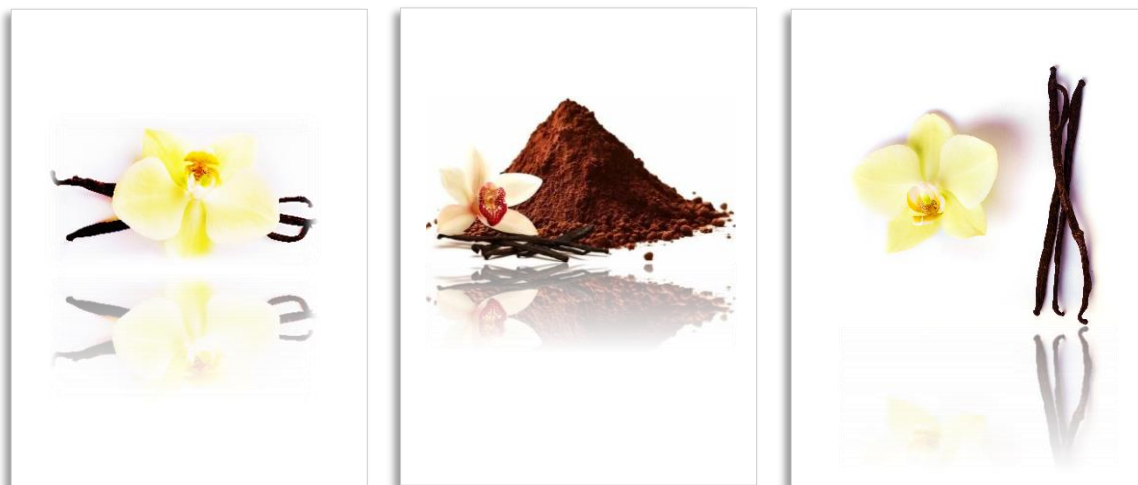


Product Focus

Vanilla - HS Code 0905.1000 & 0905.2000



Vanilla is a spice derived from orchids of the genus *Vanilla*, primarily obtained from pods of the Mexican species, flat-leaved vanilla.

There are two main types of vanilla on the international market:

- **Bourbon vanilla**, from *Vanilla planifolia* “Andrews”. This type is the most popular cultivated variety, mainly cultivated in Madagascar. *V. planifolia* is the same variety originating and growing in Mexico but has become synonymous with Madagascar. Bourbon vanilla is the preferred type of vanilla used in Europe, although vanilla extracts are also used.
- **Extract-grade vanilla, from** *Vanilla tahitensis*. This type is a weaker vanilla with “fruity, floral, and sweet flavours”, which is grown in Papua New Guinea and Indonesia. Extract-grade vanilla is used to produce vanilla extract, which is the main form used in the United States of America

Vanilla is normally sold in the following forms.

- **Whole or ground natural vanilla**, used as a spice. Vanilla is most commonly traded in pods (i.e. beans), but vanilla powder can also be found on the market.
- **Vanilla extract**, used as a flavour in the food industry and as a fragrance in the cosmetics industry.

OPPORTUNITIES

The table below highlights major importers regionally and internationally.

International Markets		Regional Markets	
✓ United States of America	✓ Poland	✓ Mauritius	✓ Congo, Democratic Republic of the
✓ France	✓ Japan	✓ South Africa	✓ Eswatini
✓ Germany	✓ Australia	✓ Morocco	
✓ Netherlands	✓ Italy	✓ Nigeria	
✓ Canada	✓ Denmark	✓ Uganda	
✓ Switzerland	✓ United Kingdom	✓ Comoros	
✓ Indonesia	✓ Belgium		
	✓ Czech Republic		

Source: ITC Trademap and ExportPotentialMap

USA, France and Germany are the leading importing countries of vanilla on the international market.

MARKET ANALYSIS

According to UN COMTRADE - Trademap statistics, COMESA's exports vanilla worth US\$526 thousand. The major export markets for COMESA include, France, Germany, Netherlands, Canada and Switzerland, among others.

The world's largest importers of this commodity group in 2019:

- ✓ USA - 44% of the world imports (\$525 million)
- ✓ France - 17.8% (\$209 million)
- ✓ Germany - 10.6% (\$125 million)
- ✓ Canada - 5.57% (\$65 million)
- ✓ Japan - 2.35% (\$27 million)
- ✓ Netherlands - 2.08% (\$24 million)

The world's largest exporters of this commodity group in 2019:

- ✓ Madagascar - 57% of the world exports (\$584 million)
- ✓ France - 9.71% (\$99 million)
- ✓ Germany - 6.9% (\$70 million)
- ✓ Indonesia - 6.79% (\$69 million)
- ✓ Canada - 6.42% (\$65 million)

Vanilla accounted for a substantial share of total exports for these countries:

- ✓ Madagascar - 21% of Madagascar's total exports in 2019 (\$584 million of \$2.68 billion)
- ✓ Comoros - 14.3% (\$7.03 million of \$49 million)
- ✓ Mauritius - 1.02% (\$19.2 million of \$1.87 billion)
- ✓ Indonesia - 0.041% (\$69 million of \$167 billion)
- ✓ France - 0.017% (\$99 million of \$556 billion)
- ✓ Canada - 0.014% (\$65 million of \$446 billion)

EXPORT POTENTIAL

In recent years, the COMESA countries which have been producing and exporting vanilla include:

Country		Potential & Existing Export Markets
1.	Madagascar	USA, France, Germany, Netherlands, Canada, Switzerland, India
2.	Comoros	Germany, France India, Canada, Netherlands
3.	Mauritius	USA, Australia, Denmark, France, India, Germany
4.	Uganda	Germany, USA, India, United Kingdom, South Africa

Source: ITC Trademap and ExportPotentialMap

MARKET ENTRY

Certification and the need to fulfil both legal and non-legal requirements pose major obstacles to producers and exporters entering the market. As an exporter you depend a lot on the quality control of your buyer.

PRICES

The global prices for vanilla are skyrocketing due to low global production and high demand. The average global market price for vanilla in May 2018 was between US\$ 600 and US\$ 700 per kg. It is not uncommon for the retail price of vanilla to be as high as €2.99 per gram (i.e. €2,990 per kilo). These prices are only paid for small consumer packages, typically containing only 1 pod.

LABELLING

Correct labelling is important for buyers. To this end, pay extra attention to the labelling of your product. For bulk vanilla, the following information is important:

- name of the product
- details of the manufacturer (name and address)
- batch number
- date of manufacture
- product grade
- producing country
- harvest date (month-year)
- net weight.

Other information that exporting and importing countries may require include the bar, producer and/or packager code, as well as any extra information that can be used in order to trace the product back to its origin.

PACKAGING

Vanilla beans are often subdivided according to their size (length) and then bundled, with each bundle containing some 70–100 beans and weighing between 150 and 200 grams. The bundles are then packed into waxed paper-lined tin boxes which hold between 20 and 40 bundles. The tins are in turn packed in cardboard boxes. As vanilla is very sensitive to moisture, packaging of vanilla must be handled with appropriate care.

Vacuum-packing is not good for the quality of vanilla when it is not yet completely dried. Many buyers will refuse to buy it. Vacuum-packaging vanilla that is sufficiently dried is less of an issue, although there will still be buyers unwilling to accept it.

QUALITY

Product quality is a key issue for buyers and includes food safety as well as product quality. The quality of vanilla is among other things determined by the pod length, which varies in the commercial product between 10 and 25 cm.

- ✓ Grade A, also called gourmet or prime quality, is a pod full of seeds with deep black coloration and moist, flexible pods. Grade A-1 beans have a deep, intoxicating aroma and have a moisture content of 30-35%. As this vanilla is visually attractive, it can be a feature ingredient in gourmet cuisine. Grade A-2 beans have a lower moisture content, ranging from 25% to 30%.
- ✓ Grade B, also called extract grade or manufacturing grade, is widely used in the food, beverage and flavour industries. The pods may be whole or split, with lower moisture (15–20%) than gourmet grades.

Further quality features preferred by most importers include vanillin content (minimum 2%) and moisture content in the range of 20% to 30%. Vanilla is graded in accordance with the relevant national standard of the producing country. In addition, ISO standard 5565-1:1999 provides some general guidelines on the grading, handling and packing of vanilla

Requirements

- ✓ **Food safety:** traceability, and hygiene is critical for market access
- ✓ **Mycotoxins contamination:** for vanilla, maximum levels of mycotoxins are set for aflatoxin (between 5 µg/kg for aflatoxin B1 and 10 µg/kg for the total aflatoxin content B1, B2, G1 and G2). For ochratoxin, the maximum level is 15 µg/kg.
- ✓ **Maximum residue levels of pesticides:** anthraquinone residues may be found in spices such as vanilla as a result of artificial drying with fire. The smoke contains anthraquinone, which can end up in the product if appropriate precautionary measures are not taken.
- ✓ **Microbiological contamination:** exporters must make sure that their products there is no salmonella
- ✓ **Food additives and adulteration:** spices and spice blends are rejected by custom authorities for containing undeclared, unauthorised or excessive levels of extraneous materials.
- ✓ **Maximum levels of polycyclic aromatic hydrocarbons:** contamination with PAHs stems from bad drying practices.
- ✓ **Irradiation:** this process is allowed but not commonly used, as consumers do not always accept such treatments.

STANDARDS

Environmental and social issues are becoming more and more important in the supply of Vanilla. Social and environmental certification schemes include actions aimed at sharply reducing and registering the use of pesticides, taking action to ensure the safety of employees and/or even including price guarantees.

Exporters are urged to comply with food quality and safety standards such as Global GAP, Fair Trade and Sustainable Agriculture Network:

- a) **GLOBAL G.A.P. Crops (*Global Good Agricultural Practice*)**: The standard is primarily designed to reassure consumers about how food is produced on the farm by minimising detrimental environmental impacts of farming operations, reducing the use of chemical inputs and ensuring a responsible approach to worker health and safety as well as animal welfare.
- b) **HACCP (*Hazard Analysis and Critical Control Points*)**: Requirements for the hygiene of food is laid down and states the general hygiene procedures for food at all stages of the production process from primary production to the world consumer ("*from-farm-to-fork approach*").
- c) **Fair Trade International**: An independent, non-governmental, not-for-profit organization that promotes sustainable development and poverty alleviation and sets the Fairtrade standards. One organization (FLO-CERT) is responsible for auditing and certification of compliance against the Fairtrade standards.
- d) **Sustainable Agriculture Network - Rainforest Alliance**: Network of conservation groups committed to community-based conservation initiatives and research. The certification program for SAN standards is operated by Rainforest Alliance.
- e) **BRC (*British Retail Consortium*)**: BRCGS' Standards guarantee the standardisation of quality, safety and operational criteria and ensure that manufacturers fulfil their legal obligations and provide protection for the end consumer. Certification to BRCGS' Standards is now often a fundamental requirement of leading retailers, manufacturers and food service organisations.
- f) **IFS (*International Food Standard*)**: The IFS comprise eight different food and non-food standards, covering the processes along the supply chain. However, IFS does not specify what these processes must look like but merely provides a risk-based assessment of them. The different standards are now used by manufacturers and retailers worldwide to meet new requirements for quality, transparency and efficiency resulting from globalisation.

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