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**“Opportunities to Export Desiccated
Coconut to the EU – Study on Italian
Market”**



DEPARTMENT OF COMMERCE

**No.492, 2nd Floor
L.H.P.Building, R.A.de Mel
Mawatha
Colombo 03
011-2329733/2346114**

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Opportunities to Export Desiccated Coconut to the EU – Study on Italian Market

Market Overview

Italy is the third-largest economy in the euro-zone, with a GDP estimated at \$2.3 trillion and a per capita GDP of \$38,200. Being a net agricultural importer, most raw materials and ingredients are imported. Italy's economic strength is in the processing and the manufacturing of goods, primarily in small and medium-sized family-owned firms.

Market structure

Italian importers are usually small to medium-sized family owned companies. They import on a smaller scale, but often a broader range of products than their much larger counterparts do. Price is an important factor for import purchase decisions, although quality and novelty do move some products.

Market Entry

Identify a key importer, broker, distributor, agent, or wholesaler, as they know how to navigate the import and distribution process. They are key to doing business in Italy. Be prepared to start small by shipping a few pallets or cases of a product and recognize that it could take several months or years before an importer is ready to order full containers. Be willing to meet special EU labeling requirements and consider working through a consolidator or participating in mixed container shipments.

Participation in some of the larger European international food trade shows (ANUGA-COLOGNE, SIAL-PARIS, BIOFACH-NUREMBERG, FOOD INGREDIENTS EUROPE, CIBUS-PARMA and TUTTOFOOD-MILAN) offers a good opportunity to get a sense of the EU/ Italian market and provides the opportunity to meet potential International and Italian importers & distributors.

Import of Desiccated Coconut into the EU (HS 080111)

The European Union is the world's largest importer of desiccated coconuts, accounting for more than 30% of the global imports.

The Netherlands, Germany, the United Kingdom and Belgium are currently the largest European import markets for desiccated coconuts, offering good opportunities in addition to fast growing markets of France and Ireland also offer great opportunities.

Approximately 60% of all desiccated coconut imported into Europe is re-packed and sold by retailers. Usually, low-fat products are used for re-packing. Final consumers are the foodservice sector and household consumers. **MFN duty** for Desiccated coconut in the EU is zero.

Imports of Desiccated Coconuts to Italy

	Exporters	Value of Imports USD Thousands					Volume of Imports MT					Unit Price
		2016	2017	2018	2019	2020	2016	2017	2018	2019	2020	USD/MT
	World	7,881	8,754	8,053	5,910	6,120	3,428	3,263	3,213	2,869	2,785	2200
1	Netherlands	1,949	2,200	2,241	1,775	1,729	819	925	912	909	818	2114
2	Indonesia	1,534	2,112	1,854	1,286	1,548	794	811	730	685	747	2070
3	Philippines	1,142	1,158	1,410	818	852	504	467	597	466	453	1880
4	Sri Lanka	1,159	1,017	847	547	555	605	370	310	293	212	2618
5	Germany	513	772	670	556	508	162	246	191	176	168	3024
6	Viet Nam	0	0	129	127	196			73	101	103	1903

(Source: Trade Map)

Sri Lanka was the 4th largest supplier of DC to Italy in 2020. However, over the years the exports have been on the declining trend. The main reasons may be due to the drought and higher prices of coconuts in Sri Lanka. Although the Sri Lankan DC has a higher quality and higher prices, the prices are lower for products imported from Indonesia, Vietnam and the Philippines. Vietnam is becoming a biggest competitor for Sri Lanka.

Market Potentials and Opportunities Desiccated Coconut Products

Desiccated coconut is not produced in Europe, and therefore all its requirements are to be met from Imports. Over the last five years, European imports of desiccated coconuts have grown due to the following reasons:

1. Growth in the food processing industry in Italy
Desiccated coconut is a traditional baking ingredient in many European countries. The end consumers are mainly the food service sector and individual household consumers. Around 35% of imported desiccated coconuts are used by the Italian food processing industry as an ingredient for final products.
2. Growth in confectionery and bakery industries
The largest share of desiccated coconuts in the EU is used by the confectionery industry as fillers inside chocolate bars, as an ingredient in biscuits, toffees and chocolates. Larger cuts are used as snacks sometimes sweetened and toasted. It's also used as ingredients for cake decorations and breakfast cereals
3. The popularity of Asian Cuisine and the Convenience of using DC in various dishes and the presence of a large number of South/ South East Asian population in Italy
4. Sales of organic desiccated coconuts as well as fair-trade products are increasing in the Western European markets.
5. Popularity of coconut as a product enriched with high dietary fiber, copper, magnesium, and rich in Vitamins and Minerals
6. Increase in disposable income and growth in eCommerce made the product easily accessible by consumers
7. Technological advances increase the shelf life of the ingredient and the existing ingredient producers included DC in their portfolio stimulating further growth
8. Consumer taste blended with health benefits of DC which possess higher dietary fiber content, Vitamins and minerals become popular the EU consumers especially the millennial populace
9. Economic growth in Central and Eastern European countries for which re-export from Italy has been increasing.
10. The price of Sri Lankan DC is expected to remain strong due to lower production and delays in shipments from major producers especially the Philippines

Challenges

1. Delays in shipments due to Covid 19
2. Constraints in the availability of shipping containers and vessels
3. Expected output shortages due to higher prices of fertilizers
4. Controversies associated with DC due to its high saturated fat content may cause shift in demand for alternate products such as roasted snacks

List of supermarkets in Italy

ESSELUNGA SPA LIDL ITALIA S.R.L. COOP ALLEANZA 3.0 SC CARREFOUR ITALIA SPA SPESA INTELLIGENTE S.P.A. ASPIAG SERVICE S.R.L. PAM PANORAMA S.P.A. IPER MONTEBELLO S.P.A. BENNET S.P.A. UNICOMM S.R.L. CONAD CONSORZIO NAZIONALE DETTAGLIANTI SOGEGROSS S.P.A.	MEGAMARK S.R.L. DIMAR S.P.A. CE.DI. GROS SCARL SUPERMERCATI TOSANO CEREA S.R.L. UNES MAXI S.P.A. MULTICEDI S.R.L. IPERAL S.P.A. IN'S MERCATO S.P.A. FRATELLI ARENA SRL MAGAZZINI GABRIELLI S.P.A. TIGROS SPA F.LLI LANDO S.P.A. MARR SpA	PRIX QUALITY SPA MIGROSS S.P.A. MAIORANA MAGGIORINO SPA SUPEREMME S.P.A. CONSORZIO EUROPA S.C.P.A. EMME PIU' SRL PEWEX AL.PA. SRL SUPERMERCATI CADORO S.P.A. SUPERCONTI SUPERMERCATI TERNI S.R.L. PRESTOFRESCO S.P.A. DADO S.P.A. GRANMERCATO S.P.A. ROSSETTO TRADE S.P.A.
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Applicable EU Rules and Regulations to import Desiccated coconut into the EU/Italy

1. General Food Law The General Food Law is based on the EU's 'Farm to Fork' approach to food safety and includes all sectors of the food and feed chain.

- RASFF share information on harmful effects of food products through its network between the EU Member State national food safety authorities, Commission, EFSA (European Food Safety Agency), ESA (EFTA Surveillance Authority), Norway, Liechtenstein, Iceland and Switzerland (**RASFF consumers' Portal**)

2. Regulation (EC) No 852/2004 on specific hygiene rules for food and animal origin

Hazard Analysis of Critical Control Points (HACCP)

- All food items must be traceable throughout the entire supply chain and all food business operators need to comply with the system in their operations.

Official Controls Regulation - OCR

- Ensure the application of food and feed law, rules on animal health and welfare, plant health, and plant protection products along the agricultural and food chain

3. EU Food Additive Regulations (food improvement)

Includes 4 **regulations** on food additives, enzymes, improvement agents:

- 3.1 Regulation (EC)1331/2008 on food additives
- 3.2. Regulation (EC) 1332/2008 on Food Enzymes
- 3.3. Regulation (EC) 1333/2008 on Food improvement agents (including preservatives, colours and Sweeteners, anticaking agents etc
3. 4. Regulation (EC)1334/2008 on flavorings

4. Regulations on Pesticides and Contaminants

- 4.1 Regulations on Pesticides: Regulation (EC) No 1107/2009
- 4.2 Regulation(EC) No 396/2005 on maximum residue levels of pesticides
- 4.3 Regulation (EC) No 1881/2006 on setting MRL's for Contaminants
- 4.4 Regulation (EU) 2020/625 of 6 May 2020 – increased level of official controls

5. Regulations on Packaging and container requirements

Packaging made of wood or vegetable materials may be subject to phytosanitary controls.

6. Regulations on Labelling Requirements - EU law on Food Information to Consumers (FIC). Food Information to Consumers Regulation FIC 1169/2011 applicable to prepackaged food and drinks marketed in the EU

- **Organic Food Production and Labelling**

Regulation (EU) 2018/848 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 30 May 2018 on organic production and labelling of organic products

- The new Organic Regulation will enter into force January 01, 2022.
- The term Organic or Bio or Eco may be used only to label products that comply with EU organic production rules and at least 95% of the ingredients are organic.

- **Genetically Modified food products**

Regulation 1829/2003 provides the general framework for regulating genetically modified (GM) food in the EU

7. Regulations on Food Irradiation

8. Regulation on Novel Foods

Mandatory Certifications

1. Health Certificates/ Export Certificate - Is required by the importer certifying that the export product is suitable for human consumption particularly, if the food is originally produced in a non-EU country.

2. Phytosanitary certificates

- Effective from December 14, 2019 all Plants and plant products listed in Annex XI and XII of EU Regulation 2019/2072 entering the EU must have a phytosanitary certificate guaranteeing that they are properly inspected and free from quarantine pests.

3. Other Certifications required by the Buyers in the EU (No- legislative)

<p>1. Food safety certification /Global Food Safety Initiative Certification</p> <ul style="list-style-type: none"> • International Featured standard (IFS) • British Retail Consortium Global Standards (BRCGS) • SQF - Safe Quality Food • Food Safety System Certification (FSSC 22000) 	<p>2. Laboratory Control Certificates</p> <p>3. Social and environmental Certifications (for niche market) - Sedex, Amfori, etc.</p> <p>4. Fair Trade Certification</p> <p>5. Rainforest Alliance certification</p> <p>6. Organic certifications</p> <p>7. Good Agricultural Practices (GAP)</p> <p>8. Good Manufacturing Processes (GMP)</p> <p>9. Private Pesticide Residue Certificates</p>
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Labelling and marking

Mandatory Marks & Labels - Food related

Voluntary Marks & Labels: Cup/Fork Symbol (material in contact with food), 'e' Mark, Eco-Label, Green Dot, Recycling Marks

Units of measurement (metric) and legal metrology - Legal Metrology

Packaging material : The EU Packaging and Packaging Waste Directive harmonized member state legislation regarding packaging material composition and the management of packaging waste.

Organic: EU legislation - to export processed fruit and vegetables products as organic into the EU. Production and processing facilities must be audited by an accredited certifier body.

According to the new organic regulation (EU) 2018/848 inspection of organic products become stricter to prevent fraud.

The New EU Organic Legislation will enter into force on 1 January 2022.

- EU regulation 2018/848 - on organic production and labelling of organic products
- New legislation details

Labelling of organic products - Regulation (EU) No 1169/2011

Fairtrade and environmental labels include Fair for Life; Fairtrade; Rainforest Alliance/UTZ.

Acknowledgment of Content Contribution:
Commercial Division, Sri Lanka Embassy in Rome, Italy

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Coming Up



Meet with our Commercial Officer in Brazil to find out opportunities in Brazil and the region!

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Country	Proposed Date
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Italy	March
Japan	April
Saudi Arabia	June
South Korea	August
Turkey	September
UAE	October
UK	November
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