Market Profiles

Product | Avocado

Exporting country | Tanzania
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1. **PRODUCT OVERVIEW**

1.1. **Product characteristics**

Avocado is one of the most popular fruits in the world. It is an excellent source of fibre, vitamins and minerals. Avocados can be classified into four main types which are Fuerte, Reed, Zutano and Hass. The Harmonized System code for Fresh or dried avocado is 080440. We are going to export the possibility of exporting fresh avocados to the Netherlands market from Tanzania.

### HS Code and National Tariff Line code in the target market (NTL)

<table>
<thead>
<tr>
<th>Code</th>
<th>Number</th>
<th>Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harmonized System</td>
<td>080440</td>
<td>Fresh or dried avocados</td>
</tr>
<tr>
<td>NTL</td>
<td>08044000010</td>
<td>Fresh or dried avocados</td>
</tr>
</tbody>
</table>

Source: [www.trademap.org](http://www.trademap.org)

1.2. **World production of avocado**

A total world production of avocado is estimated at 4.1 million tons (FAO, 2017) and largest producers are Mexico, Peru and Indonesia. These three countries account for 68.4% of the total production or 2.8 million tons per year as shown in Table 2.

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

<table>
<thead>
<tr>
<th>Number</th>
<th>Top Producers</th>
<th>Tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td></td>
<td>4,176,951</td>
</tr>
<tr>
<td>1.</td>
<td>Mexico</td>
<td>2,029,886</td>
</tr>
<tr>
<td>2.</td>
<td>Peru</td>
<td>466,758</td>
</tr>
<tr>
<td>3.</td>
<td>Indonesia</td>
<td>363,157</td>
</tr>
<tr>
<td>4.</td>
<td>Colombia</td>
<td>314,275</td>
</tr>
<tr>
<td>5.</td>
<td>Brazil</td>
<td>213,041</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>789,834</td>
</tr>
</tbody>
</table>


1.3. **World consumption of avocado**

World imports grow very fast with the annual growth rate of 18% for the past five years. In 2018, world imports 2.5 million tons of avocados valued at US$ 6.1 billion. The United State of America, Netherlands and France are accounted for over 55% of total world imports. In 2018, the three countries have a combined imports of 1.5 million tons of fresh or dried avocados worth US$ 3.5 billion. This indicated that market for avocado is concentrated.
1.4. Tanzania’s avocado production capacity

Each year Tanzania produced around 190,000 tons of avocados of which 5,000 to 10,000 tons are exported. The mainly producing areas are Kilimanjaro, Mbeya, Njombe, Kigoma, Songwe, Tanga and Morogoro. The production period of avocados is December to February and May to September. The main varieties produces are Hass, Fuerte and local varieties; Hass is for export markets. In 2018, Tanzania exported 7,551 tons with the total value of US$ 8.5 million to Europe, Africa and Asia. The main export destination is France with total value of US$ 3.8 million, followed by Netherlands US$ 2.8 million and United Kingdom US$ 1.5 million. There are at least six exporting companies among them are Africado, Rungwe Avocado Company and TAHA fresh Limited. Local varieties avocados are consumed as a juice, fruit mix, salad or smoothie; other small-scale value addition process to create avocado-derived products such as avocado into oil and medicine also take place.

2. GLOBAL TRADE OVERVIEW

2.1. World trade characteristics

World imports grow very fast in the past 5 years with the annual growth rate of 18% in value and 12% in volume. It means that unit value of avocado in the world market is increasing. In 2018, total world imports of avocados was 2.5 million ton valued at US$ 6.1 billion as shown in Table 3 (ITC, 2018).

<table>
<thead>
<tr>
<th>Year</th>
<th>Value in billion US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>3.00</td>
</tr>
<tr>
<td>2015</td>
<td>4.00</td>
</tr>
<tr>
<td>2016</td>
<td>5.00</td>
</tr>
<tr>
<td>2017</td>
<td>6.00</td>
</tr>
<tr>
<td>2018</td>
<td>7.00</td>
</tr>
</tbody>
</table>

Sources: [https://www.trademap.org/Country_SelProduct_TS](https://www.trademap.org/Country_SelProduct_TS)

2.2. Import characteristics

USA and European markets are the leading consumers of avocado in the world. The market share of USA, Netherland and France are increasing and by 2018 they are accounted for over 55% of the world total imports. This indicates the demand is concentrated in the top three countries as shown in Table 4.
Table 4 World imports characteristics

<table>
<thead>
<tr>
<th>Rank</th>
<th>Importers</th>
<th>Share in World Imports, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>United State of America</td>
<td>40</td>
</tr>
<tr>
<td>2</td>
<td>Netherlands</td>
<td>11.5</td>
</tr>
<tr>
<td>3</td>
<td>France</td>
<td>6.7</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>58.2</td>
</tr>
</tbody>
</table>

Source: [https://www.trademap.org/Country_SelProduct](https://www.trademap.org/Country_SelProduct)

2.3. Export characteristics

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

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

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Exporters</th>
<th>Share in World Exports, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mexico</td>
<td>41.8</td>
</tr>
<tr>
<td>2</td>
<td>Netherlands</td>
<td>15.8</td>
</tr>
<tr>
<td>3</td>
<td>Peru</td>
<td>12.6</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>70.2</td>
</tr>
</tbody>
</table>

Source: [https://www.trademap.org/Country_SelProduct.aspx](https://www.trademap.org/Country_SelProduct.aspx)

3. TANZANIA’S EXPORT PERFORMANCE

3.1. Performance of Tanzanian avocado in the world Market

Tanzania’s ranking in the world exports is 21 and its exports represent about 0.2% of the world exports. In 2018 exported 7,551 tons valued at US$ 8.5 million. Given that the average export growth in value between 2014-2018 was at 20%; whereas Tanzania has been growing at 78% during the same period, Tanzania is gaining world market share.

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

Graph 1 List of importing markets for fresh or dried avocados exported by Tanzania
3.2. Tariffs faced by the country

United State of America, Netherlands, France, Canada, China and India are applying the lowest tariff for Tanzanian 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 Nations rate (MFN) at 4%. Tanzania benefits from this preferential tariff regime. However, to be qualified for a duty free entry to the Netherlands market, exporters must acquire a certificate of origin from 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 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

Netherlands, France and Germany are attractive markets for Tanzania’s avocado exports. Their import value of range from US$317 to US$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

<table>
<thead>
<tr>
<th>Target country</th>
<th>Imported value (million$) in 2018</th>
<th>Average Unit value ($/tons)</th>
<th>World market share (%)</th>
<th>Annual growth rate in value past 5 years</th>
<th>Tariff advantage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Netherlands</td>
<td>706.1</td>
<td>2,047</td>
<td>11.5</td>
<td>23</td>
<td>0</td>
</tr>
<tr>
<td>2 France</td>
<td>409.8</td>
<td>2,602</td>
<td>6.7</td>
<td>14</td>
<td>0</td>
</tr>
<tr>
<td>3 Germany</td>
<td>317.8</td>
<td>3,426</td>
<td>5.2</td>
<td>31</td>
<td>0</td>
</tr>
</tbody>
</table>

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

4.2. Netherlands is the selected market for exporting avocados from Tanzania

Netherlands is the fastest growing market for avocado in the European Union. The imports of avocados have been growing over the last 5 years from US$284 million in 2014 to US$538 million in 2018. Its average growth rate in imported values is 20% whereas the world’s average import growth is 18%; this confirms that the Netherlands is the more attractive market than others.

The Netherlands is the world’s second biggest importer of avocados after USA. It has an 8.9% market share and it has a moderately concentrated group of suppliers. The market is considered open for Tanzania exporters thanks to preferential tariff for Least Developed Countries (LDCs).

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

5. TARGET MARKET CHARACTERISTICS

5.1. Tanzania’s trade performance In Netherlands market

Tanzania already exports avocado to the Netherlands since 2014. In 2018, Tanzania exported 2,304 tons of avocados valued at US$2.8 million to the Netherlands. It is ranked 15th avocado supplier with 0.8% market share. On average the Netherlands’ imports of avocado has been growing at 20% but the growth of avocado imports from Tanzania is 26%; we can conclude that Tanzania has been slowly gaining more market share.
5.2. Competition in Netherland market

The Netherlands is not a concentrated market. It has a diversified group of avocado suppliers. Its number one supplier was Peru with 31.4% market, 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 also been gaining significant market share from Chile, South Africa and Israel. While several factors could come into play, Trade Map’s average unit values indicated many of Tanzania’s competitors were able to offer prices that are more competitive thanks to lower sea freights costs. For example, the average unit value per ton for avocado imports from Peru, despite being much further away than Tanzania, is US$ 1,838, Kenya US$1,821, South Africa US$1,771; whereas Tanzania’s average unit value is US$2,122 per ton.

Graph 3 List of suppliers’ avocado in Netherlands

[Graph showing avocado imports to the Netherlands from various countries, with Peru, Chile, and South Africa being major suppliers.]

Source: [https://www.trademap.org/Country_SelProductCountry_Graph.aspx](https://www.trademap.org/Country_SelProductCountry_Graph.aspx)

6. NETHERLANDS IMPORTS SEASONS

Netherland imports avocado in all seasons from Colombia, Mexico and Spain throughout the year from 2014 to 2018 as shown in Graph 4. Tanzania export avocado to Netherlands market during summer and winter seasons.
Graph 4 Imports seasons in Netherlands

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

6.1. Tanzania’s price positioning in Netherland market
The average unit value for avocado imports from Tanzania peaked at US$2,927 in 2017 and dropped to 2,122 in 2018. Nevertheless, the overall trend is the increasing price over the past five years as shown in Graph 5.

Graph 5 Price for Tanzanian avocado in Netherlands 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 Netherlands following the PEST factors analysis.

<table>
<thead>
<tr>
<th>Political Factors</th>
<th>Economic Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The Netherlands are a constitutional monarchy based on parliamentary democracy, democracy creates conducive environment for business freedom.</td>
<td>• Netherlands has large economy of GDP €737 billion (4.8% of EU-28) and GDP per capital of €43,000 and higher purchase power which indicates people have money to spend for avocado.</td>
</tr>
<tr>
<td>• High regulation to comply for exportation of avocado in Netherlands market</td>
<td>• GDP growth rate is positive which it indicated that Netherlands economy is stable.</td>
</tr>
<tr>
<td></td>
<td>• Netherlands has positive inflation rate and stable exchange rate which give room for greater opportunities exporters to gain profit.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Social Factors</th>
<th>Technological Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Size of the population will be 17 million people with the population density of 416.11 inhabitants per square kilometer in 2025. It’s easier to distributed avocado and simplifies communication system.</td>
<td>• Availability of E-commerce</td>
</tr>
<tr>
<td>• Targeted market size for Tanzanian avocado is 6.7 million which 39.1% of the total population. Its good opportunities to expand avocado business and rise market share in Netherlands avocado market.</td>
<td>• Mobile network coverage allow 90% of Netherland population use internet (July 2016 est.)</td>
</tr>
</tbody>
</table>

7.1. **Product**

Avocado consumption in the Netherlands is high and they are consumed directly as a fresh ingredient in a dish. According to Export Potential Map, Netherlands shows the largest absolute difference between potential and potential exports in value terms, leaving room to realize additions avocado exports worth US$ 1.3 million.
7.2. People
Final consumers of avocados are health conscious consumers aged between 25-54 years old. Moreover, Tanzania exporters can target B2B segment i.e. to supermarkets, retailers and food service who prefer fresh avocados.

7.3. Permission
Assuming that the exporters have the necessary certificates of origin, they can export to the Netherlands duty free. However, they still have to 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](http://ec.europa.eu/food/plant/pesticides/eu-pesticides-database/public/?event=homepage&language=EN)

ii. Complying 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](http://exporthelp.europa.eu/thdapp/display.htm?page=rt/rt_SanitaryAndPhytosanitaryRequirements.html#Plant_health)

iii. The most commonly requested certification for avocado is [GlobalG.A.P.](http://exporthelp.europa.eu/thdapp/display.htm?page=rt/rt_SanitaryAndPhytosanitaryRequirements.html#Plant_health) It has become nearly impossible to supply in Europe without GLOBALG.A.P., since it is a standard requirement for most supermarkets.

iv. Other food safety management systems that can be required are:

- **BRC** (British Retail Consortium)
- **IFS** (International Food Standard)
- **FSSC22000** (Food Safety System Certification)
- **SQF** (Safe Quality Food Programme)
- 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 packed for Netherlands market in a

- Minimum weight of 80 grams of the range between 16 and 20 of 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 is items need to be on the label:-

- 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 Netherlands is very competitive, as most of the avocados are re-exported to other countries within the EU. Price for fresh avocados vary based on variety, size, country of origin and changes in supplies or demand can have great effects on prices.

7.6. Prospect
Tanzania exporter can gather market leads through Netherland enterprise agency (https://english.rvo.nl/onderwerpen/international-enterprise/finding-business-partners) and Diaspora of Tanzania in Netherlands http://www.tanzaniaembassy.nl/karibu/.

Search for potential importers / traders through (https://www.europages.co.uk/). Other relevant buyers can get through visit the most relevant trade fairs in Europe, Fruit Logistica in Berlin and Fruit Attraction in Madrid and www.cbi.nl.

8. SWOT ANALYSIS FOR NETHERLANDS MARKET

<table>
<thead>
<tr>
<th>STRENGTH</th>
<th>WEAKNESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Growing demand for fresh or dried avocado.</td>
<td>1. Price offered by Tanzania is higher than competitors</td>
</tr>
<tr>
<td>2. Increase attention to healthy food.</td>
<td>2. Tanzania’s average unit value is still higher than the main suppliers</td>
</tr>
<tr>
<td>Netherlands consumers are becoming more aware</td>
<td>3. Rising interest in sustainable avocados and organic certified.</td>
</tr>
<tr>
<td>of health issues and pay more attention to</td>
<td></td>
</tr>
<tr>
<td>their diet. Avocado fits well in this trend to</td>
<td></td>
</tr>
<tr>
<td>its good fats, fibre, vitamins and minerals.</td>
<td></td>
</tr>
<tr>
<td>3. Existence of preferential agreement and</td>
<td></td>
</tr>
<tr>
<td>bilateral trade between Tanzania and</td>
<td></td>
</tr>
<tr>
<td>Netherlands.</td>
<td></td>
</tr>
<tr>
<td>4. Netherlands has become second largest</td>
<td></td>
</tr>
<tr>
<td>importer of avocado in the world.</td>
<td></td>
</tr>
</tbody>
</table>
## OPPORTUNITY
1. Netherlands is the fastest growing market for avocado in European Union.
2. Size of Netherlands market is medium.
3. Netherlands market is open due to zero tariffs but exporters need to comply with rule of origin.
4. Customers are willing to pay a premier for good quality Hass organic Avocado.
5. Consumers in Europe are becoming more aware of health issues and pay more attention to their diet.

## THREATS
1. Netherlands market has moderate concentration of competitors for Hass avocado.
2. The worldwide production of avocados is increasing.
3. Competitors have long supplying season 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 market.

- **i.** Tanzanian producers need to expand production of avocado and should comply with sustainably plan such as GlobalG.A.P., Fairtrade and focus on supplying certified avocado.
- **ii.** Facilitate establishment of cold chain and excellent logistical hub in Tanzania to reach the right quality of fresh avocado demanded in Netherlands market.
- **iii.** To build long term trade relationships with Netherlands buyers inter into contract farming with Tanzanian avocado farmers.

### Next steps:
1. Initiate out grower schemes in collaborate with Netherlands buyers through establishment farmer support centres in Tanzania to offer local farmers with resources and expertise to lower the cost of production and improve avocado quality and boost production.
2. Advice Tanzanian exporters to tell the story of their avocados to differentiate themselves with the competitors in the market.
3. Building capacity and encourage Tanzanian youth to cultivate avocado in Kilimanjaro, Mbeya, Njombe, Kigoma, Songwe, Tanga and Morogoro to increase production.
4. Organize Tanzanian avocado producers to cooperate with active associations that promote avocados.
5. Advice Tanzania specialists from the research institutes to conduct study for avocado crop diversification in new areas.
10. REFERENCE

1. https://www.trademap.org
3. https://www.macmap.org/QuickSearch/CompareTariffs/CompareTariffs