USDA Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Template Version 2.08

Required Report - public distribution

Date: 3/5/2004

GAIN Report Number: BE4007

Belgium-Luxembourg

Food Processing Ingredients Sector Report

2004

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Report Highlights:
In 2002, sales of the Belgian food processing sector were €30 billion, of which over €20 billion were exported. Agricultural and food imports totaled €18.5 billion. Most important sectors were slaughterhouses and meat processing; dairy; chocolate and confectionary; bakery products and animal feed.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
The Hague [NL1]
[BE]

SECTION I. MARKET SUMMARY

Key figures of the Belgian food processing industry					
	2001	2002	2002/2001	% total industry	Rank
Sales (mil €)	29,386	29,950	1.92%	15.70%	2
Value added (mil €)	5,099	5,479	7.44%	12.49%	3
Investments (mil €)	1,105	1,079	-2.28%	15.50%	2
Food Exports (mil €)	14,789	14,826	0.25%	6.97%	3
Total Agricultural, Food and Tobacco Exports (mil €)	20,143	20,383	1.20%	9.00%	
Food Imports (mil €)	11,295	11,448	1.35%	6.23%	4
Total Agricultural, Food and Tobacco Imports (mil €)	17,790	18,512	4.10%	8.90%	
Trade balance (mil €)	3,494	3,378	-3.32%		
Employment	86,955	n.a.		13.70%	2
Number of food processors	6,334	n.a.		n.a.	n.a.

Source: Fevia (Belgian Food Processing Federation)

General Features of the Belgian Food Processing Market

- In 2002, the food processing sector became Belgium's second largest economic sector, after the chemical sector, with a total production worth €30 billion. Most important sectors were: slaughterhouses and meat processing; dairy; chocolate and confectionary; bakery products and animal feed.
- The food processing sector was Belgium's second largest employer with 87 thousand employees, after the metals sector. About 80 percent of the 6,330 processors employed less than 10 people. Two thirds of all processors are located in Flanders, producing 77 percent of total output in 2002.
- The €5.5 billion in value added by the sector ranked third after the chemical and the metal sectors.
- The Belgian food processing sector is very export-oriented with 50 percent of income coming from exports. In 2002, 84.6 percent of exports were intra-EC, 2 percent to the new Member States and 13.4 percent to the rest of the world, including 1.3 percent to the U.S.
- The sector recorded a positive trade balance of €1.8 billion in 2002.
- After the 1999 dioxin crisis, the Belgian food processing industry regained its vitality, with 2.9 percent growth in 2002, compared to a 1.8 percent EC-wide average. In 2003, output slowed initially, but increased again to finish with 2.2 percent annual growth for the first eight months.
- The slowing economy led to a 0.4 percent price decrease in retail food prices in 2002 and a further 2.4 percent price decrease in the first eight months of 2003.
- Belgium imports lots of commodities for its processing industry (2002 imports): dairy products (€2.1 billion); fruits and nuts (€2.0 billion); feed ingredients (€1.0 billion); fish (€0.9 billion); meat (€0.9 billion); vegetables (€0.9 billion); grains (€0.9 billion); fats and oils (€0.9 billion) and sugar (€0.9 billion).
- Belgium has a low self-sufficiency rate for fish (8%), grains (50%), cheese (55%) and fruits (80%). It is a surplus producer of meats (180%), sugar (175%), potatoes (172%) and vegetables (126%).

Belgian food processing, sales by sector in 2002	
Slaughterhouses and meat processors	18%
Dairy	10.9%
Chocolate and confectionary	9.3%
Bakery products	8.8%
Animal feed	8.8%
Grain milling, pasta and starch	7.4%
Fruit and vegetable processing	7%
Vegetable oils and animal fats	6.1%
Breweries	5.3%
Non-alcoholic beverages	4.9%
Sugar industry	3.4%
Other	10.1%
Total	**100.0%**

Source: Fevia (Belgian Food Processing Federation)

Current Market Developments

- Changes in demographics and working habits are increasingly shifting demand to more convenient and ready-to-eat meals. At the same time, people are eating away from home more often.
- Intense media coverage of food scares in Europe and worldwide have affected consumer confidence and are leading to stricter monitoring of quality management. This has resulted in stricter traceability and quality control requirements Europe-wide. Supermarket chains are building on this trend to introduce their own quality handbooks.
- More extensive quality requirements are helping to foster increasing consolidation at all levels of the food chain, from farmer to retailer.
- At the same time, consumer concerns have led to tighter control of health, environmental and animal welfare aspects of food production. This is offering increasing market opportunities for low-fat, organic and vegetarian food products.
- Biotechnology has become so publicly sensitive that most processors and retailers are shunning biotech foods completely.

Advantages and Challenges for U.S. Products in Belgium

Advantages	Challenges
Belgium has a large, export-oriented food processing industry with high quality standards	Food safety and phytosanitary restrictions affect imports of food ingredients
Belgium is centrally located in the heart of Europe with over 100 million affluent customers within 300 kilometers of its borders	Traceability and quality control systems required for many products; biotech-free certification often requested
High accessibility through major, efficient seaports and airports	MRL levels and sanitary standards becoming increasingly stricter
Easy transit to the rest of the enlarged European Union because of good road, rail and waterway infrastructure	Large supplies available from France, The Netherlands, Germany and Eastern Europe

SECTION II. ROAD MAP FOR MARKET ENTRY

A. ENTRY STRATEGY

There are several possible ways to enter the Belgian market. As import regulations are identical throughout Europe, any European importer, agent or wholesaler can help meeting import requirements. Many of these traders offer Europe-wide services. However, it is recommended to do a comparative study between different import options. Depending on commodities, quantities or type of cargo, a different seaport, even in a neighboring country, can offer competitive advantages because of the highly specialized and consolidated facilities. Distance and transport costs from other major European seaports are not prohibitive because of the excellent road, rail and waterway infrastructure. Main Belgian points of entrance are Antwerp, Ghent and Zeebrugge seaports, as well as Brussels airport.

B. MARKET STRUCTURE

Most Belgian processors buy their food ingredients from traders and local wholesalers. Some large companies buy directly from foreign suppliers. Half of Belgian food production is sold to export markets, 85 percent of them in Europe. Some companies concentrate on the domestic or on export markets, but most of them will have mixed customers. Companies supplying predominantly to the domestic market frequently market their products directly and have their own logistics infrastructure. However, their customers will vary from wholesalers to buying groups and retailers. Companies producing for export, may have their own marketing office oversees, local agents or may work with local importers. Belgian food processors often are members of their sector federation. These sector federations, in turn, are members of the umbrella food processing federation FEVIA. (www.fevia.be)

Belgium also imports large amounts of consumer-ready food products, valuing €6.9 billion. Importers and agents will handle most of these imports. Buying groups or large retailers like Carrefour, Delhaize, Colruyt or Aldi will on occasion import directly. Most food importers are members of the federation BELGAFOOD, which is a branch of the distribution federation FEDIS. (www.fedis.be)

Sanitary and quality inspection of food imports are the competency of the Federal Agency for the Safety of the Food Chain (FASFC).

Federal Agency for the Safety of the Food Chain
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Simon Bolivarlaan 30
B-1000 Brussels
Tel. +32 2 208 33 11
Fax. +32 2 208 33 59
E-mail: info@favv.be
www.favv-afsca.fgov.be.

Contact addresses of federations

- FEVIA (Belgian Food Industry Federation)
  Avenue des Arts 43
  B-1040 Brussels
  Tel. +32 2 550 17 40
  Fax +32 2 550 17 59
  Website: http://www.fevia.be

The list of member industry sector federations is available at (several of these federations have membership lists on their website):
http://www.fevia.be/fr/presentatie_fs.asp

- BELGAFOOD (Belgian Food Import Professional Association)
  Rue St. Bernard 60
  B-1060 Brussels
  Tel. +32 2 537 30 60
  Fax +32 2 539 40 26
  E-mail: belgafood@fedis.be

- BEMEFA (Belgian Federation of Feed Compounders)
  Gasthuisstraat 31
  B-1000 Brussels,
  Belgium
  Tel. +32 2 512 09 55
  Fax. +32 2 514 03 51
  E-mail: info@bemefa.be
  www.bemefa.be

- CPAF (Belgian Chamber of Manufacturers and Importers of Petfoods)
  Louisalaan 89
  B-1050 Brussels
  Tel. +32 2 542 61 28
  Fax. +32 2 542 61 21
  E-mail: secretariat@cpaf.be
  www.cpaf.be

- CIAA (Confederation of the Food and Drink industries of the EU)
  Kunstlaan 43
  B-1040 Brussels
  Tel. +32 2 514 11 11
  Fax. +32 2 514 29 05
  www.ciaa.be

Most Important Food Fairs

- European Seafood Show (www.euroseafood.com) – Brussels (May 04-06, 2004): international seafood
- Aroma (www.cpexpo.com) – Brussels (February 13-15, 2004): coffee - tea - chocolate
- Tavola (www.tavola-xpo.be) - Kortrijk (March 14-17, 2004): gourmet – fresh
- Fedoba (www.fedoba.com) – Brussels (September 04-07, 2004): chocolate and confectionary

C. COMPANY PROFILES

Belgium has a range of important food processing sectors, many of them dependent on imported commodities. Information on most processors is readily available at the FEVIA website (www.fevia.be). Under the heading “Search for food companies”, different options allow for specific or generic searches, the latter under “Nace-Bel code”, which is the Belgian industry classification system (see http://www.eco.fundp.ac.be/almen/nomenclature.pdf for a French list). A search by description allows users to choose from 82 company categories. "Sites of our members" allows for direct access to the main Belgian food processor's webpages.

Major Processing Subsectors and Selected Leading Companies

Nace-Bel	**Subsector**	**Company**	**Website**
15000	Food & beverages	Unilever Belgium Nestle Kraft Foods Belgium	www.unilever.be www.nestle.com www.kraftfoods.com
151	Meat processors	Imperial Meat Products Covavee Ter Beke Fresh Food Pingo Poultry	www.imperial.be www.covavee.be www.terbeke.com www.nutreco.com
152	Fish processors	Pieters Visbedrijf Morubel Gadus	www.pieters.com www.morubel.be www.gadus.be
153	Fruit & Vegetables	Ardo Unifrost Pinguin Materne-Confilux	www.ardo.com www.unifrost.be www.pinguin.be www.materne.com
15312	Potato Processing	Vandenbroucke-Lutosa McCain Foods Belgium Farm Frites Belgium Veurne Snack Foods	www.lutosa.com www.mccain.com www.farmfrites.com www.fritolay.com
15320	Fruit Juices	Looza-Tropicana	www.tropicana.com
154	Oils & Fats	Cargill Vandemoortele	www.cargill.be www.vandemoortele.com
155	Dairy Processing	Belgomilk Campina Danone Friesland Madibic	www.belgomilk.be www.campina.be www.danone.be www.frieslandmadibic.com
156	Milling and Starch	Masterfoods Ceres Dossche Mills & Bakery Boost Nutrition Amylum Europe	www.masterfoods.com www.ceres.be www.dossche-mills-bakery.com www.ebro-puleva.com www.amylumgroup.com
1572	Pet Foods	Procter&Gamble Manuf.	www.eu.pg.com
15820	Bakery Products	Lu, General Biscuits Bisuits Delacre Lotus Bakeries Unipro	www.danone.be www.biscuits.com www.lotusbakeries.com www.uniprobakery.com
15840	Chocolate	Barry Callebaut Belgium Ferrero Ardennes	www.barry-callebaut.com www.ferrero.com
15860	Coffee	Douwe Egberts	www.douwe-egberts.com
15870	Condiments	Campbell Foods Belgium HJ Heinz Belgium	www.campbell-foods.be www.heinz.com
158	Other Food Products	Puratos Alpro	www.puratos.be www.alpro.be
159	Beverages	Interbrew Coca-Cola Enterprises Spa Monopole	www.interbrew.com www.coca-cola.be www.spa.be

SECTION III. COMPETITION

Belgium imports lots of agricultural products for its food processing industry, worth €11.6 billion. About 75 percent of total imports originate from the EC. Main suppliers are neighboring countries of The Netherlands, France and Germany.

Main Imports and Origins (Million €)		
HS code: Product	Value Imports (11/02-10/03)	Main Origins
04: Dairy, eggs, honey	2,171	NL 30%, F 29%, D 22%, UK 7%
08: Edible fruits and nuts	2,115	Costa Rica 12%, Colombia 11%, NZ 9%, E 9%
22: Wine and beverages	1,637	F 56%, D 11%, NL 8%, UK 7%
03: Fish and seafood	977	NL 25%, Dk 8%, F 7%, Bangladesh 6%
20: Preserved food	943	Brazil 25%, F 18%, NL 17%, D 15%
02: Meat	939	F 30%, NL 23%, NZ 14%, D 8%
23: Food waste; animal feed	927	NL 43%, F 19%, Brazil 11%, Argentina 8%
10: Cereals	922	F 47%, D 15%, E 6%, U.S. 5%
18: Cocoa	915	F 27%, NL 22%, Ivory Coast 16%, D 10%
07: Vegetables	906	NL 33%, F 27%, E 12%, Thailand 5%
19: Bakery products	896	F 33%, D 24%, NL 22%, I 8%
15: Fats and oils	863	NL 52%, F 17%, D 7%, I 5%
12: Misc. grain, seed, fruit	810	U.S. 20%, Brazil 20%, F 19%, NL 13%
16: Prepared meat and fish	585	NL 26%, F 26%, D 19%, I 5%
09: Spices, coffee and tea	363	F 17%, D 15%, Brazil 11%, NL 7%

Source: World Trade Atlas

(NL: The Netherlands; F: France; D: Germany; E: Spain; NZ: New Zealand; Dk: Denmark; I: Italy)

SECTION IV. BEST PRODUCT PROSPECTS

Category A: Products Present in the Market Which Have Good Sales Potential

- Nuts
- Seafood
- Processed fruit and vegetables
- Soybeans and soybean oil (non-biotech)
- Additives and vitamins for food, feed and petfood
- Syrups and concentrates for beverages
- Rice
- Berries

Category B. Products Not Present In Significant Quantities But Which Have Good Sales Potential

- Fruits that are not produced in the EU
- Spices and teas

Category C. Products Not Present Because They Face Significant Barriers

- Red meat and meat preparations (hormone ban)
- Poultry (sanitary procedures)
- Dairy products and cheese (high tariffs)
- Corn (biotech moratorium)

SECTION V. POST CONTACT AND FURTHER INFORMATION

UNITED STATES DEPARTMENT OF AGRICULTURE'S FOREIGN AGRICULTURAL SERVICE
AGRICULTURE EXPORT SERVICE
http://www.fas.usda.gov/agexport/exporter.html

OFFICE OF AGRICULTURAL AFFAIRS AT THE AMERICAN EMBASSY

Postal Address:	Office of Agricultural Affairs FAS/EMB PSC 82 Box 130 APO AE 09710
Visitor Address:	Boulevard du Regent, 27 B-1000 Brussels Belgium
Phone:	+32 2 508 2437
Fax:	+32 2 508 2148
E-mail:	agbrussels@usda.gov

For more information on exporting U.S. Products to Belgium, please visit the FAS website at www.fas.usda.gov

For information on European Food Regulations, please visit FAS USEU Brussels website at www.useu.be/agri/