

# Exporting Pepper from Cambodia to Europe



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Source: Khmer Post Asia





## The EU market for Pepper

Accounting for more than a quarter of total global imports in value, the European Union is the world's largest market for pepper. As import volumes gradually increase, the area offers great opportunities for exporters in developing countries aiming to expand their businesses.<sup>1</sup>

The consumption of pepper is expected to continue growing at a stable rate, following population growth in Europe. In the next five years, imports are likely to increase at a rate of 1-2% per year.<sup>2</sup> European markets offer a price advantage over Asian markets for high-quality and sustainably produced pepper exporters. In 2019 and 2020, the average export unit value of Vietnam to Germany (the largest European market for pepper) was 10% higher than to the USA and 20% higher than to China.

Today, most Cambodian peppers are exported to Vietnam and, to a minor extent, Thailand, before they are processed and re-exported.<sup>3</sup> Cambodian producers and exporters have much to gain by cutting out these intermediaries and directly approaching end markets such as Europe.

The objective of this guide is to raise awareness regarding opportunities in the European market for Cambodian pepper, as well as guide exporters on the basic steps they need to take to place their products on the market.

## I Product definition<sup>4</sup>

### 1 Presentation of the product

Pepper is the dried berry of the *Piper nigrum* plant. The term “peppercorn” is often used to avoid confusion with “green pepper” and “red pepper”, which are also used to describe spices and vegetables. Most traded pepper berries are black, although green and white pepper berries are also exported to a lesser extent.

**The main types of pepper are:**



Source: AdobeStock

**Black Pepper** - berries with unbroken pericarp (the flesh and skin surrounding the seed). In the production process, berries are harvested when they are still green, but they darken during drying due to enzymatic oxidation. In most pepper producing countries, pepper is dried in the sun.



Source: Unsplash

#### Green Pepper

Unripe berries. In the production process, blanching and controlled tunnel drying are commonly used to prevent oxidation and to preserve the green colour. For the European market, using sulphur dioxide as a color-preserving additive for dried green peppercorns is not allowed. This is important to underline, as the Codex Alimentarius and International Pepper Community pepper standards do allow the use of sulphur dioxide, in contrast to EU legislation.



Source: AdobeStock

**White Pepper** - ripe berries with the pericarp removed. These are basically the seeds of the peppercorns. White pepper is commonly produced by soaking fully ripe berries in water. This process decomposes the pericarp, which can then easily be removed.



Source: AdobeStock

**Red Pepper** - green pepper that has reached full maturity. It is the *Piper Nigrum*, originating from the Southwest of India. This pepper is generally the priciest.

Pepper can be used whole, crushed, or ground. It is the most widely used spice in the world and is used to give pungency and flavour to food.

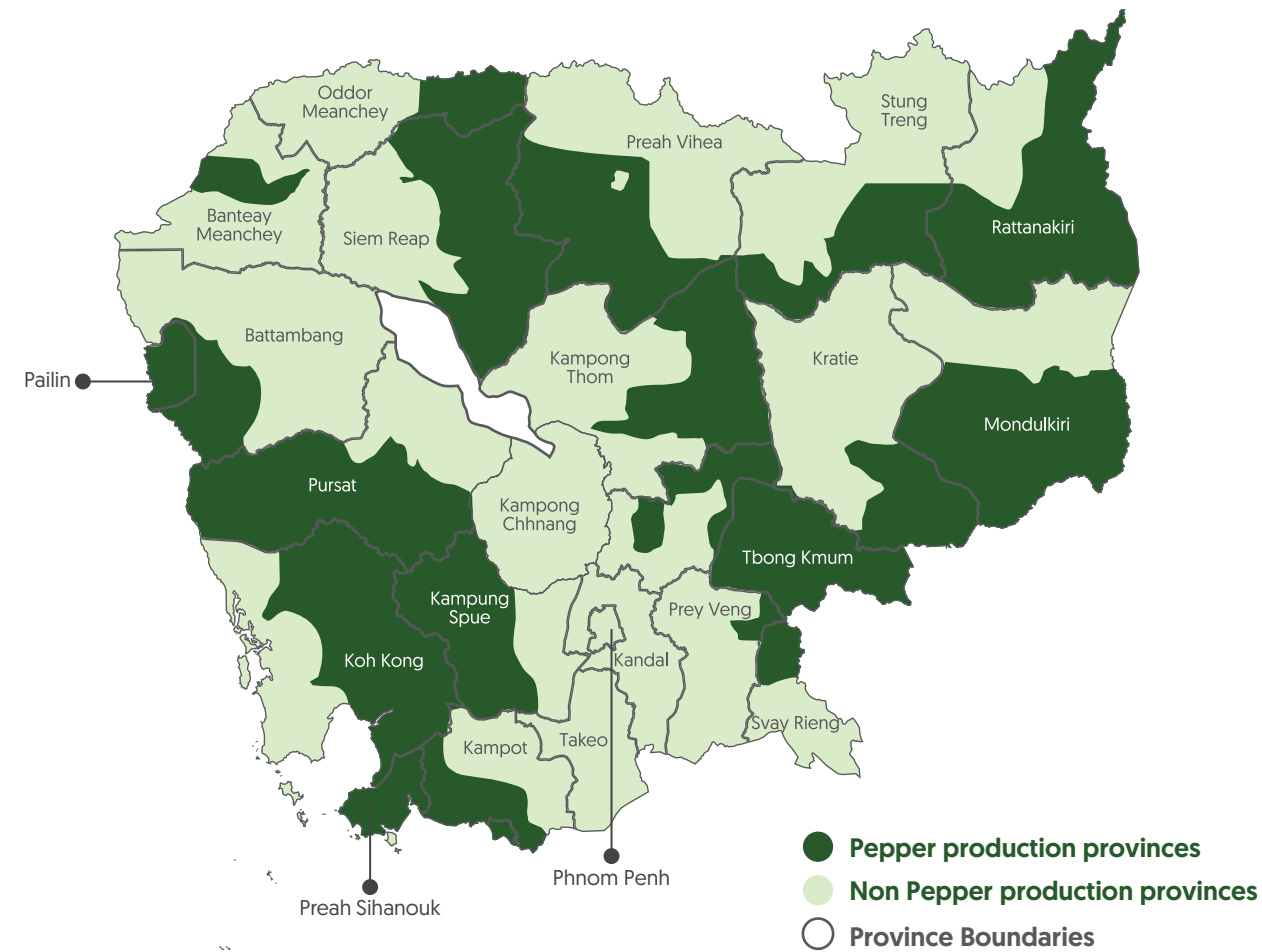
For more details, you can find here the ISO Standard for Pepper [*Piper nigrum* L.], whole or ground. <https://www.iso.org/obp/ui/#iso:std:iso:959:-1:ed-2:v1:en>



## 2 Cambodian product offer

Due to its favourable climate and soil, Cambodia is considered to be one of the best regions in the world to grow high-quality pepper.

Compared to other agricultural products in Cambodia, the volume of pepper production and export is quite small. In 2020, 17,000 tonnes were produced within the country spanning across 6,822 hectares. Approximately 3,500 tonnes were exported.<sup>5</sup>



Source: EuroCham, [2020]. Sourcing from Cambodia: Pepper

### A. Varieties traded

- **Green pepper** is harvested while still young on the vine. Its mild intensity is ideal to use with grilled squid, shrimp, or crab.
- **Black pepper** is obtained by picking the green berries and letting them dry in the sun. This type of pepper has a strong aroma.
- **Red pepper** can accompany a wide range of food items, from meat seasonings to vanilla desserts. This type is quite rare and more expensive than the others.
- **White pepper** is extremely rare due to the difficulty of harvesting fully mature pepper berries. They are similar to red berries, with the difference being that their skins have been removed, which is a laborious process.

### B. Sector associations and Geographical Indications

Most of the pepper in Cambodia is harvested by small-scale farms with limited infrastructure using labor-intensive processes. These farms are organized into approximately 20 cooperatives and producer associations.

Some of the most relevant associations are listed below.

Table 1: Selected pepper associations

Company	Background	Website
 <b>Cambodia Pepper and Spices Federation</b>	Cambodia Pepper and Spices Federation (CPSF) have been established due to the decrease of pepper prices every year. It aims to make pepper producers more competitive and organized.	<a href="http://cpsfnet.org/home">http://cpsfnet.org/home</a>
 <b>Kampot Pepper Promotion Association</b>	Kampot Pepper Association Association (KPPA) is an inter- institute established to protect and promote Kampot pepper and Kampot pepper producer.	<a href="http://www.kampotpepper.biz/">http://www.kampotpepper.biz/</a>
<b>Da Memot cooperative</b>	Da Memot cooperative is the first farmer organization active in the area with more than 300 members.	<a href="https://www.facebook.com/PepperCambodia/">https://www.facebook.com/PepperCambodia/</a>

Here you can find additional cooperatives, though of lesser importance.

<http://cpsfnet.org/members>



## Geographical Indications

An interesting thing to note is the development of Geographical Indications.

The Ministry of Commerce and its Department of Intellectual Property Rights are working closely with small and medium-sized enterprises, agricultural cooperatives, and other associations to create an identity for geography-related products, register them as trademarks, and use intellectual property rights to stimulate, promote and develop productions and businesses.

“**Kampot pepper**” is the first pepper in the world to be awarded Protected Geographic Indication (PGI) status by the European Union.<sup>6</sup> Kampot is known for its unique combination of an ideal climate, hydrological properties, and soil. These factors make it an exceptional terroir to grow pepper. The Kampot Pepper PGI specification requires the pepper to be 100% organically grown and produced from only one of two subspecies of *piper nigrum*, Kamchay and Lampong (or Belantoeung).



Source: <https://uopera.com/>

## II Introduction to the EU Market



The EU internal market is one of Europe's major achievements and its greatest asset in times of increased globalization.

By allowing people, goods, services, and capital to move more freely between borders, new opportunities have opened for European citizens, businesses, and consumers. Private businesses outside of Europe also have the opportunity to take advantage of this huge consumer market.

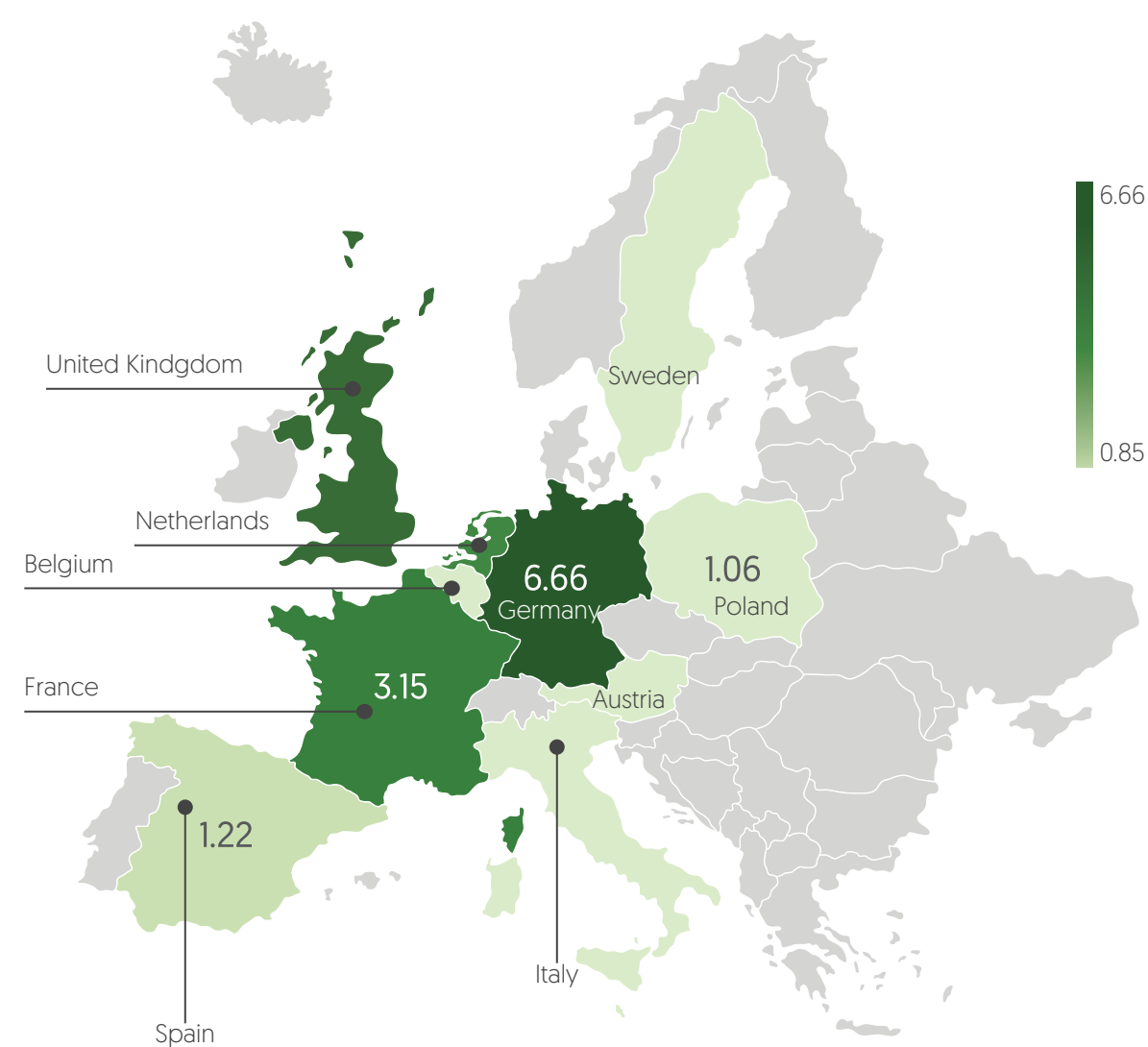
As one of the world's largest economies with a GDP of \$17.1 trillion in 2020, the European Union accounts for more than 15% of the world's trade in goods.

About 447 million people live in the EU in 2022. According to the European Parliament, more than 30 million of these people have jobs that depend on foreign trade.<sup>7</sup>



# 1 European imports of pepper

Figure 1: Largest European imports of pepper in value, in percent of global imports



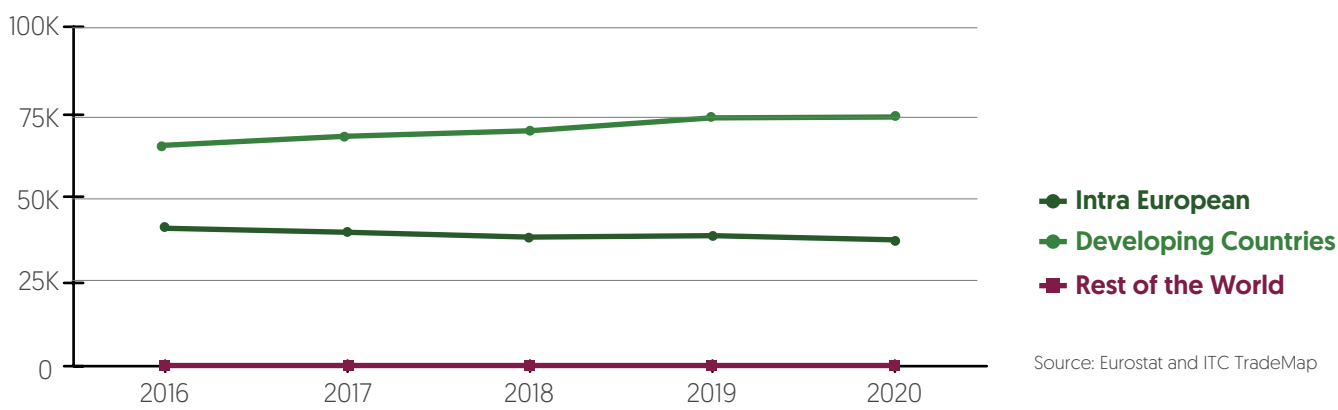
Source: <https://www.cbi.eu/market-information/spices-herbs/pepper/market-potential>

The EU is the largest importer of pepper in the world, accounting for more than a quarter of total global imports.

Although it can be imported in ground form, 90% pepper is imported whole. Whole peppercorns make it easier for importers and retailers to test the quality and safety of the product, and it is also the best way to preserve flavor and quality.

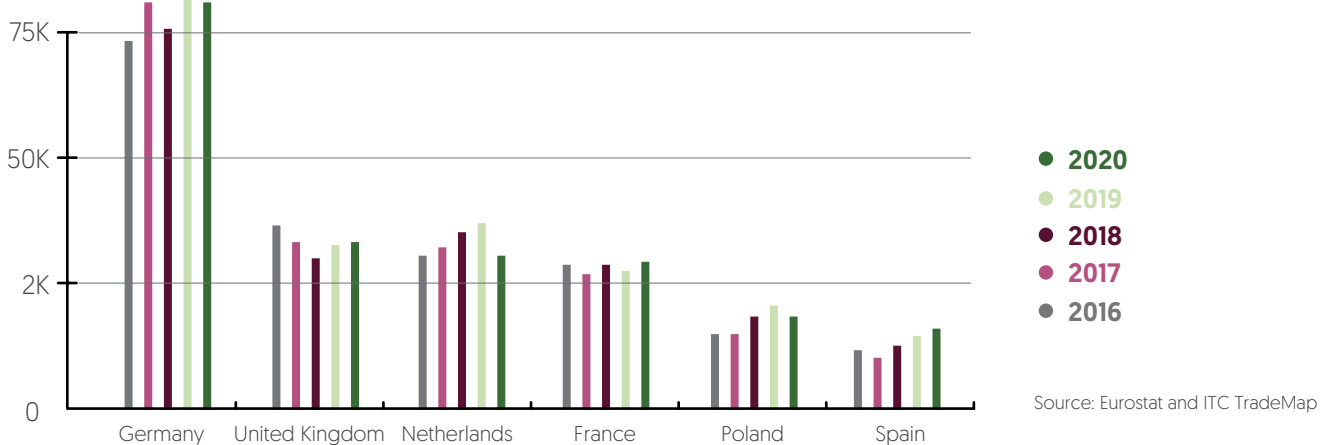
Since pepper isn't grown in Europe, its total pepper consumption rate is similar to its total import rate. The difference between imports and exports, known as apparent consumption, is around 70,000 tonnes.<sup>8</sup>

Figure 2: European imports of pepper by origin, in tonnes



## The largest importing countries<sup>9</sup>

Germany is by far Europe's leading importer with a 30% share. Other large markets are the UK (12%), the Netherlands (11%), France (11%), Poland (6%), and Spain (5.6%).



## Germany

Germany is by far the largest pepper importer and consumer in Europe. Over the last few years, German pepper imports have increased by 3% annually, reaching €87 million in 2020 [33,000 tonnes]. Approximately 40 to 50% of imports are then re-exported to other markets.

In 2020, Brazil was Germany's leading pepper supplier with a 43% import share, followed by Vietnam [38%], Indonesia [6%], Cambodia [3%], India [3%] and Sri Lanka [2%]. Cambodia is gaining market share in Germany, increasing its exports of pepper from only 45 tonnes in 2016 to more than 1,100 tonnes in 2020.



## The United Kingdom

Although its imports decrease by 3% every year, the UK is still the second-largest importer and consumer of pepper in Europe. In 2020, it imported approximately 13,500 tonnes, valued at €50.5 million. Only around 8% is re-exported to other European markets.

In 2020, Vietnam was its main supplier with a 40% share, followed by the Netherlands (22% via re-export), India (10%), and France (7% via re-export).

## France

French pepper imports are growing at an average rate of 1% per year, reaching 12,000 tonnes and €41.4 million in 2020.

In 2020, 40% of imported pepper came from Vietnam, followed by Brazil (23%), Germany (11%, via re-export), Indonesia (11%), and the

## Poland

Poland's imports have increased at an average annual rate of 4% over the past few years, reaching €19.9 million and 7,200 tonnes in 2020.

## The Netherlands

In the Netherlands, 75% of pepper imports are re-exported to other markets. In 2020, it imported 12,300 tonnes for a total value of €31 million.

With a 53% share, Vietnam is by far the Netherlands' leading supplier. Brazil (17%),

## Italy

Imports of pepper in Italy increase at an average rate of 1% per year and reached 7,800 tonnes valued at €15.2 million in 2020.

Italy is an interesting import market as it lists

The UK, as Europe's largest fair-trade market, offers good opportunities for fair trade-certified pepper. As of 2021, the UK pepper fair trade market is shared by five companies: Bart Ingredients, Dani Organic Foods, British Pepper & Spice, Van Rees, and Tchai Ovna.

Being fair trade-certified will give you the advantage of being able to avoid competing with leading suppliers and directly enter niche markets.

Netherlands (3%, re-export). Smaller suppliers include India, Madagascar, China, Ecuador, and Cambodia.

The country re-exports more than half of its imports to other markets, especially to Poland, the USA, and Italy.

Vietnam accounts for the vast majority of Polish imports, with a 83% share.

Indonesia (12%), Spain (4%, via re-exports), and India (3%) follow.

Spice traders in the Netherlands are organised within the Dutch Spice Association<sup>10</sup>, which strongly promotes the sustainable sourcing of spices.

France as its leading supplier, with a 25% share. Vietnam accounts for 23%, followed by Brazil (23%), Germany (8%, re-export) and India (4%). Other suppliers include Indonesia, Ecuador, Madagascar, and China.

**To find potential importers, check the members list of the:**

- [German Spice Association](#)
- [Seasoning and Spice Association \(UK\)](#)
- [Royal Dutch Spices Association \(the Netherlands\)](#)
- [National Union of Processors of Pepper, Spices, Herbs and Vanilla \(France\)](#).
- [Polish Chamber of Commerce](#).

**In addition:**

See the CBI study on Market Statistics & Outlook for Spices and Herbs for more information about general trade developments within the European spices sector.

<https://www.ceintelligence.com/files/documents/Herbs%20and%20Spices%20Sector%20-%20CBI%20Trade%20Statistics.pdf>

Find the latest data for each European country here:

<https://www.trademap.org/>





## 2 Distribution channels<sup>11</sup>

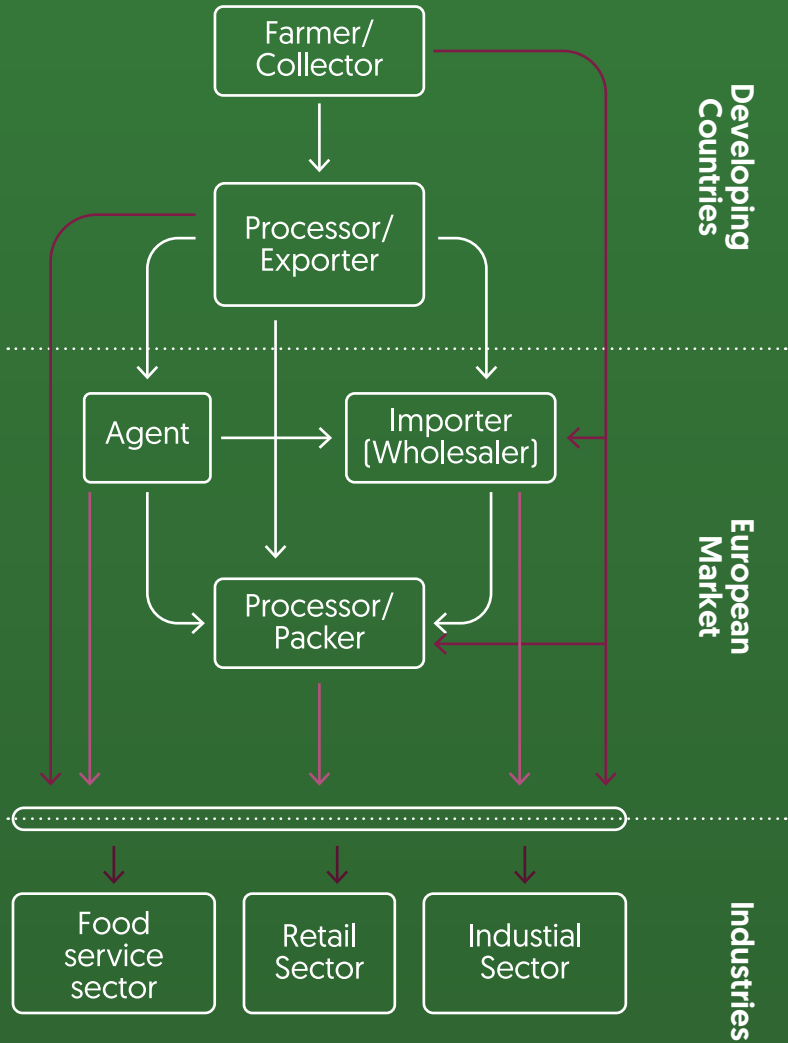
The favoured channel to land your pepper in the European market is through specialized spice importers. Some of them are already present in pepper-producing countries, either with established sourcing offices or their own production facilities.

It is also possible to work with specialised spice agents, or directly with food suppliers and food processors.

Most leading wholesalers have their own packing facilities and supply private-label pepper brands.



Trade channels for black pepper in Europe



Source: Autentika Global

### Importers/wholesalers

While some wholesalers and importers package pepper for retail chains, others exclusively deal with ingredients intended for the processing industry.

Importers must continually adapt to the end consumers' changes in habits and needs, and are increasingly put under pressure by retailers,

who are at the forefront of these changes in demand. This pressure coming from consumers is converted into added value, as organic, natural, fair-trade, and sustainable products. This results in a crucial need for transparency in the supply chain process and encourages many importers to build long-lasting relationships with their trusted suppliers.

### Agents/brokers

Brokers and agents either work as independent companies or as the intermediary between buyers and sellers, negotiating on behalf of their clients and earning commissions of around 2% to 4%. Agents are well-positioned when it comes to supplying the private labels of the European retail network. For most exporters in supplying countries, it is difficult to navigate the

different tendering procedures to gain entry into the European market. By using agents and brokers, you are able to access retail chains that comprise a large part of European pepper sales. Examples of agent brokers in Europe include Van der Does Spice Brokers and AVS Spice Broker Europe.

### Tips

- To find potential buyers, have a look at the members list of the European Spice <https://www.esa-spices.org/index-esa.html/members-esa>

### What is the most interesting channel for you?

Directly supplying the retail segment can be attractive but is very time-consuming, costly, and involves several logistic hurdles.

The easiest way to make sure your pepper reaches Europe is to work with specialised importers.

Directly supplying private labels can be an option for well-equipped producers. Indeed, the cost of labour in Europe is increasing, and pepper importers frequently search for opportunities to package product in developing countries, with the condition that they can ensure full quality control and traceability standards.



### 3 Segmentation of the end market<sup>12</sup>

The food processing industry is the largest consumer of pepper in Europe, followed by the retail and foodservice (hotels, restaurants, caterings, and institutions) sectors. Most pepper is imported whole before being sterilised and crushed in Europe. The European food industry uses considerable quantities of pepper in a wide range of products such as fish, meat, vegetables, sauces, spices, mixtures, and ready-to-eat meals.

#### End-market segments for pepper in Europe

##### Retail



##### Food Processor



##### Foodservice



### Food processing segment

The food processing segment is the largest consumer of pepper in Europe and can be divided into subgroups.

- **Spice mixtures and ingredient producers.** These companies produce seasonings and spices and invest massively in research to create new and original flavours. Examples of such companies include [Meat Cracks](#), [AVO](#) (German producer, part of the European group), [IFF](#), [Kerry Ingredients](#), [Food Ingredients Group](#), [Faravelli Group](#), [Kalsec](#), [Ion Mos](#) and [EHL Ingredients](#).
- The **meat industry** requires large quantities of pepper. Although they usually receive supplies from spice and ingredient companies, some large corporations sometimes import pepper directly, such as [OSI Food Solutions](#).
- The **European sauce and condiment industry** is also an important user of black pepper. The market is dominated by international brands such as Kraft Heinz, McCormick, Maggi (Nestle), and several subsidiaries of Unilever (eg. Colman's, Calve, Conimex, Knorr, and others.)
- **Other industries** include ready-to-eat meals and many other products. For example, the vegan meal industry is developing quickly in Europe (e.g. The Vegetarian Butcher is a new plant-based food brand of Unilever).

### Retail segment

The retail segment is shared by European brands and private labels such as Ostmann (Germany), Fuchs (Germany), Ducros (Spain, France, Belgium, Portugal), Cannamela (Italy), Schwartz (United Kingdom), Euroma (Netherlands), Santa Maria (Scandinavia), and Prymat Group (Poland).

The retail sector can be further segmented into several subcategories:

- **Retail chains** are gaining prominence thanks to the growth of private labels. Leading retail companies are Schwartz Gruppe (Lidl and Kaufland brands), Carrefour, Tesco, Aldi, Edeka, Leclerc, Metro Group, Rewe Group, Auchan, Intermarché, and Ahold (Delhaize and Albert Heijn brands).
- **Specialised spice shops** are mostly present in the high-end segment. They offer a large range of spices. Some of them have managed to grow into specialised chains such as Épices Roëllinger (France), Alfons Schuhbeck, Jacob Hooy (the Netherlands), and Spice Mountain (UK).
- **Specialised organic and healthy food shops** are relevant for suppliers of certified organic pepper. Examples are Biomarkt, DM, Alnatura, Holland & Barrett. Some organic retailers import directly.
- **Online retail** is concentrated around the leading retail chains. Specialised online retailers are still rare but growing, boosted by the Covid-19 pandemic. An example of a specialised online retailer is JustIngredients.
- **Ethical shops** are a niche segment that provides opportunities for ethical and fairtrade-certified suppliers. Examples of such shops are Hecosfair (France), RISC World Shop, and Global Refills (UK).





Foodservice segment

The foodservice sector is mostly supplied by wholesale bulk importers. Distributors supplying the foodservice sector include Brake Brothers and Metro Cash & Carry.

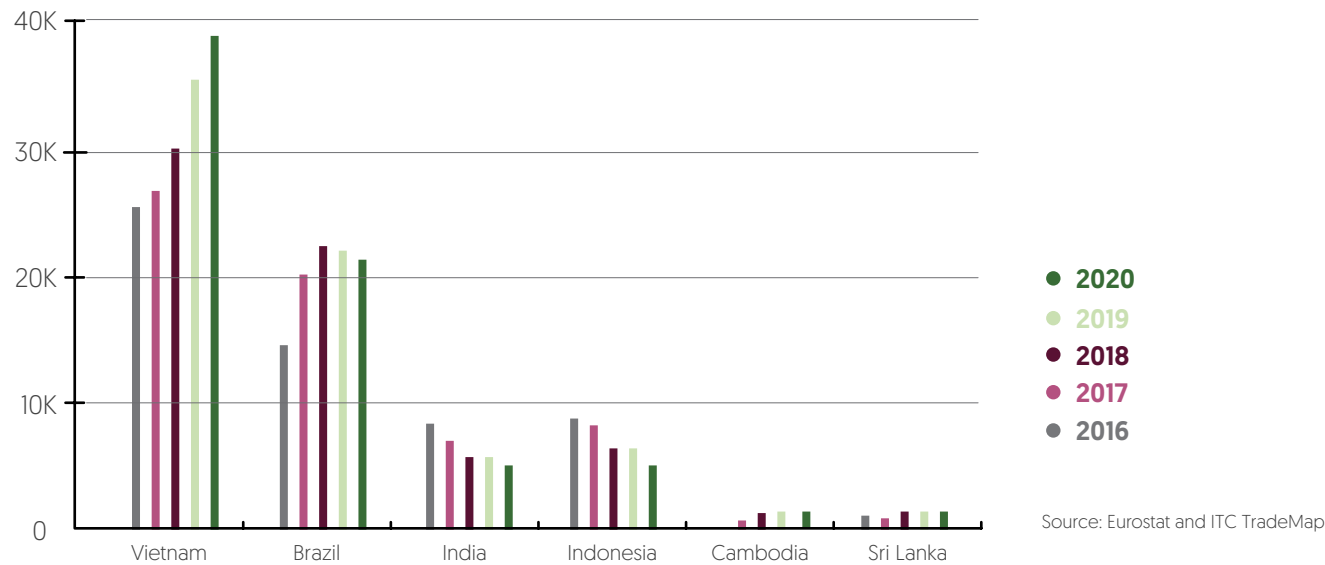
Tips

- Keep an eye on the exhibitor lists of large trade fairs, such as ANUGA, SIAL and Alimentaria, to find potential buyers for your pepper. If you intend to supply supermarket private labels, search for opportunities at PLMA, the world’s leading private label trade fair.
- To find potential buyers for your pepper in the food ingredient segment, search the list of exhibitors at the specialised trade fair Fi Europe.
- To supply to the foodservice segment, visit Sirha or/and Internorga.

4 Who are the main suppliers of pepper to the EU?<sup>13</sup>

Sharing more than 90% of the market, Vietnam, Brazil, India, and Indonesia are Cambodia’s largest competitors.<sup>14</sup>

Figure 4: Leading suppliers of pepper to Europe



Vietnam

Representing approximately 40% of total pepper exports worldwide, Vietnam dominates the market.

A problem the country is facing is its high price fluctuation, due to either over or undersupply. It thus relies on imports from Brazil, Indonesia, Cambodia, and Malaysia to maintain a relatively stable supply, which means that pepper exported from Vietnam is often a blend of

different origins.

Vietnam’s main clients are the USA, which accounts for 21% of its pepper exports. The USA is followed by China [18%], the United Arab Emirates [5%], India [5%], and Germany [4%].

Note that European imports of pepper are increasing at a high rate and reached 39,000 tonnes in 2020.

Vietnamese companies

Vietnam has approximately 200 active pepper processing and trading companies, with 15 of them representing 70% of the country’s total export volume.

Foreign-invested enterprises account for nearly 30% of the export market and include companies such as Nedspice [the Netherlands], Olam [Singapore-based] and Harris Freeman [a US-based company].

Olam International is the largest pepper supplier

in the world and the only player in the pepper industry in Vietnam to have a fully integrated supply chain.

Vietnam’s second-largest pepper exporter is Phuc Sin. The company has advanced processing capabilities and exports to multiple European countries. Other Vietnamese pepper exporters include Sinh Loc Phat Corporation, Intimex, Petrolimex International Trading, Unispice, and Haprosimex JSC.

Brazil

With a staggering annual growth of 30% over the past few years and 89,000 tonnes exported in 2020, Brazil constitutes around 25% of the global pepper trade.

Germany is its biggest client with a 15% share, followed by Vietnam [14%], the USA [13%], and Morocco [8%].

Thanks to the strong presence of Fuchs Gruppe in Brazil, Germany imports 60% of Brazilian

pepper directed to Europe.

Other leading European importers of Brazilian pepper are France, the Netherlands, Italy, and Spain.

More than 98% of Brazilian pepper is exported whole. One of the main issues limiting the Brazilian exports to Europe is the presence of salmonella.

Brazilian companies

Over 50 companies export pepper from Brazil. Many of these companies are not producers and act as trading companies. Olam Group, the dominant pepper business in Vietnam, is also present in Brazil.

The largest pepper exporter in the country is Grancafé. Other exporters include Sacconi [the second-largest in Brazil], Tropoc [a subsidiary of the Fuchs Gruppe], Katz spices, Medeiros, Agrospace, Almada, and Golden Agrícola.





## India

Approximately 60,000 tonnes of pepper is produced in India every year, an amount that does not cover its internal consumption. The country imports between 20,000 and 30,000 tonnes of pepper per year. Over the past few years, Indian exports have been fluctuating,

reaching around 18,000 tonnes in 2020.

Its main client is the USA with a 30% share. Sweden is the main market for Indian pepper in Europe (21% share), followed by Germany (19%), the UK (14%), Spain (14%), and the Netherlands (10%).

### Indian companies

More than 150 companies export pepper from India. Jayanti - an integrated company acting as a farmer, processor, and exporter - is one of the leading Indian pepper exporters. AVT McCormick is one of the leading spice processors in India, exporting to more than 40 countries. The company is investing in sustainability activities such as helping local

communities, taking care of the environment [organic production and Rainforest Alliance certification], and educating farmers.

Examples of other strong Indian pepper exporters are Bafna Enterprises, Herbal Isolates, Kishor spices, PDS Organic Spices, and Jabs International.

## Indonesia

Indonesia is responsible for around 50% of the world's white pepper market.

Although its exports have been increasing over the past years, reaching 58,000 tonnes in 2020, the country has seen its production of pepper slightly decrease, mainly due to low pepper prices that have forced farmers to switch to more profitable products.

In 2020, Vietnam was the main market for Indonesian pepper with a 36% export share.

Vietnam was followed by China (19%), the USA (11%), India (9%), and Germany (3%). White pepper accounted for more than 40% of Indonesian exports in 2020. Within Europe, the largest market for Indonesian pepper in 2020 was Germany with a 34% share, followed by the Netherlands (28%) and France (24%).

Indonesian companies include Jaya Alam Sentosa, Tripper Bari, Indoharvest Spice, Perdana Syria Niaga, and Platinum Citra Raya.

## Sri Lanka

Total Sri Lankan pepper production hovers around 20,000 tonnes per year. Its pepper is particularly high in piperine, which makes it relatively valuable.

In 2020, Sri Lankan pepper exports reached 8,900 tonnes, with most of it being directed to India (81%), Germany (8%), and the USA. Exports to Europe are still relatively small, accounting for

981 tonnes in 2020. Within Europe, Germany is the largest importer of Sri Lankan pepper with a 70% share, followed by Spain (14%) and the Netherlands (6%).

Sri Lankan pepper companies include Cinnatopia, CBL Natural Foods, Gruppo Canella, Bio Foods, Synthite, and Ruhunu Foods.

### Info on indirect export <sup>15</sup>

Most of Cambodia's conventional pepper is exported to Vietnam and, to a minor extent, Thailand. This is often done informally, which makes the collection of official statistics difficult. From these countries, it is packaged as a local product and exported to the final import destinations, which include France and Germany. Only a fraction of the total pepper - the Kampot PGI variant (around 100 tonnes) - is exported directly from Cambodia to importing markets.<sup>16</sup>

### Key takeaways:

- Competition is fierce. You must be well prepared to enter the EU market and provide real value-added potential.
- Try to understand why EU buyers purchase from specific countries. What do they offer? How can you provide additional value?
- Study your competitors. To enter the market, you must provide at least a similar level of quality and service as your main competition.
- Collaborate with other Cambodian pepper producers and try to gain support from the Cambodian government (promotional activities, presence at major trade fairs, etc).
- Consider collaborating with EU companies
- Fair trade accreditations are very trendy and could give you a serious boost. Measure the costs required and consider applying for a fair-trade certification.
- Import volumes often fluctuate not because of varying demand, but rather due to non-stable production levels in the countries of origin. Take advantage of this by always being ready to ship.
- Keep an eye on competing countries and companies. Some issues (climate, drought, political instability, logistics problems) might affect them. You should be able to take advantage of such situations.



5) European import of pepper from Cambodia

Cambodian exports to the world<sup>17</sup>

Under HS Code 090411 [Pepper of the genus Piper, whole] and 090412 [Pepper of the genus Piper, crushed or ground], Cambodian exports have increased impressively in recent years.

The total value of exports shot up by 179%, from \$3.548 million in 2016 to \$9.886 million in 2020.

The growth of exported volume is even more impressive. From 438 tonnes in 2016 to 3,482 tonnes in 2020, volumes rose by a staggering 696%.

Table 2: Cambodian exports of pepper to the world

Cambodian exports to the world-USD thousand					
Exported value in 2016	Exported value in 2017	Exported value in 2018	Exported value in 2019	Exported value in 2020	2016-2017 growth in %
3,548	10,874	7,839	9,366	9,886	178.63

EU + UK imports of Cambodian pepper<sup>18</sup>

In 2020, top export destinations included major European economies. Germany was the top destination in value, importing amounts worth \$3.35 million (1,088 tonnes), followed by Vietnam at \$3.25 million (1,644 tonnes).

Other relevant European importers are France and Belgium, with \$.969 million (31 tonnes) and \$.343 million (16 tonnes) worth of imported value, respectively.

Table 3: Largest European importers of pepper from Cambodia

Imports from Cambodia				
USD thousand	Value in 2017	Value in 2018	Value in 2019	Value in 2020
EU 28	3,032	2,430	4,610	5,203
Germany	1,399	633	3,596	3,351
France	754	617	1,010	969
Belgium	10	108	103	343
Italy	0	211	30	0
Netherlands	1	38	31	179

III Trends and consumer needs<sup>19</sup>



The increased consumer interest in pepper in Europe is driven by many aspects including home cooking, a desire to consume more exotic products, and the growing popularity of convenience food.

1 Sustainable sourcing

Sustainability has become one of the most important topics in the world, due to the risk posed by climate change and increasing consumer interest in clean, healthy food.

This benefits the lucrative organic food industry in Europe. In 2020, the market reached \$52 billion (of which \$44.8 billion was concentrated in the European Union), an increase of 15% compared to 2019.

To improve the sustainable production and sourcing of spices, a group of companies and organisations formed the Sustainable Spice Initiative, a conglomerate that aims to implement sustainable practices in the sector. Its end goal is

to create a fully sustainable operation within the sector. Several pepper suppliers in developing countries are members of this initiative.<sup>20</sup> These companies are making additional efforts to support sustainable production, including promoting organic production, food safety investments, and farmer support.

Market leaders are investing in sustainability not only to improve their image, but also to reduce costs, shorten supply chains, and comply with European regulations.

Important sustainability issues in pepper production involve the use of soil fertilisers, irrigation water, and pesticide residues.



## 2 Health and well-being

Apart from its traditional use as a spice, pepper is used as a quality food supplement. This can offer opportunities in Europe as the consumption of food supplements is rapidly increasing on the continent, especially since the Covid-19 outbreak.

Here is a non-exhaustive list of pepper uses as food supplements:

- Food supplements enhancer:** Its active component - the piperine - allows better absorption of other supplements by the human body. Pepper is often combined with another trendy spice: curcuma. When curcuma is ingested alone, a significant quantity of it is not used by the human body and is lost. Combining it with piperine mitigates this loss. Other components, such as minerals, amino acids, and vitamins are also better absorbed when combined with piperine.
- Essential oil:** Pepper essential oil is used as an ingredient in perfumes and massage oils. It is known for relieving stress, improving blood circulation, and helping relieve symptoms related to arthritis and rheumatism.
- Shampoo ingredient:** Piperine in shampoo enhances hair growth, helps fight dandruff, improves scalp circulation, and prevents grey hair.

## 3 Home cooking

As a result of Covid-19, Europeans spent more time at home and started cooking on a more regular basis. Home cooking became popular in Europe again and with it the interest in exotic and high-value spices. It’s a return to the idea of “food for pleasure”, and this shift benefits exotic products.

## 4 Convenience food

Opposed to home cooking, convenience food is also experiencing a boost within the European market. As ready-to-eat meals become more popular, the food industry increasingly needs spices, including pepper.

Table 4: List of successful pepper companies you could be inspired by

Company	Background	Website
	<p>Khmer Organic Cooperative was established in 2014 to promote regenerative agriculture and to provide organic, locally grown food to consumers in Cambodia. They work along the whole agricultural supply chain from farm gate to markets. In cooperation with various stakeholders and development partners they promote sustainable agriculture and support small-holder farmers and farmer communities. Khmer Organic Cooperative’s exporting efforts are focused on premium Cambodian products.</p> <p>Highest grade pepper is sourced from Kampot province producers. Kampot pepper is an exceptional quality product with its specialty processing and distinctive flavor. Black, red, white and green pepper varieties are on offer for export markets. Carefully cultivated by local farmers, Khmer Organic Pepper is sustainably grown without the usage of pesticides or herbicides. Preserving the intense taste and unique history through careful cultivation and minimal processing.</p>	<p><a href="https://khmer-organic.com/">https://khmer-organic.com/</a></p>
	<p>Created in 2013, La Plantation, a family-owned project, produces, selects, processes, and exports the best quality spices and herbs from Cambodia.</p>	<p><a href="https://kampotpepper.com/en/">https://kampotpepper.com/en/</a></p>
	<p>Engaged in sustainable rural development, Confirel has developed numerous brands and product lines including palm sugar, Kampot pepper, herbal teas, mango (dried, puree, chips, and more), as well as vinegar, palm wines and spirits, candy, and more.</p>	<p><a href="https://www.confirel.com/en">https://www.confirel.com/en</a></p>
	<p>Specializes in both organic and conventional pepper products. It operates a pepper processing plant in the Cambodian province of Tbong Khmum, equipped with high-end facilities and an in-house laboratory. Certified with BRC, ISO 22000:2015, ISO 14001:2015, Organic (EU, USDA, and JAS), Halal and OU Kosher. The company works closely with 600 farmers who follow with Good Agricultural Practices (GAP) and organic standard.</p>	<p><a href="http://www.selapepper.com">www.selapepper.com</a></p>





MAU Cambodian Spices and Fruits, the mother company to The Pepper Hill farm produces and supplies certified-organic Kampot Pepper and collaborates with Kampot Pepper farms where quality enhancement, climate-smart agriculture techniques, and risk reduction through diversification is promoted.

<https://www.facebook.com/thepepperhill>



Pepper Bay is a Kampot pepper and spice producer merging traditional cultivation methods and ancestral know-how with modern quality standards. To prevent damage to the peppercorns and to ensure unrivaled flavor, a significant part of the production process is done by hand. Kampot pepper is therefore not only the rarest, but it is also the most controlled pepper in the world.

<https://www.facebook.com/pepperbaykampot>

### Sothy's Pepper Farm

For a century considered a unique product and since 2010 recognized by WTO with the Protected Geographical Indication seal due to its unique climatic conditions and territory. As a member of the Kampot Pepper Promotion Association, Sothy's Pepper Farm vouches for a chemical-free production and processing process of pepper as well as the natural soil the pepper is grown on.

<http://mykampotpepper.asia/>



Sindora was launched in 2015 with the mission to restore the ecosystem and create a forest conservatory on 10ha of degraded land in Kampot that was a previously dense forest. The sale of Sindora's premium pepper is meant to fund the ecosystem restoration project, all sales are therefore at the service of the project.

<https://www.sindora-kampot-pepper.net/>



KCCV is one of Cambodia's main fruit, vegetable, and spice producer, servicing many national supermarket chains and exporters to Asian markets. KCCV refrains from using any chemical or toxic substances on their farms to maintain the soil as organic as possible, and opt for natural pepper production methods to minimize their carbon footprint.

<https://bit.ly/3b20S2x>

## IV Requirements

All foodstuffs sold in the European Union, including imported products, must be proven safe. Harmful contaminants, such as pesticide residue, salmonella, and excessive amounts of preservatives or mycotoxins are strictly banned. Allergens should be clearly visible on labels.

Combining food certifications with reliable laboratory tests greatly helps to create a positive image for pepper exporters to Europe.

### 1 Legal requirements

#### A. Tariffs and rules of origin

The rules of origin determine the origin of goods, or their place of production and/or manufacture.

Cambodia is part of the EU's Generalized Scheme of Preferences, which aims to help developing countries increase their exports.

**Cambodia enjoys the following preferential origin rules:**

- 0% tariff - if imported directly
- 5.8% - if imported through a third country

**To benefit from a 0% tariff, the product must:**

- Be wholly obtained and originate from Cambodia.
- Its sugar weight must not exceed 40% of the final product weight.

#### B. Value-added tax

Pepper imports are subject to a 7% value-added tax when entering the European Union.

#### C. Official border control for black pepper imported to the European Union

Official food control tests can occur at any time, from the moment of import to any stage of marketing. In situations of non-compliance with the European Food Legislation <sup>21</sup>, individual cases are reported through the Rapid Alert System for Food and Feed (RASFF) <sup>22</sup>, which can be consulted at any time by the general public.

It is important to know that special import conditions – or even a full import ban - can be levied on countries that repeatedly do not comply with the European Food Legislation. These strict conditions include laboratory test results for a certain percentage of shipments from specified countries.

For instance, 50% of all pepper shipments from Brazil to the EU are under strict import control<sup>23</sup>.

#### D. Contaminants control

Contaminants in food are undesirable and hazardous chemicals that can make people sick. These compounds can be found in food as a result of various stages of manufacture, packing, transportation, or storage.

To reduce pollutants in food, the European Union imposes strict regulations by establishing limits for specific pollutants.



- Find the European Commission Regulation here: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02006R1881-20210831>
- For concrete values on certain contaminants, you may also check the list in the ANNEX of the EU regulation [e.g., aflatoxin in dried fruits, point 2.1.5.] <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32006R1881&from=EN>

The most common contaminants in pepper are usually related to microbiological contamination with foreign bodies, mycotoxins, pesticide residues, and salmonella.

Heat treatment or fumigation may be recommended [you must avoid using ethylene oxide (ETO)].<sup>24</sup>

For the control of contaminants in black pepper, only use the services of laboratories that are ISO/IEC 17025 accredited.

## E. Contamination with foreign bodies

This is one of the biggest food safety issues that pepper faces when entering Europe. It is crucial to verify the cleanliness of your product prior to exporting. Commonly found foreign bodies in pepper include metal particles from machinery, glass, mud, sand, insects, and excreta of animals. Extraneous substances such as leaves and dried stems are also sometimes found.

As no official limit exists for foreign bodies in pepper shipments to Europe, it is common among buyers to either follow the American Spice Trade Association<sup>25</sup> requirements or impose their own.

The European Spice Association<sup>26</sup> forbids any foreign objects greater than 2mm in diameter, while extraneous matter should weigh more than 1% of the product.

- You can find more detailed information on the European Spice Association's Quality Minima Document: <https://www.esa-spices.org/index-esa.html/publications-esa>

## F. Mycotoxins

Black pepper is sometimes banned due to high levels of mycotoxins (aflatoxins and ochratoxin A).

- Aflatoxin level must be below 5 µg/kg for aflatoxin B1 and 10 µg/kg for the aflatoxin content [B1, B2, G1 and G2].
- The maximum level of allowable ochratoxin is 15 µg/kg.

To prevent the risks of mycotoxins, keep your drying below 12% moisture and store/transport your products in low-humidity environments.

## G. Pesticides residues

Maximum residue levels (MRLs) for pesticides in food products have been established by the European Union. If your product includes illegal pesticide residues or higher levels of pesticide residues than permitted, it will be removed from the European market. Testing of samples is often conducted by both government and non-governmental organizations. If undesirable types or levels of residues are found, the offending business is typically publicly shamed and suffers a loss of reputation.

The European Union provides a regularly updated list of pesticides approved for use in the EU. The European Commission passed 12 new laws in 2019, requiring adjustments to over 80 different pesticides.

The European Farm to Fork Strategy<sup>27</sup> aims to reduce the use of pesticides by 50% before 2030.

- List of pesticides: <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=celex:32011R0540>

## H. Irradiation

Although largely disliked by European consumers, irradiation as a sterilizer is authorized by the European Union. The process must be performed in approved facilities and be appropriately labelled.

Radioactivity contamination tests are increasingly demanded by buyers in Europe.

In practice, many buyers prefer to sterilise pepper once it arrives in Europe. European buyers favour heat sterilization over irradiation, as it is natural and chemical and radiation-free.

To learn more about basic regulations for laboratory tests related to radioactivity in pepper, read:

- Food irradiation legislation: [EUR-Lex - 01999L0002-20081211 - EN - EUR-Lex \[europa.eu\]](#)
- Maximum permitted levels of radioactive contamination: [EUR-Lex - 31987R3954 - EN \[europa.eu\]](#)
- European Commission's radiation protection legislation: [Radiation protection \[europa.eu\]](#)

## I. Product composition

European authorities and buyers will reject items that contain unauthorized, undeclared, or too high levels of extraneous matter.

Although anticaking agents can be used for ground pepper, food additives are not allowed in the production and trade of whole pepper.

- The Food Additives Regulation's Annex II contains a list of approved additives: <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1478597149803&uri=CELEX:02008R1333-20160525>



## J. Packaging and labelling requirements

Packaging should be prioritized when exporting to Europe and should protect the colour, flavour, and other characteristics of the product.

If you are interested in selling to the retail sector, your packaging should comply with the European Union's regulation on the provision of food information to consumers<sup>28</sup>. This regulation defines origin/nutrition/allergen labelling, as well as the minimum font size [1.2mm] for the display of such information. The language should be easy to understand for different consumers, which is why European items often display information on multiple languages.

The indication of origin should also clearly visible.

### Tips and useful readings

- Follow the Codex Alimentarius/Code of practice for the prevention and reduction of mycotoxins in spices: [https://www.fao.org/fao-who-codexalimentarius/sh-proxy/en/?lnk=1&url=https%253A%252F%252Fworkspace.fao.org%252Fsites%252Fcodex%252FStandards%252FCXC%2B78-2017%252FCXC\\_078e.pdf](https://www.fao.org/fao-who-codexalimentarius/sh-proxy/en/?lnk=1&url=https%253A%252F%252Fworkspace.fao.org%252Fsites%252Fcodex%252FStandards%252FCXC%2B78-2017%252FCXC_078e.pdf)
- Follow the Code of Hygienic Practice for Low-Moisture Foods: <https://www.fao.org/fao-who-codexalimentarius/codex-texts/codes-of-practice/en/>  
Steam sterilisation has proven to be effective in reducing mould presence and is favoured by European buyers, as it is natural, and free of chemicals and radiation.
- Read more about MRLs on the European Commission website: [Maximum Residue Levels \[europa.eu\]](https://ec.europa.eu/food/contaminants/mrls/).

## 2 Additional requirements buyers often have

### Quality requirements

There is no official quality standard for pepper in the EU. Thus, European pepper actors commonly use standards set by organisations such as the European Spice Association (ESA), the Codex Alimentarius Standard for Black, White and Green peppers,<sup>29</sup> the International Pepper Community (IPC) standard specifications for Black, White and Green pepper, as well as and the ISO specifications for black and white pepper.

Ordinarily, high-quality pepper should have a bulk density of 500–600g per litre.

This pepper must contain at least 3% piperine (contributing to the pungent taste) and 1.5% volatile oil (contributing to aroma).

The most common parameters for quality include:

- **Cleanliness or purity:** pepper must be free from foreign matters, foreign odours, diseases, and any other disorders. The European Spices Association proposes a maximum level of 1% of the weight for all spices.
- **Size of peppercorns:** Whole pepper is sorted by size, which influences the price of the product. The most detailed sizing classification was developed by Indian pepper producers, who use 10 categories to classify peppercorn size.
- **Piperine content:** According to the Codex Standard, piperine content in black pepper must be at least 2% for whole pepper and 3.5% for ground pepper. For white pepper, the content should be at least 3% for whole pepper and 4% for ground pepper.

However, buyers sometimes have higher expectations and may ask for higher piperine content.

- **Ash content:** According to the European Spice Association's Quality Minima Document<sup>30</sup>, the maximum content of total ash for white and green pepper is 3.5%, while it is 7% for black pepper. The acid-insoluble ash limit is set at 1.5% for black pepper and at 0.3% for white and green pepper.
- **Moisture content:** Although the maximum moisture content set by the ESA's Quality Minima Document is 13% for green pepper and 12% for black and white pepper, be aware that buyers may request a lower content, commonly around 7-11%.
- **Mesh or particle size:** When pepper is exported in powdered form, it is ground to pass through a sieve of a specific diameter. Sieves are often specified in micron sizes and typical requirements demand that 95% to 99.5% of ground pepper passes through the specific size of the sieve.
- **Volatile (essential) oils:** To enter the EU market, the minimum essential oil content should be 2ml/100g for black pepper, 1.5ml/100g for white pepper and 1ml/100g for green pepper.



Check the ISO standard 55641982 for the grading, handling, and packing of pepper.



## Packaging requirements

Polyethylene bags - often covered with paper bags or placed in carton boxes - is the favoured packaging for pepper exports to Europe. Although the size of packaging varies depending on the buyer, pepper is usually shipped in 25kg packages. The dimensions should conform to standard pallet sizes (800mm x 1,200mm and 1,000mm x 1,200mm).

Be aware that some European countries do not allow workers to lift packages weighing more than 20kg.

For retail exports, you should aim for packages weighing between 20g and 40g. Common packages include plastic bags, glass containers, and paper bags.

## Useful readings:

- To learn more about quality parameters, reference Appendix 2 of the Quality Minima Document: <https://www.esa-spices.org/index-esa.html/publications-esa>

# V Certifications and certifiers

## 1 General certifications

### Highly recommended certifications

Most of the mandatory requirements related to the import of pepper in Europe are related to food safety.

**HACCP** compliance is not mandatory, unlike compliance with EU regulations and laws, which is mandatory. An HACCP certification proves that you follow these rules. It is thus strongly advised to obtain an HACCP certification.

Most European buyers will ask for certifications recognized by the Global Food Safety Initiative [GFSI]. For pepper, the most common certification programs are:



International Featured Standards [IFS] [common in Germany]



British Retail Consortium Global Standards [BRCGS] [Common in the UK]



Food Safety System Certification [FSSC 22000]

Please note that this list is not exhaustive and food certification systems are constantly under development. Most food safety certification programs are based on existing ISO standards like ISO 22000.

ISO 22000 is a very good starting point while FSSC 22000 includes additional requirements and technical details concerning production. ISO 22000 can be easily upgraded to FSSC 22000, in many cases by the same certifier that provides the ISO certification.

## Useful readings:

- The General Food Law, legislative framework regulation for food safety in Europe: <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32002R0178>
- The European Food Safety Authority <https://www.efsa.europa.eu/en> [EFSA], in charge of developing particular food safety regulations and establishing frameworks for official food controls.



## 2 Organic certification

For an imported pepper to be sold as organic, it must meet standards equivalent to those of European products and be grown using organic production methods in accordance with European legislation. An audit conducted by an accredited certifier is mandatory before you display the EU organic logo on your products.

### Mandatory certification/certificate

- The EU Organic (EU Regulation EEC. No. 834/2007 of Organic Production) which regulates the production, processing, distribution, importation, and labelling of organic food and agricultural products, is mandatory.

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32007R0834&from=EN>

This regulation is completed with additional rules, specifically Regulation (EC) 889/2008):

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32008R0889>



**This regulation covers HACCP principles, which means you do not need to seek the HACCP certification if you already have the EU Organic certification.**

**The Electronic Certificate of Inspection (eCOI), issued by your certifier in the supplying country and registered in the TRACES system, is mandatory for your products to be legally allowed in the EU.**

### Useful readings:

- Detailed rules concerning the import of organic products from third countries): <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32008R1235>
- You can find the full new legislation on organic products here: [https://ec.europa.eu/info/food-farming-fisheries/farming/organic-farming/future-organics\\_en](https://ec.europa.eu/info/food-farming-fisheries/farming/organic-farming/future-organics_en)

## 3 Sustainability certification

Sustainability is one of the biggest trends in Europe, especially since the EU established the European Green Deals<sup>31</sup> that include the Biodiversity Strategy<sup>32</sup> and the Farm to Fork Strategy<sup>33</sup>. Aspects relevant for pepper exported from Cambodia are the reduction of pesticide use, the increase of organic production, and switching to sustainable packaging materials.

Sustainability certifications focus on different aspects such as environmental protection and ethical behaviours towards farmers, employees, and animals. Some certificates deal with one aspect only while some cover a broader range of aspects.

The two most commonly used sustainability certification schemes are Fairtrade and Rainforest Alliance.

You can check Fairtrade's specific standard for herbs, herbal teas and spices here: SPO herbs, herbal teas, spices - [fairtrade.net]

This standard defines issues related to labour conditions, production and management practices, as well as traceability. According to this standard, a premium price of 15% over and above the negotiated price between producer and seller must be established.

### Examples of certifications:

- Reducing CO2 emission: Verified Carbon Standard, MyClimate, and the ICT Carbon Footprint Certification. These certification schemes usually follow standards for measuring greenhouse gas emissions such as ISO 14067.
- The preservation of forest resources: Rainforest Alliance, FSC, and the PEFC. These certification schemes are related to packaging materials.
- Bio-based and recyclable packaging – OK biobased, DIN-Geprüft bio-based, OK compost, RSB, and the Recycled Content Certification.
- Social and ethical impact (monitoring and auditing) - FairTrade, SMETA, Ethical Trading Initiative, amfori BSCI, BCorp, and Fair for Life.
- A wider range of environmental aspects – Cradle to Cradle, Planet Proof, ISO 14000. These include private schemes of European retailers such as ProPlanet (REWE) or Edeka Panda (Edeka).
- Organic and pesticide-free food – EU organic, KRAV, Naturland, Demeter, AB France, Soil Association, SCS Pesticide Free, and Zerya.

There are currently [as of October 2021] 28 fair-trade-certified pepper producers in India, Sri Lanka, Madagascar, Thailand, Vietnam, and Cameroon.<sup>34</sup>

### Tips:

- Use methods of analysis and sampling recommended by the ESA in Appendix 2 of the [Quality Minima Document](#) to determine quality parameters for pepper.
- Read more about payment and delivery terms in the [CBI Tips for organising your spices and herbs exports to Europe](#).



## 4 Main guidelines to get certified

- Find a buyer.
- Select a certification scheme that suits operational and EU requirements.
  - Make yourself familiar with the target market. Which certifications are required by your potential customers? Which may offer promising value-added prospects?
  - Determine the next steps. Assess the costs required to upgrade to such certification. [Price of the certification, modification of the production set up, future plans, etc]
  - To familiarise yourself with the standards, you can use this website:  
<https://standardsmap.org/en/identify>
  - The Standards Map provides online access to a wide range of information related to sustainability initiatives, standards, and trends, allowing businesses to pick the right certification or follow the right standards.
- Develop and implement the certification system requirements in your organization.
- Conduct an internal audit.
- Conduct a management review.
- Adjust according to the output of the internal audit and management review.
- Verify the corrective actions.
- Contact a certification body that has the accreditation to issue a valid certificate.
- Send an application to a certifying body [e.g., Control Union, Bureau Veritas] n]
- The application is reviewed by the certifying body.
- Preparation of the contract.
- Reviewing of the contract by the applicant.
- Sign and send back the contract to the certifying body.
- The certifying body officially registers the applicant as a ‘client’ and arranges the audit.

**Before the audit**

Some documents need to be supplied to the certifying body.











These documents are meant to provide a basic understanding of the company's operation and its current quality management system. This information will be verified during the onsite inspection.

**Factory audit**

Three components:

- Observation of the factory
- Worker interviews
- Documents check

Table 5: Potential certifiers in Cambodia

	<b>ControlUnion</b>
	<div> <div></div> <div>N°28, Street 288, Sangkat Olympic, Chamkarmon, 12312 Phnom Penh</div> </div> <div> <div></div> <div>+855 23 966 496</div> </div> <div> <div></div> <div>cambodia@controlunion.com</div> </div> <div> <div></div> <div><a href="https://www.petersoncontrolunion.com/en">https://www.petersoncontrolunion.com/en</a></div> </div>
	<b>Bureau Veritas</b>
	<div> <div></div> <div>#1186, St.371, Sangkat Steung Meanchey, Khan Meanchey, Phnom Penh, Cambodia.</div> </div> <div> <div></div> <div>+855 17 555 638 / +855 23 962 280</div> </div> <div> <div></div> <div>sreymarch.seng@vn.bureauveritas.com</div> </div> <div> <div></div> <div><a href="https://group.bureauveritas.com/">dwijenayaka@controlunion.com</a> <a href="https://group.bureauveritas.com/">https://group.bureauveritas.com/</a></div> </div>



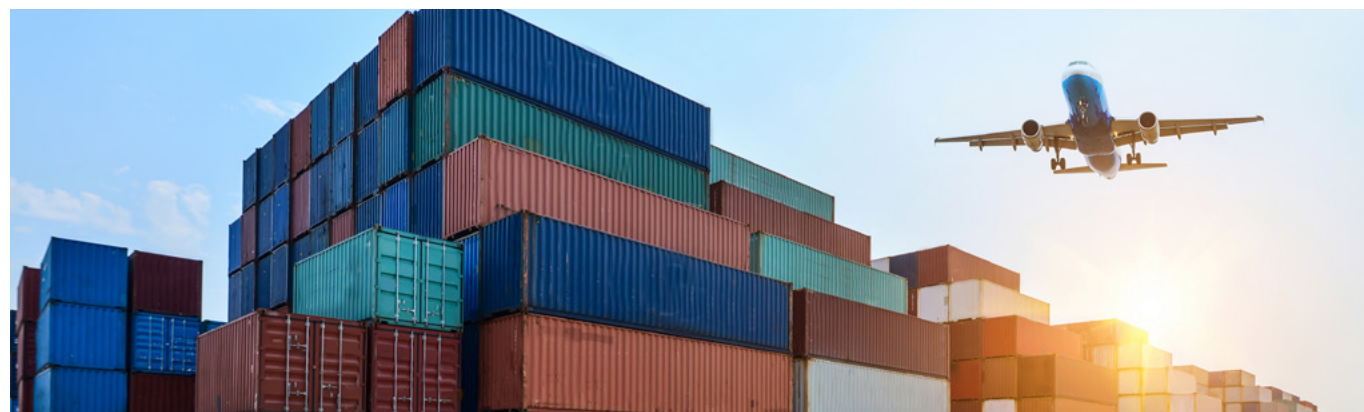
# VI Logistics

For pepper, transport is crucially important.

- It maintains your products in the best conditions (low moisture, etc)
- It influences your image (rapid or late delivery can result in the start of a long-lasting relationship or a loss of clients, respectively)
- It influences the price (logistics costs can represent up to 40% of your sales price)

When shipping pepper internationally, there are many different factors worth considering. Common issues related to the shipment of pepper from developing countries are:

- Pepper is not on the list of allergens, but peppercorns can sometimes come into contact with allergens (such as grains or nuts) during transportation and storage.
- Presence of mycotoxins. Storage and transport in a low-humidity atmosphere are strongly advised to decrease the risk of mycotoxin contamination of pepper.



## 1 Transport/incoterms

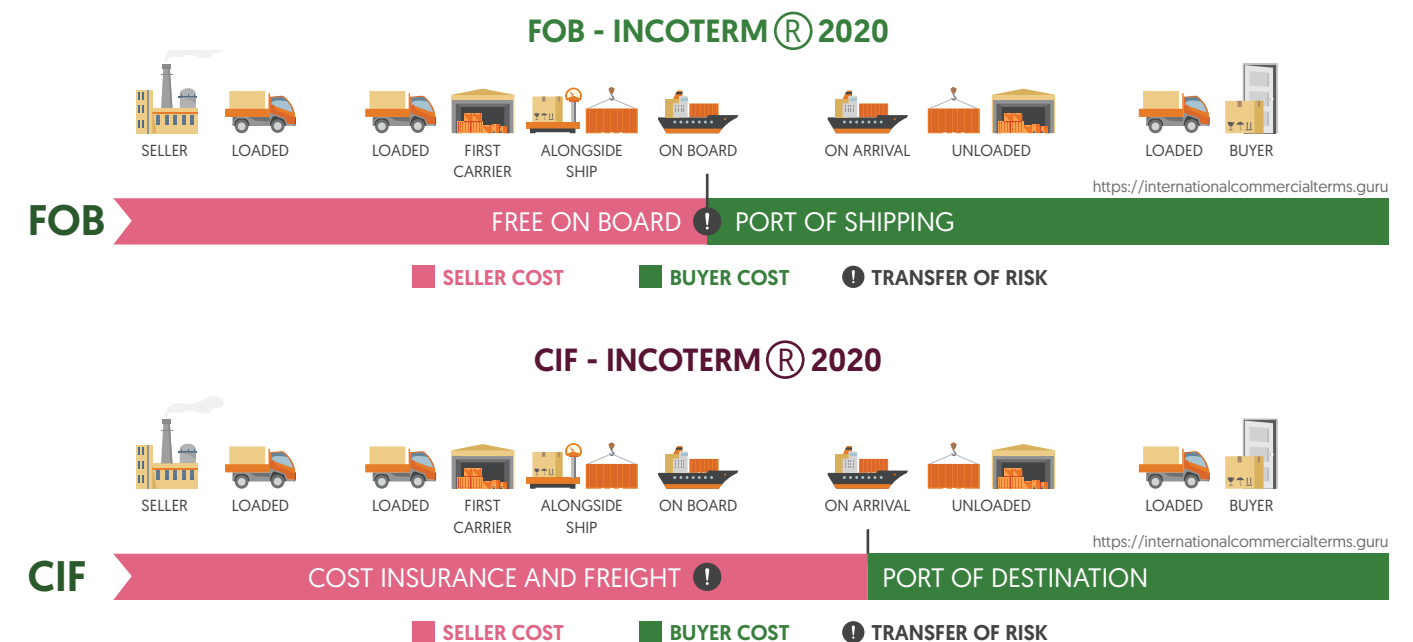
Incoterms (international commercial terms) are a system of international rules that govern international trade operations.

These rules define the distribution of costs, risks, and import and export formalities between the seller and the buyer in the process of

delivering goods. They allow each party to make the necessary arrangements related to their obligations. These obligations include insurance, costs (logistics, taxes, etc.) and formalities (regulatory, customs, etc.). Above all, it allows you to avoid disputes!

The most common incoterms are **FOB** and **CIF**.

- **FOB/Free on Board.** The seller must clear the goods through customs and deliver them on board a vessel designated by the buyer. The transfer of costs and risks takes place when the goods are on board the vessel at the port of departure.
- **CIF/Cost Insurance and Freight.** This incoterm requires the seller to conclude the contract of carriage on behalf of the buyer, but also to take out insurance on behalf of the buyer to cover the goods during carriage. Thus, the goods are transported at the buyer's risk. According to this procedure, there is a gap between the transfer of the expenses which takes place at the port of arrival and the transfer of the risks which take place at the port of departure. It is frequently used because it allows the exporter to provide a complete solution (customs clearance, transport, and insurance) without engaging its responsibility since it is the buyer who is responsible for the goods during transport.



## Important:

- CIF prices are higher than FOB prices
- FOB or CIF is negotiated between the buyer and seller
- Relations between producers and shipping companies and geostrategic locations often determine whether transactions are FOB or CIF
- It is recommended for companies to have both prices ready (FOB and CIF) when beginning to negotiate with buyers. Price is usually indicated per container loads.
- Usually, importers in Europe are happy to take over shipments at large ports.
- Large ports include Rotterdam, Hamburg, and Antwerp in continental Europe. Valencia and Genoa are large ports in the Mediterranean Sea.

## Useful reading

- For more information on incoterms: <https://www.velotrade.com/guides/what-is-incoterms-2020/#:~:text=Incoterms%202020%20formally%20define%20the,listing%20import%20and%20export%20requirements>



## 2 Logistics steps

Do your research to identify the right logistics provider for you. Competitive pricing, good services, reliability, and the ability to provide good insurance (if CIF) are essential components to a good partnership. It is crucial that you familiarize yourself with some basic information

before engaging with a potential buyer. How long does it take to ship to EU? What is the best route or port of destination for your target market? How about combined loads etc? Importers may have a lot of questions related to shipping options.

1. Do your research to identify the right logistics provider. Competitive pricing, good services, reliable, on time, and good insurance provider (if CIF) are essential.
2. Before negotiating with your buyer, be sure to have FOB and CIF quotations ready. You may request these quotations from your logistics provider.
3. Negotiate the terms of the shipment with the buyer: products, volume, frequency of shipments, delivery time, testing, and payment. Importers often start with small orders (just a few pallets) as they want to run a trial first.
4. Usual payment instalment: 50% with all documents ready and product ready to ship, the other 50% when the product is sold.
5. Do your homework before negotiating with the buyer. Know the common length of the logistics process, including how long it takes to produce one container load.
6. Understand the packaging. Good logistics depend on good packaging.
7. Arrange basic testing on anything relevant before shipping (maximum residue levels, contaminants, organic tests) to avoid liability issues and reinforce goodwill with the buyer.
8. Sign a contract with the buyer that includes payment and shipment terms.
9. Package the goods correctly (in compliance with EU law).
10. Send goods. You may have to track them. Be aware of when the product will arrive at the port of destination.

## Further reading

- For more information on incoterms: <https://www.velotrade.com/guides/what-is-incoterms-2020/>
- Learn more about delivery terms and payment in the CBI "Tips for organizing your spices and herbs exports to Europe": [8 tips for organising your spices and herbs export to Europe | CBI](#).

## 3 Freight forwarding companies

Table 6: List of freight forwarding companies present in Cambodia



### DHL Express

571, 575 Russian Federation Blvd. [110], Phnom Penh, Cambodia  
<http://www.dhl.com.kh/>



### World Bridge Group of Companies

The Bridge level 38, Village, No 14 National Assembly Street, Phnom Penh, Cambodia  
<https://www.worldbridge.com.kh/>



### DHL Global Forwarding

11th Floor, Heng Asia Building #22, Mao Tse Toung Boulevard [245], 12305, Cambodia  
<http://www.dhl.com.kh/>



### CFS Cam Freight Services Co., Ltd.

313 Street, 85c Phnom Penh, 12152, Cambodia  
<https://www.ups.com/kh/en/contact.page>



### UPS Express Cambodia

Camkocity R1, Camko Street Kongkeo Phos Village 2 Commune, Phnom Penh, Cambodia  
<https://www.ups.com/kh/en/contact.page>



### Maersk (Cambodia) Ltd.

No. 298, Mao Tse Toung [St. 245], Next to InterContinental Phnom Penh, Room 8A, Mao Tse Toung Boulevard [245], Phnom Penh, Cambodia  
<http://www.maerskline.com/>





## SRVC Freight Services Cambodia Co., Ltd.



Tuol Kouk District Hall, Phnom Penh 12150, Cambodia



<http://www.srv-cambodia.com/>



## DB Schenker (Cambodia) Limited



Ty Thai Heng Long Building, No. 78, 7th Floor, Mao Tse Toung Boulevard [245], Phnom Penh, Cambodia



[http://www.dbschenker.com.kh/log-kh-en/company/contact\\_us.html](http://www.dbschenker.com.kh/log-kh-en/company/contact_us.html)



## Swift Freight Logistics Limited



Plot 61, 570- St 331, Phnom Penh, Cambodia



<https://www.swiftfreightlogistics.com/>



## CSKHA LINES CO., LTD.



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<http://www.heung-a.com>

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