



ATS International News Magazine

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The News Magazine Mission

Feeding You the News

In an effort to distribute the valuable news we receive from numerous postings abroad, Agri-Food Trade Service has compiled a newsletter that features some of the most relevant and up-to-date industry information straight from the source.

Each story offers a direct look into evolving trends and opportunities within various international markets. The ATS International News Magazine is issued four times yearly, or as information inflow permits. This newsletter maximizes the value of market intelligence being collected by Canadians posted abroad and ensures this information is exposed to Canadian exporters who value this insight the most.

The ATS International News Magazine is a collection of stories from Agri-Food Updates and Bulletins from various locations around the world. By assembling some of the key stories from each region into a News Magazine format, ATS aims to spark an interest and spur visitors to access these News Updates in their entirety. For access to full news updates click on each of the main subheadings.

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1. Korea Ag-News

[September 2005 edition](#)

Stronger measures to prevent contaminated food imports

The government and Uri party decided yesterday to enforce inspections on importers and punish those who accept contaminated foods, following recent food scares involving cancer-causing Chinese fish entering the domestic market.

In July, the Korea Food and Drug Administration announced that malachite green, a cancer-causing synthetic antiseptic was detected in eels and freshwater fish imported from China.

"The current penalty for those who import contaminated foods is a five-year ban from the importing business, but we are planning to prolong this penalty within the year to a permanent ban so that delinquent businessmen may not work in the food business again," said Rep. Rhee Mok-hee of the Uri Party.

The conference produced other specific measures such as agreeing contracts with import countries on sanitation regulations, pre-registering factories to undergo screenings, and increasing field inspections in the import countries to monitor safety measures.

In addition, the government and ruling party decided to expand random screenings on import foods to search for harmful components, along with increasing equipment and the number of personnel available for the screenings, and establishing a global network to share information on the topic. (Korea Herald, September 16)

MARKET INTELLIGENCE Food Culture

South Korean traditional meals are characterised by boiled rice, soup, and side dishes. Boiled rice is a staple dish that used to be taken at every meal.



Soup is made of various ingredients including vegetables, fish, or meat, which are mixed with various traditional sauces. Soups can be either spicy or mild. Side dishes are of various types and tend to require laborious preparation going through several steps. The majority of side dishes are made from various vegetables garnished with different sauces and seasonings. Overall, South Korean traditional meals consist of a small amount of meat and a lot of vegetables. From this, fat consumption is relatively low whereas carbohydrate and fibre intake is high.

With the increasing Westernization of the country's eating patterns since the 1950s due to the large foreign influx, these traditional diets have diluted over time. Dining tables now tend to be filled with more meat dishes and processed food products such as canned foods, instant soups, or chilled/frozen foods. Local noodles also form an important part of modern diets. Many people simply boil and then consume processed noodles for the sake of saving time, despite the fact that processed noodles are known for their relatively high salt content. There has also been an increasing consumption of side meals and snacks, including fried chicken, pizza, and bakery products. These are now not only consumed between meals but also often as a replacement for the main meals.

With this background, sales of health and wellness (HW) related products have recently grown visibly across categories. Consumer avoidance of clearly unhealthy food types has also grown. For example, margarines and spreadable oils and fats are losing demand rapidly with consumers switching to healthier alternatives. The overall demand for health and wellness-oriented food products has been at an early stage until now. Product ranges are fairly limited, and consumer demand is highly volatile, with frequent taste changes out of little knowledge.

The recent food scares may also add a level of concern to food safety, after SARS, bird flu, and a couple of local food scares. As an example, so-called 'wellbeing' flavoured milk drinks that contain black bean extracts were explosively popular locally during 2003, but the news during the latter half of 2003 that those products partly contained black beans imported from China, a country that is often associated with poor quality and safety hazards, resulted in a sudden sales plunge. South Korean consumers are today interested in the quality of ingredients used in food products as well as their production process.

This is encouraging manufacturers to produce HW product variants under existing brands, to strengthen consumer trust as well as saving costs on new developments.

Retailer Activity/Private Label

South Korean retailers that offer health and wellness oriented food products are on the rapid increase. Retailers generally welcome HW products since their consumer demand is rapidly rising. However, given the higher price levels of HW products over ordinary ones, HW products offered at retail mass stores are still often restricted to those produced by mass manufacturers. For example, organic products are mostly offered through special health food shops or exclusive online or offline organic shops, patronised by highly health conscious and affluent consumers.

The latest trend is that large-scale food retail players and manufacturers are increasingly adopting health and wellness as the core concept of their business. For example, Samyang Corp, a leading food manufacturer, presented a new concept of a shop-in-shop premium grocery chain 'Guten Morgen', opening its first outlet in December 2003. As of June 2004, the brand was operating nine stores within department stores in Seoul and the metropolitan region, offering up to 100 types of organic processed food products as well as cosmetics and toiletries. The price levels are high compared to those of ordinary products in general food stores, but on the back of the blossoming wellbeing boom in the country, the shops are enjoying strong popularity, particularly from housewives who are concerned about the health of their family members. The most popular product types include baby food, biscuits and snacks, and muesli cereals. In addition, cosmetics for children with atopy symptoms are in high demand.

In the meantime, private label healthy food products are not visible to date, in line with the overall underdevelopment of private label food products in the country. Health and wellness oriented products are partly associated with high pricing locally, which becomes a sales point by presenting a prestigious and high quality image. In this light, the development of healthy food products via private labels is likely to be a challenging task for the near future.



Organic Fresh Food

The majority of Korea's local production of Environment Friendly Agriculture (EFA) is of fresh fruits, vegetables, and rice, while a minor portion goes to the production of organic processed products. The Ministry of Agriculture and Forestry comments that all of this production is sold, but that prices are stable. This may indicate that supply and demand in the local organic field are more or less in balance.

The South Korean government expects the production of organic fresh food to grow to 0.5% of total local agricultural production by 2005, and rise to the 2% level by 2010. In 2001, the South Korean government set up a 5-year plan that aims to increase EFA production by 5% annually, and decrease the use of agricultural chemicals by 30% by 2005. Unless a farm is participating in the EFA program, there are no restrictions set on the amount of agricultural chemicals that can be used. In this light, farmers may be encouraged to use increasing amounts of chemicals in order to improve yields.

2. Agri-Food News from Germany, Austria and Switzerland

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Europe Snack Industry Statistics

How many savoury snacks are sold annually in the EU? In 2004 sales of savoury snacks throughout the EU countries amounted to almost 1,500,000 tonnes, with a retail value of € 10.8bn.

Which EU market has the highest sales? The UK is by far the largest consumer of savoury snacks. In 2004 over 430,000 tonnes were sold in the UK, with a retail value of € 4bn. The second largest market is Germany with retail sales of over 275,000 tonnes valued at € 1.6bn.

Source: European Snacks Association, www.esa.org.uk

Fruits and Vegetables Manufacturers worried about raw material prices

Manufacturers of jams and marmalades will have to face sometimes dramatically increasing raw material

prices. A 15 to 20% increase is expected for sour cherry prices, a 20 to 30% price increase for black currents and up to 50% increases for strawberry prices. The market for blueberries is starting at a very high price level, and the plum harvest is expected to be poor. This is the result of a study conducted by the Association of fruit, vegetable and potato-processing companies. Poland is demanding protective measures to stop an increasing threat of cheap imports of frozen strawberries from China and Morocco.

Source: Lebensmittelzeitung No. 26, July 1, 2005

Ice cold and trendy

An end is not yet in sight. But also in 2004, consumers more frequently bought frozen food products; nearly all segments realized increases in turnover.

The frozen food market benefits from the ongoing consumer trend towards convenience products. Therefore it's not surprising that prepared meals accounted for the lion's share with 17.9%, slightly ahead of frozen vegetables (17.2%), the latter mainly being popular because of its long shelf-life and high vitamin content. Frozen pizzas ranked third, which does not come as a surprise, except for the fact that they increased by 7.4% compared to the previous year.

The highest increases, however, were registered for fish and seafood (+9.1%), positive results also for bakery products (+3.7%), snacks (+3.7%) as well as fruit and fruit juices (+3.4%). The only segment accounting for a slight decline was meat, game and poultry (raw) with a decrease of 1.8%.

Over the last thirty years, the per-capita consumption of frozen food increased by 24.8 kg to 36.6 kilograms in 2004, reported the German Institute for Frozen Food (dti, Deutsches Tiefkühlinstitut). Total consumption amounts to 3 million tons, which means that the sales quadruplicated in the reference period.

Source: Rundschau für den Lebensmittelhandel 07/05

Soyfood sales hit € 1.6 billion in Europe in 2004

Soya-based dairy alternatives saw record growth on the European market last year, reveals a new report.

Soy milks, yoghurts and desserts grew by 22% in 2004, shows the research by Prosoy, as Europeans became even more health-conscious and more aware of food intolerance and allergies.

The overall market for soya-based dairy and meat alternatives reached a value of € 1.6 billion, up a



further 10% on 2003. It is expected to continue growing like this in the next three years.

"We have tracked well over 130 new products introductions of soya-based drinks & desserts, meat-free including tofu product launches in 2004 in 8 European countries," said Gerard Klein Essink, senior researcher at Prosoy Research & Strategy.

Innovation has played an important role in the market growth, shows the report. The availability of new soya-based milk products and meat-free concepts in the chilled sections of supermarkets has had a very positive effect on the consumer demand.

More than 100 new products were launched in Europe last year, an increase of 54% compared to 2003. Many new companies have also entered the marketplace. Fruit and beverage manufacturers are discovering soy's potential for offering health benefits, which broadens their range of wellness drinks. Meanwhile dairy companies have started to add soya to their dairy drinks and desserts. Both Danone and General Mills' Yoplait brand now offer yoghurts with added soya.

The European market for meat-free products grew by 6% in 2004, in line with the growth in 2002 and 2003. "This development shows that not only existing consumers, but also new consumers are attracted by this healthy food. The market entry of international manufacturers such as the Nordic GoGreen group, the dairy company Campina and the large fresh meat company VION will further contribute to future market growth," added Klein Essink.

The report covers Belgium, France, Germany, Italy, The Netherlands, Spain, Sweden, and the UK.

Source: Article published on Aug 8, 2005 at www.nutraingredients.com

Organic recipes for success

Accounting for a sales increase of 20 percent in the first quarter of 2005, organic supermarkets are the most successful distribution channel for organic products. With 12 new openings in the first three months and another 15 to follow in the second quarter, organic supermarkets are growth engines for the specialty trade. In a report of the Institute for Trade Research (IfH), organic supermarkets are more successful in terms of net profit ratio and profitability than conventional shops of the same size. Consumers value their product range and their rather aggressive price policy. Enough reasons for the REWE-Group to explore this distribution channel as well. But a uniform recipe for success has not yet been established for the young and attractive organic channel.

Distributors use different recipes to mix the right ingredients. Above all, the role of the price as a sales argument is weighed differently.

Source: Lebensmittelzeitung No. 29, July 22, 2005

Product ranges and the future

The product line is a key criterion to successful positioning and distinction from other distribution channels of the organic food trade. At the moment, 53 percent of the turnover is realized with fresh products, 37 percent with dry products and 10 percent with natural articles. Fresh convenience products, specialties, natural cosmetics, food supplements and organic flours will be the trend-setters for the organic industry.

Source: Lebensmittelzeitung Direkt, September 2005

Majority of Germans reject genetic food

More than three-quarters, namely 79% of Germans, reject genetically modified ingredients in food, reports Eco-News. This was shown by an opinion poll for the "Slow Food" magazine in the run-up to the German parliamentary elections.

The opinion research institute "Forsa" had recently interviewed 1,001 Germans. Only 17% said they don't care as long as the price is right. The rejection of genetic food in the east of Germany is not quite so significant at 70%. The highest rejection rate of 83% is among the age groups between 30 and 59 years. Of the under 30-year-olds, 71% say "no" and 27% think an attractive price is more important. www.slowmedia.de

Source: BioFach Newsletter No. 103, September 9, 2005

EU shrimp consumption on record high

According to FAO, the Food and Agriculture Organisation, consumption of shrimp on EU's main markets reached its highest level in 2004. In the five key markets Spain, France, Great Britain, Italy and Germany, import volumes were increasing; Germany reported the largest growth with a plus of 11%. Despite a marginal increase of approx. 1%, Spain remains the No. 1 shrimp market in the EU, accounting for 145,000 tons. France imported 101,000 tons of shrimps, worth EUR 531 million, with Brazil being their main supplier, followed by Madagascar. Great Britain imported shrimp mainly from Canada, Denmark and Norway; imports from Iceland, however, declined. Italy's import volume increased, but the import value dropped to EUR 339 million due to low prices. Just like Spain, Italy purchased less Argentinean 'Ploeticus muelleri' and



imported more farmed white shrimp mainly from Ecuador.

Source: FischMagazin August-September 2005

AUSTRIA

Austria's biggest organic supermarket opens in Vienna

An 1100-m² organic supermarket opens in Vienna under the name of Biomarket on 7.10.2005, reports Ralph Liebing of the Organic Food Trade Department of Bio Austria. The store operator is the former organic farmer Alois Rosenberger, who had already opened an organic supermarket in Vienna at the end of last year.

Another large organic store with slightly less than 200 m² sales space was opened in Krems by the producer-consumer initiative EVI at the beginning of September. According to information from Bio-Markt.Info, this increases the number of organic supermarkets in Austria to 14, including four belonging to Stefan and Josefine Maran. www.biomarket.at

Source: BioFach Newsletter No. 104, Sept 23, 2005

Meat production in Austria

The meat production in Austria has been almost stagnant over the last two years. According to Statistics Austria, the total meat production accounted for 836,000 tons in 2004. The share of pork declined by 0.6 percent down to 515,000 tons, and beef was down by 0.8 percent to 197,000 tons. In the same year, the poultry production reached 108,000 tons, recorded the Statistics Office.

Source: Lebensmittelzeitung No. 29, July 22, 2005

SWITZERLAND

Strong sweets brands

Swiss consumers appreciate being down-to-earth. Brands which stand for security, orderliness, duteousness and thriftiness have grown considerably.

This is the result of the latest study about brand products from BrandAsset Valuator (BAV), an advertising company of Advico Young & Rubicam in Zurich-Gockhausen. It is the most comprehensive study of its kind in Switzerland, which shows what Swiss consumers care about.

Ten years ago, the advertising first presented the results of the BAV study. Since then, consumers are regularly interviewed about their perception of 1,000 brands in 48 image dimensions and their brand consumption habits. The study shows clearly that the Swiss long for traditional Helvetica values: security, duteousness, orderliness and thriftiness are highly appreciated.

The change of values also affects the ranking of the 20 leading brands: The strongest brand is - for the first time - Switzerland itself. Among the top 20 are mainly traditional Swiss brands like Migros, Ovomaltine, Swatch, Thomy or Zweifel with conspicuously many food brands of the cheese and sweets segment like Ovomaltine, Ragusa, Ricola, Sugus and Toblerone. On the occasion of the 10th anniversary of the study, Advico Young & Rubicam presents a list of the largest winners and losers of brand vitality since 1995. The biggest new comer is the Migros "M-Budget" brand which is already 'cult'. The low-budget range in green packaging comprises 250 products, from milk chocolate to mountain bike.

Source: SG Sweets Global Network 9/2005

Swiss are the leaders in organic consumption

The average Swiss spends 150 CHF (97 EUR) on organic products per year. This is more than twice as much as in Germany (42 EUR) and almost three times as much as in the USA (35 EUR). The Research Institute of Organic Agriculture (FiBL) in co-operation with Bio-Suisse has published a new manual entitled Organic Agriculture in Switzerland 2005. The 140-page publication (in German) reports facts, figures and background information in detail. www.fibl.org

Source: BioFach Newsletter of July 15, 2005 www.biofach.de

3. ASEAN Update

[September 2005](#) and [November 2005](#)

Indonesia

Fruit Imports Tightened

Government will tighten fruit imports with a view to preventing the entry of new disease spread by flies. The Director General of Horticultural Production Development at the Ministry of Agriculture said that his office will soon issue a new policy to tighten fruit imports. He said that the policy is also expected to promote the domestic production of fruits. Indonesia's fruit imports now reached 600,000 tons per year. The imported fruits include grapes, cherries, apples, pears, bananas,



citrus fruits and others.

Source: Indocommercial

Philippines Jollibee Expands Into Baking Business

Philippine fastfood giant Jollibee Foods Corp. is offering to pay approximately US\$32 million to acquire 100% of Red Ribbon Bakeshop, a 26-year old middle to upscale commercial bakery that operates 147 branches nationwide and in the United States.

Jollibee also owns a list of other retail food chains namely Chowking (Chinese fastfood), Greenwich (pizza and pasta), and Delifrance (café/restaurant). Jollibee is a major and regular user of Canadian frozen french fries and other food ingredients.

San Miguel's Sales up 30 Percent

San Miguel Corp. has reported that consolidated net sales surged by 30 percent year-on-year to PhP139.9 billion (about US\$2.5 billion) in the first eight months of 2005. Its operating income, however, was up by only 2 percent to PhP9.92 billion.

The company said robust gains in Indonesia and Australia boosted San Miguel's international beer sales volume and revenues for the first eight months. Its beer sales volume rose 13 percent, while revenues increased 9 percent to US\$181.7 million.

SM To Open its Largest Mall Next Year

SM Prime Holdings Inc., owner of the largest chain of malls and supermarkets in the country, said it would open its largest shopping mall – the Mall of Asia - to the public in the first quarter of 2006. The company said that at present, total lease take-up is already 75 percent.

The Mall of Asia, located at the Roxas Boulevard Bay Area, is envisioned to become the country's premier shopping destination and tourist attraction. It will be the country's largest shopping complex, with 381,000-square metres of floor area, consisting of four buildings linked by elevated walkways.

Source: Philippine Business Leaders Forum

Singapore Better Chilled Pork with New Standard

Singapore consumers can expect fresher and safer meat from some retail outlets following yesterday's launch of a voluntary national standard for chilled pork. The new guidelines were launched yesterday by Trade and Industry Minister Lim Hng Kiang at the opening of the annual meeting of the International Organisation for Standardisation (ISO) at Raffles City Convention Centre.

The guidelines suggest how food companies should handle pork hygienically and chill it at a constant temperature of between 0 deg C and 4 deg C as it moves from the abattoir to the supermarket. It covers key processes such as deboning, transportation, processing, handling, storage, distribution and retailing of meat.

The standard was developed by Spring Singapore, the Agri-Food and Veterinary Authority (AVA), National Environment Agency and Singapore Manufacturers' Federation.

So far, food processor Singapore Food Industries and retailers FairPrice, Cold Storage and Carrefour have indicated they are considering adopting the standard.

Summarised from The Straits Times (22 Sept 2005)
2005 Singapore Press Holdings Limited

Thailand Recent Change to Rules of Origin has Helped Thai Goods

Thai exports to Asean countries are likely to continue to grow, driven by newly introduced rules of origin under the Asean Free Trade Area (Afta), which give more flexibility to producers to enjoy duty-free privileges. Rachane Potjanasuntorn, director-general of the Foreign Trade Department, said yesterday that a new formula – effective since April – allowed traders to use 20 per cent of Asean content, rather than 40 per cent in the past, to be eligible for tariff concessions under the Afta scheme.

"The new rule has boosted the Kingdom's export growth in the Asean region," Rachane said.

Thailand has benefited from export privileges under the Common Effective Preferences Tariff (CEPT) of Afta. The growth of products exported under the CEPT concession increased by 30.63



per cent in the first six months of the year, compared to the same period last year. The leading countries that use CEPT rights are Indonesia, Malaysia, Vietnam and the Philippines.

Overall, the Commerce Ministry reported Thailand's exports to Asean had grown by 15.2 per cent (including products outside Afta) in the first half of the year, compared to the same period last year. Exports to Asean were worth US\$11.43 billion (Bt468 billion), compared to \$9.93 billion last year.

The top products were automobiles and auto parts, shampoo, air-conditioners, cement, refrigerators and processed foods.

Source: The Nation

Vietnam Viet Nam Gives Top Priority to Investors in Agriculture

The Vietnamese Government has offered many incentives to investors in agro-forestry-fisheries and rural development, said an official of the Ministry of Planning and Investment (MPI). Nguyen Anh Tuan, Vice Director of the MPI's Foreign Investment Department, said the Government will perfect the legal system relating to foreign investment to create a more attractive, open, transparent and stable investment environment.

Viet Nam has been following a consistent policy to give special incentives to investment in agriculture and is continuously perfecting it to attract more foreign investment. Viet Nam hopes that investors will pay attention to the production and processing of farm products for export, said Le Van Minh, Director of the International Cooperation Department of the Ministry of Agriculture and Rural Development, at the opening session of the International Support Group donors' conference in Ha Noi on September 21.

Minh said investment should focus on intensive farming to improve the quality and reduce the costs of products for export, and renew the industry's equipment. Other areas that need investment also include the creation of high-yield breeds of pigs, cattle, poultry and saplings, the production of high-quality animal feed,

and the planting of forests for the wood and forestry product processing industries, he added.

According to him, Viet Nam has 782 projects in its agro-forestry-fisheries sector, with a total registered capital of nearly 4.1 billion USD invested by businesses from 42 countries and territories. As many as 623 projects are valid with a total capital of 3.2 billion USD. These projects involve farming, processing forestry products, producing sugar, animal feed and paper material, husbandry and afforestation.

Foreign-invested projects have helped increase capital for development in the agricultural field, and have added remittances to the State budget. The annual revenues of operating projects reached about 1 billion USD a year on average. The export value they earned between 2001 and now is double that of the 1991-1995 period.

Foreign-invested projects in the agricultural sector have helped Vietnamese farmers acquire new technologies and new high-yield strains of plants and animals. They have also helped farm products enter the world market more easily. Apart from contributing greatly to changing backward farming methods and upgrading infrastructure in many rural areas, these projects have generated stable jobs for 75,000 people in the agricultural, fisheries and forestry sectors.

Despite these achievements, foreign investment in the agricultural sector remains modest compared with the sector's potential, accounting for around 7 percent of the total foreign investment, and is focused mostly on the northern and southern key economic zones.

At present, the agricultural sector is expecting to attract more foreign investment in projects to create new plant and animal varieties and process vegetables and fruits for export.

Source: Vietnam Agency