

# 7 tips for organising your processed fruit and vegetables export to Europe

Finding a buyer who is satisfied with your offer is only half the battle when entering the European market. You still need to agree on delivery terms, sign a contract, pack your goods and organise transport to Europe. Although this may look like technical and easy work, it comes with many of its own challenges. The tips listed below give you short but practical information on how to deal with those challenges and on how to become an efficient, trustworthy and successful exporter of processed fruit and vegetables.

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## 1. Trust is important, but always make sure to secure your payment

Selecting the most suitable method of payment is a key factor in successful export sales. Whichever payment method you select, you should always sign a contract of sale before performing any international transaction. Basically, all methods of payment can be classified as either “clean” or “documentary”. In clean payments there are no extra security measures for advanced payment. In documentary payments, a different level of security is achieved by using banking systems and specific accompanying documents. The following methods of payment are used:

- Payment by cheque - this is the most insecure method of payment in international trade. You should avoid it. The main problem is that your bank can refuse to accept the check. Also, when sending the cheque through the international banking system, fees can mount up significantly, making this method very expensive and slow.
- Payment by bank draft – this is a physical document. It is hardly used anymore. It has been replaced by electronic bank transfer.
- Clean bank transfer – this is a well-known method. The importer pays you, using a banking system, commonly through SWIFT (Society for Worldwide Interbank Financial Telecommunication). It is a safe method only in the case of advance payment (when you get paid before shipping the goods).
- Clean collections – this involves sending financial documents such as bills of exchange or promissory notes through the banking system in order to collect payment from the importer. You should use this method only after establishing a certain level of trust with your buyer, because you can lose control over the goods before getting paid.
- Documentary collections – this method guarantees physical control of the goods before you get paid. Documents (such as invoices, shipping documents, insurance and the like) are transferred through the banking system. Importers can access the documents only when they comply with the instructions you sent to the collecting bank (Documents against Payment or Documents against Acceptance). This method guarantees physical control of the goods, but it does not guarantee that you will actually get paid in the end. If the importer does not pay you, you can return or store the products. Of course this is not an ideal situation.
- Letter of credit - Other than payment in advance, the Letter of Credit is considered the most secure method of payment for you. In this process, the buyer’s bank will only make the payment when the presentation of documents complies with the Letter of Credit conditions. For extra security, the seller can request the advising bank or another bank to confirm the Letter of Credit. In that case, the importer will get goods only

after payment. This is also a good way of checking the financial standing of the buyer, as the issuing bank will do a credit adequacy test before opening the Letter of Credit on behalf of the buyer.

Usually, long-term relationships are based on trust. Commonly, when making the first export shipments, you will require advanced payment and gradually move from the Letter of Credit, through documentary collections towards clean bank transfers. If you do not know your buyer, you should always insist on either advanced payment (to be paid before sending the goods) or Letter of Credit.

The main disadvantage of the Letter of Credit is that it can be costly. To overcome this problem you can offer the buyer to split the fees. For example, you can pay fees from your bank while the importer can pay fees to their (issuing) bank. Another problem faced by some developing countries is when their banking sector does not offer the possibility of using the “Letter of Credit”. You need correspondent banks for this process and some developing countries do not have them yet.

When trading with European buyers, you will sometimes come across importers pressuring you to use deferred payment. You can accept this condition if you use export insurance services. However, in order to protect suppliers from this (frequent) practice, the European Commission proposed a [new directive](#) to protect small and medium-sized suppliers in the food supply chain. This directive aims to protect farmers, processors, distributors, producer organisations as well as suppliers from outside the European Union.

### Tips:

Ask advice from the Chamber of Commerce to better understand the methods of payments. You can also purchase [several guides and practical documents](#) on trade finance from the International Chamber of Commerce (ICC). Alternatively, you can take part in [ICC online training](#) or [Export Academy's online training](#) on trade finance.

Check with your bank about the actual costs and procedures of the Letter of Credit. Although the Letter of Credit process may seem complicated, in reality the majority of activities are performed by banks and not directly by you. You would just need to follow instructions given by the banks and make sure that documents are correct.

Select a bank that is recognised in Europe and one that has daily experience in dealing with Letters of Credits. Ideally your bank and the bank of your buyer should be part of the subsidiary network of the same bank.

Establish a clear set of Letter of Credit Instructions tailored to your business model and send it to your potential buyers before signing a contract. This will speed up the time of opening a Letter of Credit for buyers. It will also refer you from adding unnecessary terms and conditions.

Use the support of Trade Facilitation Programs by international development banks. Examples are the [EBRD Trade Finance Program](#) or the [IFC Global Trade Finance Program](#) or the [Asian Development Bank's Trade Finance Program](#). Those programmes offer guarantees to cover the costs of transactions. You can access this network through selected local banks in your country. These banks have to be members of those particular programs.

## 2. Do not take risk - insure your export and increase competitiveness

Export involves a lot of different risks such as payment, risk of damage and theft, currency fluctuations, political risks (such as a ban on the import of specific products) and the like. Therefore, it is recommended to ensure your payment and your goods, especially if the contract involves larger volumes and values.

For the export of processed fruit and vegetables, export credit insurance is among the most common insurances. One particular advantage of export credit insurance is that it does not only secure your export but also increases your competitiveness. As many European buyers ask for deferred payment, export insurance services can ensure you actually receive your payment. Allowing you to offer deferred payment can greatly increase your competitiveness.

Export credit agencies (ECAs) are responsible for the insurance. There are many of them with an international network of offices. They are often privately owned, but they can also be governmentally owned. Some export credit agencies are established by governments in order to increase general competitiveness of country exports. You should search for one in your country.

If you want to offer deferred payment to some potential buyers, you can ask selected ECAs for support. This is usually done in the following way:

- You submit the request for credit insurance with the necessary documents to an ECA
- The ECA sends an indicative offer to you
- If you agree with the indicative offer, the ECA orders credit reports for all buyers, which you would like to offer deferred payment terms to
- The responsible department at AOFI analyses the buyers' creditworthiness and sets the credit limits
- The ECA delivers the final offer to you, after which, if you accept, the insurance policy is signed.

The added value of this procedure is that you also learn a lot about your buyers and gain insight into their solvency and creditworthiness. For processed fruit and vegetables, due to nature itself and the seasonal nature of the goods, a short-term insurance (repayment period up to one year) is recommended.

The ECA will give details of the risks covered by the policy, which is normally related to events of non-payment by the buyer. The important thing to note is that they will not pay out under disputes between buyer and seller, until the dispute is settled in the sellers favour. Trade credit insurance only provides protection for bankruptcy of the obligor. Also, becoming insolvent can be very different than "failure to pay".

Aside from ensuring the payment, you can also ensure your products. A shipment insurance is used to protect your shipment of products throughout the entire journey from you to your customer. The risks that are covered typically include theft, damage due to heavy weather, damage due to problems with a vessel and the like. You and the importer will have to agree on who is responsible for the insurance and this is specified in [Incoterms](#) (technically required only under CIP/CIF terms). You are advised to agree this type of insurance with your buyer. In this type of insurance, two types of documents are used: Insurance Policy and a Certificate of Insurance.

Other types of insurances provided by an ECA include the issue of guarantees (for companies willing to apply to international tenders) and short term financing or factoring.

### **Tips:**

Find reliable export credit agencies and companies, which are part of a larger network, to insure your shipments. One of the best places to search is the [list of members](#) of the Berne Union.

Ask export credit agencies to give you an offer for the solvency report of your targeted buyers. This will not give you payment guarantees, but you will have a clearer picture of the company you want to make a deal with. In some countries basic data (such as annual turnover and basic balance sheets) are available free of charge. By having more insights, you may decide to work with some clients without credit insurance.

Read more about [insurance covering](#) risks related to export credit agencies.

Ask for advice from experienced exporters about particularities of working with export credit agencies.

### 3. Include customs procedures in your cost and time calculation

Importers, agents or customs brokers are responsible for taking the processed fruit and vegetables through European customs. Although you, as the exporter, are not usually directly involved in this process, it is extremely important to be in touch with the transporter and importer and provide all necessary documents and further support. Only in cases when exporter uses “delivery duty paid” (DDP) will full customs clearance be the exporter’s responsibility. In most cases it is not recommendable to use DDP.

Generally, customs procedures follow these three steps:

- Customs pre-alert: processed fruit and vegetables entering the European Union must be “pre-alerted”. This pre-alert is submitted electronically, normally by the carrier or freight forwarder carrying the goods. This is usually done between 2 and 24 hours before the arrival of the goods.
- Inspection and control: this step involves a documentation check and the physical examination of goods.
- Customs decides about further action: accept the goods for free trade within the European Union, allow movement into the free zone, allow re-export outside of the European Union, destroy the goods or refuse the goods.

When processed fruit and vegetables arrive in the European Union, they are inspected and checked by customs authorities. Apart from examining the export documents, examination can involve taking samples for analysis in the customs laboratory. In case of non-compliance with the European Union food safety rules, the product will be rejected and, in some cases, customs authorities may require the physical destruction of the goods.

Rejection of the goods may mean a great profit loss for the developing country exporter. Therefore, it is extremely important to properly check your processed fruit and vegetables before exporting them, and this includes having them tested in a laboratory. To find more about specific tests or requirements that are relevant for processed fruit and vegetables, read our [study about buyer requirements](#).

Another important aspect related to customs is the proof of origin of goods. Most processed fruit and vegetables imported from developing countries are imported with lower customs duty or duty free. This is because within the European Union the [Generalised System of Preferences](#) (GSP) is guaranteed to developing countries. In addition to GSP, the European Union has a number of specific free trade agreements with different developing countries. In more than 90% of the cases concerning processed fruit and vegetables, imports from developing countries are duty free.

#### Tips:

Read the Guidance Document on [Customs Formalities on Entry and Import](#) into the European Union to become familiar with the [Union Customs Code](#).

Use the [Market Access Map](#) to analyse potential competitive advantages based on applied tariffs for your country and other countries. You can learn how to use “compare” and other functions from [instructional MacMap videos](#).

Get specific information about the procedures and rules for obtaining a certificate of origin (either Form A or EUR 1 certificate) in your country. According to the type of trade agreement between your country and the European Union specific rules apply. For example, if you are selling a mix of frozen vegetables, your certificate of origin will usually be based on a proof that at least 50% (or more, depending on the trade agreement) of value of this mixture is produced within your country.

Check possible additional costs if your country is on the list of [stricter import conditions](#) for specific products. Those usually include obligatory payments for specific laboratory tests for a certain percentage of shipments. For example, if 50% of exported peanuts must be border controlled, in practice, samples of every second container (or track) from a specified country are taken for analysis. Those laboratory costs are usually paid by the exporter.

Consult your freight forwarder or customs agent about export documents and customs procedures issues. You can search for the agent on the website of the [European Freight Forwarders Association](#) or the [International Forwarding Association](#). Also you can search for national associations through the website of the [European Association for Forwarding, Transport, Logistics and Customs Services](#). Alternatively, you can search for the relevant association in your country through the [International Federation of Freight Forwarders Associations](#) website.

## 4. Select the best transport and logistics options

For processed fruit and vegetables, transport is of extreme importance as it keeps the products in the right condition (for example frozen products), it influences your image (for example late delivery can result in a loss of a client) and influences the price (20-40% share of the sales price are logistic costs).

More than 90% of processed fruit and vegetables are imported into the European Union from developing countries via marine transport. However, in some cases (for example imports of frozen berries from eastern European countries), road transport is used too. In rare cases of smaller volumes but high prices, air transport is used as well. Examples for air transport include the transport of so called “superfoods” such as maca (Peru), cordyceps (China) or ashwagandha (India).

For overseas transport, the basic movement of the container consist of loading on a train, transport to the port, unloading from the train, inspection and loading onto the ship (stowing). If the quantity of goods is less than one container, you can use a groupage service, which is offered by many companies. They arrange goods in such a way that the container can be shared by several companies.

The method of transport is also part of the Incoterms and therefore influences your decision about the price and contract you will offer. For example, if you are trading large quantities of goods, you can get better offers from transport and insurance companies. In this case the CIF price (Cost, Insurance and Freight) will usually be more competitive for you. Quoting CIF or CIP also generates more foreign exchange for you. If you have little export experience, it is safer to offer a price based on ExWorks or FOB only.

Transport documents are extremely important for you to check. These documents are issued by the nominated carrier or their agent. Check all details of the transport document and do not accept any “dirty” documents. A transport document is considered “dirty” when transport companies add a notation that they noticed defective packaging which can cause damage to the goods. Such transport documents do not give any guarantees that you will receive payment for the transaction.

One of the trends regarding transport and logistics, is the development of [blockchain technology](#) to reduce the costs of intermediaries. An example that illustrates supply chain complexity is when a simple shipment of refrigerated goods from East Africa to Europe can go through nearly 30 people and organisations, with more than 200 different interactions. Blockchain systems allows each stakeholder in the supply chain to view the progress of goods through the supply chain, monitor the container movement in real-time and to see the status of the customs documents.

In addition to tracking the goods, blockchain technology can encrypt important documentation (for example quantities, prices and contracts). This secures the agreements made and gives control in every step of the chain. This means that, if something goes wrong, somebody receives a wrong quantity, a price isn't paid, or an agreement isn't fulfilled it can easily be seen by the blockchain.

## Tips:

Go to the websites of the [Transport Information Service](#) and [Container Handbook](#) for information on safe storage and transport of processed fruit and vegetables. You can also find specific advice on [how to secure cargo for road transport](#) in the European best practice guidelines.

Check the website of the [European Logistics Association](#) (ELA) to network with different operators within Europe. ELA also offers training on different topics, such as logistics, transportation or warehousing. You can also participate in ELA [events](#).

Take your time when selecting a logistics company. Send your request for proposal to many operators and be as specific with your questions as possible. After you make a short list, make your selection and sign a detailed contract. Your contract needs to involve points such as responsibilities, how damaged goods are dealt with, price changes and compensation.

Find the [list of quality certified ship agents and brokers](#) on the website of FONASBA.

Monitor the developments of blockchain application in international transport and logistics from companies such as [Maersk](#), [Zim](#) or [Accenture](#).

## 5. Ensure safe and cost-effective packaging

Optimal export packaging is one of the fundamental aspects in the trade of processed fruit and vegetables. Packaging used for processed fruit and vegetables must:

- Protect the quality characteristics of the product and its look, feel and smell.
- Protect the product from bacteriological and other contamination (including contamination from the packaging material itself).
- Protect the product from moisture loss, dehydration and, where appropriate, leakage.
- Not pass on to the product any odour, taste, colour or other foreign characteristics.

There are many different materials and forms used for export packaging of processed fruit and vegetables. You can find photos of several types of packaging in [our product specific studies](#). Some of the most common options for bulk packaging are the following:

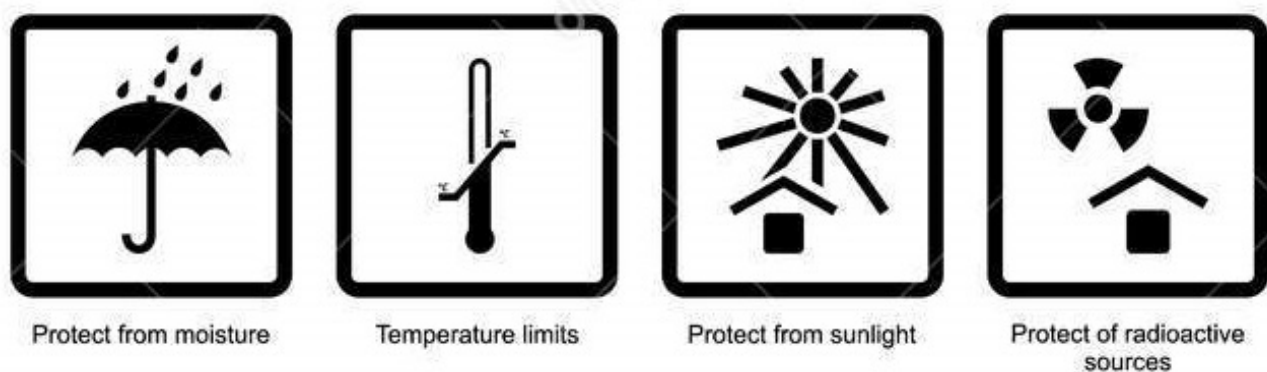
- Dried fruit is often packed in plastic liners placed in carton boxes.
- Shelled nuts are mostly packed into plastic bags. Usually those bags are vacuum-sealed and rectangularly shaped in order to better fit on the pallets and containers.
- Unshelled nuts (such as walnuts, peanuts or hazelnuts) can be packed in jute bags, linen fabric bags or polysack bags. Other materials may include tinplate cans or paper bags.
- Frozen fruit and vegetables are usually packed in polyethylene bags or cardboard boxes lined with foil. Individually quick-frozen products (IQF) are commonly packed into the foil-lined carton boxes while other forms (blocks, crumbles and the like) are often packed into plastic bags.
- Juices and purees are packed in very specific packaging, the most common is “bag-in-a-drum”. For foodservice clients, a similar option is “Bag-in-a-box”. New packaging solutions include bulk intermediate containers constructed from steel. Also, in some cases, juices and purees (not aimed for immediate consumption) are transported directly in truck tankers (volumes up to 25 thousand litres).
- Jams and marmalades are packed in glass jars only in cases when they are aimed for direct sales to retail. However, they are often bulk packed in similar way to purees using the “bag-in-drum” method.
- Canned and preserved fruit and vegetables are most often packed in aluminium cans. Other types of packaging are also used, such as jars, cardboard boxes and pouches. Canned products are the only exception in the processed fruit and vegetables category as they are more often packed in retail containers for international trade. Table olives may be the exception where still the majority of the volumes are traded in bulk, using plastic barrels.



The European Union has announced the introduction of new legislation concerning plastic packaging, mandating Member States to collect 90% of their plastic throw-away bottles in 2029. Also, some single-use plastics will already be banned from 2021 and the use of other types will be restricted. Items on the banned list include oxo-degradable plastic and expanded polystyrene take-away food and drink containers. By 2030, all bottles in the European Union must be made from at least 30% recycled materials. You must be aware of those requests and adapt to new export packaging materials on time.

On the completion of packing and labelling, you must prepare a packing list. A packing list is an essential document that it is needed for customs procedures. It will be used by carriers, cargo handlers, warehouses and customers. A packing list states the following particulars for each package: marks, numbers, gross weight in kg, net weight in kg, dimensions in cm, volume and content description. This list also gives the total number of packages and the total gross weight and volume. Depending on the product, certain internationally accepted marks are put on the outside of the packaging. A few examples relevant for processed fruit and vegetables are given in Figure 1.

Figure 1: Examples of marks used on the packaging for processed fruit and vegetables



Bear in mind that packed goods must be within the limits of size and weight established by the carrier. The majority of the European traders prefer to use pallets with 1,200x800mm dimensions (Euro Pallets). In order to avoid pallets overturning, you must ensure the cargo is well stabilised. The maximum recommended height of a cargo unit is about 1.7m. Also, pay attention to the types of forklifts you are using. Electric forklifts are recommended when dealing with food, in order to avoid contamination that might be caused by fuel-powered forklifts.

Aside from its protective properties, size and weight also influence the cost of transport. Packing and handling costs are reflected into the final cost of the product. Fully utilising the container can create significant savings in packaging costs. It is important to emphasise that the time of loading and unloading the containerised goods from a vessel can be reduced by 20-25% if the port has appropriate facilities.

### Tips:

If you are organising your first shipment to Europe, work with an intermediary company that has experience in packaging processed fruit and vegetables for export. Big export companies have staff specialised in packaging techniques. A good packaging specialist can save his company a lot of money if there is a sufficiently large volume of exports.

Check computer programmes that allow you to calculate and design packaging as well as plan the best arrangement of the goods inside containers and trucks. Examples are: [ShipHawk](#), [Cube Master](#), [Easy Cargo](#), [packVol](#) and [TOPS Pro](#).

Check instructions for shipping and storing of different types of processed fruit and vegetables on the website of [Transport Information Services](#).

Check specific packaging requirements for a variety of products on the [CBI product fact sheets](#) for

processed fruit and vegetables.

## 6. Make detailed contracts

Well-defined agreements in contracts will protect your business and give your buyers a sense of reliability and professionalism. Some buyers may be satisfied with only email exchange; however, even if your buyer does not want a contract, it is in your own interest to have one. Contracts or framework agreements act as a reminder and a record of what needs to be done. They also form the basis of legal proceedings, should either the supplier or buyer breach the agreements. Though not an easy process, contracts can be enforced in Europe.

There are many details that should be included in the contracts, but the main subjects are the following:

- Name and addresses of the parties.
- Product specification (following internationally accepted standards).
- Quantity (units of measure in both figures and in words).
- Total value specify the currency. State both the price per unit and the total. It is possible to agree on a price escalation clause, which ties the price to a certain exchange rate. In addition to this, it is possible to enter into a so-called SWAP transaction with banks for the purpose of a currency hedge.
- Type of payment such as advance payment or payment deadline.
- Terms of delivery state the delivery terms, based on one of the [Incoterms 2020](#).
- Taxes, duties and charges clarify responsibility for all taxes. The prices quoted by the seller may include taxes, duties, and charges. Levies in the country of import (if any) are the buyer's responsibility.
- Delivery specify the place of dispatch and delivery. Also state whether the period of delivery will run from the date of the contract, from the date of notification of the issue of an irrevocable Letter of Credit, or from the date of receipt of the notice of issuance of the import license by the seller.
- Packaging, labelling, and marking note all packaging, labelling and marking requirements in the contract.
- Terms of payment and payment security as explained in the chapter above.
- Insurance to protect the goods against loss, damage, or destruction during transportation. Specify the type of risks covered and the extent of the coverage.
- Documentary requirements such as the bill of exchange, commercial invoices and other invoices, bill of lading or airway bill, insurance policy and Letter of Credit.
- Protecting intellectual property clauses (if any) required under the sale.
- Force majeure or excuse for non-performance of contract: include provisions in the contract defining the circumstances that would relieve partners of their liability for non-performance of the contract.
- Remedial action as defaults in contractual obligations by any of the parties can occur. It is always advisable to include certain specific remedial actions. These remedial actions should reflect the mandatory provisions of the law applicable to the contract.
- Governing law since trade with foreign partners mostly involves two laws, it is possible to select one of them as the governing law.
- Place of jurisdiction foreign trade contracts usually include a provision on the place of jurisdiction. The place of jurisdiction defines which court is competent for a possible dispute between the parties.
- Arbitration as an alternative to legal proceedings before a general jurisdiction court, it is also possible to settle disputes between contracting parties before an arbitration court.
- Inclusion of general terms and conditions you may agree not to have them.
- Signature of the parties.

### Tips:

For your first contracts, ask the help of a lawyer who is experienced in international trade.

Be precise in the definition of your product specification. You can use a [general product specification](#)



[template](#) for food products. More specifically, make use of internationally recognised standards to better define your offer. Examples include standards of [Codex Alimentarius](#) or UNECE [Standards for Dried Fruit and Vegetables and Edible Nuts](#).

When claiming specific characteristics of the product, indicate international recognised testing methods such as those of the [International Standards Organisation](#). Those can be related to the moisture content for the specific product or to the way the presence of pathogenic microorganisms is tested.

## 7. Use assistance of support organisations when organising your export to Europe

There are many organisations where you can seek support, in your country as well as abroad. The section below lists the most relevant organisations for exporters of processed fruit and vegetables that can support you in the organisational and logistical issues related to export. Many of those organisations are already mentioned in the other chapters of this study, but the most recognised are the following:


- [International Nuts and Dried Fruit Council \(INC\)](#) – Aside from the international promotion of the consumption of nuts and dried fruit, the INC provides a lot of information concerning technical issues related to trade. For example, they publish [technical guides](#) for different products, including packaging, transport and storage guidelines. Also INC organises an e-learning academy covering many topics, including logistics or arbitration rules.
- [European Fruit Juice Association \(AIJN\)](#) – Representing the voice of the European juice industry, AIJN provides useful information for its members, including codes of practice and guidelines.
- [International Trade Centre \(ITC\)](#) is a development agency for sustainable trade with publications such as [How to Access Trade Finance](#), [Model Contracts for Small Firms](#) and the [SME Trade Academy](#) that provides online courses (some are free of charge), including international transport and logistics.
- [EU Trade Helpdesk](#) is a guide to import rules and taxes to the market of the European Union.
- [International Chamber of Commerce \(ICC\)](#) has worldwide offices and offers arbitration, export learning tools and information about incoterms.
- Your own Chamber of Commerce can provide you with advice and information. They usually have staff specialised in dealing with certain issues such as transport, trade agreements and legal issues.


Read CBI's [Tips for Finding Buyers](#) and [Tips for Doing Business](#), these can help you further understand how to enter the European market and provide insights on how European buyers think.


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