage quality during transport. In addition, in some situations, cherries are packed in vacuum packaging with preservative functions to enhance preservation. Another method to ensure product freshness is that within 18 hours of harvesting, cherries are transported to freezers on the ship and the cold storage conditions below 0°C are maintained during transportation. These measures can prolong the preservative period to the best extent.

No specific rules regulating transportation conditions for fresh fruits

Currently in China, there are no strict rules regulating the transportation conditions for fresh fruits. Instead, they are determined by importers and distributors themselves. Costs of fruit wastage due to temperature control failures will be incurred by the companies themselves.

Minimum import volumes are not specified

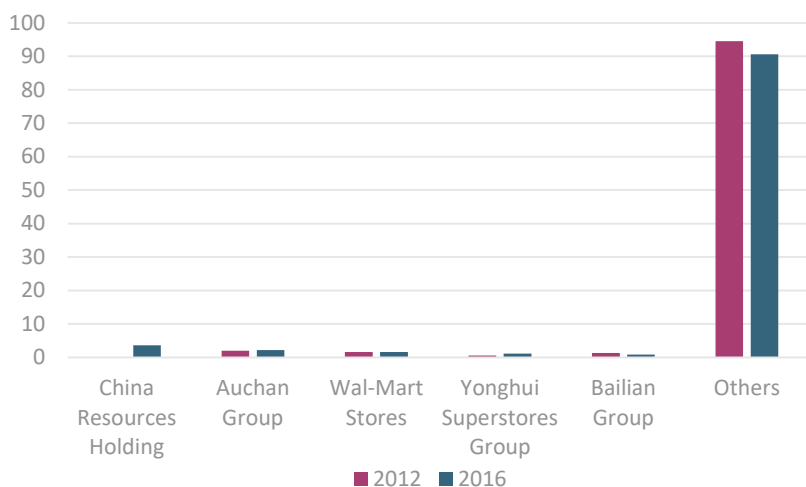
There is no requirement for minimum import volumes. Importers in China deal with any suggested volume. Usually imported fresh fruits are packed in containers and transported to China, therefore it is reasonable for importers to deal with a minimum one container of fresh fruits. For example, a container of cherries weighs approximately 20 tonnes. In the peak season, about 60 to 80 containers of cherries will be imported to one port per day.

7.6 OVERVIEW OF CHINESE FRESH FRUIT RETAILING LANDSCAPE

Chinese retail market highly fragmented with leading company holding just 3.6% share

Grocery shopping in China was characterised by polarisation in 2016. Chinese consumers' shopping habits have become increasingly polarised, as many consumers, especially those in higher-tier cities, start to focus more on convenience and quality, in line with their rising disposable incomes and the fast pace of daily work and life, although others were still more price-sensitive due to the economic downturn. Therefore, small formats and premiumisation became the major trends impacting grocery retailers in 2016, with many leading players adopting corresponding activities, such as opening convenience stores and boutique supermarkets. A growing number of retailers are shifting away from large store formats such as hypermarkets and supermarkets to concentrate more on smaller store formats such as convenience stores. This move aims not only to meet consumers' changing shopping emphasis on convenience, but also to follow an omnichannel strategy to maintain

Chart 15: Grocery retail landscape in China (value sales based market shares 2012, 2016)



Source: Euromonitor. Grocery Retailing 2016

competitiveness. Some of the leading players, such as Carrefour and Yonghui, aimed to segment the market even further, by launching Easy Carrefour and Yonghui Membership Stores, providing more premium products and in particular increasing the share of imported products.

Due to such significant retail market fragmentation voluntary quality standards are not

popular

Chinese retailers trust the checks, inspections and other quality controls run at a governmental level. Nevertheless retailers and other distributors do tend to run other additional quality checks and inspections, however following their own set of rules, rather than a standard such as GLOBALG.A.P. Nevertheless, with retailers such as Auchan and Wal-Mart making their way in the Chinese market, the conformity standards such as GLOBALG.A.P., HACCP, ISO22000 and IFS are expected to become more significant in the medium to long term.

7.7 OVERVIEW OF THE CHINESE CUSTOMS AND DUTIES

Most Favoured Nation treatment for Central Asian countries





There are two taxes related to imported goods in China, namely tariffs and value-added tax.

Kazakhstan, Kyrgyzstan and Tajikistan enjoy Most Favoured Nation (MFN) treatment when importing fresh fruits to China. Accordingly, the tariffs for apricots, grapes, sweet cherries and melons are 25%, 13%, 10% and 12%, respectively (see Table 29). The amount of tariff is calculated based on the CIF value of the imported goods and the tariff rate, using the formula: **Amount of tariff = CIF value of goods * tariff rate.**

Value-added tax for fresh fruits is usually 13%, which cannot be exempted. The calculation basis for value-added tax is CIF value of goods plus tariff, using the formula: **Amount of value-added tax = (CIF value of goods + amount of tariff) * value-added tax rate.**

Through the historic period the rates of MFN tariffs and VAT have not undergone any significant change and remained stable.

Table 29: Key fresh fruit customs duties in China

 Apricots	
Kazakhstan	25.0% (MFN)
Kyrgyzstan	25.0% (MFN)
Tajikistan	25.0% (MFN)
Uzbekistan	70.0%
 Cherries	
Kazakhstan	10.0% (MFN)
Kyrgyzstan	10.0% (MFN)
Tajikistan	10.0% (MFN)
Uzbekistan	70.0%
 Grapes	
Kazakhstan	13.0% (MFN)
Kyrgyzstan	13.0% (MFN)
Tajikistan	13.0% (MFN)
Uzbekistan	80.0%
 Melons	
Kazakhstan	12.0% (MFN)
Kyrgyzstan	12.0% (MFN)
Tajikistan	12.0% (MFN)
Uzbekistan	70.0%

Source: Ministry of Commerce of the People's Republic of China

Customs clearance of goods is usually taken care of by importers

The tariffs and value-added tax should be paid to Chinese customs when the imported fresh fruits arrive at the ports in China. Importers of fresh fruits typically take charge of the customs clearance of goods. In China, it is common for importers to delegate the customs clearance of goods to third party customs service companies. A series of documents are needed for customs clearance of goods, among which certificate of origin, licence for quarantine of entry animals and plants, and sanitary certificate are needed from the exporters.

Exporters of fresh fruits are not required to fill in any documents or forms when exporting to China. However, importers have to register online in the electronic filing system of the local customs of the import port.

No additional costs for exporters

For fresh fruit imports, most additional costs usually occur during the customs clearance of goods, such as various costs and charges for filing, inspection, quarantine, services and agency fees, which are usually borne by importers. Therefore, there are no additional costs for exporters during the whole procedure.

7.8 OVERVIEW OF OPPORTUNITIES IN CHINESE MARKET OPEN FOR CENTRAL ASIAN SUPPLIERS

Off-season suppliers, especially in cherries, are well received

Fresh fruits, which are supplied in off-seasons (non-production season of domestic supply), are also well received by Chinese consumers. As cherries in China have a short production season and consumers are interested in cherries throughout the year, supply in off-seasons is a good opportunity for imported fresh fruits, which can satisfy the demands of domestic consumers. While Central Asian cherry season is rather similar to that of Eastern China, Central Asian suppliers may consider instant freezing technologies to keep their cherry supply fresh for longer period.

Cherries appear the most dynamic opportunity for Central Asia

While China has significant domestic melon and grape production and has not yet developed an appetite for apricots, Central Asian exporters should be focusing on cherries. This category is in high demand, particularly imported produce, as it is considered of higher quality. Central Asian produce has a good taste and may offer more competitive prices than the US due to shorter transportation times. Moreover, Tajikistan and Kyrgyzstan were granted quarantine approval in 2013 and 2015, respectively, and are

legally able to import cherries to China. Uzbekistan has just received approval in 2017, which also facilitates cherry trade to the Chinese market.

Novel fruits from Central Asia as consumers are open to trying new tastes

Chinese consumers, especially in large cities, are open to new imported fruits, but currently, the imported fruits are relatively traditional. Therefore, it may be an opportunities for Central Asian countries to export the special and regional fruit specialties, such as Ferghana apricot to China, while marketing is through health benefits and extra vitamin levels that it offers in contrast to other apricots. In order to pursue this opportunity Uzbek and Tajik producers will have to work on quarantine access for apricot exports.

8. IMPLICATIONS, GAP ANALYSIS AND RECOMMENDATIONS

8.1 INTERNATIONAL MARKETS TRADE REQUIREMENTS IMPLICATIONS FOR CENTRAL ASIA

As we discussed all the markets in isolation, in this section we will aim to bring the market findings together and discuss the key insights into Central Asian production and its export opportunities (see *Table 29*).

Table 29: Central Asian fresh fruit SWOT analysis

Strengths

Central Asian fresh fruit produce is able to meet consumer demand for sweetness and juiciness

As major fruit cultivators Uzbekistan, Tajikistan and Kyrgyzstan have very good agricultural soil, through which fruits are gaining high natural sugar levels, and therefore typically possess very sweet taste.

Fruit production capacity development is on agenda

As consumer demand for fruits is on the rise thanks to the healthy living trend, Central Asia strategically plans to increase its agricultural yield through irrigation, new variants of more effective seedlings (including dwarfs), greenhouses, and sustainable use of natural fertilisers.

Competitive fruit distributors are looking for value for money deals

Lower economic development of Central Asian region results in lower labour and crop costs making the final produce more affordable than that from other countries.

Health-aware consumers are looking closer at the nutritional value of fruits

Central Asia is able to offer unique products, in particular Uzbekistan is well known for its unique Torpedo melon and Ferghana, Namangan and Surkhandarya regions' apricots, while Tajikistan's Kandhari apricots contain a high amount of beta-carotene and are exclusively available from Tajikistan.

Central Asia has strong presence in global table grapes market

Grapes see the highest consumption level across the priority markets. Uzbekistan produced 4% of global table grape supplies in 2014, becoming the seventh largest grape producer in the world, and plans to further increase grape production to reach 1.6 million tonnes in 2017. The grape market is growing through new vineyard development. Grape-related market development should be mainly focusing on Uzbekistan.

Central Asia partners with USAID to improve its cherry production

Across the priority markets, consumers have a strong appetite for sweet cherries but limited or marginal domestic supply. Uzbekistan is the largest sweet cherry producer of the four Central Asian markets. With support from USAID, Uzbekistan increased its cherry production from 80,000 tonnes in 2014 to 100,000 tonnes in 2016, becoming the fifth largest global cherry producer. During the 2017 season, Uzbekistan exported 110 tonnes of sweet cherries to the UK and Singapore. While trade is still relatively limited, Uzbekistan has gained experience and entered European and Asian markets.

Apricots are Central Asian speciality fruits, especially the Fergana Valley variant

Not only is Uzbekistan the third largest apricot producer in the world, but the Ferghana Valley, located in the territories of Uzbekistan, Kyrgyzstan and Tajikistan, features a unique apricot variant, which is known for its high nutritional value.

All Central Asian markets see the highest production volumes in melons

While China, Spain and Romania are global leaders in terms of melon production, the Central Asian region sees higher melon production than any of the other categories under research. Kazakhstan and Uzbekistan producing close to two million tonnes of melons a year. Melons, although typically attracting low price points compared to cherries or apricots, are rather sturdy fruit, which enable longer transportation and allows for a significant ripening period.

Demand for organics is on the rise

Central Asian fresh fruit produce historically follows a natural or close to natural cultivation process, as farmers are not used to applying harsh chemicals to their crops, often because they cannot afford to purchase them.

Active participation in global standardisation process

Ferghana Valley producers have taken a first step in the standardisation of domestic produce and included Ferghana dried apricots in the UNECE standard. While the actual standard was developed

for the processed fruit category, it allowed industry players to learn the application process and should put them in a stronger position for further improvements.

Central Asia's accession to international trade agreements positively affects trade

As Kazakhstan, Kyrgyzstan and Tajikistan are WTO members, they benefit from MFN treatment. Uzbekistan is still in the very early stages of its WTO membership. Tajikistan and Uzbekistan enjoy GSP status, while Kyrgyzstan has recently been granted GSP+ status for trade with the EU.

Central Asia understands that global certification is the way forward

With European and Russian buyers' requirements for GLOBALG.A.P. or other global certification standards, Central Asian producers are in agreement that certification has become a standard requirement for international trade. Moreover, the region is actively developing education systems for future certification experts, so regional producers would not have to depend on international experts.

Weaknesses

Limited international consumer awareness of Central Asian fruit

While Central Asia produces sweet, juicy and high-quality fruits, international buyers and consumers are not aware of Central Asian fruit quality, taste and nutritional value, which drives consumption preferences towards other familiar suppliers.

While productivity and efficiency improvement on the agenda, implementation remains challenging

As the Central Asian agricultural industry is highly fragmented, small players often cannot afford to act on the strategic production enhancements, such as irrigation development, new land cultivation, introduction of new seedling variants, and implementation of modern machinery across farming, packing, calibration, cleaning and minor processing etc. Although commercial banks offer loans to agricultural players, the interest rates are high, the available loan principal is insufficient and the banking procedure is complicated and lengthy, driving many small and micro businesses away from the opportunity.

While Central Asia may be able to offer lower prices than the competition, first investment is needed

Due to economic development of the region, labour costs, operational costs, land transportation costs and other related costs are lower than those in more developed rival exporters. Moreover, Central Asian producers are developing quickly and ready to adopt the standards of international buyers in order to meet their demands. However, the costs are considerable for Central Asian producers and they need to gain more trust and orders from international buyers first.

Traditionally rather natural production, but lack of certification proof

While Central Asian production is considered relatively natural, the region needs to gain international organic, eco or bio certificates to be able to use the natural claim, while trading with international markets. Moreover, in order to position Central Asia's unique fruits such as Torpedo melons and Ferghana apricots as somewhat superior to other variants in terms of vitamin content and wider nutritional value, producers must obtain proof for their claims.

Despite significant grape volume production, Central Asia faces fierce competition in grapes

Despite the fact that Central Asia is among the top 10 global table grape producers, the competition is fierce. Peru, Chile and other South American, South African and Australian producers, while having lower grape production levels than Central Asia, have gained the trust of the majority of international markets. Consumers' taste palates are used to the grapes available in these markets.

Cherries face transportation challenges

While cherries are in demand, this category is perhaps the most challenging in terms of transportation. Central Asian producers have to develop an efficient logistical chain to supply cherries to the world as well as focus on dark-coloured, large-berry variants.

While apricots are national fruit in Central Asia, international markets prefer peaches and nectarines

While Central Asia produces good quality apricots, there is a general lack of appetite for apricots in international markets, as consumers opt for peaches and nectarines as the wider available variants.

While rather easy to produce and transport, melons see relatively low prices in international markets

While melons see the highest production level of the fresh fruit categories under research, international markets also have relatively strong domestic production. Melons are rather bulky products to transport, while attracting relatively low end consumer price points.

Fragmented production and lack of volume consolidation

Central Asian agriculture is highly fragmented, resulting in many individual farmers or SMEs with limited production volume per entity. Such an industry structure challenges international trade opportunities for small farmers, since they are not able to meet the volume requirements of large buyers such as modern retail chains. While small producers can cooperate with international trade intermediaries, such as wholesalers and importers, they need to be able to match the product calibre and quality the intermediary is looking for. In this context, there is lack of cooperation and coordination between Central Asian SMEs.

Central Asian trade highly focused on Russia and post-Soviet space, and lacks further diversification

Historically, culturally and geographically Russia is the key export market for Central Asian producers along with cross-border trade among the Central Asian markets. While the sole focus on Russia has resulted in strong partnerships with Russian buyers, other priority markets have remained untapped. Domestic farmers are not motivated to change their ways of working and produce better quality produce to satisfy international markets' requirements, because they profitably realise their current produce through their domestic market and Russia. There is a lack of wider information sharing about the benefits and the requirements of exports to international markets.

Certification and voluntary standards

As Central Asian producers recognise the need for international certification and conformity to buyers' voluntary requirements, such as GLOBALG.A.P., Fairtrade, ISO22000; the certification process is only familiar in theory and there is a lack of practical advice. There is a lack of local certification auditors, laboratories and other experts, such as business consultants, able to help the domestic producers through the process of certification. Furthermore, certification is largely unaffordable for the majority of SME players.

Access to market

While it is Central Asia’s strategic goal to improve international trade, the Central Asian producers and exporters lack understanding of international markets’ requirements, when it comes to other international destinations than Russia. Fragmented and SME based industry lacks awareness of legal access requirement to China and UAE markets. While European UNECE based standards are more familiar, the industry needs more education on voluntary certification and standardization requirements. Furthermore, there is a need for further education on typical export operational process, when it comes to international markets.

Lack of regional cooperation

Central Asian countries, while developing some wider regional strategies in terms of international trade development, continue to lack cooperation and dialogue between the countries, and do not efficiently share their experiences (both successes and failures).

Opportunities

Germany	UAE	China
Market	Market	Market
Large and mature market with high, established demand for fresh fruit. Participation in the German market opens wider opportunities at the EU level.	While a smaller market than China or Germany, UAE see very dynamic fresh fruit market development and very strong and wealthy consumer groups.	Chinese fresh fruit market is the largest among the priority markets, with increasing demand for nutritional and healthy fresh fruit produce.
Product	Product	Product
Cherries , while representing just 37% of the retail volumes of grapes, is the category that is highly dependent on seasonal supply. Central Asian producers may target supplying the German market early in the season during or before the 18th calendar week and beyond the 27th calendar week.	UAE does not have domestic fresh fruit production and therefore depends heavily on imports. Thus, there are equally interesting opportunities across the four product categories under research. However cherries and apricots are primarily targeted at wealthy	As China is a neighbour to Central Asian markets, it does have domestic production of the fruits that Central Asia specialises in, featuring similar seasons and produce taste. China is the largest melon and grape producer globally, therefore international trade in these particular product

Grapes see the highest consumption and hence the highest retail sales across the categories. While this market is rather crowded with European, South African, South American and Australian suppliers, primarily of green seedless grapes, German consumers have not yet tried Central Asian produce. This opportunity comes with strong marketing and promotion prerequisite, as Central Asian traders will need to convince buyers of their produce quality and price, as well as consumers of their produce's taste.

Apricots have somewhat limited demand in Germany with peaches and nectarines enjoying much stronger market presence. Nevertheless, Central Asian apricot producers have already started to build partnerships with German importers, such as Landgard Fachhandel GmbH & Co. KG, which value and trust the quality of the produce. With further promotional activities, Central Asian apricots may find a niche within organic,

consumers, thus feature higher price points than melons or grapes.

The grapes market, similar to Germany, is highly competitive but is the largest of the four.

Regardless of the product category, the key requirements in UAE are quality, quantity and consistency. Thus Central Asian suppliers will have to convince UAE buyers of their reliability, consistent delivery capacities and premium product quality.

Trade agreements

UAE is part of the GCC free trade area, and is the gateway to the wider Middle Eastern trade through re-exporting.

Kazakhstan and UAE, despite a lack of sizeable trade relations, have established a trade agreement, aimed to developed mutual trade relationships.

variants would face strong cheaper domestic competition during the season period, while Chinese off-season periods coincide with those off-seasons in Central Asia.

Cherries represent the largest and the most demanded category by Chinese opportunity, as China's cherry production is relatively limited and is not able to meet the demand. The current importers include Australia, the US and Chile, all are rather distant suppliers. Thus Central Asia may use an opportunity to use the proximity as their key competitive advantage, while offering competitive prices, facing lower transportation costs. The market for cherries in China actually lies along the coastal region and is quite far from the eastern neighbouring borders, however air transportation might be considered, since this is how US suppliers reach China.

Trade agreements

As China primarily focuses on Eastern Asian and Australian trade relationships, there are no preferential trade agreements

Fairtrade or ecological apricot buyers.

Melon is a popular fruit in Germany, having strong local, regional and global supply. The scope of melon suppliers may be further diversified, including introduction of the unique Torpedo variety to the German market. In addition, Central Asia may take advantage of rising convenient snacking based around melon and offer produce in the form of bite-sized chilled pieces. Melons are also more resilient to transportation, and can significantly reduce the risk of non-marketable quality.

Trade agreements

Uzbekistan and Tajikistan benefit from lower custom rates due to GSP agreements. Kyrgyzstan, newly accepted to GSP+, benefits from customs free trade in fruits.

between Central Asia and China currently.

However, China has very strict control over import access to the country, granting quarantine access control to importers/producers pending inspection.

Central Asian cherries from Uzbekistan, Tajikistan and Kyrgyzstan have been granted quarantine access and are accepted to the Chinese market.

Furthermore, the Chinese government has introduced the **One Belt One Road initiative**, aiming to enhance China's international trade with Central Asian countries; in addition, the Chinese government provides Central Asian countries with **technological support**, encouraging Central Asian countries to export agricultural products to China.

Challenges

Access to market

Central Asian countries face difficulties while attempting to export fresh produce to:

- German buyers require all their suppliers to adhere to voluntary quality and sustainability standards. Depending on the retailer, there may be a specific demand for a particular standard implementation. However, GLOBALG.A.P. is one of the trusted certificates, required by such retailers as Edeka, Rewe, Lidl, Aldi and Metro. In particular, retailers require implementation

of Integrated Farm Assurance Standard, Chain of Custody Standard and Risk Assessment on Social Practice Standard.

- UAE buyers, while they do not have experience trading with Central Asian suppliers, associate the whole Central Asian region with the negative trade experience they had with Azerbaijan. Thus Central Asian suppliers, while not required to provide any additional certificates or proof of conformity, do need to convince UAE buyers of their quality and consistency.
- China has set quarantine access to fresh produce imports, with Central Asia not listed on the approved list in terms of apricots, melons and grapes. Therefore, before being able to establish trade relationships with Chinese buyers beyond cherries, Central Asia will have to work on quarantine access first.

Lack of Central Asian produce awareness

Central Asian fresh produce is not widely present in the priority markets, and therefore buyers are not sure of the demand for Central Asian fruits, while consumers are not used to the taste.

Technological challenges in meeting quality requirements

All the international priority markets have legally set requirements on fresh produce quality; while Germany follows UNECE standards, UAE and China have developed their own standards (see 0, 6.4, 7.4). The import procedure to any of the priority markets includes a product quality inspection, which is performed upon arrival to the market. In order to ensure that the quality standards are met, Central Asian producers and exporters must test the produce while still at home. The local laboratories lack the equipment to run all the tests required by the more developed economies' buyers, and even if they do, the results the obsolete equipment produce are not always trustworthy. There have been a number of cases where Central Asian exporters obtained a local testing protocols stating that the level of pesticides and other residues was within the norm, but when the test was performed by foreign laboratories it proved negative for particular residues, and therefore the produce was not allowed into the country.

Unstable prices of agricultural produce

By definition, agriculture is a high risk industry, because it is highly dependent on weather conditions, which are beyond human control. The agricultural price points are set by demand and supply. While demand may be somewhat predicted and forecast for the future, weather-dependent supply may under or over deliver, hence impact price points. The supply and demand relation effecting price includes not only the domestic market, by wider global suppliers and buyers, making the industry even more difficult to predict.

8.2 GAP ANALYSIS AND POSSIBLE INTERVENTIONS

The following table provides a summary of the gap analysis and suggests the possible intervention measures that can be employed to narrow or close the gap between the supply and demand of the market (see *Table 30*).

Table 30: Central Asian supply and international demand gap analysis

Current supply situation	Current demand requirements	Interventions
Raise awareness of taste and attributes of Central Asian fruits		
<p>Central Asian countries do not have efficient regulations to safeguard the country of origin claims. Central Asian produce is often purchased by other exporting markets and is sold as their produce.</p>	<p>International buyers are not aware of Central Asian fruit qualities and their speciality fruits. Moreover, there are very few trading relationships between Central Asia and the priority markets, so international buyers are not aware of the exporters and lack trust in their consistency and ability to deliver.</p>	<ul style="list-style-type: none"> ▪ Facilitate and promote participation of Central Asian producers and exporters in international trade expositions and other trade promotional events, specifically focusing on those in priority markets. Establish relevant branded produce for them to showcase. ▪ Educate agricultural industry (from farmers to exporters) on international market requirements ▪ Promote “Made in Uzbekistan”, “Made in Tajikistan” and “Made in Kyrgyzstan” through educational materials on agricultural products in priority markets.

Consolidate production to enhance quality consistency and volume supply

Post-Soviet Union, Central Asian agriculture is highly fragmented with many individual farmers as well as micro and SME farms. As farms are free to choose the type of goods to produce as well as the exact variant of the fruit as well as individually decide on what technological approach they want to apply, the produce is highly fragmented in terms of taste and variant, thus exporters and wholesalers who trade with small farmers are not able to guarantee produce of uniform quality.

International buyers are looking for suppliers who can guarantee consistent quality and quantity of produce.

- Educate Central Asian producers on the benefits of cooperation and knowledge sharing, focus on how the cooperation would benefit them.
- Introduce governmental support to farmers that participate in the coordinated production efforts.
- Introduce an export promoting and coordination body (for each of the products separately) that would be the go-to entity for farmers who want to export goods. This could take the form of a cooperative, association or broker.

Enhance fruit calibration to meet international standards

Central Asian producers lack a systematic approach towards production, therefore there are inconsistencies in terms of visual fruit appearance, eg varying size and colour. Therefore it becomes difficult to compile large volume exports, satisfying specific quality requirements.

International consumers are looking for premium looking and tasting fruits. It is important to satisfy both visual and taste requirements of the markets, since visually unattractive produce, regardless of taste, will not sell well.

- Improve fruit calibration technology.
- Educate farmers and producers on the necessity and benefits of fruit calibration.

Achieve international certification

Fragmented Central Asian producers are not able to afford GLOBALG.A.P., ISO or other high calibre food quality certification, which is required by European buyers.

Farmers already have an understanding of the certification procedure, and recognise its significance, however lack of affordability stops farmers from going through the certification process. Moreover, domestic, cross-regional and CIS trade does not require the extra effort of certification as well as is more familiar to the farmers, thus many producers take the “easy” option.

European markets require GLOBALG.A.P. or QS certification of their suppliers, in order to ensure not only the quality of the produce, but also the farming process, the transportation process and the sustainability of the producer.

- Educate SME farmers on the benefits of certification and subsequent ability to enter international markets, which may return higher profits for the same produce.
- Facilitate development of educational systems for the future certification experts.
- Establish a GLOBALG.A.P. or wider certification advisory body, which would be able to address the questions of SMEs.
- Facilitate the establishment of specialist certification bodies in the Central Asia
- Promote volume consolidation through cooperatives or associations, so the GLOBALG.A.P. standard can be obtained by all farmers, rather than each one of them individually.
- Facilitate lobbying of government in terms of subsidising the certification process for small players (through taxes or loans). Facilitate dialogue between financiers (banks) and agricultural industry, in order to reduce the loan

process as well as agree on acceptable interest rates and relevant principal loan sums.

Learn from international best practices to modernise laboratories

Central Asian food testing laboratories are not recognised by international markets, such as Germany and China, because the laboratories lack modern technology, up-to-date training and consistency in running tests. There have been cases where Central Asian laboratories have granted food safety/quality certificates specifying various criteria within norms, while the same test repeated in the international entry market showed different results. Central Asian producers are able to provide samples to international laboratories, however as in the case of imports in many cases the produce comprises collective produce of many farms, thus sample testing is not efficient.

Each of the priority markets has laws specifying requirements for fresh food produce in detail either for agriculture, product group or even product type. Each market performs a food quality inspection as the products enter the market, and in cases where the produce does not satisfy the minimum requirements it is returned to the supplier or destroyed.

- Facilitate the establishment of internationally recognised laboratories in Central Asia, particularly Uzbekistan.
- Facilitate development of educational systems for future food quality experts to fill the laboratory jobs.
- Provide information to exporters and current laboratories on what are the acceptable quality levels in international markets as well as detail what are the tests that need to be performed (to avoid using different methodologies).

Identify opportunities for partnerships in air freight

As a landlocked region, Central Asian exporters have to deliver by land or air. In terms of fresh fruit, transportation by land is

International buyers generally prefer marine transportation, however are happy to accept

- Facilitate relationships between exporters and air freight carriers.

too lengthy and the fresh other solutions, as long as price produce is at risk of being and quality are guaranteed. spoiled.

Air freight is an available option, albeit an expensive one.

- Provide exporters with information about competing air freight carriers (beyond Uzbek Airlines and relevant carriers in other countries).
- Provide information about charter cargo flights with independent carriers, rather than traditional big players.
- Facilitate lobbying plan, for domestic exporters to gain some discounted air freight rates, when they export agricultural produce to priority markets.

8.3 RECOMMENDATIONS FOR GIZ TRADE FACILITATION IN CENTRAL ASIA PROGRAMME DEVELOPMENT

The goal of the report was to provide GIZ with detailed information about export priority market demands and guide GIZ towards the next step the trade facilitation programme may take, in order to improve international trade in agricultural produce across the Central Asian region. Based on the research findings, industry insights and analysis, Euromonitor International suggests the following future trade facilitation initiatives, programmes and lobbying verticals (see *Table 31*).

Table 31: Recommendations for fresh fruit trade facilitation development

Recommendation	Detailed summary	Beneficiaries
Raise awareness of taste and attributes of Central Asian fruits		
Facilitate and promote participation of Central Asian producers and exporters at	Educate exporters, exporting and traders about the Trade Expo calendar (when, what kind of exposition, product	<ul style="list-style-type: none"> ▪ Exporters ▪ Traders ▪ Farmers

<p>international trade expositions and other trade promotional events, specifically focusing on those in priority markets. Establish relevant branded produce for them to showcase.</p>	<p>relevance, entry prices, markets targeted), so they can plan their attendance in advance.</p> <p>Establish a body, helping participants with implementation of exposition requirements. The go-to entity to find out what to prepare for the trade show, how to prepare for the trade show, what to expect to find there and how to network while at the show.</p>	
<p>Educate agricultural industry (from farmers to exporters) about international market demands.</p>	<p>Provide farmers, processors and exporters/traders with information about priority export markets in order to promote exports, show opportunities and convince them to focus on international trade.</p> <p>Include such factors as:</p> <ul style="list-style-type: none"> ▪ Consumer demand and preferences; ▪ Market size; ▪ Buyers' requirements; ▪ Legal market entry requirements; ▪ Competitor analysis; ▪ Key trading partner analysis. 	<ul style="list-style-type: none"> ▪ All supply chain
<p>Promote “Made in Uzbekistan”, “Made in Tajikistan” and “Made in Kyrgyzstan” through educational materials on agricultural products in priority markets.</p>	<p>Facilitate development of “Made in...” support programmes by creating marketing and educational materials about Central Asian agriculture, presenting the fresh fruits the region aims to export, explaining the production process, presenting some of the exporting bodies or cooperatives of exporters, claiming the</p>	<ul style="list-style-type: none"> ▪ All supply chain

benefits of the Central Asian produce versus the competition.

The goal is to develop visual print materials and promotional videos, which could be presented to partners as well as a wider audience through social media.

Consolidate production to enhance quality consistency and volume supply

Educate Central Asian producers about the benefits of cooperation and knowledge sharing, focusing on how the cooperation would benefit them.

Facilitate development of individual, micro and small farmers’ cooperatives (not in terms of sharing profits, but in terms of sharing knowledge and coordinating the technological production approach as well as coordinating product focus).

- Farmers
- Micro farms
- SME farms
- Exporters
- Wholesalers (traders)

Assure farmers that the cooperatives are not taking over control of their farm, and that they continue to remain in charge.

The goal of the cooperative /association is to be able to gain stable high volume orders from international buyers, which are fulfilled by a number of small domestic producers, who all work towards the same goal.

Such a set-up would guarantee to buy farmers’ produce at a set price, so that farmers will not have to worry about realisation and price fluctuation.

Introduce governmental support to farmers that participate in the coordinated production efforts.

Facilitate lobbying programme to connect domestic exporters with the government to discuss the following support systems:

- Guaranteed long-term land lease - government to provide farmers with a set amount of land, that they

- All supply chain, excluding large corporations

will cultivate in a coordinated manner and sell the produce to exporters to international markets;

- Tax relief or deductions for the initial set-up stage (3-5 years), so that farmers have more funds to introduce technological equipment required to cultivate the new land.
- Exporters - consolidators' subsidies, enabling them to learn more about the best agricultural practices to be applied by the coordinated farms;
- Subsidies for coordinated farms' seedlings for the first few years.

Introduce an export promoting and coordination body (for each of the products separately) that would become the go-to entity for farmers who want to export goods. This could take the form of a cooperative association or broker.

Facilitate development of export promoting entity specific to a particular product (eg apricot export cooperative, dried apricot export cooperatives), which would be the know-how centre for all specific product-related export information, including costs and prices, transportation, customs, potential partners, etc.

- Farmers
- Micro farms
- SME farms
- Exporters

Enhance fruit calibration to meet international standards

Educate farmers and producers on the necessity and benefits of fruit calibration.

Establish educational material for farmers, informing them of the necessity and benefits of fruit calibration. Showcase real life examples of what products and why were refused by buyers because of calibration.

Educate how to correctly set the calibrations, what calibrations are popular in priority markets, provide the price

- Farmers
- Micro farms
- SME farms
- Exporters
- Wholesalers (traders)

comparison between premium and second class fruits.

Improve fruit calibration technology.

Provide farmers with information on the potential price point of installation of calibration technology.

Provide farmers with best practices of calibration technology, showcase different brands, machinery and applications.

Facilitate dialogue between farmers and technical experts, for the latter to provide farmers with more technical advice.

- Farmers
- Micro farms
- SME farms
- Exporters
- Wholesalers (traders)

Achieve international certification

Educate SME farmers about the benefits of certification and subsequent ability to enter international markets, which may return higher profits for the same produce.

Facilitate development of educational programmes for individual farmers as well as micro and SME farms about the benefits of the international certification, such as GLOBALG.A.P.:

- Focus on the benefits international certification provides to farmers (eg more efficient production, sustainable production);
- Explain what are the new market entry opportunities, while having certification (eg for German market this is a prerequisite);
- Educate about the detailed composition of international certification and highlight which of the standards are recommended for which part of the agricultural business.

- Farmers
- Exporters

Facilitate development of educational systems for future certification experts.	Facilitate development of international certification professional training at local universities (GlobalG.A.P., ISO, organic, etc). Introduce current food testing specialists to international training.	▪ All supply chain
Establish a GlobalG.A.P. or wider advisory bodies, which would be able to address the questions of SMEs.	Facilitate development of domestic consulting companies specialising in international standardisation and certification. Consultants would be responsible for step-by-step facilitation, coordination and other assistance to farmers that would like to know more or to start the certification process.	▪ Farmers ▪ Micro farms ▪ SME farms ▪ Farming cooperative
Facilitate the establishment of international certification bodies	Facilitate the establishment of certification bodies in Central Asian countries that would follow internationally recognized processes.	▪ Farmers ▪ Micro farms ▪ SME farms ▪ Farming cooperative
Promote volume consolidation through cooperatives or associations, so the GLOBALG.A.P. standard would be obtained for all farmers, rather than each one of them individually.	GlobalG.A.P. or any other international standard certification is a significant investment that SMEs cannot afford. Facilitate development of above-mentioned cooperatives /associations of coordinated farms, which would be able to obtain certification on the cooperative level and therefore split the cost of certification.	▪ Farmers ▪ Micro farms ▪ SME farms ▪ Farming cooperative
Facilitate lobbying of government in terms of subsidising the certification process for small players (through taxes or loans).	Facilitate dialogue between farmers, exporters and government in order to agree on possible subsidies or tax relief for those farmers that choose to be internationally certified.	▪ All supply chain

<p>Facilitate dialogue between financiers (banks) and agricultural industry, in order to reduce the loan process as well as agree on acceptable interest rates and relevant principal loan sums.</p>	<p>Facilitate dialogue between farmers, exporters and banks in order to agree on possible financing tools available for certification purposes.</p>	<p>▪ All supply chain</p>
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Learn from international best practices to modernize laboratories

<p>Facilitate establishment of internationally recognised laboratories in Central Asia, particularly Uzbekistan.</p>	<p>Facilitate development of internationally recognised food testing laboratories in Central Asian countries.</p> <p>Initiate dialogue between the European, UAE and Chinese laboratories and Central Asian experts to share the best practices.</p> <p>Facilitate business plan development for laboratory establishment and any impact on costs that currently exporters face.</p>	<p>▪ Exporters</p>
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<p>Facilitate development of educational systems for future food quality experts to fill the laboratory jobs.</p>	<p>Facilitate development of food testing professional training in local universities.</p> <p>Introduce current food testing specialists to international training.</p>	<p>▪ Exporters</p>
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<p>Provide information to exporters and current laboratories about what are the acceptable quality levels in international markets as well as detail what are the tests that are to be performed (to avoid using different methodologies).</p>	<p>Facilitate education of exporters about the detailed food safety requirements of international markets:</p> <ul style="list-style-type: none">▪ Provide a list of the food safety requirements by country;▪ Explain the type of testing international laboratories run and how it differs from current domestic checks;	<p>▪ Exporters</p>
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- Highlight the particular tests that domestic laboratories do not take, or do not have the proper technology to obtain accurate results.

Identify opportunities for partnerships in air freight

Facilitate relationships between exporters and air freight carriers.	Facilitate dialogue between exporters and air freight companies. Help exporters to connect with the relevant cargo carriers. Provide exporters with information about competing air freight carriers (beyond Uzbek Airlines and relevant carriers in other countries). Provide information about charter cargo flights with independent carriers, rather than traditional big players. Facilitate lobbying plan, for domestic exporters to gain some discounted air freight rates, when they export agricultural produce to priority markets.	▪ Exporters
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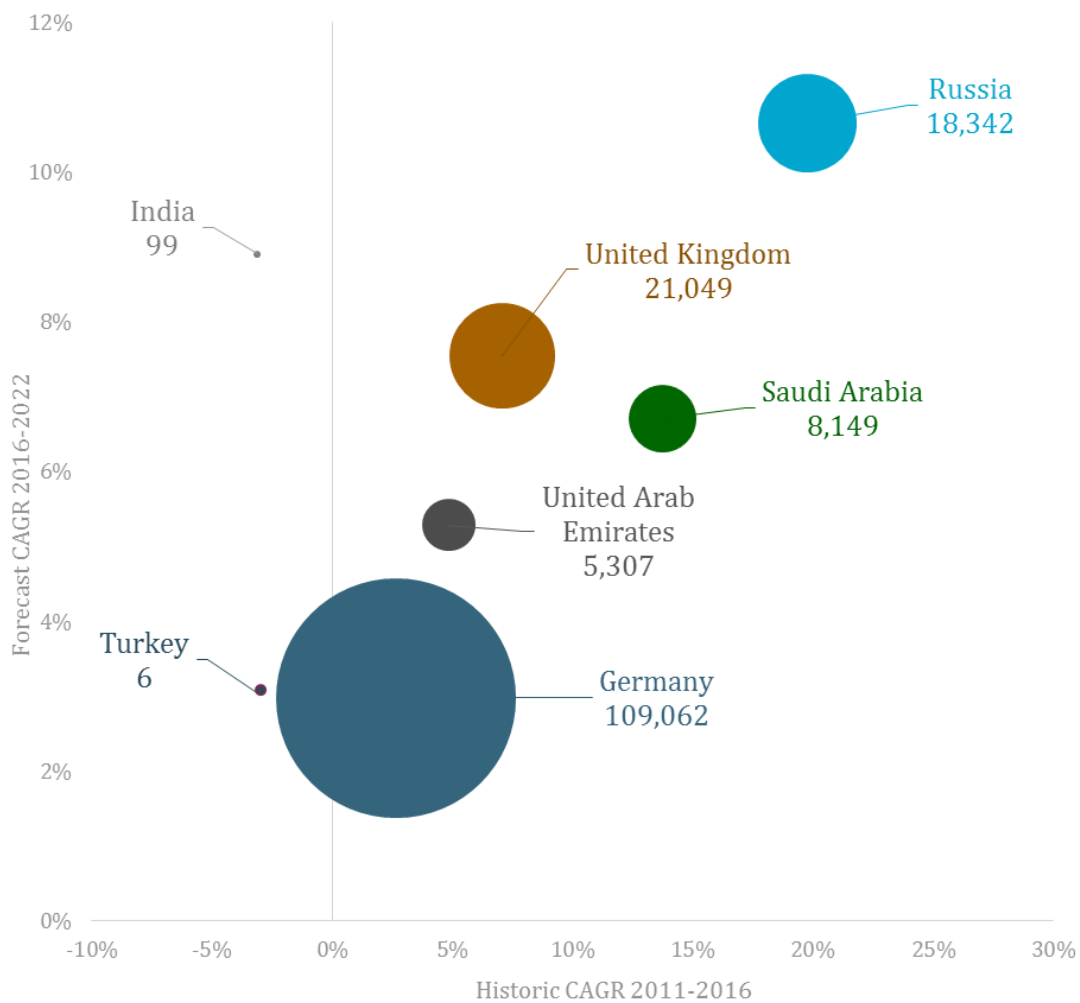
9. APPENDICES

Appendix 1: Central Asia international trade facilitation scope of study

Producers	Kazakhstan — Kyrgyzstan — Tajikistan — Uzbekistan				
Product categories	Fresh Fruits	Processed Fruits and Vegetables			Meat
Product subcategories		Dried Fruits	Dried Legumes	Nuts	
	<ul style="list-style-type: none"> ▪ Apricots: 080910 ▪ Grapes: 080610 ▪ Sweet Cherries: 080929 (exc sour cherries) ▪ Melons: 080719 	<ul style="list-style-type: none"> ▪ Dried Apricots: 081310 ▪ Dried Grapes: 080620 	<ul style="list-style-type: none"> ▪ Beans: 071332 and 071333 ▪ Mung Beans: 071331 ▪ Chickpeas: 071320 	<ul style="list-style-type: none"> ▪ Walnuts; 080231 and 080232 ▪ Fruit Stones and Kernels: 121299 	<ul style="list-style-type: none"> ▪ Meat of Bovine Animals (chilled or frozen): 0201 and 0202 ▪ Meat of Sheep (chilled and frozen): 0204 ▪ Sausages: 1601
Buyers	<ul style="list-style-type: none"> ▪ Germany ▪ UAE ▪ China ▪ UK ▪ Russia ▪ Saudi Arabia ▪ Japan ▪ South Korea ▪ Turkey ▪ India 	<ul style="list-style-type: none"> ▪ Germany ▪ UAE ▪ China ▪ UK ▪ Russia ▪ Saudi Arabia ▪ Japan ▪ South Korea ▪ Turkey ▪ India 			<ul style="list-style-type: none"> ▪ Germany ▪ UAE ▪ China ▪ UK ▪ Russia ▪ Saudi Arabia ▪ Japan ▪ Iran ▪ Malaysia ▪ Indonesia

Appendix 2: Fresh fruit international demand opportunity matrices (result of the first stage of the research)

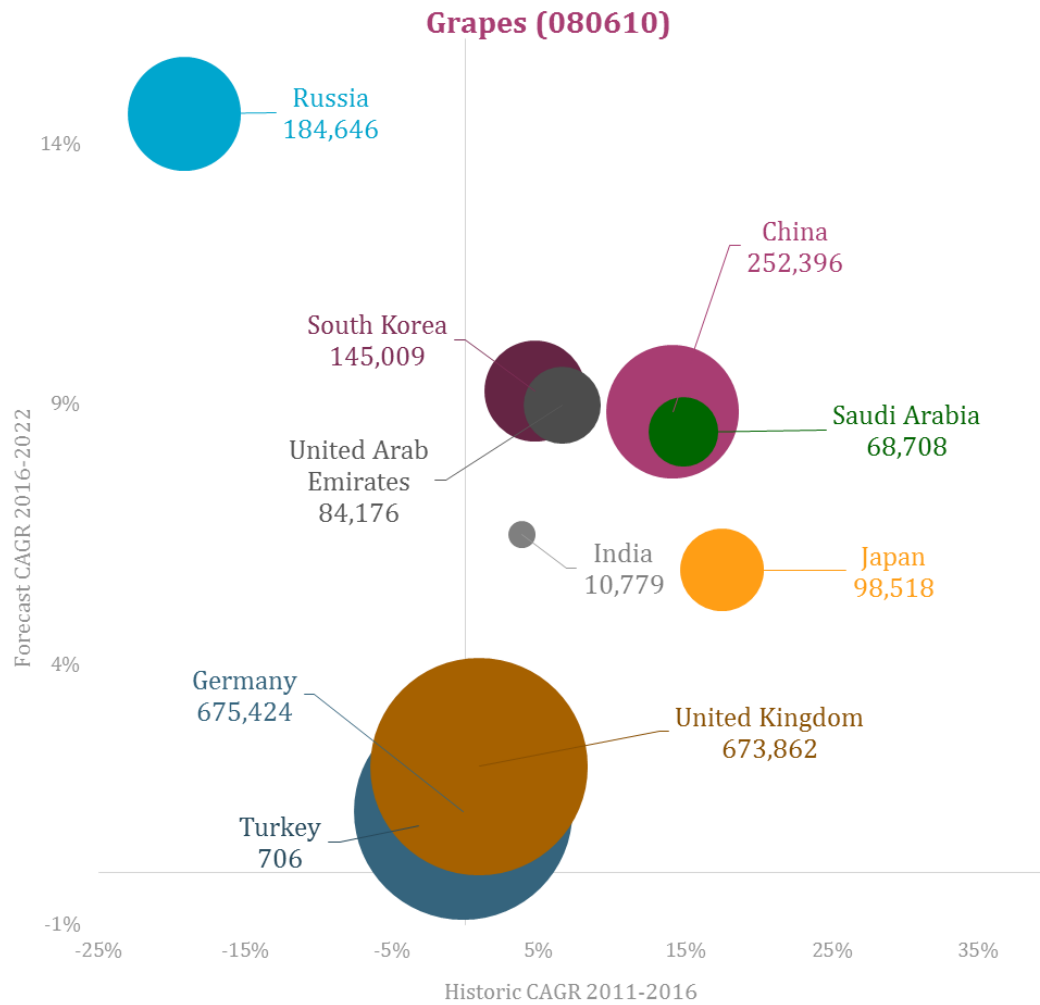
Apricots (080910)



Source: ITC Trade Maps, 2016

Note: Bubble size represents import value ('000 USD)

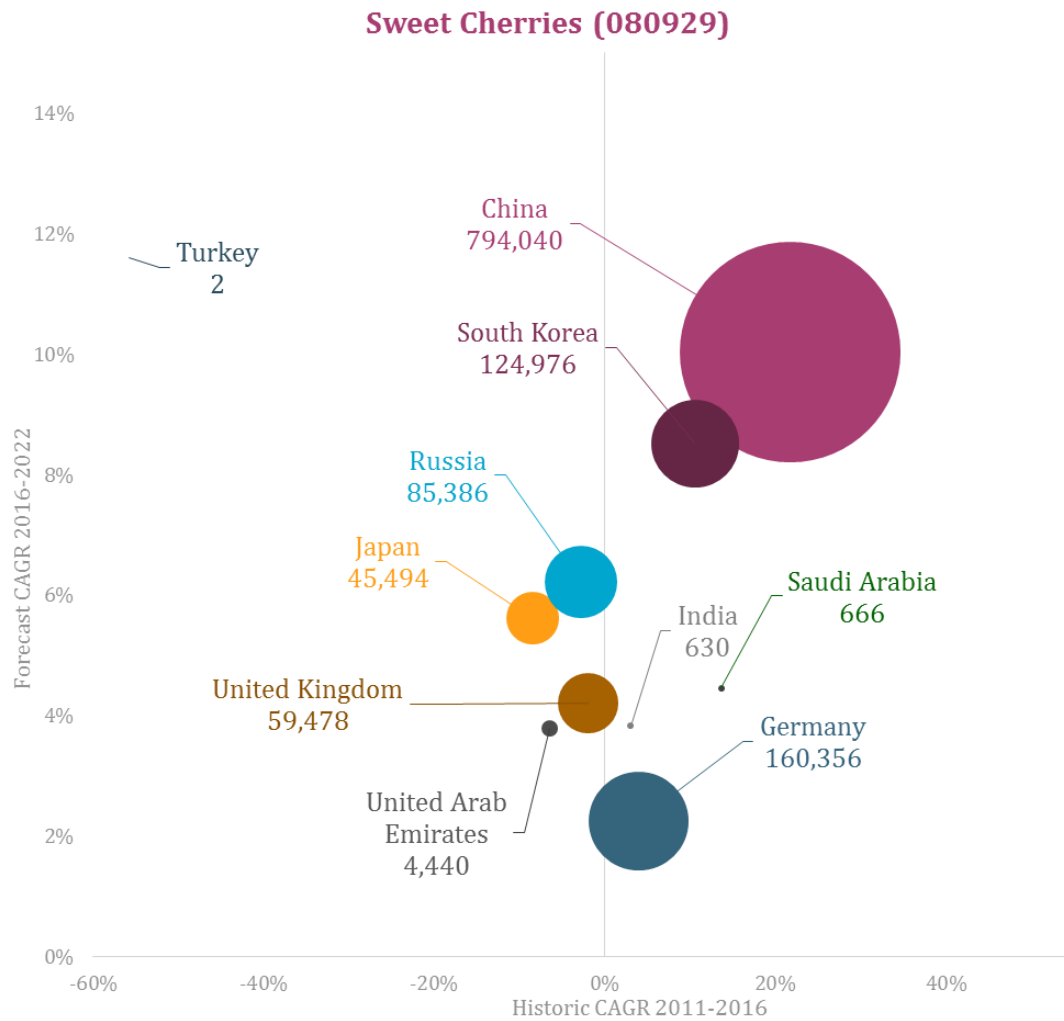
Note: Forecast CAGR was modelled by Euromonitor research team, based on the historic category performance and macro-economic markets' performance



Source: ITC Trade Maps, 2016

Note: Bubble size represents import value ('000 USD)

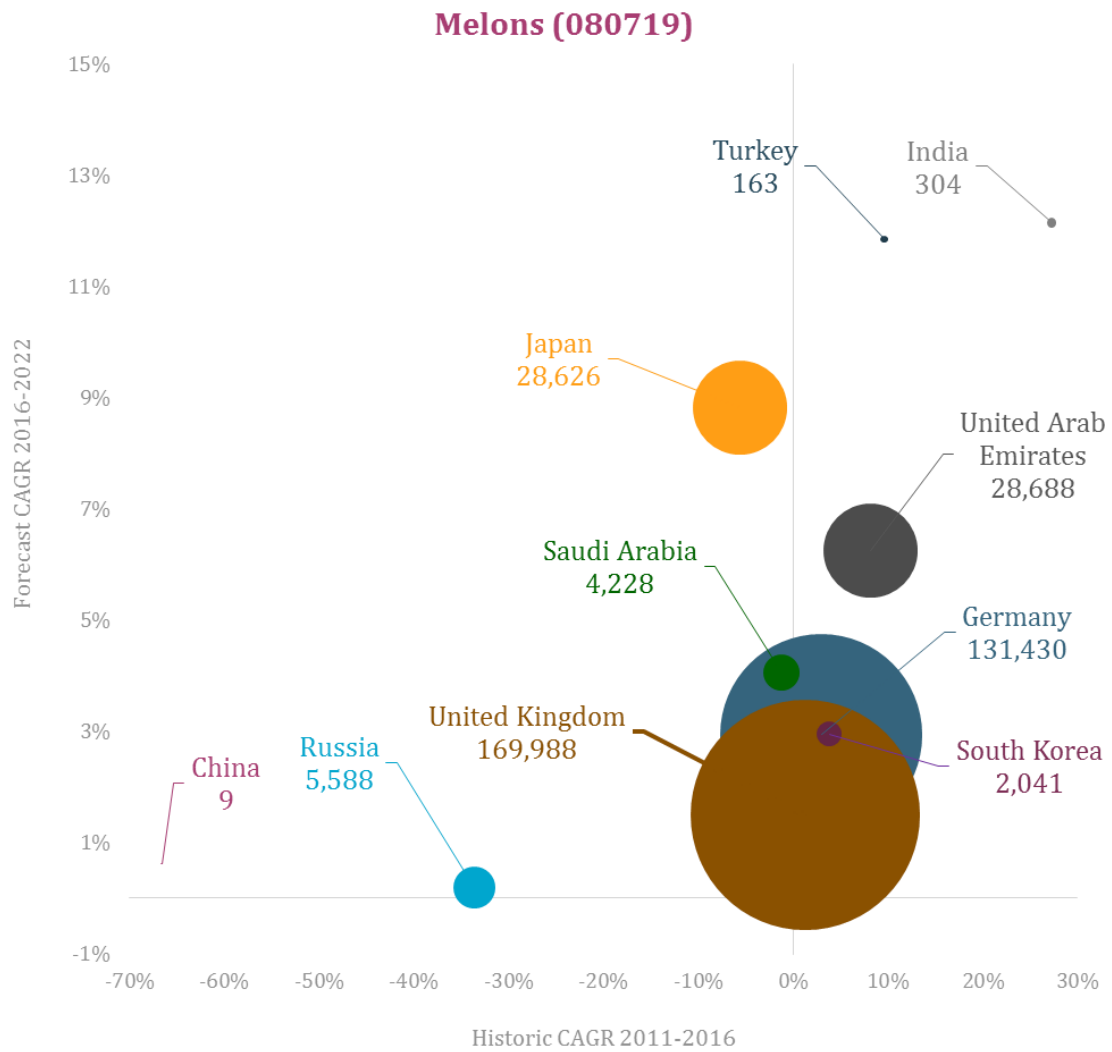
Note: Forecast CAGR was modelled by Euromonitor research team, based on the historic category performance and macro-economic markets' performance



Source: ITC Trade Maps, 2016

Note: Bubble size represents import value ('000 USD)

Note: Forecast CAGR was modelled by Euromonitor research team, based on the historic category performance and macro-economic markets' performance



Source: ITC Trade Maps, 2016

Note: Bubble size represents import value ('000 USD)

Note: Forecast CAGR was modelled by Euromonitor research team, based on the historic category performance and macro-economic markets' performance

Appendix 3: Germany's international fresh apricot (HS 080910) imports volume sales (tons)

Exporting Country	2012	2013	2014	2015	2016	Volume share
World	56,773	57,201	60,812	59,615	56,810	100%
Spain	10,926	18,053	16,509	20,965	20,869	37%
France	22,070	19,220	25,254	21,477	16,066	28%
Italy	10,981	6,623	11,099	10,150	10,300	18%
Greece	6,694	5,999	3,691	2,839	4,667	8%
Turkey	4,275	5,518	1,769	2,899	3,462	6%
Hungary	326	757	995	529	685	1%
South Africa	586	464	838	304	325	1%
Netherlands	209	289	393	206	177	0%
Bulgaria	-	-	2	-	114	0%
Austria	560	132	112	78	64	0%
Serbia	-	-	-	-	25	0%
Belgium	-	-	8	45	16	0%
Portugal	45	4	22	23	14	0%
New Zealand	8	5	5	5	8	0%
Lithuania	4	5	3	4	6	0%
Tunisia	15	27	14	1	4	0%
China	-	11	-	1	2	0%
Australia	3	2	4	7	1	0%
Chile	10	7	3	4	1	0%
Israel	3	-	-	1	1	0%
Morocco	2	-	1	1	1	0%
Egypt	1	-	-	-	1	0%
United States of America	-	1	1	-	1	0%
Africa not elsewhere specified	-	5	-	-	-	0%
United States Minor Outlying Islands	-	-	-	-	-	0%
Argentina	10	29	40	-	-	0%
Colombia	-	1	-	-	-	0%
Costa Rica	-	1	-	-	-	0%
Czech Republic	-	-	16	1	-	0%
Dominican Republic	-	-	1	-	-	0%
Kenya	-	-	1	-	-	0%
Luxembourg	-	-	-	-	-	0%
Panama	-	1	-	-	-	0%
Peru	2	-	-	-	-	0%
Poland	-	-	-	29	-	0%
Romania	1	-	22	46	-	0%
Slovakia	-	2	-	-	-	0%
Switzerland	42	35	-	1	-	0%
Macedonia, The Former Yugoslav Republic of	-	9	8	-	-	0%

Source: ITC Trade Maps

Appendix 4: Germany's international sweet cherries (HS 080929) imports volume sales (tons)

Exporting Country	2012	2013	2014	2015	2016	Volume share
World	36,084	35,458	34,178	36,984	45,134	100%
Turkey	16,642	16,804	15,930	18,205	31,833	71%
Greece	1,964	3,330	2,780	4,036	3,714	8%
Italy	6,512	6,048	5,928	5,390	3,619	8%
Spain	4,849	4,696	6,215	5,237	3,332	7%
Netherlands	1,296	792	1,036	1,832	1,201	3%
Poland	135	689	10	143	339	1%
Austria	622	199	44	292	288	1%
Czech Republic	485	89	252	267	163	0%
Sweden	-	-	673	-	155	0%
Chile	354	159	224	162	116	0%
Hungary	1,777	149	81	322	107	0%
France	858	725	480	191	88	0%
Belgium	74	168	65	93	66	0%
Tunisia	-	-	-	670	29	0%
Bulgaria	42	34	21	29	17	0%
Slovakia	-	-	25	52	16	0%
Macedonia, The Former Yugoslav Republic of	-	-	-	18	16	0%
Argentina	133	6	32	6	10	0%
Canada	148	26	181	16	5	0%
New Zealand	1	7	-	5	5	0%
South Africa	61	77	8	-	5	0%
Portugal	-	-	2	-	4	0%
Romania	-	-	1	6	2	0%
Bosnia and Herzegovina	-	-	-	-	1	0%
Israel	-	-	2	-	1	0%
Morocco	-	1	0	-	1	0%
Serbia	-	150	-	-	1	0%
United States of America	86	5	14	3	1	0%
Ukraine	-	1,244	-	-	-	0%
Albania	-	-	-	-	-	0%
Australia	11	7	4	-	-	0%
Brazil	2	-	2	1	-	0%
China	-	2	-	-	-	0%
Colombia	-	-	1	-	-	0%
Costa Rica	-	-	1	-	-	0%
Croatia	-	-	-	-	-	0%
Denmark	-	1	1	1	-	0%
Ecuador	-	-	-	1	-	0%
Lithuania	-	-	-	3	-	0%
Luxembourg	-	-	-	-	-	0%

Pakistan	-	-	-	-	-	0%
Peru	-	-	-	2	-	0%
Slovenia	-	15	-	-	-	0%
Switzerland	-	3	87	-	-	0%
Egypt	-	1	-	-	-	0%
United Kingdom	32	33	6	-	-	0%

Source: ITC Trade Maps

Appendix 5: Germany's international table grapes (HS 080610) imports volume sales (tons)

Exporting Country	2012	2013	2014	2015	2016	Volume share
World	296,292	318,685	313,996	337,695	324,237	100%
Italy	124,532	132,045	118,144	137,500	146,633	45%
South Africa	22,414	22,750	29,839	48,846	39,239	12%
Spain	27,886	30,470	31,888	31,097	24,282	7%
Greece	30,909	35,690	33,712	26,568	22,859	7%
India	6,136	16,312	16,110	12,143	20,740	6%
Egypt	12,368	10,712	12,480	11,499	13,551	4%
Chile	26,915	23,970	19,873	19,627	12,266	4%
Turkey	10,574	10,942	16,097	11,540	11,451	4%
Netherlands	-	784	6,228	8,301	11,285	3%
Brazil	11311	12015	6405	8326	7241	2%
Peru	4472	4664	10292	10599	6460	2%
Namibia	2666	4789	4915	3705	2979	1%
Morocco	2131	2179	2076	2644	2039	1%
France	2140	1576	1415	1624	1349	0%
Argentina	9423	8431	3365	2808	912	0%
Austria	1453	482	298	172	318	0%
Israel	451	297	257	129	196	0%
Belgium	0	16	123	128	139	0%
Cyprus	98	313	230	119	111	0%
Portugal	67	70	99	46	51	0%
Bulgaria	0	0	0	0	38	0%
Macedonia, The Former Yugoslav Republic of	15	0	19	9	29	0%
China	10	4	3	4	25	0%
Costa Rica	10	15	12	25	13	0%
Denmark	0	4	35	23	8	0%
Central African Republic	16	4	12	8	6	0%
Serbia	10	5	2	9	4	0%
Switzerland	3	19	17	12	4	0%
Luxembourg	0	0	0	3	3	0%
New Zealand	10	2	0	6	3	0%
Romania	0	0	1	1	1	0%
United States of America	3	14	5	5	1	0%
Hungary	1	0	1	43	0	0%
Korea, Republic of	0	0	0	0	0	0%
Lebanon	0	96	0	113	0	0%
Africa not elsewhere specified	0	0	4	0	0	0%
Turkmenistan	0	0	0	1	0	0%
Antigua and Barbuda	0	3	0	0	0	0%
Australia	268	1	5	0	0	0%
Bolivia, Plurinational State of	0	1	0	0	0	0%

Exporting Country	2012	2013	2014	2015	2016	Volume share
Cameroon	0	1	0	0	0	0%
Colombia	0	0	4	1	0	0%
Croatia	0	0	0	0	0	0%
Czech Republic	0	0	0	0	0	0%
Ecuador	0	0	1	1	0	0%
Honduras	0	0	0	1	0	0%
Indonesia	0	0	0	1	0	0%
Iran, Islamic Republic of	0	0	0	0	0	0%
Côte d'Ivoire	0	0	1	2	0	0%
Kenya	0	0	1	0	0	0%
Mexico	0	0	1	6	0	0%
Panama	0	1	0	0	0	0%
Poland	0	8	0	0	0	0%
Viet Nam	0	0	0	2	0	0%
Swaziland	0	1	0	0	0	0%
Thailand	0	0	12	1	0	0%
Tunisia	0	0	16	0	0	0%
Uruguay	0	0	1	0	0	0%

Source: ITC Trade Maps

Appendix 6: Germany's international fresh melons (HS 080719) imports volume sales (tons)

Exporting Country	2012	2013	2014	2015	2016	Volume share
World	123,129	121,740	115,128	127,048	121,029	100%
Spain	70,057	78,757	73,490	81,184	73,228	61%
Brazil	14,734	13,044	12,467	16,255	18,880	16%
Italy	13,245	11,794	8,416	10,112	11,017	9%
Costa Rica	11,968	7,111	8,536	8,047	7,175	6%
Honduras	1,866	2,588	2,056	3,487	3,525	3%
France	4,215	2,272	2,321	2,036	2,192	2%
Turkey	1,276	1,103	1,222	1,196	1,077	1%
Morocco	750	770	1,091	614	689	1%
Greece	1,838	269	262	147	646	1%
Kazakhstan	450	507	510	457	457	0%
Panama	351	307	518	284	413	0%
Uzbekistan	0	112	269	609	359	0%
Portugal	1	31	50	44	283	0%
Iran, Islamic Republic of	215	376	289	129	239	0%
Israel	288	126	53	34	217	0%
Guatemala	155	490	598	138	118	0%
Senegal	47	27	76	195	113	0%
Poland	8	5	50	98	110	0%
Netherlands	0	1718	2467	1505	100	0%
Peru	48	12	12	34	45	0%
Austria	0	10	42	57	27	0%
Hungary	1053	0	3	78	26	0%
Ecuador	69	13	14	14	10	0%
Denmark	0	3	4	12	9	0%
Thailand	11	12	22	13	9	0%
Dominican Republic	213	6	4	16	8	0%
Mexico	0	7	1	4	8	0%
South Africa	80	92	23	36	8	0%
Egypt	5	29	8	2	7	0%
Romania	0	20	7	8	6	0%
Russian Federation	11	13	7	7	6	0%
China	107	43	6	11	5	0%
Colombia	18	15	12	29	4	0%
United States of America	0	7	19	1	4	0%
Czech Republic	0	0	3	0	3	0%
Jordan	2	4	2	2	2	0%
Chile	13	10	13	7	1	0%
Pakistan	0	1	0	0	1	0%
Africa not elsewhere specified	0	1	0	0	0	0%
Afghanistan	1	0	0	0	0	0%

Exporting Country	2012	2013	2014	2015	2016	Volume share
Argentina	17	3	1	6	0	0%
Belgium	0	11	62	10	0	0%
Bosnia and Herzegovina	13	13	14	5	0	0%
Bulgaria	0	0	0	4	0	0%
Croatia	0	0	1	0	0	0%
Hong Kong, China	1	2	0	2	0	0%
Kenya	0	0	2	0	0	0%
Luxembourg	0	0	0	0	0	0%
Malaysia	0	0	0	0	0	0%
New Zealand	0	0	1	7	0	0%
Nicaragua	0	0	2	1	0	0%
Nigeria	0	0	0	0	0	0%
Philippines	0	1	0	0	0	0%
India	0	6	75	68	0	0%
Viet Nam	0	0	0	0	0	0%
Switzerland	1	0	0	0	0	0%
Tunisia	2	0	28	38	0	0%
Uruguay	0	0	0	7	0	0%

Source: ITC Trade Maps

Appendix 7: UAE's international fresh apricot (HS 080910) imports volume sales (tons)

Exporting Country	2012	2013	2014	2015	Volume share
World	2,732	2,807	3,061	3,055	100%
South Africa	699	1,133	1,401	941	31%
Jordan	392	347	276	512	17%
Turkey	469	131	269	360	12%
Australia	151	144	208	301	10%
Iran, Islamic Republic of	168	227	165	166	5%
Saudi Arabia	93	212	147	160	5%
Lebanon	255	226	131	107	4%
Spain	8	22	7	86	3%
Afghanistan	174	42	128	80	3%
Italy	0	15	28	61	2%
New Zealand	33	3	42	46	2%
Tunisia	25	33	53	42	1%
United States of America	48	55	114	38	1%
Syrian Arab Republic	115	152	14	37	1%
Pakistan	13	28	28	30	1%
China	6	4	4	26	1%
Greece	0	3	0	22	1%
Morocco	18	24	20	19	1%
Armenia	0	0	0	9	0%
Netherlands	0	0	2	4	0%
Egypt	12	2	16	3	0%
France	18	3	2	2	0%
Oman	0	0	0	2	0%
Korea, Republic of	3	0	0	0	0%
Uzbekistan	12	0	0	0	0%
Algeria	0	0	3	0	0%
Sri Lanka	0	0	0	0	0%
Kyrgyzstan	0	0	2	0	0%
Portugal	0	0	0	0	0%
India	9	0	0	0	0%
Viet Nam	14	0	0	0	0%
United Kingdom	0	0	0	0	0%

Source: ITC Trade Maps

Appendix 8: UAE's international sweet cherries (HS 080929) imports volume sales (tons)

Exporting Country	2012	2013	2014	2015	Volume share
World	120	1,263	1,215	1,289	100%
Lebanon	7	555	495	467	36%
Australia	35	141	118	186	14%
Iran, Islamic Republic of	3	246	112	130	10%
Argentina	27	48	106	101	8%
Canada	38	67	99	95	7%
United States of America	-	84	114	94	7%
Greece	-	4	-	57	4%
Spain	-	29	46	51	4%
Turkey	-	1	9	43	3%
Chile	9	34	70	14	1%
Morocco	0	2	2	12	1%
Netherlands	0	1	7	6	0%
Syrian Arab Republic	0	0	8	6	0%
Italy	0	0	2	5	0%
South Africa	1	1	10	5	0%
Pakistan	0	5	3	4	0%
Poland	0	0	0	4	0%
Armenia	0	0	0	3	0%
Tunisia	0	1	0	2	0%
Afghanistan	0	0	0	1	0%
India	0	0	0	1	0%
Macedonia, The Former Yugoslav Republic of	0	0	1	1	0%
Hungary	0	0	5	0	0%
Uzbekistan	0	0	0	0	0%
Austria	0	1	0	0	0%
Belgium	0	3	0	0	0%
Colombia	0	0	0	0	0%
Ethiopia	0	0	4	0	0%
France	0	1	0	0	0%
Jordan	0	0	1	0	0%
Kyrgyzstan	0	0	1	0	0%
Oman	0	0	0	0	0%
Philippines	-	39	-	-	0%
Thailand	-	-	-	-	0%
Egypt	-	-	2	-	0%

Source: ITC Trade Maps

Appendix 9: UAE's international table grapes (HS 080610) imports volume sales (tons)

Exporting Country	2012	2013	2014	2015	Volume share
World	47,059	55,277	55,475	63,912	100%
India	12,717	14,093	13,195	12,741	20%
South Africa	10,392	9,443	11,405	11,735	18%
Australia	867	4,433	4,581	7,126	11%
Italy	3,130	4,316	3,958	6,150	10%
Egypt	3,883	4,983	5,072	5,339	8%
United States of America	3,036	3,731	3,348	5,215	8%
Turkey	2,832	1,949	3,687	2,413	4%
Namibia	474	932	895	2,233	3%
Chile	3,381	3,346	1,933	2,144	3%
Peru	152	278	453	1,726	3%
Lebanon	1,913	1,893	2,224	1,640	3%
Brazil	72	235	933	1,328	2%
Spain	629	1,245	1,090	1,225	2%
Saudi Arabia	1,077	991	1,040	1,128	2%
Iran, Islamic Republic of	281	658	614	1,102	2%
Mexico	35	56	36	162	0%
Jordan	798	368	388	138	0%
Syrian Arab Republic	1,208	2,224	322	72	0%
China	61	62	209	55	0%
Macedonia, The Former Yugoslav Republic of	0	0	0	47	0%
Greece	0	0	0	38	0%
Morocco	0	19	14	38	0%
Portugal	0	1	0	32	0%
Uzbekistan	0	0	0	28	0%
Austria	5	0	0	18	0%
Tunisia	4	2	53	15	0%
Sudan	0	1	0	6	0%
Pakistan	3	1	0	5	0%
United Kingdom	0	0	1	4	0%
France	5	1	4	2	0%
Taipei, Chinese	0	0	0	2	0%
Korea, Republic of	2	0	1	1	0%
Afghanistan	6	2	4	1	0%
Palestine, State of	0	0	0	0	0%
Tajikistan	0	5	0	0	0%
Albania	0	3	0	0	0%
Algeria	0	0	4	0	0%
Argentina	38	0	0	0	0%
Ethiopia	0	0	0	0	0%
Japan	0	0	0	0	0%

Exporting Country	2012	2013	2014	2015	Volume share
Kuwait	12	0	0	0	0%
Oman	0	0	0	0	0%
Netherlands	3	0	0	0	0%
Philippines	40	0	0	0	0%
Thailand	1	1	0	0	0%
Yemen	3	3	9	0	0%

Source: ITC Trade Maps

Appendix 10: UAE's international fresh melons (HS 080719) imports volume sales (tons)

Exporting Country	2012	2013	2014	2015	Volume share
World	30,194	32,672	33,190	32,853	100%
Iran, Islamic Republic of	7,764	11,287	11,793	8,296	25%
Oman	11,716	9,788	8,112	6,465	20%
India	360	367	1,316	3,786	12%
Jordan	1,546	2,502	3,291	3,771	11%
Australia	1,886	1,940	2,007	3,728	11%
Brazil	759	1,422	2,214	2,221	7%
Honduras	904	1,528	1,873	1,844	6%
Turkey	8	286	233	1,000	3%
United States of America	258	893	854	662	2%
Spain	457	559	136	382	1%
Saudi Arabia	1,411	329	337	198	1%
Egypt	710	623	211	92	0%
Sudan	112	182	59	65	0%
Costa Rica	2	0	1	47	0%
Pakistan	50	92	101	44	0%
Senegal	0	16	41	40	0%
Italy	257	0	26	36	0%
Morocco	5	7	25	34	0%
Netherlands	29	3	15	34	0%
Yemen	352	104	84	34	0%
Tunisia	15	29	32	31	0%
Lebanon	29	42	30	10	0%
China	0	0	0	9	0%
France	4	2	14	9	0%
Thailand	1	1	1	5	0%
Korea, Republic of	4	1	1	1	0%
Afghanistan	11	1	2	1	0%
Kazakhstan	0	0	0	1	0%
Taipei, Chinese	0	0	0	1	0%
Palestine, State of	0	3	0	0	0%
Uzbekistan	4	0	0	0	0%
Algeria	0	0	10	0	0%
Belgium	1	0	2	0	0%
Sri Lanka	0	0	0	0	0%
Colombia	0	0	0	0	0%
Ecuador	0	2	0	0	0%
Ethiopia	0	0	75	0	0%
Estonia	0	0	0	0	0%
Guatemala	0	198	0	0	0%
Indonesia	2	1	19	0	0%

Exporting Country	2012	2013	2014	2015	Volume share
Ireland	12	0	13	0	0%
Japan	0	0	1	0	0%
Malaysia	0	0	3	0	0%
Mozambique	0	0	18	0	0%
Nigeria	0	0	0	0	0%
Panama	0	0	0	0	0%
Peru	0	0	0	0	0%
Viet Nam	0	0	3	0	0%
Syrian Arab Republic	1,524	448	235	0	0%
United Kingdom	1	12	2	0	0%

Source: ITC Trade Maps

Appendix 11: China's international sweet cherries (HS 080929) imports volume sales (tons)

Exporting Country	2012	2013	2014	2015	2016	Volume share
World	41,589	37,539	65,063	91,484	109,255	100%
Chile	33,048	30,957	52,790	74,310	91,740	84%
United States of America	8,510	5,915	10,162	13,002	13,830	13%
Canada	0	369	1,357	3,066	1,910	2%
New Zealand	31	226	348	667	983	1%
Australia	0	66	335	392	670	1%
Kyrgyzstan	0	0	18	18	78	0%
Tajikistan	0	5	53	30	32	0%
Area Nes	0	0	0	0	14	0%

Source: ITC Trade Maps

Appendix 12: China's international table grapes (HS 080610) imports volume sales (tons)

Exporting Country	2012	2013	2014	2015	2016	Volume share
World	146,052	185,228	211,019	215,756	252,396	100%
Chile	79,266	90,006	84,304	90,353	119,369	47%
Peru	22,325	31,438	69,949	74,028	65,382	26%
Australia	1,950	5,458	7,509	16,109	34,641	14%
United States of America	27,128	40,919	35,572	21,749	20,147	8%
South Africa	15,210	10,963	9,776	12,200	11,218	4%
India	0	522	1,532	1,220	1,578	1%
Korea, Republic of	0	0	0	47	35	0%
Mexico	173	5,923	2,377	51	18	0%
Taipei, Chinese	0	0	0	0	8	0%

Source: ITC Trade Maps

Appendix 13: China's international fresh melons (HS 080719) imports volume sales (tons)

Exporting Country	2012	2013	2014	2015	2016	Volume share
World	36,762	27,522	13	50	5	100%
Taipei, Chinese	5	22	13	50	5	100%
Myanmar	36,757	27,500	0	0	0	0%
Malaysia	0	0	0	0	0	0%

Source: ITC Trade Maps

Appendix 14: Source list

Country	Source type	Organization type	Name of establishment	Website
Central Asia	Secondary	Media	Uzbekistan National News Agency	www.uza.uz
Central Asia	Secondary	Media	Gazeta	www.gazeta.uz
Central Asia	Secondary	Media	Review.uz	www.review.uz
Central Asia	Secondary	Media	K news	www.knews.kg
Central Asia	Secondary	Government	Agro news	www.agro.kg
Central Asia	Secondary	Media	Asia plus news	www.news.tj
Central Asia	Secondary	Media	Avesta	www.avesta.tj
Central Asia	Secondary	Consultancy	Kazagro	www.kazagro.kz
Central Asia	Secondary	Government	Ministry of Agriculture, Kazakhstan	www.mgov.kz
Central Asia	Secondary	Government	Ministry	www.agroprod.kg
Central Asia	Secondary	Government	Ministry of Agriculture, Tajikistan	www.moa.tj
Central Asia	Secondary	Government	Ministry of Agriculture, Uzbekistan	www.agro.uz
Central Asia	Secondary	Statistical agency	ITC Trade statistics	www.trademap.org
Central Asia	Secondary	Inter-governmental	FAO	www.faostat.org
Central Asia	Secondary	Government	International nut and dry fruit council	www.nutfruit.org
Central Asia	Secondary	Government	Public Services, Kazakhstan	www.egov.kz
Central Asia	Secondary	Media	Kazakh Zerno	www.kazakh-zerno.kz
Central Asia	Secondary	Media	Kabar	www.kabar.kg
Kazakhstan	Primary	Producer	Batys Marka Lamb	
Kazakhstan	Primary	Producer/Exporter	TOO Aktep	www.aktep.kz/about
Kazakhstan	Primary	Producer	TOO Sever Agro N	
Kazakhstan	Primary	Producer	TOO Empire Food	
Kazakhstan	Secondary	Government	Atameken	www.atameken.kz/en/press/25141
Kyrgyzstan	Primary	Producer/Exporter	Nuristan company, Association of suppliers, producers and distributors	www.pelmeni.kg, www.lojka.kg
Kyrgyzstan	Primary	Producer/Exporter	Agroproduct	www.agroproduct.kg
Kyrgyzstan	Primary	Producer/Exporter	Vestra Food	
Kyrgyzstan	Primary	Trade association	Kyrgyz Association of food processing companies	www.afve.org
Kyrgyzstan	Primary	Government	Ministry of Agriculture	
Tajikistan	Primary	Consultant	Hilfswer Austria International	www.hilfswerk.at
Tajikistan	Primary	Producer	Apricot & Company	
Tajikistan	Primary	Consultant	Advisory council on the development of entrepreneurship and the investment climate in the Khatpon region of the Republic of Tajikistan	
Uzbekistan	Primary	Consultant	UNDP	www.undp.uz
Uzbekistan	Primary	Producer	GDF	www.gdf.uz

Uzbekistan	Primary	Consultant	DAI	www.dai.com
Uzbekistan	Primary	Consultant/Logistics	Alimkhan Exim Group	www.alikhan.uz
Uzbekistan	Primary	Producer	Spectrum Industrial Technology Group	www.spectrumitg.com
Uzbekistan	Primary	Consultant	USAID	www.usaid.gov
Uzbekistan	Primary	Producer	Tursunov Asrorxon Boglari	
Uzbekistan	Primary	Exporter	OOO Yanigiyo'L Agro Eksport	www.ecofruit.uz
Uzbekistan	Primary	State Laboratory	Private laboratory	
Uzbekistan	Primary	Producer	Farmer	n/a
Germany	Secondary	Government	TARIC	www.ec.europa.eu/taxation_customs
Germany	Secondary	Government	TIS	www.tis-gdv.de
Germany	Secondary	Government	Federal Tax Service Germany	www.zoll.de
Germany	Secondary	Government	Council of the European Union	www.consilium.europa.eu/en/policies/trade-agreements/
Germany	Secondary	Inter-governmental	Global G.A.P. Certification Organisation	www.globalgap.org
Germany	Secondary	Inter-governmental	IFS Certification Database	www.ifs-certification.com
Germany	Secondary	Media	Agrarheute.com	www.agrarheute.com
Germany	Secondary	Media	Top Agrar	www.topagrar.com
Germany	Primary	Importer	Greenyard Fresh DFM GmbH (UNIVEG Trade International GmbH)	www.univeg.com/de/
Germany	Primary	Importer	Fruchthof Ehinger GmbH	www.fruchthof-ehinger.de/
Germany	Primary	Retailer	Schwarz Group (Lidl)	www.lidl.de/
Germany	Primary	Retailer	REWE Group	www.rewe-group.com
Germany	Primary	Importer/ Food broker	Fresh Line Fruit Services GmbH	www.fresh-line-services.de/impressum/
Germany	Primary	Importer	Heinrich Brüning GmbH	www.heinrichbruening.de/
Germany	Primary	Consultancy	Pro Baltikum	www.pro-baltikum.com/
Germany	Primary	Trade Association	Deutscher Fruchthandelsverband e.V.	www.dfhv.de
Germany	Primary	Importer	Landgard Service GmbH	www.landgard.de
UAE	Secondary	Government	Dubai Municipality	www.dm.gov.ae
UAE	Secondary	Government	Export.gov	www.export.gov
UAE	Secondary	Government	Federal Customs Authority	www.fca.gov.ae
UAE	Secondary	Government	United Arab Emirates Ministry of Economy	www.economy.gov.ae
UAE	Secondary	Government	Government of Dubai	www.dubaided.ae
UAE	Secondary	Government	Emirates Authority for Standardization & Meteorology	www.esma.gov.ae
UAE	Secondary	Government	Abu Dhabi Food Control	www.adfca.ae
UAE	Secondary	Government	Sharjah Municipality	www.portal.shjmun.gov.ae/
UAE	Secondary	Government	DP World	www.dpworld.ae/en/content/10/3
UAE	Secondary	Media	The National	www.thenational.ae/uae

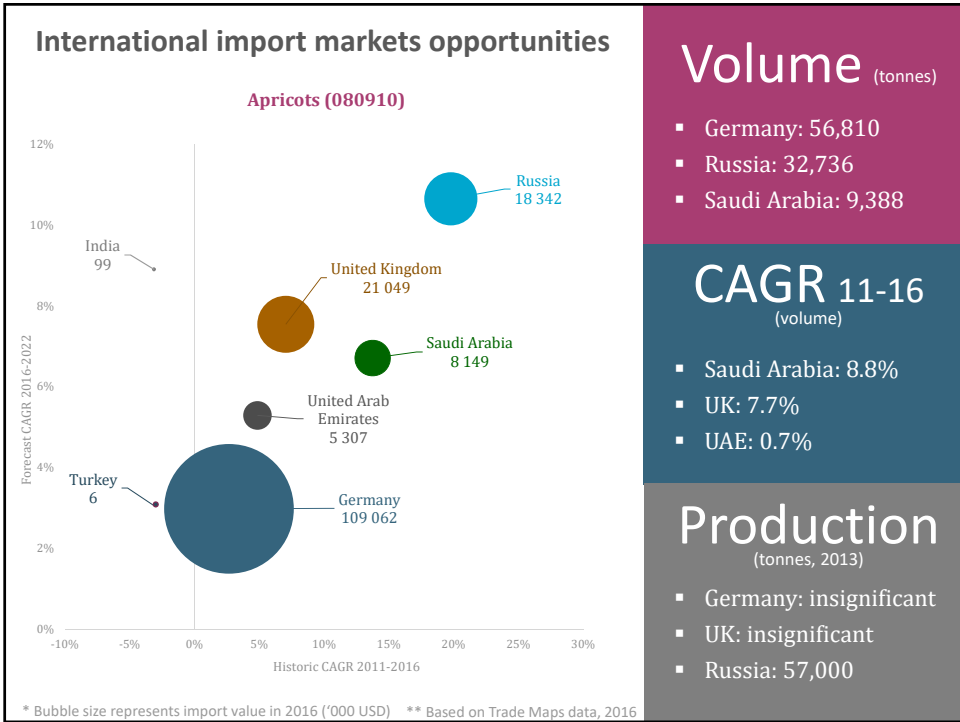
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UAE	Secondary	Retailer	Lulu Group International	www.lulugroupinternational.com/import-distribution.php
UAE	Secondary	Media	Arabian Supply Chain	www.arabiansupplychain.com/
UAE	Secondary	Retailer	Spinneys	www.spinneys-dubai.com/
UAE	Secondary	Media	Khaleej Times	www.khaleejtimes.com
UAE	Secondary	Inter-governmental	UNECE	www.unece.org/trade/agr/standard/dry/ddp-standards.html
UAE	Secondary	Government	UAE Government	www.government.ae
UAE	Secondary	Media	Freshplaza	www.freshplaza.com/info
UAE	Secondary	Government	Dubai Trade	www.dubaitrade.ae
UAE	Primary	Importer	Barakat Vegetables and Fruits	www.barakatae.ae/
UAE	Primary	Retailer	Lulu Hypermarket	www.luluhypermarket.com/AE/all
UAE	Primary	Importer	Nassar Al Refaee Fruits & Vegetables Trading Company	www.nrtcgroup.com/Nassar-Al-Refaee-Home.html
UAE	Primary	Importer	Abdullah Al Khattal	www.aakininternational.com/
UAE	Primary	Importer	Farzana Cold Storage	www.farzanatrading.com/
UAE	Primary	Distributor	Bayara Gyma food Industries	www.bayara.ae/
UAE	Primary	Importer	Dena Trading	www.denatrading.com/
UAE	Primary	Importer	Al Nayah Food Stuff	-
UAE	Primary	Consultant	ISO	www.iso-uae.ae/
China	Secondary	Government	China MOFCOM FTA	www.fta.mofcom.gov.cn/index.shtml
China	Secondary	Government	China SAQSIQ	www.dzwjyigs.aqsiq.gov.cn/fwdh_n/qymd/
China	Secondary	Media	China Industry Information Website	www.chyxx.com/
China	Secondary	Media	China Commercial Information Website	www.askci.com/
China	Secondary	Agency	UN Comtrade	www.comtrade.un.org/
China	Secondary	Government	China Electronic Inspection and Quarantine Net	www.eciq.cn
China	Secondary	Government	The Central People's Government of the PRC	www.gov.cn
China	Secondary	Government	General Administration of Customs, PR China	www.customs.gov.cn
China	Secondary	Government	Ministry of Agriculture of the PRC	www.moa.gov.cn
China	Secondary	Media	China National Radio	www.news.cnr.cn
China	Secondary	Government	National Bureau of Statistics of the PRC	www.stats.gov.cn/
China	Primary	Government	General Administration of Customs, PR China	www.customs.gov.cn/
China	Primary	Others	Shenzhen Bojun Supply Chain Co Ltd	www.bojunimport.1688.com/
China	Primary	Others	Channel Ltd	www.channelsh.com/en/

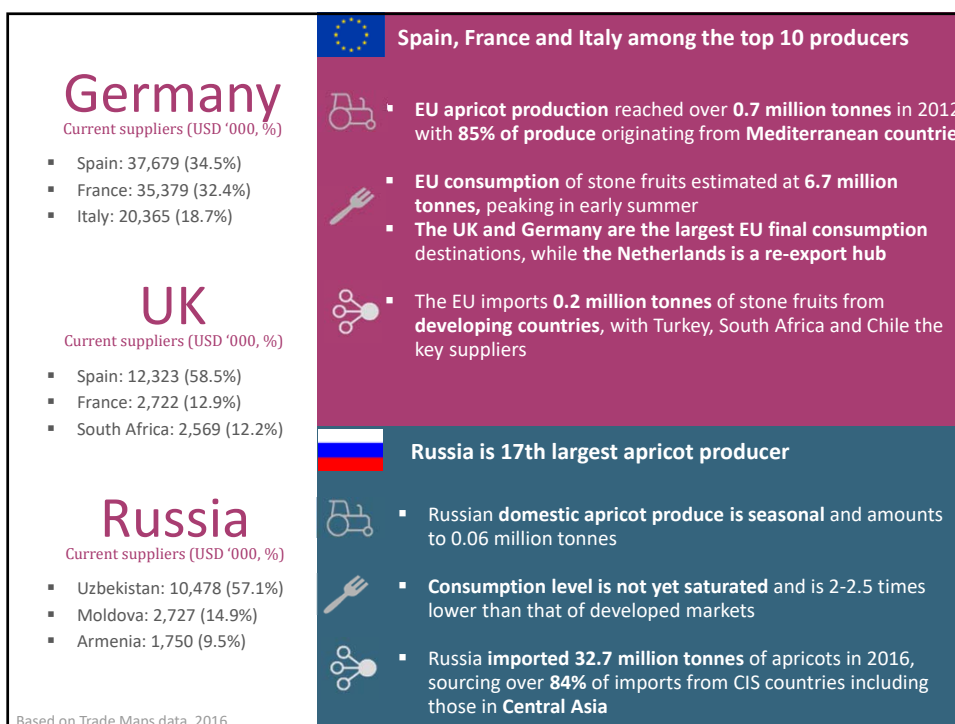
China	Primary	Government	Certification and Accreditation Administration of the People's Republic of China	www.english.cnca.gov.cn/
China	Primary	Importer	Guangzhou Berdafruit Trading Co Ltd	www.berdafruit.com.cn/
China	Primary	Retailer	Shanghai Fruitday E-Commerce Co Ltd	www.fruitday.com/?tracking=mHFBF9Fzui
China	Primary	Retailer	Shanghai Xijiao International Agricultural Product Trade Center	www.xjgj.com/
China	Primary	Government	General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China	www.aqsiq.gov.cn/
China	Primary	Association	China Fruit Association	www.daohang.china-fruit.com.cn/
China	Primary	Consultant	Qingyang Gardening Studio	www.cnxdny001.blog.163.com/
China	Primary	Government	Xinjiang Entry Exit Inspection and Quarantine Bureau	www.xjciq.gov.cn/xxgk/csxx/tgyw_305/
China	Primary	Association	China Meat Association	www.chinameat.org/
China	Primary	Government	Registration Department of Imported Foods and Cosmetic Importer and Exporter	www.ire.eciq.cn/#
China	Primary	Government	Zhejiang Food and Drug Administration	www.zjfda.gov.cn/
China	Primary	Distributor	Qingdao Xieji Food Co Ltd	www.xiejifood.com/
China	Primary	Government	Shanghai Entry-Exit Inspection and Quarantine Bureau	www.shciq.gov.cn/
China	Primary	Importer	Chengdu Haiyunda International Trading Co Ltd	www.haiyundagj.com/
China	Primary	Association	China Animal Agricultural Association	www.org.caaa.cn/
China	Primary	Importer	Nicefood (Beijing) International Trading Co Ltd	www.tianyancha.com/company/3014126590
China	Primary	Others	Beijing LTD AQSIQ Certificates Services Co Ltd	www.aqsiqchina.com/
China	Primary	Producer	Qingdao Yuerong Food Co Ltd	www.rongyuefood.1688.com/
China	Primary	Importer	Ningbo Best-home Imp.& Exp. Co Ltd	www.besthome21.com/
China	Primary	Importer	Dongguan Aita Trading Co Ltd	www.aitafood.1688.com/
China	Primary	Distributor	Urumuqi Meiyu Food Trading Co Ltd	www.xjtc1688.cn.gongxuku.com/
China	Primary	Producer	Lin'an Xiaoxiao Food Co Ltd	www.wclcly.1688.com/
China	Primary	Others	Guangdong Seabond Import and Export Co Ltd	www.seabond.cn/
China	Primary	Others	Shanghai Zhifan Import and Export Co Ltd	www.shzhifan123.gxso.net/
China	Primary	Others	Ephon Food International Supply Chain Co Ltd	www.ephonfood.jdzj.com/
China	Primary	Government	Ministry of Commerce of the People's Republic of China	www.mofcom.gov.cn/
China	Primary	Distributor	Dongguan Anjia Food Co Ltd	www.dganjia.1688.com/
China	Primary	Distributor	Yingbo (Shanghai) Import and Export Co Ltd	www.shop1467391167456.1688.com/

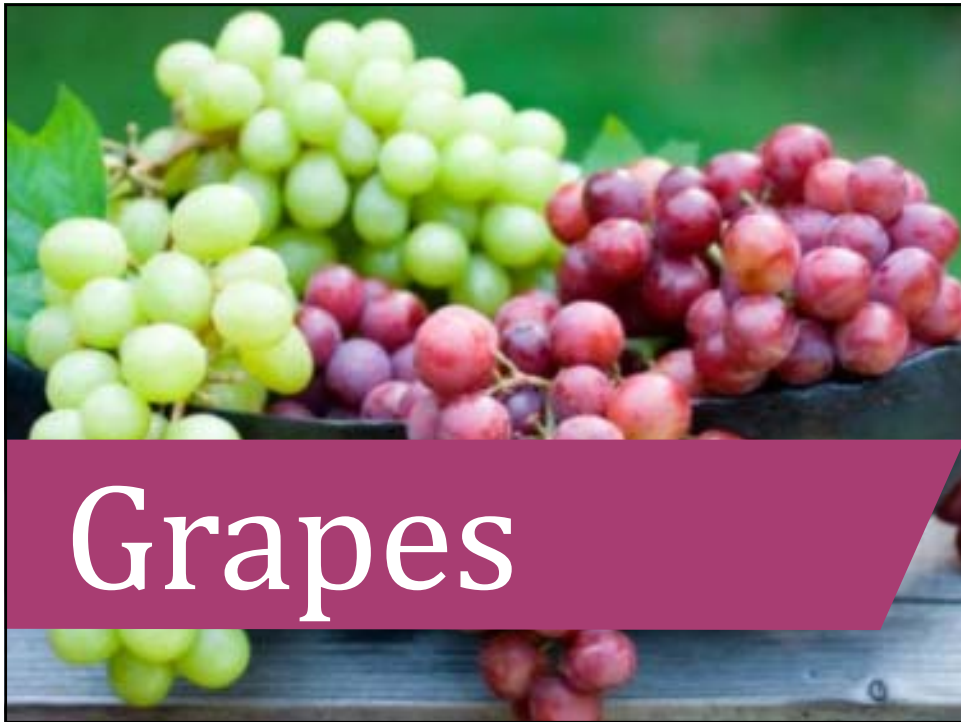


Project scope

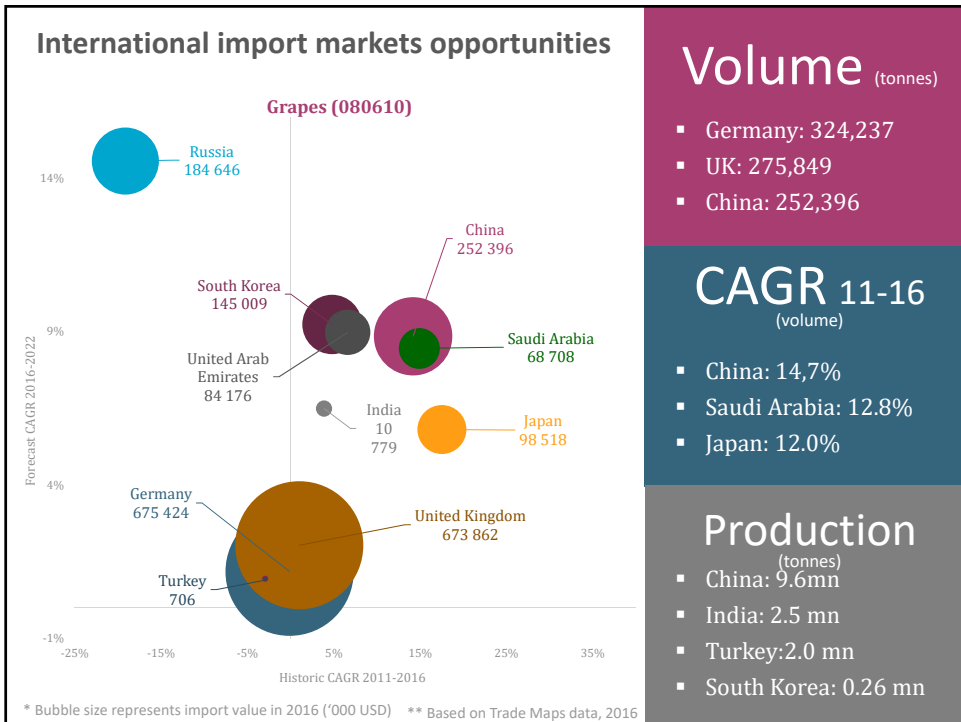
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Product categories	Fresh Fruit and Vegetables	Processed Fruit and Vegetables			Meat products
Product sub-categories		Dried Fruit	Dried Leguminous Vegetables	Nuts	
Buyers	<ul style="list-style-type: none"> ▪ Apricots: 080910 ▪ Table Grapes: 080610 ▪ Sweet Cherries: 080929 ▪ Melons: 080719 	<ul style="list-style-type: none"> ▪ Dried Apricots: 081310 ▪ Dried Grapes: 080620 	<ul style="list-style-type: none"> ▪ Beans: 071332 & 071333 ▪ Mung Beans: 071331 ▪ Chickpeas: 071320 	<ul style="list-style-type: none"> ▪ Walnuts: 080231 & 080232 ▪ Fruit Stones: 121299 	<ul style="list-style-type: none"> ▪ Bovine Meat (chilled and frozen): 0201 & 0202 ▪ Sheep Meat (chilled and frozen): 0204 ▪ Sausages: 1601
	<ul style="list-style-type: none"> ▪ Germany ▪ China ▪ UAE ▪ UK ▪ Russia ▪ Saudi Arabia ▪ Japan ▪ South Korea ▪ Turkey ▪ India 	<ul style="list-style-type: none"> ▪ Germany ▪ China ▪ UAE ▪ UK ▪ Russia ▪ Saudi Arabia ▪ Japan ▪ South Korea ▪ Turkey ▪ India 			<ul style="list-style-type: none"> ▪ Germany ▪ China ▪ UAE ▪ UK ▪ Russia ▪ Saudi Arabia ▪ Japan ▪ Iran ▪ Malaysia ▪ Indonesia

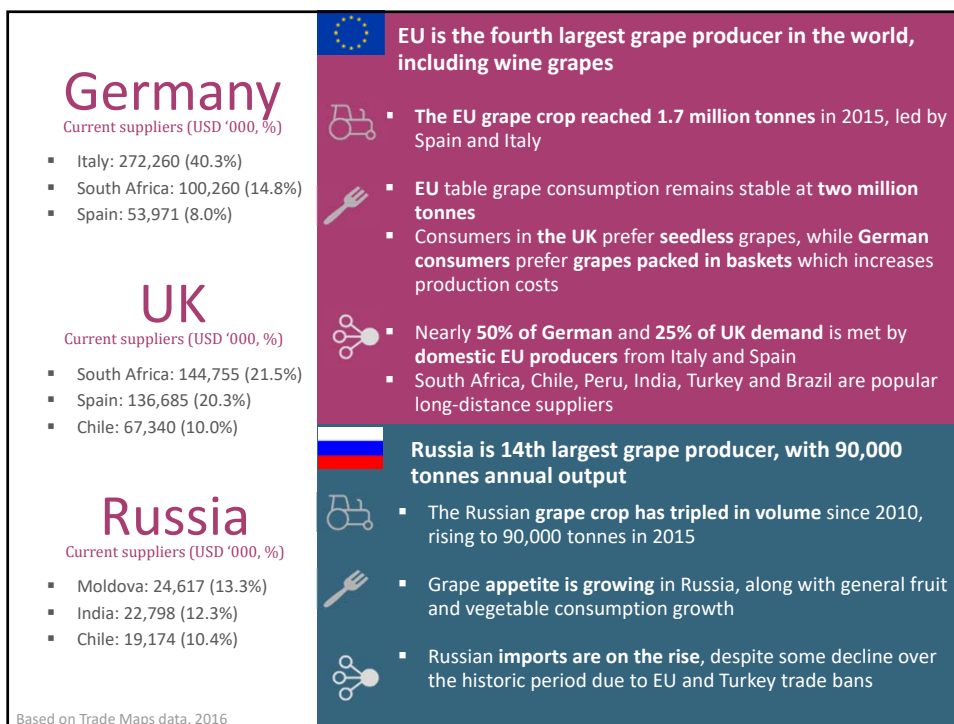






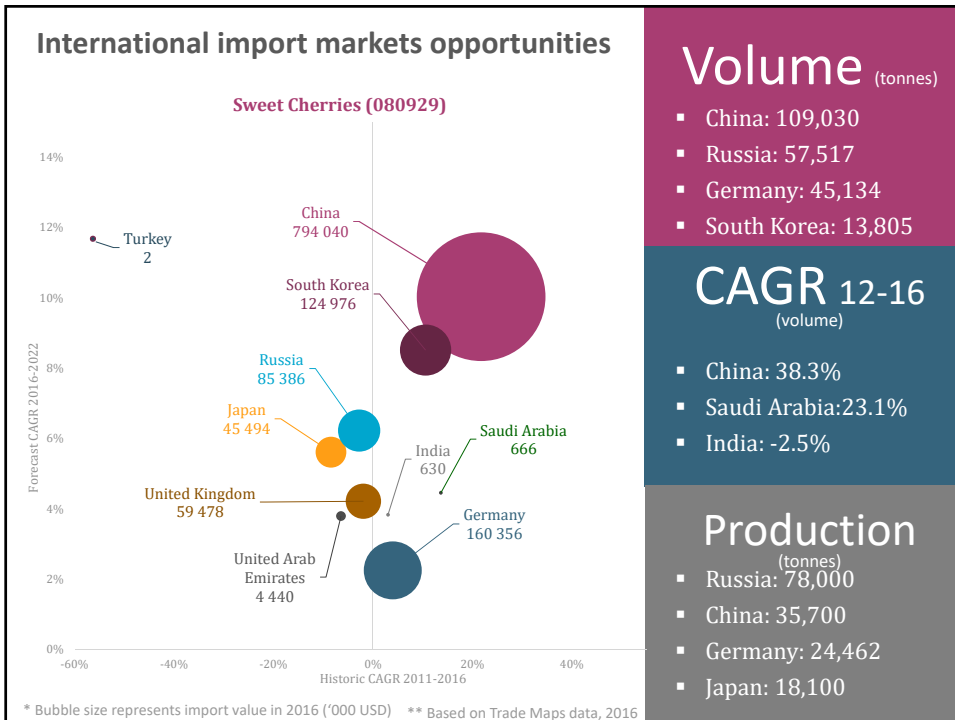
Grapes







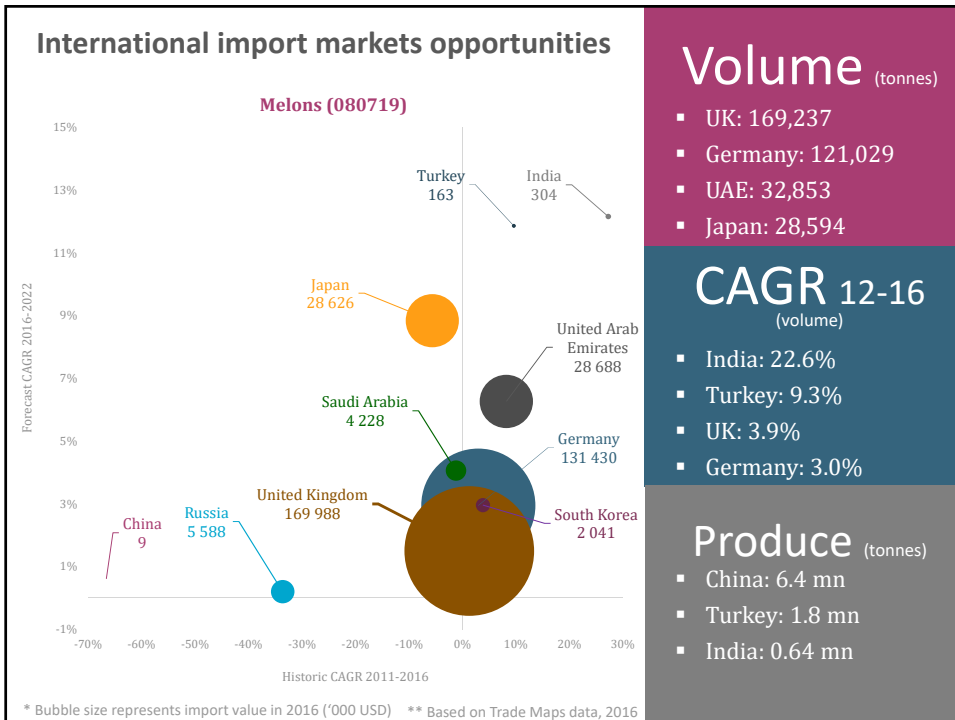
Sweet cherries

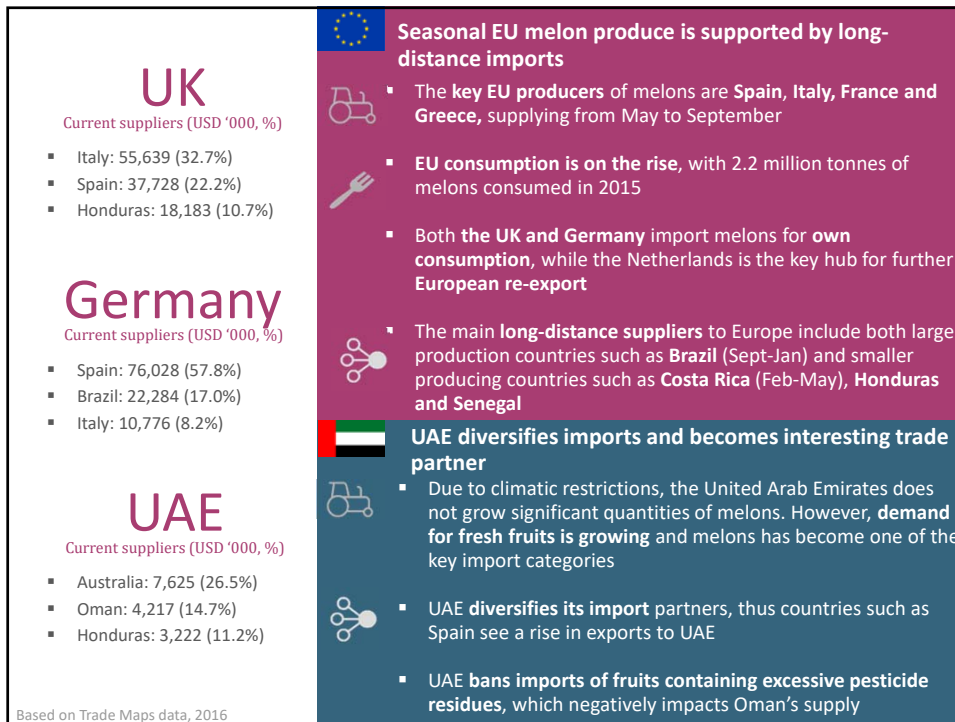


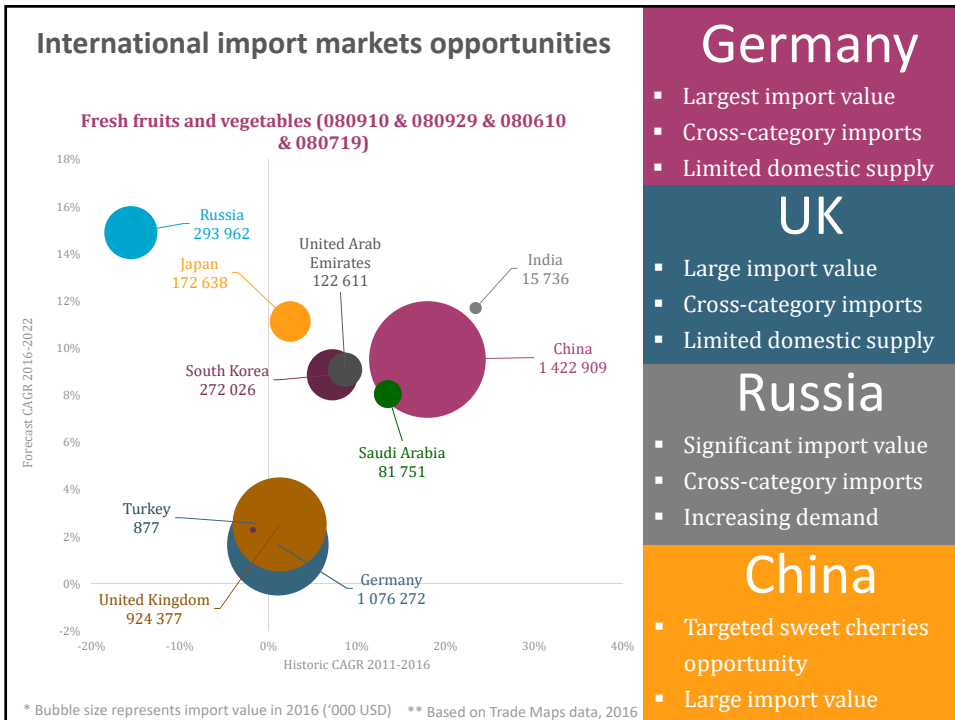




Melons

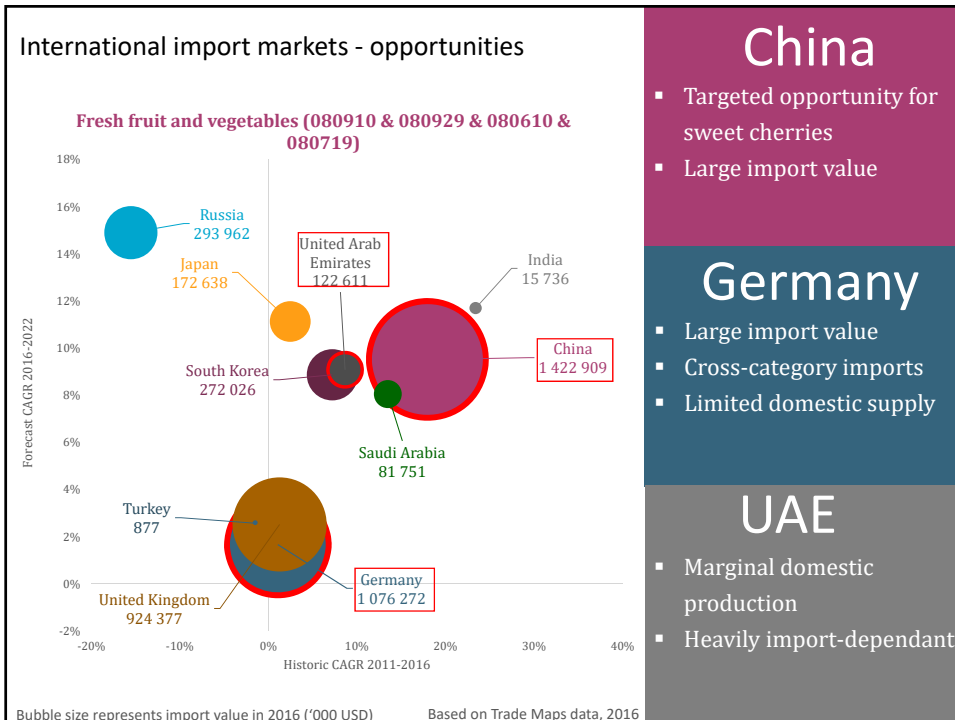


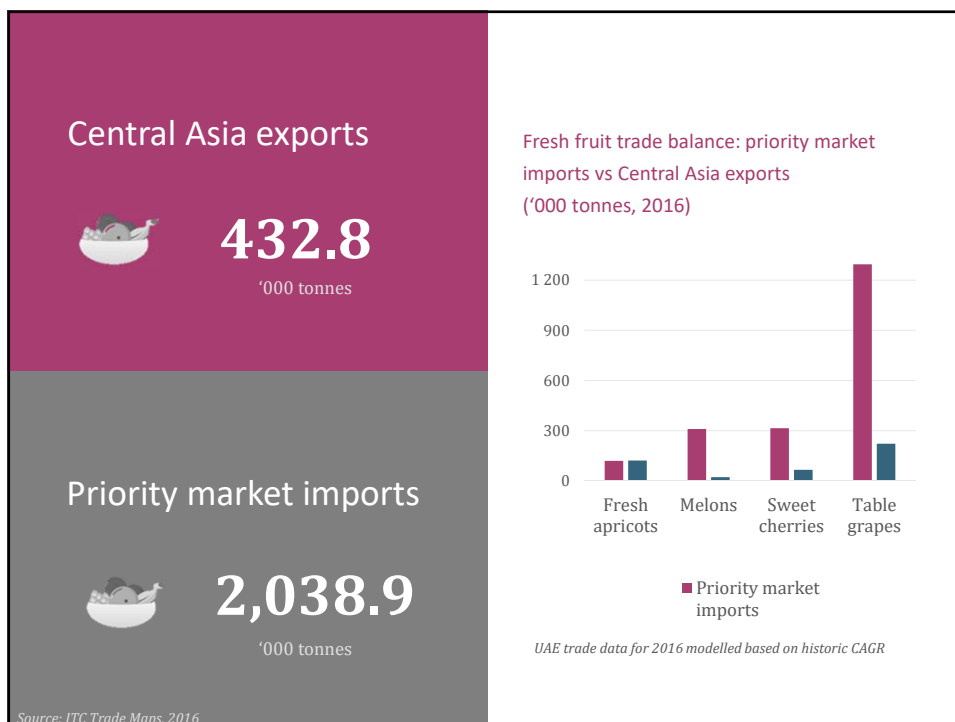









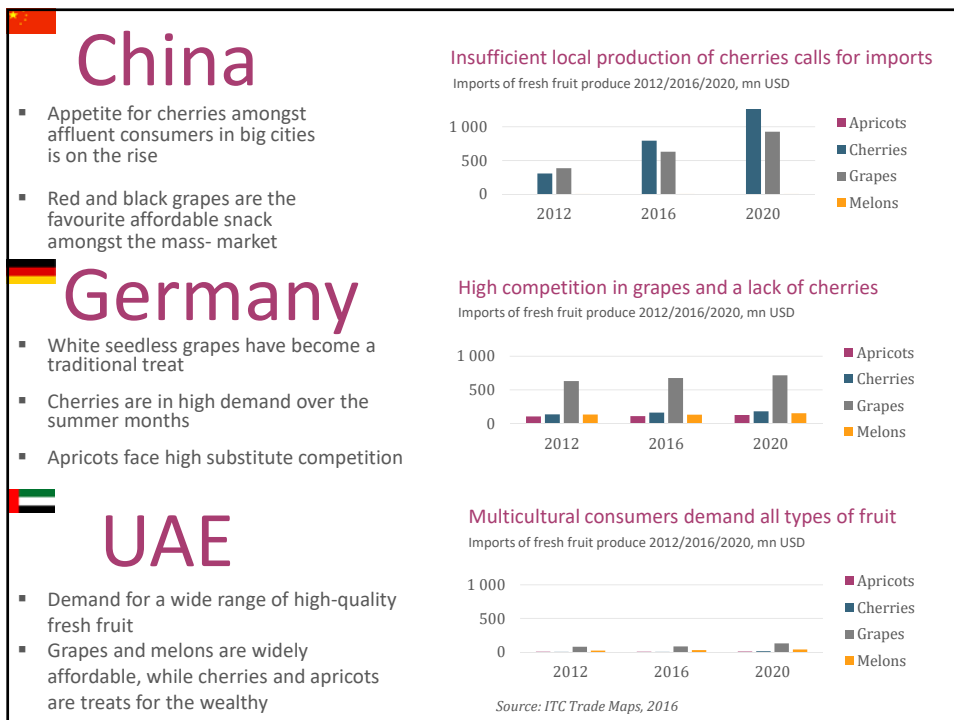
Fresh fruit: Demand overview

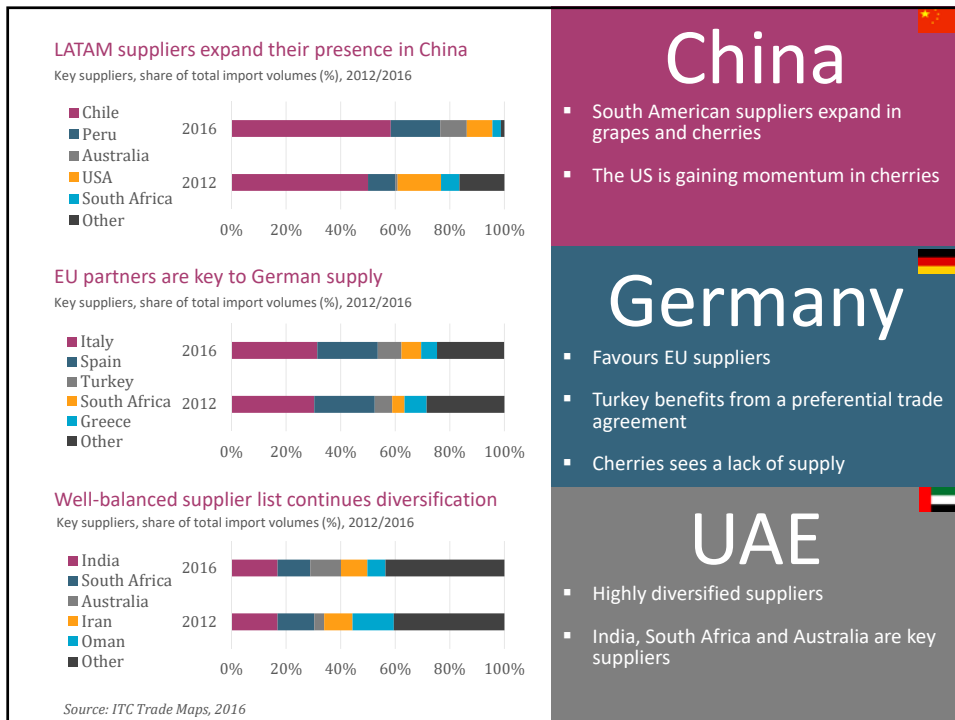




Source: ITC Trade Maps, 2016

 <h4>Government push for healthy eating</h4> <ul style="list-style-type: none"> ▪ One of the largest producers of fresh fruit globally ▪ Healthy living trend ▪ New dietary guidelines ▪ Novelty fruits 	 <h4>Balanced nutrition calls for eating fruit</h4> <ul style="list-style-type: none"> ▪ Stable economic climate ▪ Health and wellness trend ▪ Healthy snacking trend 	 <h4>Variety of cultural demands; however, quality comes first</h4> <ul style="list-style-type: none"> ▪ Amongst the highest living standards ▪ Highly multinational consumer group ▪ Marginal domestic production ▪ Healthy living trend
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China

- The vast territory and SME-driven retail lead to a **highly fragmented distribution** network, with the **leading importers controlling ~1%** of the market, and are only **dominant in certain regions**, such as Dole Food Company Inc in East China and Joy Wing Mau Group in South China

The wholesaler link is more prominent in China and the UAE, due to higher market fragmentation

Germany

- Highly **retail-oriented consumption** is catered for by **regional importers** and distributors, such as UNIVEG Trade International GmbH in the north, Fresh Line Fruit Services in the west and Fruchthof Eichinger GmbH in the south

```

graph TD
    A[Fresh fruit exporter] --> B[Customs and quality inspectors]
    B --> C[Local importer]
    C --> D[Wholesaler]
    D --> E[Retailer/foodservice]
    E --> F[Consumer]
    
```

UAE

- The **largest domestic importers**, such as Fresh Fruits Co LLC, Barakat, Kibsons and Bakrawi Group, **work with local SME wholesalers** and distributors and cover

China

- Close to **95% of imports** of fresh fruit are **distributed through retail**
- The **grocery market remains traditional** and highly fragmented
- Modern retailers are shifting to convenience** formats and focusing on high quality

Germany

- Close to **85% of imports** of fresh fruit are **distributed through retail**
- Fresh food retailing is controlled by **modern chains**
- GLOBALG.A.P. certification** is a standard requirement of modern retail

UAE

- The distribution of fresh fruit is split between **retail (50%) and foodservice (40%)**
- Modern retail caters for mid- to high-income** consumers, offering variety and quality
- Traditional retail caters for lower-income** consumers and focuses on price

Traditional retail remains key in China
Grocery retail landscape, value shares (%), 2012/2016

Brand	2012 (%)	2016 (%)
China Resources	~1	~1
Auchan	~1	~1
Wal-Mart	~1	~1
Yonghui Superstores	~1	~1
Bailian	~1	~1
Others	~95	~95

Fresh fruit retail is controlled by modern chains
Grocery retail landscape, value shares (%), 2012/2016

Brand	2012 (%)	2016 (%)
Edeka	~20	~20
Schwarz	~15	~15
Aldi	~10	~10
Rewe	~10	~10
Metro	~5	~5
Others	~40	~40




Polarised retail market caters for various wallet sizes
Grocery retail landscape, value shares (%), 2012/2016










Brand	2012 (%)	2016 (%)
Carrefour	~15	~15
CCU	~15	~15
Emke	~10	~10
Casino	~5	~5
Al Maya	~5	~5
Others	~50	~50

Source: Euromonitor. Grocery Retailing, 2016




Fresh fruit: Regulatory overview

		
<h3>Key regulations in China</h3> <ul style="list-style-type: none">▪ Domestic safety requirements▪ Domestic labelling and packaging requirements▪ Phyto-sanitary norms▪ Quarantine access▪ Sample testing▪ On-going improvement of legal quality standards and safety requirements	<h3>Key regulations in Germany</h3> <ul style="list-style-type: none">▪ UNECE based marketing requirements▪ Phyto-sanitary norms▪ Control of contaminants in foodstuffs▪ Control of pesticide residues▪ Sample testing	<h3>Key regulations in UAE</h3> <ul style="list-style-type: none">▪ Domestic safety requirements▪ Phyto-sanitary norms▪ Sample testing

 <h1>China</h1> <small>Source: PR China's Ministry of Commerce, 2017</small>	MFN treatment for all WTO members				
	Market	Kazakhstan	Kyrgyzstan	Tajikistan	Uzbekistan
		25.0%	25.0%	25.0%	70.0%
		10.0%	10.0%	10.0%	70.0%
 <h1>Germany</h1> <small>Source: TARIC database, 2017</small>	GSP and GSP+ agreements benefit all but Kazakhstan				
	Market	Kazakhstan	Kyrgyzstan	Tajikistan	Uzbekistan
		20.0%	0.0%	16.5%	16.5%
		12.0%	0.0%	8.5%	8.5%
 <h1>UAE</h1> <small>Source: UAE Ministry of Finance, 2017</small>	No special treatment for Central Asian suppliers				
	Market	Kazakhstan	Kyrgyzstan	Tajikistan	Uzbekistan
		5.0%	5.0%	5.0%	5.0%
		5.0%	5.0%	5.0%	5.0%



Central Asian produce sees opportunities across the priority markets

 China	 Germany	 UAE
 <p>Key opportunities:</p> <ul style="list-style-type: none"> ▪ Supply fresh fruit off-season, especially cherries. <i>Tajikistan, Kyrgyzstan and Uzbekistan have all been granted quarantine access to supply cherries to China</i> ▪ Central Asian speciality fruits could be novelty healthy snacks 	 <p>Key opportunities:</p> <ul style="list-style-type: none"> ▪ Pre-season supply of cherries, focusing on large, dark-coloured berries ▪ Target organic apricots towards health and wellness consumers. <i>Uzbek and Kyrgyz apricots have already gained a presence in the German market</i> 	 <p>Key opportunities:</p> <ul style="list-style-type: none"> ▪ Target high-quality apricots and cherries towards the premium market ▪ Target grapes and melons towards the mass-market, yet immense work is still required. <i>Central Asian produce has a very limited footprint in the UAE market</i>



Fresh fruit:
SWOT

Strengths SWOT

Central Asia is on the way to improving international trade in fruit

- Fruit produce meets the demand for **sweetness and juiciness**
- Production **capacity development** is on the agenda
- Suppliers are able to offer **value for money** deals
- Demand for **organic products is on the rise**
- **The high nutritional value** of fruit appeals to health-aware consumers
- Active participation in **global standardisation** processes
- Accession to **international trade agreements** positively affects trade
- An understanding that **global certification** is the way forward
- **Strong presence** in global **table grapes** market
- **Efforts to improve** production of **cherries**
- **Speciality apricots** from Ferghana Valley

Central Asia has to overcome a number of internal challenges

- **Limited awareness** amongst **international consumers**
- **Productivity enhancement** remains challenging
- **Initial investment** in international partnerships
- Traditionally natural production **lacks certificates**
- Fragmented production and **lack of volume consolidation**
- Russia-focused trade **lacks diversification**
- **Weak certification** due to the cost and lack of experts
- **Restricted access to markets** due to lack of conformity
- **Lack of regional cooperation**
- Fierce competition in **grapes**
- **Cherries** faces transportation challenges
- **Apricots** faces strong competition from peaches and nectarines

Weaknesses SWOT



China: opportunities
SWOT

While a strong global producer of fruit, China has insufficient domestic supply of cherries

- **The largest** of the priority markets in terms of imports of fruit
- Increasing demand for **nutritional and healthy** fruit
- **Domestic production of cherries** is relatively limited
- The current **importers** are rather **distant**
- **Uzbek, Tajik and Kyrgyz cherries** have **quarantine access** to China
- **The “One Belt One Road” initiative**, aiming to enhance China’s international trade with Central Asian countries

Central Asian countries should **focus on cherries**, and use **proximity as their key competitive advantage**, while offering competitive prices, due to lower transportation costs



Germany: opportunities
SWOT

Limited domestic production is strongly supported by the EU

- **Large and mature** market with established demand for fruit
- Opens up **wider opportunities in the EU** market
- **Domestic fruit production** is relatively **limited**, however EU importers are **prioritised**
- Preferential trade under **GSP** for Uzbekistan and Tajikistan and **GSP+** for Kyrgyzstan
- **The supply of cherries** is subject to **seasonality**
- **Grapes** is rather **crowded**, while **apricots** sees **substitute competition**

Central Asian countries should **prioritise cherries** as **early season** suppliers

Grapes are in demand; however, **strong promotion** is a prerequisite

Central Asia may **expand its presence in apricots**, focusing on the **organic, fair trade and ecological niches**



UAE: opportunities

SWOT

With no domestic produce, the UAE is open to quality partnerships

- **Smaller**, yet very **dynamic** market
- The UAE is a **gateway to the wider GCC** market
- **Wealthy consumers** are looking for variety and quality
- Increasing demand for **nutritional and healthy** fruit
- **No domestic production of fruit**

Equally interesting opportunities across the four product categories

Cherries and apricots are primarily targeted towards **wealthy consumers**, thus feature higher price points than melons or grapes

Regardless of the product category, the key requirements in the UAE are **quality, quantity and consistency**

Threats

SWOT

Central Asia has to enhance its international image and improve its technology

Challenging access to international markets:

- Voluntary quality standards in **Germany**
- Negative perception of Central Asian consistency in the **UAE**
- No quarantine access, except for cherries in **China**

Lack of awareness of Central Asian produce:

- Lack of international market presence raises a question about the level of demand

Technological challenges in meeting quality requirements:

- **Conformity to minimum quality requirements** is a must
- However, Central Asian **laboratories lack the equipment** to run all the tests required
- Thus, the **results are not always trustworthy**

Unstable prices of agricultural produce:

- Agriculture is highly dependent on the weather
- Price points are set by demand and supply
- While demand may be predicted to some extent, **supply may under- or over-deliver**
- The supply and demand relationship is subject to global production



Fresh fruit: Gap analysis

Raise awareness of the taste and attributes of Central Asian fruit

Current supply situation

- Lack of efficient regulations **safeguarding the country of origin** claims
- Central Asian produce is often purchased by other exporting markets and is sold as their produce

Current demand requirements

- International **buyers are not aware** of the quality of Central Asian **fruit** and their speciality fruits
- Few trading relationships between Central Asia and the priority markets **causes a lack of trust in consistency and the ability to deliver**

Suggested interventions

- Participation in **international trade expositions** and promotional events
- Agricultural industry **education** on international market demands
- **Promotion of "Made in..."** claims in priority markets

Consolidate production to enhance quality consistency and volume supply

Current supply situation

- Central Asian agriculture is **highly fragmented**
- Exporters and wholesalers are **not able to guarantee produce of uniform quality**

Current demand requirements

- International buyers are looking for suppliers which can **guarantee consistent quality**

Suggested interventions

- **Educate** farmers **on the benefits of cooperation**
- Introduce **government support for those that coordinate production**
- Introduce an **export promotion and coordination body**

Enhance the calibration of fruit to meet international standards

Current supply situation

- **Lack of a systematic approach** towards production
- **Visual inconsistencies** in fruits
- **Difficulties in compiling sizeable volumes** for export

Current demand requirements

- International consumers are looking for **premium-looking and -tasting fruits**
- It is **important to satisfy both visual and taste requirements**

Suggested interventions

- **Improve fruit calibration**
- **Educate** producers on the necessity for and benefits of calibration

Achieve international certification

Current supply situation

- Fragmented industry is **unable to afford** international certification
- **Domestic and cross-regional trade** does not require certification
- Farmers are **becoming familiar with certification procedures**

Current demand requirements

- **European markets require GLOBALG.A.P. and/or QS certification** of their suppliers
- In particular, buyers are interested in produce quality, the farming process, transportation process and sustainability of the supplier

Suggested interventions

- **Educate farmers** on the benefits of certification and related opportunities
- Facilitate the **education and development of certification experts**
- Establish a **certification advisory body**
- Facilitate **lobbying of governments and financiers**

Learn from international best practices to modernise laboratories

Current supply situation

- Food testing laboratories are **not recognised by international markets**
- Local laboratories **lack modern technology, up-to-date training and consistency** in running tests
- **The use of international laboratories is limited**, as imports comprise the collective produce of many farms

Current demand requirements

- Priority markets have **legal requirements for the quality and safety of fresh food produce**
- Each market **performs a food quality inspection** as products enter the market

Suggested interventions

- Facilitate the establishment of **internationally recognised laboratories**
- Facilitate the development of an **educational system** for future food quality experts
- **Inform exporters and current testing facilities of the acceptable quality levels** in priority markets

Identify opportunities for partnerships in air freight

Current supply situation

- As a **landlocked region**, Central Asian exporters have to deliver by land or air
- While **road transportation is lengthy**, air freight is costly

Current demand requirements

- International buyers **prefer marine transportation**
- However, they are **happy to accept other solutions**, as long as the price and quality are not affected

Suggested interventions

- **Facilitate relationships between exporters and air freight carriers**
- Provide exporters with **information about a wide range of air carriers**
- Provide information about **charter cargo flights**
- **Facilitate lobbying** to gain discounted rates when exporting to priority markets



Fresh fruit:
Recommendations

1

Raise awareness of Central Asian fresh fruit produce

- Facilitate and **promote the participation** of Central Asian producers and exporters at **international trade expositions**
- Develop or facilitate the development of **educational programmes** focused on international market demands with regard to Central Asian fresh fruit
- Develop or facilitate the development of **Central Asia origin promotional campaigns** (arm exporters with marketing materials)

2

Consolidate production to enhance quality consistency and volume supply

- Promote or facilitate **education and promotion on industry consolidation** through cooperatives and associations
- Facilitate **industry and government dialogue** and cooperation in terms of governmental support of **coordinated production** efforts
- Develop or facilitate the development and promotion of an **export promotion and coordination body**

3

Enhance fruit calibration to meet international standards

- Develop or facilitate the development of an **educational platform on fruit calibration practices** and benefits
- Develop a promotional fruit calibration as **best agricultural practice programme**

4

Achieve international certification

- Develop **educational programmes for SME farmers** on the benefits and requirements of international certification
- Facilitate the development of **educational platforms for future certification experts**
- Facilitate the establishment of **certification advisory bodies** to consult SMEs
- Facilitate **establishment of certification bodies**
- Educate SMEs on the group GLOBALG.A.P. standard
- Facilitate **lobbying between the industry and governments** in terms of **subsidising** the certification process
- Facilitate dialogue between the industry and financiers, in order to **facilitate financial mechanisms**

5

Learn from international best practices to modernise laboratories

- Facilitate the establishment of **internationally recognised laboratories in Central Asia** through dialogue between the globally recognised laboratories and training and adapting best practices
- Facilitate the development of **educational systems for future food quality experts**
- Develop an **information sharing programme** aiming to provide information to exporters and current laboratories about the acceptable quality levels in international markets, as well as detailing the tests to be performed

6

Identify opportunities for partnerships in air freight

- Facilitate dialogue and partnership-building between exporters and **air freight carriers**
- Help exporters to **connect with relevant cargo carriers**
- Educate exporters on charter and other competing cargo solutions

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