



Co-funded by the
European Union



East African Community



Market Profiles

Avocado Exports from Tanzania May 2019



Prepared by: **Magdalena Faustine Shirima**



International
Trade
Centre

This market profile has been developed within the framework of the Market Access Upgrade Programme (MARKUP) – Tanzania Window (TZ1.1.1)

Disclaimer: The views expressed herein can in no way be taken to reflect the official opinion of the International Trade Centre.

Table of Contents

1. PRODUCT OVERVIEW.....	3
1.1. PRODUCT CHARACTERISTICS	3
1.2. WORLD PRODUCTION OF AVOCADO	3
1.3. WORLD CONSUMPTION OF AVOCADO.....	3
1.4. TANZANIA'S AVOCADO PRODUCTION CAPACITY.....	3
2. GLOBAL TRADE OVERVIEW.....	4
2.1. WORLD TRADE CHARACTERISTICS	4
2.2. IMPORT CHARACTERISTICS	4
2.3. EXPORT CHARACTERISTICS	5
3. TANZANIA'S EXPORT PERFORMANCE.....	5
3.1. PERFORMANCE OF TANZANIAN AVOCADO IN THE WORLD MARKET.....	5
3.2. TARIFFS FACED BY THE COUNTRY	6
4. MARKET SCREENING	7
4.1. ATTRACTIVE MARKETS	7
4.2. NETHERLANDS MARKET SELECTED FOR EXPORTING AVOCADO FROM TANZANIA	7
5. TARGET MARKET CHARACTERISTICS.....	8
5.1. TANZANIA'S TRADE PERFORMANCE IN NETHERLANDS MARKET.....	8
5.2. COMPETITION IN NETHERLAND MARKET.....	8
6. NETHERLANDS IMPORTS SEASONS	9
6.1. TANZANIA'S PRICE POSITIONING IN NETHERLAND MARKET	9
7. PANORAMA, PEOPLE, PRODUCT, PERMISSION, PRICE, PROSPECT	10
7.1. PRODUCT	11
7.2. PEOPLE	11
7.3. PERMISSION	11
7.4. PACKAGING AND LABELING REGULATIONS IN THE NETHERLANDS.....	11
7.5. PRICE.....	12
7.6. PROSPECT	12
8. SWOT ANALYSIS FOR NETHERLANDS MARKET	13
9. RECOMMENDATION.....	13
10. REFERENCE.....	14

1. PRODUCT OVERVIEW

1.1. Product characteristics

Avocado is one of the most popular fruits in the world and an excellent source of fiber, vitamins and minerals. Avocados can be classified into four main types: Fuerte, Reed, Zutano and Hass. The Harmonized System Code for fresh or dried avocado is 080440. This analysis shall explore the possibility of exporting fresh avocados from Tanzania to Netherlands.

Table 1: HS Code and National Tariff Line code in the target market (NTL)

Code	Number	Product
Harmonized System Code	080440	Fresh or dried avocados
NTL	0804400010	Fresh or dried avocados

Source: www.trademap.org

1.2. World production of avocado

The total world production of avocados is estimated at 4.1 million tons (FAO, 2017) and the largest producers are Mexico, Peru and Indonesia. These countries account for a combined 68.4% of total production per year as shown in Table 2.

Table 2: World production of avocado, 2017 (Million)

Number	Top Producers	Tons
	World	4,176,951
1.	Mexico	2,029,886
2.	Peru	466,758
3.	Indonesia	363,157
4.	Colombia	314,275
5.	Brazil	213,041
	Others	789,834

Source : <http://www.fao.org/faostat/en/#data/QC>

1.3. World consumption of avocado

World imports of avocados have grown very fast; in the past five years the annual growth rate stood at 18%. In 2018, the world imported 2.5 million tons of avocados valued at United States Dollars (USD) 6.1 billion. The United State of America (USA), the Netherlands and France are the largest importers, accounting for over 55% of total avocado imports. In 2018, the three countries had a combined market of avocados worth USD 3.5 billion. This indicates that the market for avocado is highly concentrated.

1.4. Tanzania's avocado production capacity

Each year, Tanzania produces around 190,000 tons of avocados, and the country exports between 5,000 to 10,000 tons. The main avocado producing regions are Kilimanjaro, Mbeya, Njombe, Kigoma, Songwe, Tanga and Morogoro. The production period for avocados is December through to February; and May to September. The main varieties produced are Hass, Fuerte and local varieties; however, Hass is the variety grown for export markets. In 2018, Tanzania exported 7,551

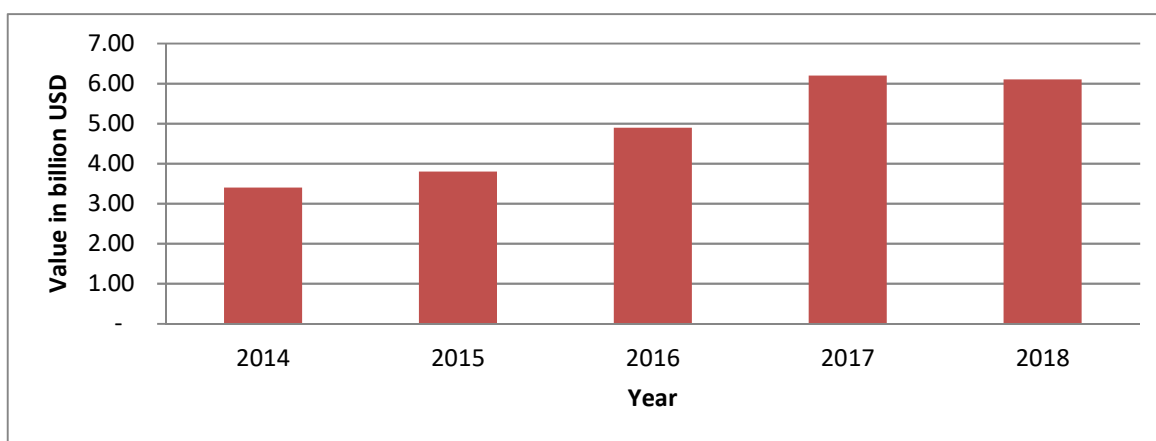
tons with a total value of USD 8.5 million to Europe, Africa and Asia. The main export destination is France with a market value of USD 3.8 million, followed by Netherlands USD 2.8 million and United Kingdom USD 1.5 million. There are at least six exporting companies among which are Africado, Rungwe Avocado Company and TAHA Fresh Limited. Local avocado varieties are used for juices, fruit mix, salads or smoothies; the local varieties are also used to create avocado-derived products such as oils and medicine.

2. GLOBAL TRADE OVERVIEW

2.1. World trade characteristics

World imports have grown very fast in the past 5 years with an annual growth rate of 18% in value and 12% in volume, which implies that the unit value for avocados in the world market is increasing. In 2018, total avocado imports were 2.5 million tons valued at USD 6.1 billion as shown in Table 3 (ITC, 2018).

Table 3 World Imports HS – 080440 Fresh or dread avocado



Sources : https://www.trademap.org/Country_SelProduct_TS.

2.2. Import characteristics

USA and European markets are the leading consumers of avocados in the world. The market share of USA, Netherland and France has been increasing overtime and in 2018, they accounted for over 55% of world imports, indicating that demand is concentrated among these three countries as shown in Table 4.

Table 4: World imports characteristics

Rank	Importers	Share in World Imports, %
1	USA	40
2	Netherlands	11.5
3	France	6.7
	Total	58.2

Source : https://www.trademap.org/Country_SelProduct.

2.3. Export characteristics

In 2018, countries exported around USD 5.7 billion worth of fresh or dried avocados. The world largest exporters of avocados are Mexico, the Netherlands and Peru. These three countries have a combined market share of 70.2% as shown in Table 5. There are only a few key exporters of avocado in the world, implying that the concentration of avocado supplying countries is very high.

Table 5: Three main exporters of avocado in the world in 2018

Rank	Exporters	Share in World Exports, %
1	Mexico	41.8
2	Netherlands	15.8
3	Peru	12.6
	Total	70.2

Source : https://www.trademap.org/Country_SelProduct.aspx

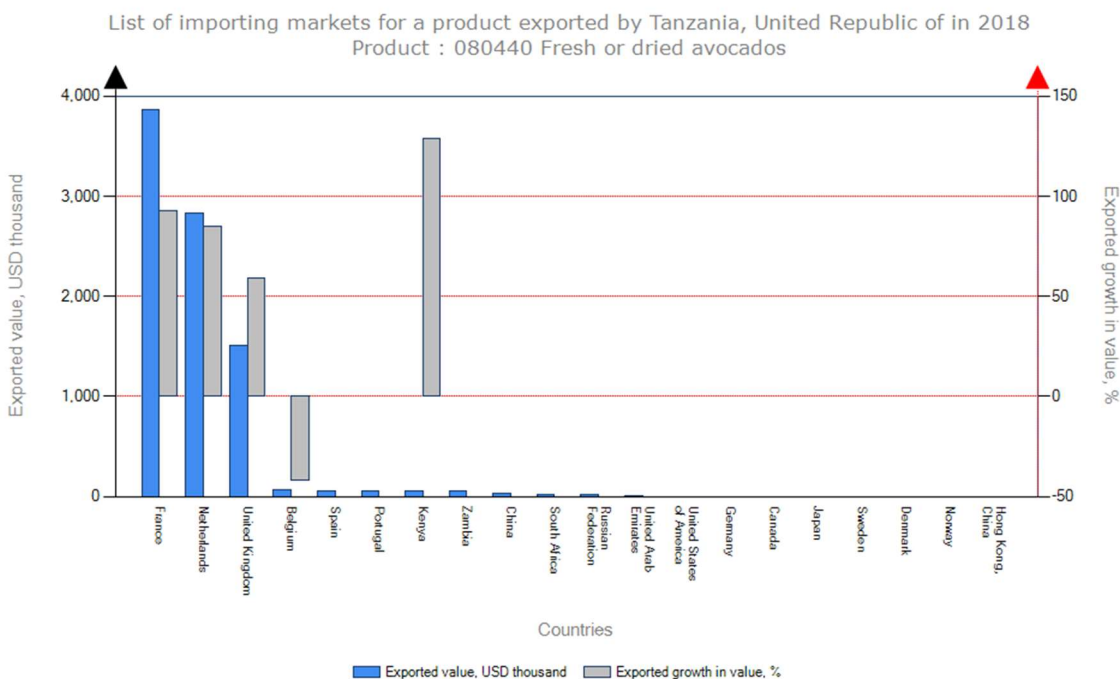
3. TANZANIA'S EXPORT PERFORMANCE

3.1. Performance of Tanzanian avocado in the world Market

Tanzania ranks number 21 in world avocado exports and accounts for 0.2% of export market share. In 2018, Tanzania exported 7,551 tons of avocados valued at USD 8.5 million. Tanzania's market share is growing, considering that the average export growth in value between 2014-2018 was at 20% whereas Tanzania experienced a 78% growth during the same period.

In 2018, the biggest importers of Tanzanian avocados were France (USD 3.8 million), Netherlands (USD 2.8 million) and the United Kingdom (USD 1.5 million) as shown in graph 1.

Graph 1: Importing markets for fresh or dried avocados exported by Tanzania

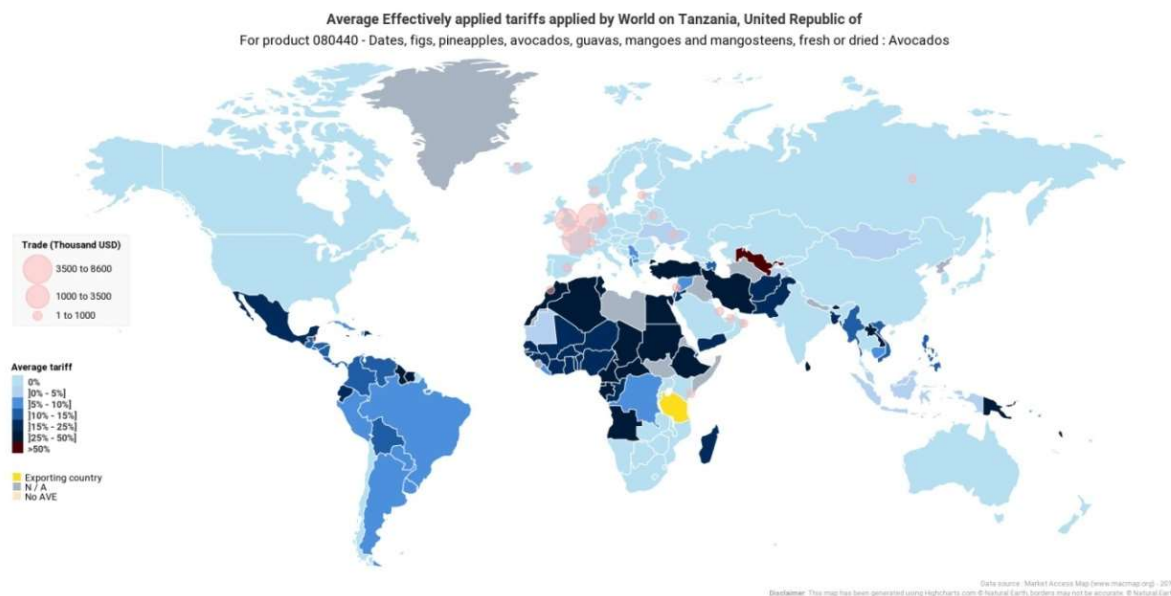


Source : https://www.trademap.org/Country_SelProductCountry.

3.2. Tariffs faced by the country

The USA, the Netherlands, France, Canada, China and India apply preferential tariffs for Tanzania's fresh or dried avocado as shown in Map 1. Preferential tariff for exports from least developed countries (LDCs) is 0% as compared to the most favoured nation rate (MFN) at 4%. Tanzania benefits from this preferential tariff regime; however, to be qualified for duty-free quota-free market access in the Netherlands, exporters must acquire a certificate of origin from the Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA). If the export has a value higher than €4,000, the exporter must be registered in the European Union (EU)'s Registered Exporter System, also managed by TCCIA.

Map 1: Countries with low tariff



Source: <https://www.macmap.org/en/query/compare-market?reporter=All&partner=834&product=080440>

4. MARKET SCREENING

4.1. Attractive markets

The Netherlands, France and Germany are attractive markets for Tanzania's avocado exports. Their import value ranges from USD 317 to USD 706 million in 2018. These markets are dynamic, and they have been enjoying positive growth rates over the last 5 years as shown in Table 6.

Table 6 Attractive markets for exporting avocado fresh or dried

	Target country	Imported value (millionUSD) in 2018	Average Unit value (USD/tons)	World market share (%)	Annual growth rate in value past 5 years	Tariff advantage
1	Netherlands	706.1	2,047	11.5	23	0
2	France	409.8	2,602	6.7	14	0
3	Germany	317.8	3,426	5.2	31	0

Source : https://www.trademap.org/Country_SelProduct

4.2. The Netherlands are the selected market for exporting avocados from Tanzania

The Netherlands are the fastest growing market for avocados in the European Union. Avocado imports have been growing over the last 5 years from USD 284 million in 2014 to USD538 million in 2018. Average growth rate in imported values were 20% whereas the world's average import growth was 18%; Evidently, this confirms the potential of the Dutch market.

The Netherlands are the world's second-biggest importer of avocados after the USA with a market share of 8.9% as well as a moderately concentrated group of suppliers. The market is considered open for Tanzania's exporters due to preferential tariff treatment for Least Developed Countries (LDCs).

Tanzania also has an advantage in terms of distance to the Netherlands over other existing suppliers such as Peru, Chile, Mexico and Colombia.

5. TARGET MARKET CHARACTERISTICS

5.1. Tanzania's trade performance in the Dutch market

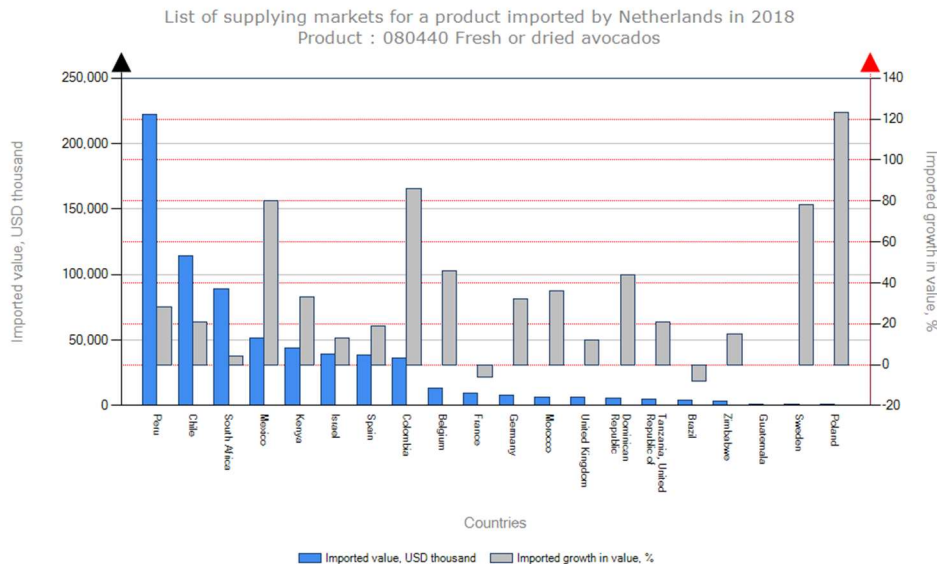
Tanzania has been exporting avocados to the Netherlands since 2014. In 2018, Tanzania exported 2,304 tons of avocados valued at USD2.8 million to the Netherlands. Tanzania has a market share of 0.8% and is the 15th largest avocado supplier of the Netherlands. On average the Netherlands' imports of avocado has been increasing by 20% each year however, the growth of avocado exports from Tanzania has been increasing by 26%; indicating that Tanzania has been gaining more market share.

5.2. Competition in the Dutch market

The Netherlands are not a concentrated market owing to its diversified group of avocado suppliers. The number one avocado supplier in the Dutch market is Peru with a 31.4% market share, followed by Chile (15.2%), South Africa (10.1%), Mexico (8.6%) and others as shown in Graph 3.

Besides Tanzania, other countries such as Peru, Mexico, Kenya and Colombia have been gaining significant market share from Chile, South Africa and Israel. While several factors could come into play, Trade Map's average unit values indicate that many of Tanzania's competitors were able to offer more competitive prices due partly to lower sea freight costs. For example, the average unit value per ton of avocado imports from Peru, despite being much further away than Tanzania, is USD 1,838, Kenya USD1,821, South Africa USD1,771; whereas Tanzania's average unit value is USD2,122 per ton.

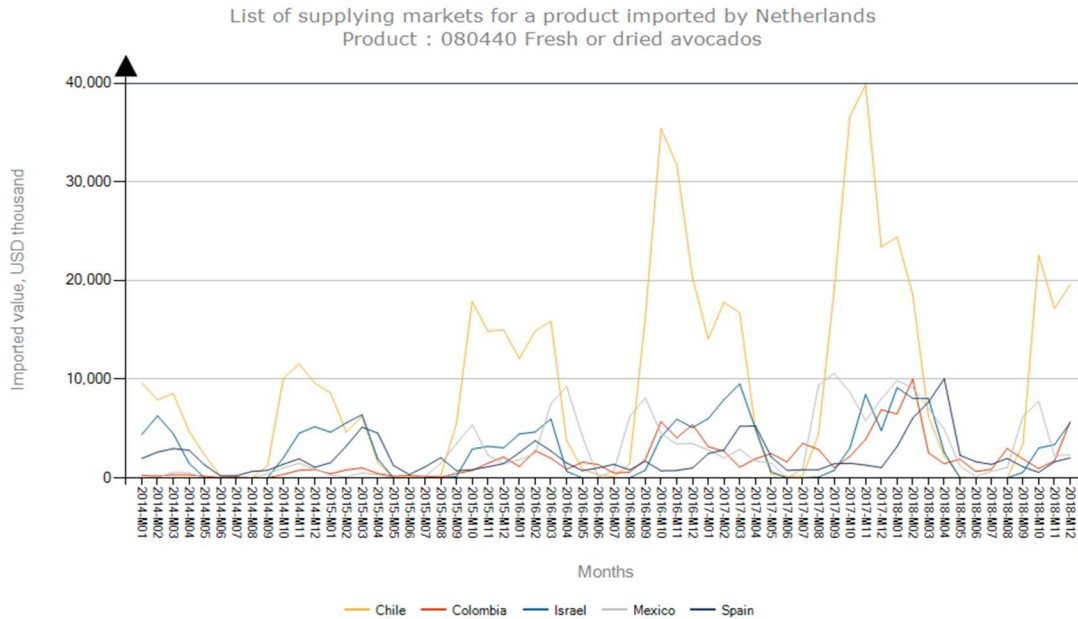
Graph 3: Avocado suppliers in the Netherlands



6. IMPORT SEASONS IN THE NETHERLANDS

The Netherlands imports avocado throughout the year from Colombia, Mexico and Spain as shown in Graph 4. Tanzania exports avocado to Netherlands during summer and winter seasons.

Graph 4 Import seasons in the Netherlands

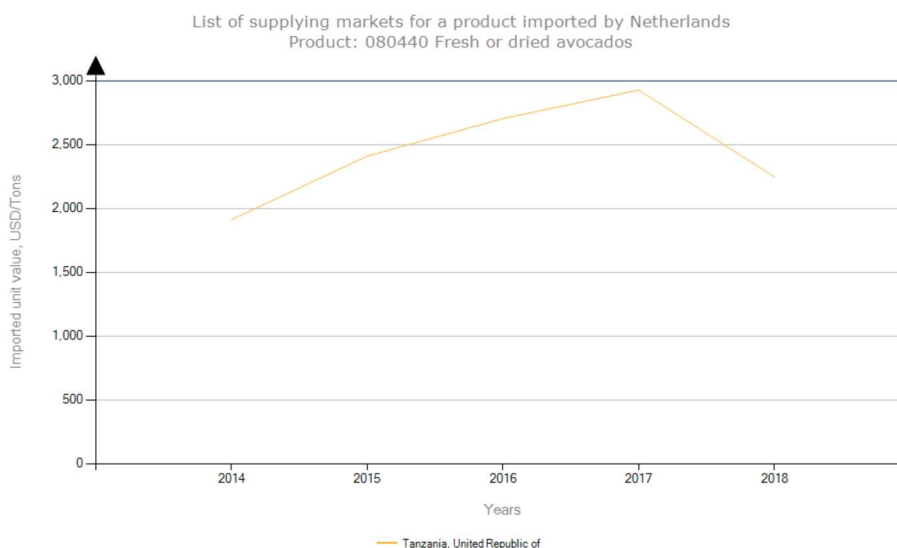


Source : https://www.trademap.org/Country_SelCountry_MQ_TS_Graph

6.1. Tanzania's price positioning in the Dutch market

The average unit value for avocado imports from Tanzania peaked at USD2,927 in 2017 and dropped to 2,122 in 2018. Nevertheless, the overall trend indicates increasing prices over the past five years as shown in Graph 5.

Graph 5 Price for Tanzanian avocado in the Dutch market



Source : https://www.trademap.org/Country_SelProductCountry

If we investigate from Netherlands' perspective, we will see that there has been an upward pressure in terms of price over the past five years and average unit value has been increasing for most suppliers except Kenya.

7. PANORAMA, PEOPLE, PRODUCT, PERMISSION, PRICE, PROSPECT

Basic macro-economic information about the Netherlands following the PEST factors analysis.

<p>Political Factors</p> <ul style="list-style-type: none"> • The Netherlands is a constitutional monarchy based on parliamentary democracy. Democracy creates a conducive environment for business freedoms. • Companies exporting to the Netherlands are faced by stringent regulatory requirements. 	<p>Economic Factors</p> <ul style="list-style-type: none"> • The Netherlands has a large economy estimated at Gross Domestic Product (GDP) €737 billion (4.8% of EU-28) and per capita of €43,000 indicating a higher purchase power. • GDP growth rate is positive which indicates that the economy is stable. • The Netherlands has a positive inflation rate and a stable exchange rate which allows for more opportunities for exporters to gain profit.
<p>Social Factors</p> <ul style="list-style-type: none"> • The population size is expected to grow to 17 million people with a population density of 416.11 inhabitants per square kilometer by 2025. • The target market size for Tanzanian avocado is 6.7 million which is approximately 39.1% of the total population. 	<p>Technological Factors</p> <ul style="list-style-type: none"> • Availability of E-commerce • Mobile network coverage has allowed internet access to 90% of the population.

7.1. Product

The consumption of avocados in the Netherlands is high. According to ITC's export Potential Map, the Netherlands shows the largest absolute difference between actual and potential exports in value terms, leaving room to realize additional avocado exports worth USD 1.3 million.

7.2. People

The market segment for avocados are health conscious consumers aged 25-54 years. Moreover, Tanzanian exporters can target the B2B segment i.e. supermarkets, retailers and foodservice industries as well as the cosmetic industry.

7.3. Permission

If exporters have the necessary certificates of origin, they can export to the Netherlands duty free. However, they must comply with the regulatory requirements such as:

- i. Minimize pesticide residues are one of the crucial issues for fruit and vegetable suppliers. To avoid health and environmental damage, the EU has set maximum residue levels (MRLs) for pesticides in and on food products: <http://ec.europa.eu/food/plant/pesticides/eu-pesticides-database/public/?event=homepage&language=EN>.
- ii. Compliance with phytosanitary requirements, avocado exporters to the EU must comply with the EU legislation on plant health: http://exporthelp.europa.eu/thdapp/display.htm?page=rt/rt_SanitaryAndPhytosanitaryRequirements.html#Plant_health.
- iii. To supply into retail outlets, [GlobalG.A.P.](#) certification is compulsory. It is virtually impossible to supply in Europe without GlobalG.A.P. certification even though it is a voluntary for of compliance but has increasingly become a standard requirement for most supermarkets.
- iv. Other food safety management systems that can be required are:
 - British Retail Consortium ([BRC](#))
 - International Food Standard ([IFS](#))
 - Food Safety System Certification ([FSSC22000](#))
 - Safe Quality Food Programm ([SQF](#))
 - In addition, non- regulatory standards imposed by supermarket include 19 types such as Fairtrade and Organic Certified.

7.4. Packaging and labeling regulations in the Netherlands

Fresh avocados bound for the Netherlands must be packaged in a specific manner as follows:

- Minimum weight of 80 grams ranging between 16 and 20 packs in 4 kg cardboard boxes for wholesale packaging
- 10 kg plastic or cardboard crates for importers that ripen and re-pack avocados.

Labeling requirement

The following items need to be on the label:

- The product name, including the name of the variety
- Commercial identification: class, size (code), number of units, net weight
- Name and address of exporter, packer and/or dispatcher
- Country of origin
- Traceability code.

7.5. Price

Price in the Netherlands is very competitive because most of the avocados are re-exported to other countries within the EU. Price for fresh avocados varies based on variety, size, country of origin. Changes in demand or supply can also have an impact on prices.

7.6. Prospects

Tanzania exporters can gather market leads through the [Netherlands enterprise agency \(https://english.rvo.nl/onderwerpen/international-enterprise/finding-business-partners\)](https://english.rvo.nl/onderwerpen/international-enterprise/finding-business-partners) and the diaspora in the Netherlands <http://www.tanzaniaembassy.nl/karibu/>.

Search for potential importers/traders through (<https://www.europages.co.uk/>). Other relevant buyers can be found through attending relevant trade fairs in Europe. E.g. [Fruit Logistica](#) in Berlin and [Fruit Attraction](#) in Madrid and www.cbi.nl.

8. SWOT ANALYSIS FOR NETHERLANDS MARKET

<p>STRENGTHS</p> <ol style="list-style-type: none"> 1. Growing demand for fresh or dried avocado. 2. Rising attention towards healthy foods. Netherlands consumers are becoming more aware of health issues and pay more attention to their diet. Avocado fits well in this trend. 3. Existence of preferential agreements and bilateral trade between Tanzania and the Netherlands. 4. The Netherlands has become the second-largest importer of avocado in the world. 	<p>WEAKNESSES</p> <ol style="list-style-type: none"> 1. The price of Tanzanian avocados is higher than competitors'. 2. Tanzania's average unit value is still higher than the main suppliers. 3. Rising interest in sustainable avocados and organic certification.
<p>OPPORTUNITIES</p> <ol style="list-style-type: none"> 1. The Netherlands is the fastest growing market for avocado in the EU. 2. The size of the market is medium. 3. The Netherlands is open due to zero tariffs, but exporters need to comply with stringent regulations. 4. Customers are willing to pay a premium for good quality Hass Organic Avocado. 5. Consumers in Europe are becoming more conscious of health issues and pay more attention to their diet. 	<p>THREATS</p> <ol style="list-style-type: none"> 1. Netherlands market has a moderate concentration of competitors for Hass avocado. 2. The worldwide production of avocados is increasing. 3. Competitors have longer supply seasons of Hass avocado than Tanzania. 4. Obligation to comply with strict requirements.

9. RECOMMENDATION

Recommendations for Tanzania to increase market share for avocado in Netherlands.

- i. Tanzanian producers need to expand production and should comply with standards such as GlobalG.A.P., Fairtrade and focus on supplying certified avocado.
- ii. Facilitate the establishment of cold chain and excellent logistical hub in Tanzania to reach quality fresh avocado.
- iii. Forging long-term trade relationships with Dutch buyers who can venture into contract farming with Tanzanian avocado farmers.

Next steps:

1. Initiate out-grower schemes to collaborate with Dutch buyers through establishment of farmer support centers in Tanzania that offer resources to local farmers and equip them with expertise on how to lower the cost of production and improve avocado quality.
2. Tanzanian exporters need to do more to differentiate themselves from other competitors. Buyers today are as much interested in the product as the story behind the product.
3. Increase avocado production through capacity building exercises and youth engagement on the opportunities that exist in avocado farming.
4. Organization of Tanzanian avocado producers to facilitate cooperation with active associations that promote avocados.
5. Academic and research institutions should participate by studying more areas for avocado diversification.

10. REFERENCE

1. <https://www.trademap.org>
2. <http://www.fao.org/faostat/en/#data/QC>
3. <https://www.macmap.org/QuickSearch/CompareTariffs/CompareTariffs>

