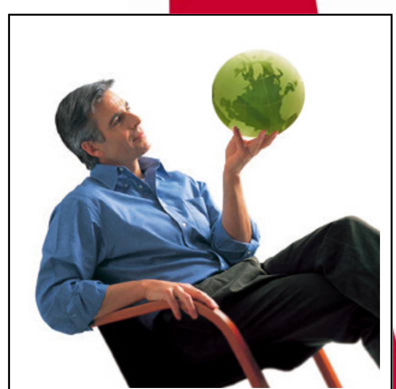
Agriculture and Agri-Food Canada | Agriculture et Agroalimentaire Canada

International Markets Bureau

MARKET INDICATOR REPORT | NUMBER 002 | AUGUST 2009

Regional Pathfinder

European Union 27
Pulses



Growing Forward

Canada

EXECUTIVE SUMMARY

The EU27 reported retail sales volumes of approximately 820 thousand tonnes of pulses in 2008. At the same time, it imported roughly 1.5 million tonnes of pulses with an approximate value of US $979.83 million dollars. Overall this makes the EU27 a very large market for pulses. It should also be noted that there is a very large market for pulse by-products such as bakery foods, pasta, baby food and even pet food which will be covered in other reports.

There has been a fairly steady demand for pulses in the EU27. Dried pulse consumption has more or less matured over the past three years, and is projected to increase only slightly in the next two years. Dried peas, dried beans and dried lentils are the most demanded varieties of pulses. It should be noted, however, that the use of pulses is increasing in shelf stable, chilled and frozen products, especially in Western EU markets.

The largest traditional EU27 pulse markets are Spain, Italy, Poland and France, although these markets (except for France) have been shrinking slightly. It's anticipated, however, that with the advent of a prolonged economic crisis, that EU markets may increase their intake of pulses in various foods as they are a cheaper protein source than meats. Also, France's continued increase in consumption of pulses offers one of the best opportunities for Canadian producers in the region. Per capita consumption is significantly lower than most EU27 countries, but is rising.

There are also several emerging markets within the EU27, particularly Hungary, Sweden, Denmark and Austria, where retail sales have grown significantly in recent years. These markets are growing faster than other larger EU27 markets (France excluded) and are expected to continue to grow quickly over the next 2 to 3 years. The Hungarian market, in particular, is expected to grow by over 13.2% in the next two years.

While the EU27 is currently experiencing a period of stagnation in staple pulse consumption there are some additional opportunities, especially in value added products. As consumers become more aware of the health benefits of pulses, along with global trends for healthier lifestyles, this may help boost global pulse consumption and help drive demand in the EU27.

Health claims in value added products are perhaps one of the best avenues to pursue, as the increasing Hungarian and Swedish markets can be significant in these areas. Another increasingly important factor, is convenience. Companies which are able to produce products combining the health claims, ethnic food tastes and cheaper prices will likely be very successful in the faster paced Western European markets.

INSIDE THIS ISSUE

DID YOU KNOW?

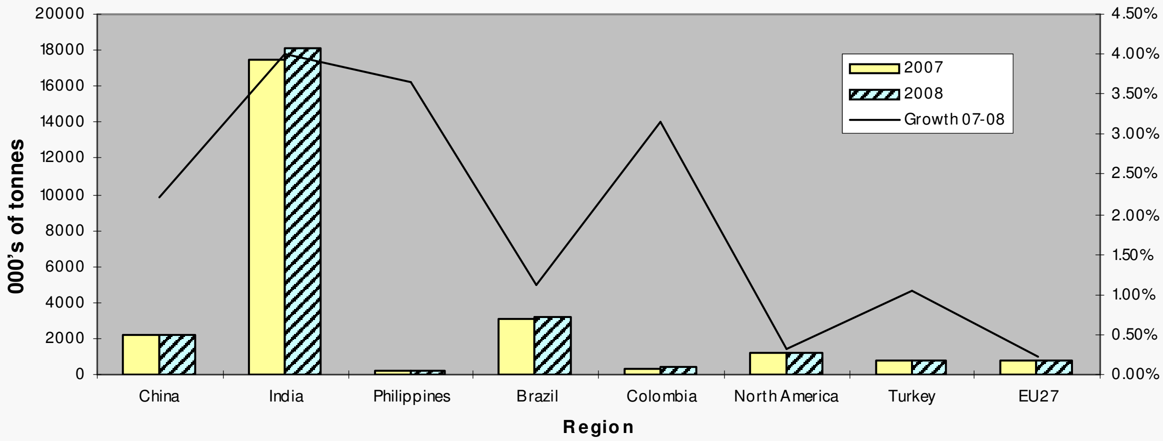
The European Union's unprocessed pulse market is fairly mature. However, a prolonged economic downturn could lead to increases in consumption as a cheaper nutritious meat replacement.

The EU27 is experiencing an increase in the importance of processed and pack-aged foods. This will drive non-retail pulse demand as the food industry incorporates pulses in their products.

Canada exported approximately $260 million in pulses to the EU27 in 2008.

▶ REGIONAL OVERVIEW

Market Sizes & Growth for Major Pulse Markets, 2007-08



Source : ©2009 Euromonitor International

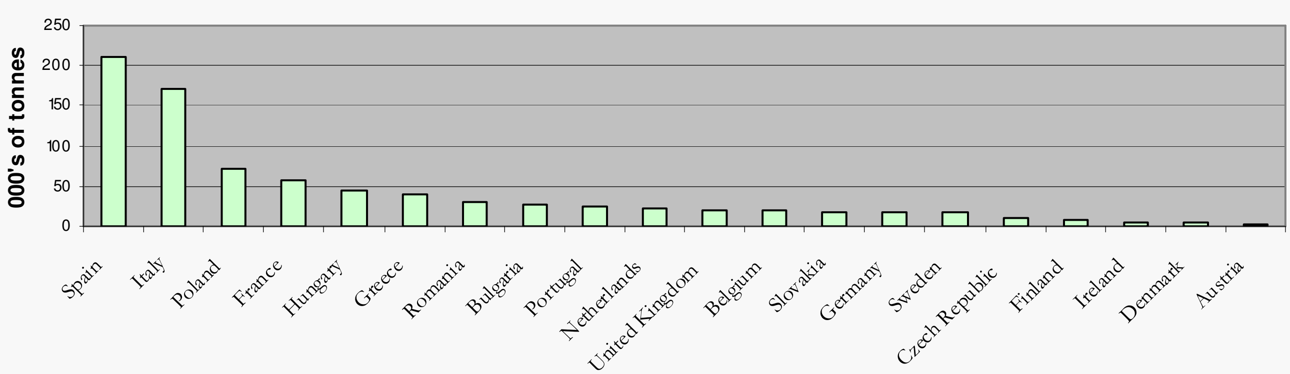
- The European Union is one of the largest economic blocs in the world and is a major player in the world pulse market.
- The global retail pulse consumption by volume has grown by 19% over the past 5 years at a compound annual growth rate of 3.5%.

- Pulse retail consumption in volume has fallen overall during the past five years in the EU. This is largely due to falling consumption in major traditional markets such as Poland and Italy. From 2007 to 2008, however, retail consumption volumes have started increasing again.

- Of the traditional large markets in the region, Spain, Italy, Poland and France are major consumers of pulses. In these markets, Italian and Polish pulse consumption is on a downward trend while Spain remains stable and France is expected to continue to grow.

- Hungary, Sweden, Austria and Denmark represent emerging markets and are expected to experience moderate to strong growth over the next five years. Hungary's pulse consumption is expected to grow by 13.23% in the next two years.

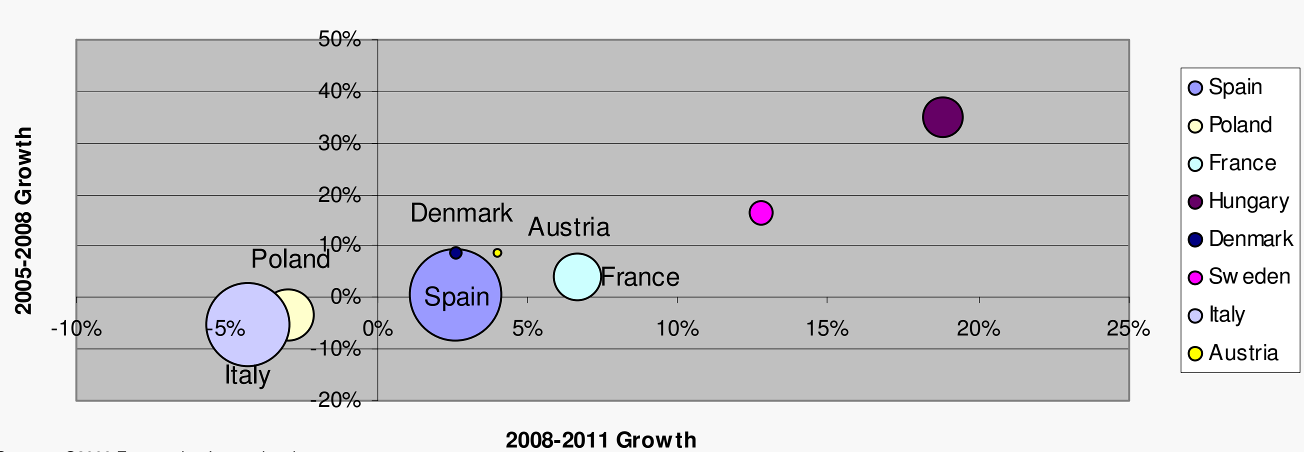
EU27 Pulse Consumption, 2008



Source : ©2009 Euromonitor International

REGIONAL OVERVIEW

Spotlight EU27 Pulse Markets - Consumption Growth and Size of Market



Source : ©2009 Euromonitor International

Traditional Markets - vs - Emerging Markets

Market Sizes - Historic/ Forecast - Total Volume - '000 tonnes

Pulses	2005	2006	2007	2008	2009	2010
Spain	208.8	209.5	209.0	209.5	211.6	212.7
Italy	181.4	177.8	174.6	171.8	169.2	166.6
Poland	73.1	72.2	71.4	70.7	70.1	69.3
France	54.9	55	55.9	57	58.2	59.5
Hungary	33.1	36.8	41.1	44.6	47.7	50.5
Sweden	14.1	14.8	15.6	16.4	17.1	17.8
Denmark	3.5	3.6	3.7	3.8	3.8	3.9
Austria	2.3	2.3	2.4	2.5	2.6	2.6
Total EU27	820.4	817.5	817.6	819.5	823.1	825.5

Sources: ©2009 Euromonitor International — Traditional Markets in Blue, Emerging in Green

Market Sizes - Historic/ Forecast - Volume Growth Rates

Pulses	05/06	06/07	07/08	08/09	09/10	05/10	08/10
Hungary	11.18%	11.68%	8.52%	6.95%	5.87%	52.57%	13.23%
Sweden	4.96%	5.41%	5.13%	4.27%	4.09%	26.24%	8.54%
Austria	0.00%	4.35%	4.17%	4.00%	0.00%	13.04%	4.00%
Denmark	2.86%	2.78%	2.70%	0.00%	2.63%	11.43%	2.63%
France	0.18%	1.64%	1.97%	2.11%	2.23%	8.38%	4.39%
Spain	0.34%	-0.24%	0.24%	1.00%	0.52%	1.87%	1.53%
Poland	-1.23%	-1.11%	-0.98%	-0.85%	-1.14%	-5.20%	-1.98%
Italy	-1.98%	-1.80%	-1.60%	-1.51%	-1.54%	-8.16%	-3.03%
Total EU 27	-0.35%	0.01%	0.23%	0.44%	0.29%	0.62%	0.73%

Sources: ©2009 Euromonitor International — Traditional Markets in Blue, Emerging in Green

TRADITIONAL MARKETS

Spain is the largest consumer of pulses in the EU, consuming 209.5 thousand tonnes in 2008. The market is projected to grow slowly at 1.53% to 213 thousand tonnes over the next two years. Spain has high market penetration and will not likely be a major driver of growth in the pulse industry. Per capita consumption of pulses is expected to stabilize over the next two years, after falling from 2005 to 2008.

Spain's pulse imports averaged US $230 million over the last 5 years. Spain is within the top three importers of pulses among the EU27. In 2008, Spain imported US $209.1 million, up 18.0% from 2007.

Dried white kidney beans and white peas were the most imported variety in 2008 and Argentina was the top supplier.

Market Sizes - Historic/ Forecast - Total Volume - kg Per Capita

Pulses	2005	2006	2007	2008	2009	2010
Spain	4.9	4.8	4.7	4.6	4.6	4.6

Source : ©2009 Euromonitor International

Italy is the second largest consumer of pulses in the EU, consuming 172 thousand tonnes in 2008. Consumption is projected to shrink by 3.03% or five thousand tonnes over the next two years. Italy, like Spain, constitutes a highly mature market. Pulse consumption is on a downward trend and has been for some time. Growth of this market is unlikely, especially as per capita consumption of pulses continues to fall, while Italy's population is stagnant. However, Italy imports more of its pulses than any other EU market which could be an opportunity to Canadian exporters.

Italy imported US $240.7 million in 2008 and has ranked among the top three EU27 importers of pulses over the last 5 years.

Kidney beans and white peas were the most popular import in 2008 (US $128.62 million). China was the top supplier.

Market Sizes - Historic/ Forecast - Total Volume - kg Per Capita

Pulses	2005	2006	2007	2008	2009	2010
Italy	3.1	3.0	3.0	2.9	2.9	2.8

Source : ©2009 Euromonitor International

▶ TRADITIONAL MARKETS

Poland is the third largest consumer of pulses in the EU27, consuming 71 thousand tonnes of pulses in 2008. The market is projected to shrink by 2% over the next two years to 69.3 thousand tonnes. Poland, like Spain and Italy, is a market that has shrinking per capita consumption. Poland has further issues with a shrinking population which will certainly exacerbate the decreasing pulse consumption.

Poland was the eleventh ranked importer among the EU27, importing a total of US $19.07 million in 2008, an increase of 14.45% from 2007. The total value of pulse imports in Poland from 2003 to 2008 has nearly tripled.

Dried kidney beans and white peas were the top varieties imported by Poland in 2008, with a value of US $10.2 million, an increase of 57.3% from 2007. China was the top supplier.

Market Sizes - Historic/ Forecast - Total Volume - kg Per Capita

Pulses	2005	2006	2007	2008	2009	2010
Poland	1.9	1.9	1.9	1.9	1.8	1.8

Source : ©2009 Euromonitor International

France is the fourth largest consumer of pulses in the EU27, consuming 57 thousand tonnes of pulses in 2008. The market is projected to grow by 4.39% over the next two years, increasing consumption to 59.5 thousand tonnes. France, unlike other traditional EU27 markets, has very low but slowly rising per capita consumption, and has the potential to become a stronger pulse market. Of the largest markets, France is expected to continue to be the fastest growing EU27 pulse consumer.

France was ranked fourth among the EU27 countries for pulse imports totaling US $122.7 million, up 26.4% from 2007. There has been a steady growth in demand for pulse imports from 2003 to 2008 increasing 63.7% in the 5 year span.

Dried kidney beans, white peas, dried lentils, and dried peas accounted for roughly 80% of pulse varieties supplied to France in 2008. Canada was the top supplier of pulses to France.

Market Sizes - Historic/ Forecast - Total Volume - kg Per Capita

Pulses	2005	2006	2007	2008	2009	2010
France	0.9	0.9	0.9	0.9	0.9	1.0

Source : ©2009 Euromonitor International

EMERGING MARKETS

Hungary is the largest and fastest growing emerging market in the region. Hungary is a major consumer of pulses, consuming 45 thousand tonnes in 2008, and the market is expected to grow by 13.23% by 2010. Hungary's per capita consumption has been steadily rising and is expected to continue to increase over the next two years.

Hungary was the fourteenth largest importer of pulses in 2008, importing US $15.56 million. Hungarian pulse imports have more than doubled in the past five years.

Dried kidney beans and white peas were the top pulse varieties supplied to Hungary in 2008, worth over half the total imports. The top supplier of pulses in 2008 was China and Canada is the third largest supplier in this growing market.

Market Sizes - Historic/ Forecast - Total Volume - kg Per Capita

Pulses	2005	2006	2007	2008	2009	2010
Hungary	3.3	3.6	4.1	4.4	4.8	5.1

Source : ©2009 Euromonitor International

Sweden is the second fastest growing market in the EU27. Sweden consumed 16 thousand tonnes of pulses in 2008 and pulse consumption is expected to increase by 8.5% in 2010 to 18 thousand tonnes. Sweden's per capita consumption of pulses has been steadily rising and will continue to rise through to 2010.

Sweden was the eighteenth largest importer among the EU27, importing a total of US $8.29 million in 2008. However, the total value of pulse imports has doubled in the last five years.

Lentils were the top pulse varieties imported into Sweden, worth US $2.6 million. Canada was the top supplier of pulses to Sweden in 2008 with a total value of US $1.2 million.

Market Sizes - Historic/ Forecast - Total Volume - kg Per Capita

Pulses	2005	2006	2007	2008	2009	2010
Sweden	1.6	1.6	1.7	1.8	1.9	1.9

Source : ©2009 Euromonitor International

EMERGING MARKETS

Denmark is the third fastest growing market in terms of pulse consumption, and one of the fastest growing import markets. It is a relatively small market at the moment, due to its small population compared to other European markets, and its consumption was only 4 thousand tonnes in 2008. However, Denmark is expected to be the fifth fastest growing market in EU27.

Denmark's imports were up 574% from 2003 to 2008, and was the tenth ranked importer of pulses with a total import value of roughly US $26.1 million.

Increasing demand for dried peas and dried vegetables has helped drive growth of pulse imports which accounted for roughly 90% of all pulse imports in 2008.

Canada is the top supplier of pulses to Denmark with a total value of US $15.02 million in 2008.

Market Sizes - Historic/ Forecast - Total Volume - kg Per Capita

Pulses	2005	2006	2007	2008	2009	2010
Denmark	3.5	3.6	3.7	3.8	3.8	3.9

Source : ©2009 Euromonitor International

Like Denmark, **Austria** is a small market, consuming only three thousand tonnes of pulses in 2008. However, it was the fourth fastest growing market in 2008 and is expected to continue to grow at that pace into the near future.

Austria's imports were up 75% from 2003 to 2008, although almost all of this increase occurred in 2008. Austria imported approximately US $9.4 million in 2008 and was the 17th largest importer of pulses in the European Union.

Austria's top pulse import variety in 2008 was lentils. The top supplier of lentils was Germany. Canadian pulse exports to Austria in 2008 were valued at approximately US $250,000.

Market Sizes - Historic/ Forecast - Total Volume - kg Per Capita

Pulses	2005	2006	2007	2008	2009	2010
Austria	2.3	2.3	2.4	2.5	2.6	2.6

Source : ©2009 Euromonitor International

TOP EU27 PULSE IMPORTS BY VARIETY

Top 3 Suppliers of Kidney and White Pea Beans to the EU27 ($CAD)						
HS: 0713.33	2003	2004	2005	2006	2007	2008
Total	336,206,807	305,816,239	289,911,147	309,294,970	367,700,009	510,322,437
Canada	97,957,831	95,405,503	91,968,744	102,148,693	103,702,243	145,715,851
China	72,554,035	67,958,192	65,488,304	68,448,866	92,400,198	134,912,667
Argentina	65,067,363	52,312,313	57,864,572	64,425,050	77,249,449	127,382,388

Top 3 Suppliers of Lentils to the EU27 ($CAD)						
HS: 0713.40	2003	2004	2005	2006	2007	2008
Total	120,511,213	119,416,431	122,357,318	112,726,966	128,192,771	211,100,195
Canada	62,167,168	59,152,235	64,796,463	56,892,822	62,146,009	109,877,315
United States	24,626,123	25,496,357	20,257,051	21,195,714	26,366,038	43,191,143
Turkey	12,033,282	20,867,811	20,301,678	20,055,634	23,252,847	29,003,908

Top 3 Suppliers of Chickpeas to the EU27 ($CAD)						
HS: 0713.20	2003	2004	2005	2006	2007	2008
Total	100,054,898	129,691,383	137,917,350	138,825,328	143,888,869	145,389,049
Mexico	59,429,553	60,834,970	58,359,624	66,915,860	60,331,231	65,179,295
Turkey	16,753,155	29,138,198	37,150,612	23,389,675	16,982,269	19,301,950
Canada	5,856,596	19,846,528	12,496,297	21,907,776	24,005,814	15,680,363

Top 3 Suppliers of Peas to the EU27 ($CAD)						
HS: 0713.10	2003	2004	2005	2006	2007	2008
Total	83,252,294	258,032,757	265,366,176	207,161,211	92,133,859	90,033,404
Canada	42,185,237	197,961,516	164,263,029	128,955,709	51,396,981	46,326,632
United States	11,631,106	7,768,120	32,822,571	16,688,641	14,625,915	16,722,952
Ukraine	10,037,720	21,776,271	32,081,474	26,217,704	10,765,403	9,793,572

Top 3 Suppliers of Beans to the EU27 ($CAD)						
HS: 0713.39	2003	2004	2005	2006	2007	2008
Total	40,400,471	41,727,378	31,525,890	35,510,699	38,201,708	42,061,748
China	9,885,455	10,270,403	8,823,338	9,288,355	12,322,082	11,475,799
Canada	8,087,425	10,673,880	6,211,276	5,984,268	5,801,882	5,499,223
Argentina	3,076,973	3,703,191	2,853,924	3,082,898	4,390,091	5,308,703

Top 3 Suppliers of Urd, Mung, Black, and Green Gram Beans to the EU27 ($CAD)						
HS: 0713.31	2003	2004	2005	2006	2007	2008
Total	20,295,694	19,544,647	23,963,770	27,067,334	24,849,839	30,100,658
China	9,269,068	9,785,378	12,778,499	10,612,873	11,127,499	17,541,000
Myanmar	674,033	477,009	1,350,522	946,453	2,528,157	4,469,822
Australia	968,913	736,786	1,278,864	1,587,071	671,335	1,958,185

Top 3 Suppliers of Broad & Horse Beans to the EU27 ($CAD)						
HS: 0713.50	2003	2004	2005	2006	2007	2008
Total	13,013,685	11,786,130	10,162,684	14,333,820	11,636,783	13,452,946
Egypt	4,523,030	3,121,404	2,449,545	5,796,379	3,005,223	4,067,472
Australia	3,115,464	2,253,268	925,870	2,383,230	341,538	1,895,793
Turkey	1,086,427	884,354	1,213,155	1,381,595	1,732,793	1,539,907

Source: Global Trade Atlas

Note: Global Trade Atlas data includes re-exports

PRINCIPAL SOURCES

1. World Trade Atlas
2. Global Trade Atlas, GTIS
3. USDA/FAS
4. Global Market Information Database, Euromonitor

Regional Pathfinder — European Union 27 Pulses

ISSN 1920-6593 Market Analysis Report or
ISSN 1920-6615 Market Indicator Report
AAFC No. 11051E

Photo Credits

For additional copies of this publication or to request an alternate format, please contact:
Agriculture and Agri-Food Canada
1341 Baseline Road, Tower 5, 4th floor
Ottawa, ON
Canada K1A 0C5
E-mail: infoservice@agr.gc.ca

Aussi disponible en français sous le titre :
Guide régional — Les légumineuses au sein de l'UE27

Canada