



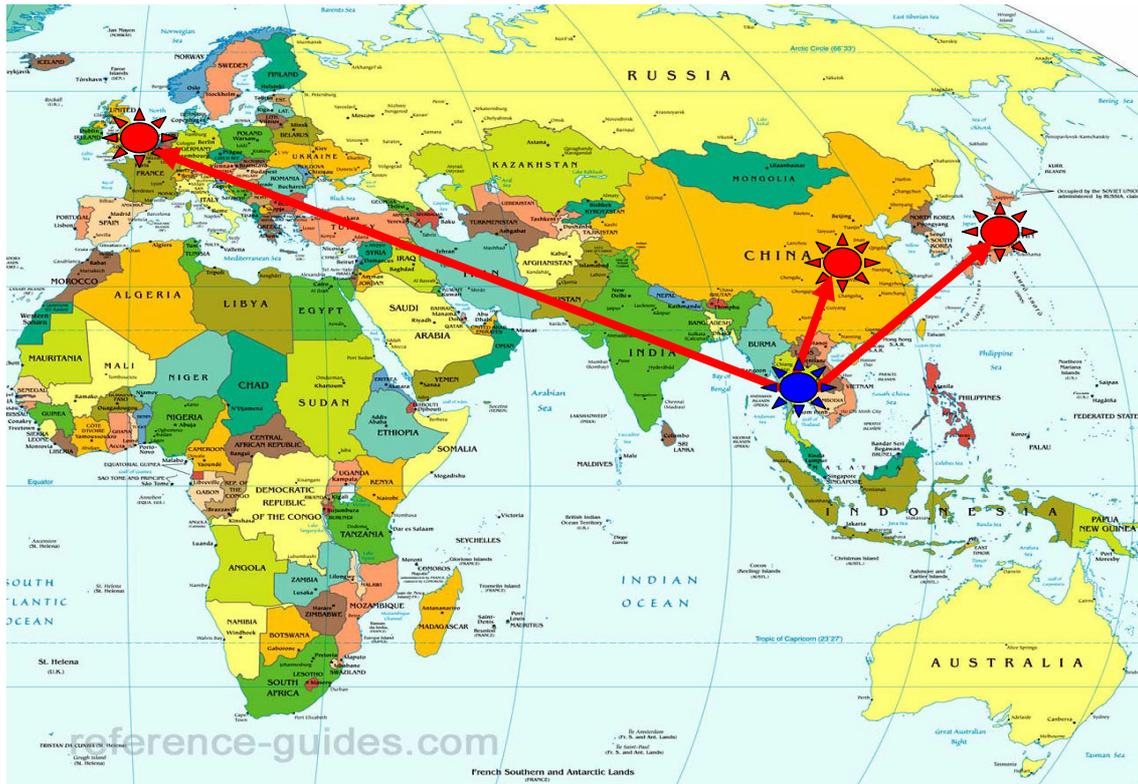
Going beyond Asia

- Reasons for developing competitiveness of tropical fruits in the EU market

Thailand – Key Figures for the Agro-Sector

- **GDP** 6 trillion Thai Baht (150 bio US \$)
- **Agriculture** 13% of GDP
- **Agro Exports** 618 bio Thai Baht
- **Rank** 6th biggest agricultural producer worldwide
- **Fruit/Vegetables** 6% of total agro exports (longan, durian, asparagus, baby corn)

Main Export Markets of Thai Tropical Fruits



Destination Facts



	Asia	EU
Physical Distance (from BKK)	Shanghai 1,788 miles Tokyo 2,879 miles	London 5,934 miles
Transport Duration (from BKK)	China 3-4 days Tokio 6 hours	UK 28 days London 20 hours
Transportation cost (from BKK)	Tokyo 70 Bht. Hong Kong 40 Bht	UK 113 Bht.

Market Features



	Asia	EU
Size	3,879 million Asia population (www.worldatlas.com)	456.3 million EU population (CBI, 2005)
Market Share of Thai Tropical Fruits/Total Fruit Imports)	China: 32%	EU: 6%
Annual Growth Rate (of fresh fruits imported/in value)	13.9% (Worldbank, 2003)	11% (CBI, 2005)
Efforts to cope with regulation	Diverse (from low-high)	High

Expanding regional position or challenging EU markets ?

- EU – slightly higher prices, high food safety requirements, complicate export proceedings and high risks

Is it worth going for it ?

Quotes from EU-importers/exporters

“The EU in one of the most lucrative market worldwide”.

“Tropical fresh fruit are trendy and attractive”.

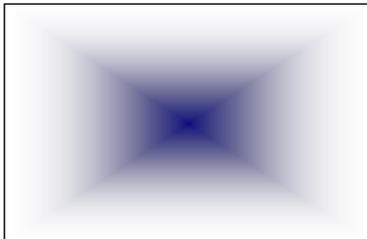
“Many Asian countries are well known by EU consumers, who are curious about their food including fruit, although they no not always know, how to prepare/consume it.”

Quotes from EU-importers/exporters

- “There are several ways how to enter to markets in the EU. Asian minorities living in the EU act as a entry gate or “spring board” for tropical fruits to access wider markets (e.g. mangosteen, rambutan, longan).”
- “Once a product is well introduced (e.g. Asian mango varieties), differentiation can take place”.
- “The uniqueness of several exotic fruits, creates a potential for exports. But without compliance, produce cannot enter the retail market (pomelo).”
- Don’t be afraid of new products, look for strong allies (e.g. food industry for dried products).
- “What matters are extended supply periods. These are be more important then isolated competitiveness aspects.

Export potential for EU markets is there !

Further arguments for reflection

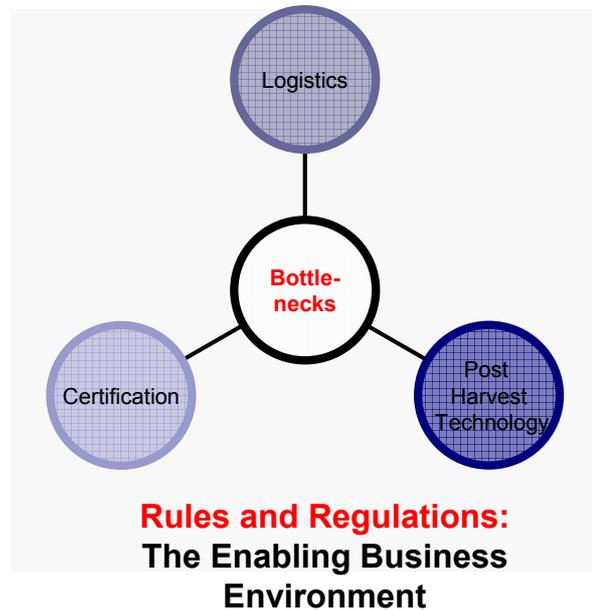
1. EU is the front runner in regulations, which tend to be adapted worldwide in the near future.
 2. Development of international standards never stops.
 3. Top suppliers in the global market can influence supply, regulations, meanwhile followers have neither choice nor influence.
 4. Producers who can fulfill EU requirements will gain competitiveness in the sector, and are able to develop other markets.
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Lessons from the field:

The four bottlenecks of Thai tropical fruits

Despite abundance, high diversity and general attractiveness (color, aroma, smell etc.) of Asian tropical fruit supplies, there are a couple of constraints to overcome.

- Certification
(What's wrong?)
- Quality Infrastructure/ Logistics
(Why it's difficult?)
- Post Harvest Technology
(What is the state of the art?)
- Enabling Environment
(Any good practice to learn from?)

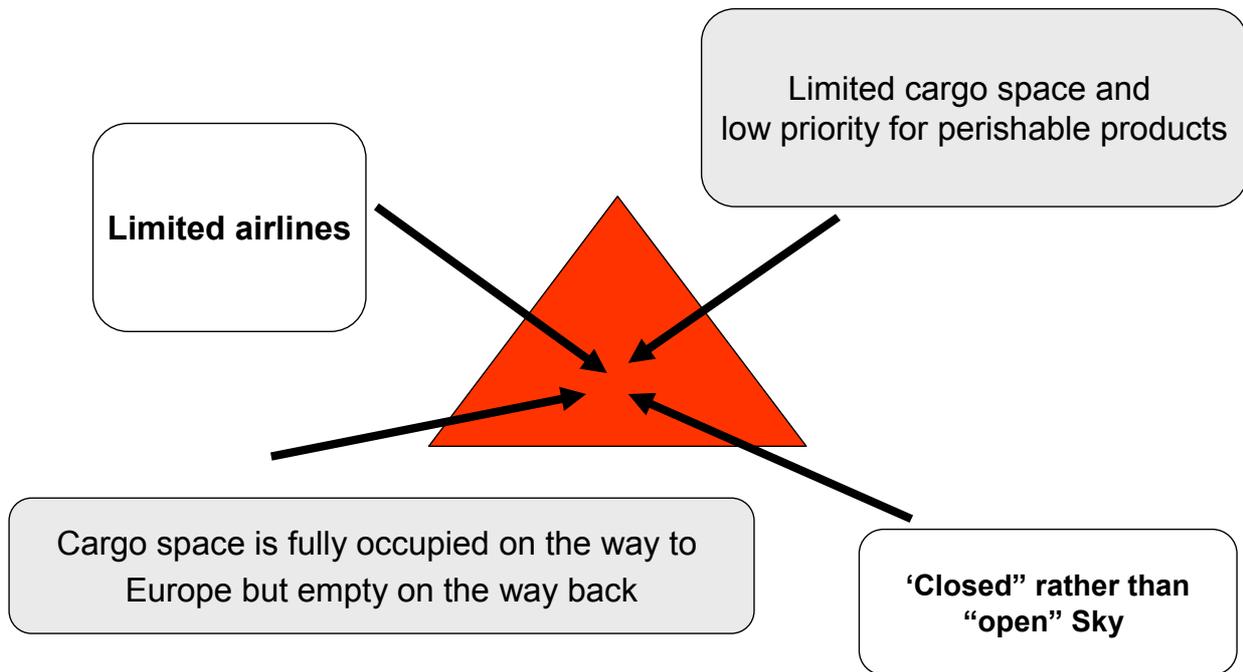


Bottleneck 1:

Standards, Certification, and Accreditation

- Thailand does not have a consistent policy on residue/chemical control.
- Food certification and standards assurance are not in line with leading requirements, requested by the private sector in the EU.
- Thai GAP is not accepted by EU traders.
- Dual standards, which with the exporters have to deal, are increasing costs and do not contribute to increased competitiveness.
- There are few international certification bodies. The cost is relatively high and not affordable for small farmers.

Bottleneck 2: Logistics



Bottleneck 3:

Advanced Post-Harvest Technology

- Farm based cooling systems (hydro cooling, force air cooling, vacuum pre-cooling) are not widespread and only selectively applied.
- Facilities at packing houses (pre wash, waxing, pre-cooling) are limited.
- Deficient logistics and quality infrastructure (cool chain refrigerated truck, refrigerated warehouses, cold storage room at the airport) result in shorter shelf life and product quality.
- For commercial introduction of advanced technologies technology transfer is more important than R&D.

Bottleneck 4:

Favorable Policies and Regulations: Business Environment for Perishable Goods

- Exporters and importers highlight the importance of a favorable business environment for exporting perishable goods.
- They also emphasize the relevance of functional services to comply with regulations and international private sector requirements. They prefer to have a choice of suppliers instead of depending on only one.
- Lessons from best practice countries concerning the business environment of the agro-industry (Peru, Chile) highlight the consistency between national standards and international certifications requirements.

“Enabling the Export of Thai Exotic Fresh Fruit to EU Markets“



■ What is the project all about?

“Enabling”

→ Chiang Mai University facilitate stakeholder decisions, initiates pilot interventions, communicates with trade partners

“Thai Exotic Fresh Fruit”

→ focusing on exotic fruits from Thailand which are competitive and have potential for market development

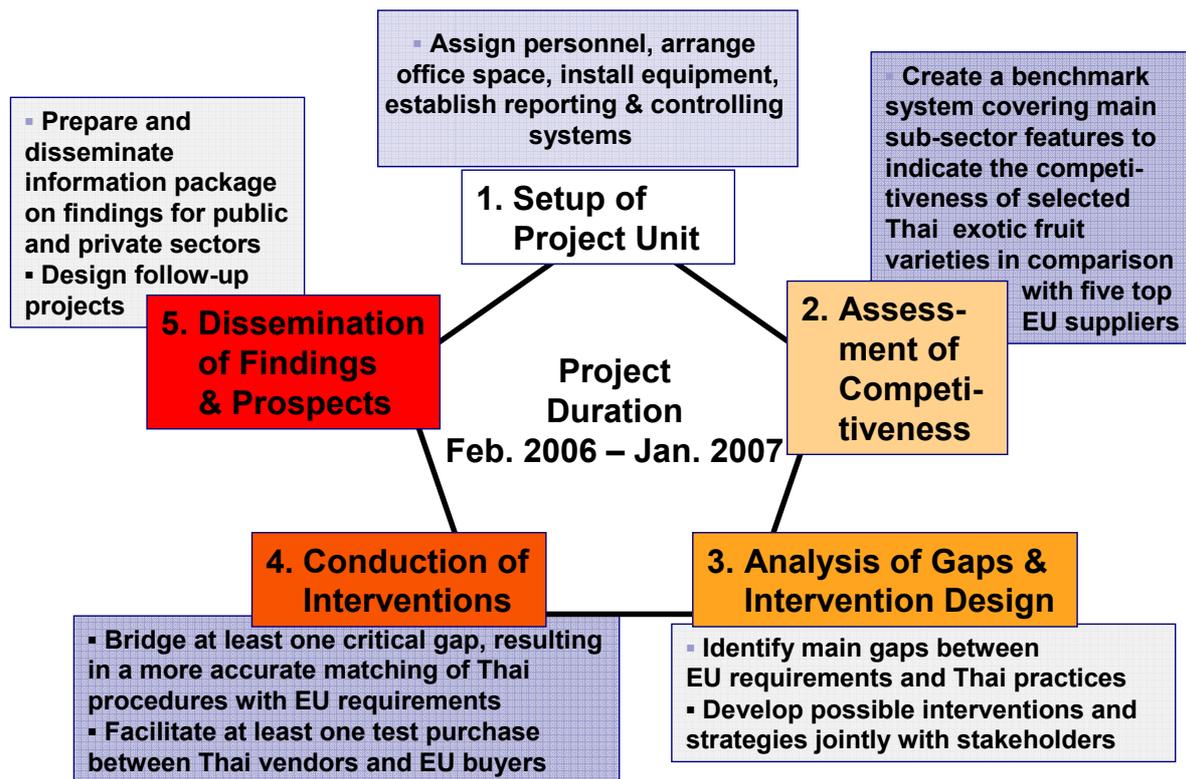
“EU markets“

→ working on EU markets, where prospects are not yet fully being realized (The Netherlands and England as initial import hubs)

The project’s **OBJECTIVE** is to enhance economic cooperation between Thailand and the EU by promoting the export of Thai Exotic fruits.

The **PURPOSE** of the project is to establish a breakthrough case by providing Thai exotic fruit exports to EU markets, by means of technical assistance, trade facilitation, and the joint efforts of sub-sector stakeholders.

Project Activities



Designated Impacts

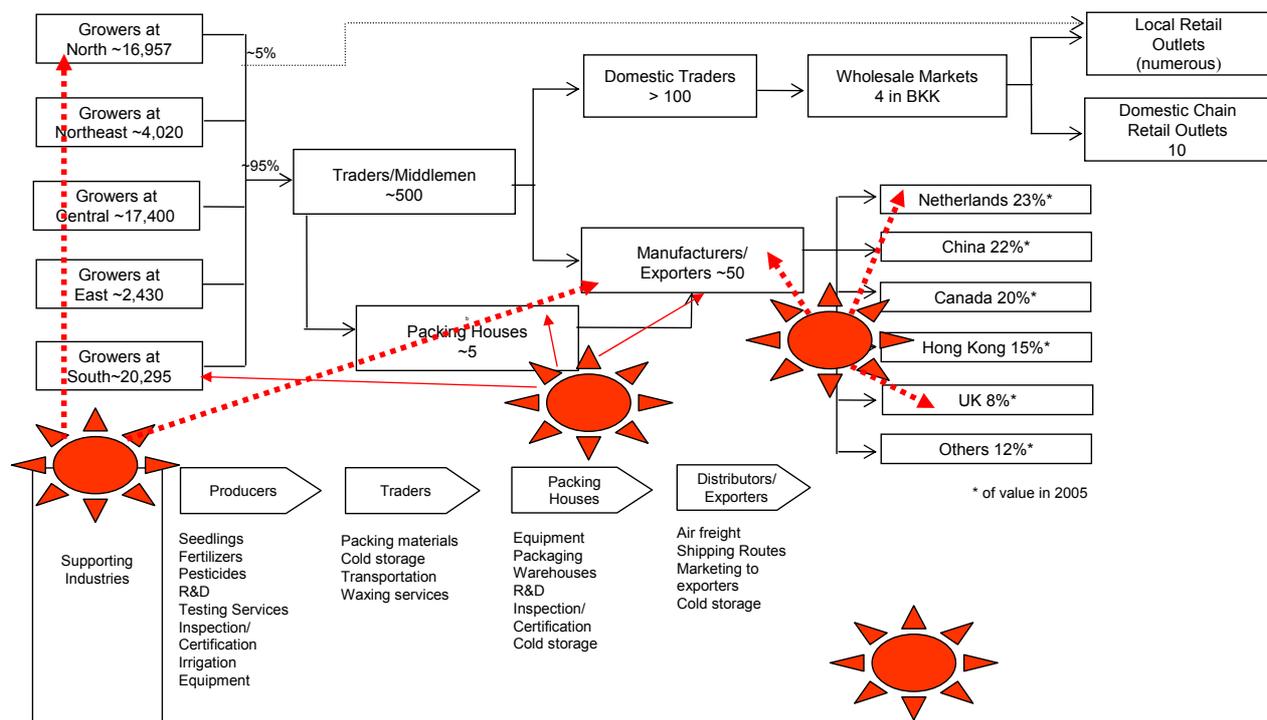
Development of EU markets for Thai fruits will result in continuous access to an alternative market and a compliance with high international standards, resulting in the generation of increased value added compared with fruits produced for local or regional markets.

The establishment of specialized services along the value chain will lead to increased employment on one hand and to enhanced competitiveness of the sub-sectors on the other

Increased cooperation between value chain actors producing for the EU market will allow for more transparent and balanced distribution of value added, and will lead to cost reduction and more efficient organization of farmers and farmer groups

Cultivation techniques as required by EurepGAP are environmentally more sustainable than conventional fruit farming techniques and less harmful to consumers' and growers' health, soil and groundwater.

Possible Interventions along Fruit Value Chains



Possible Interventions

1. Involving producers in internationally accepted certifications, and bringing costs down (**short term pilot**)
2. Fito-sanitary Issues (**short- to medium term**)
3. Communications/Matching with buyers and sellers (**continuous**)
4. Transfer of suitable PHT (**medium term**)
5. Ideas for enabling business environment (**exchange with partners, which are specialized on policy advice**)



**Thank you for your attention and
looking forward
for your visit in Chiang Mai.**

- Dr. Vicha Sardsud, Directors, Post-Harvest Technology Institute
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