

Entering the European market for dried chillies

Food safety certification combined with reliable and frequent laboratory tests creates a positive image for dried chilli exporters to Europe. Sustainable production and implementation of corporate social responsibility standards will provide additional advantages for emerging suppliers. The strongest competitor to new dried chilli suppliers is China. Chinese companies are combining price competitiveness with investment into safe and high-quality production.

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1. What requirements should dried chillies comply with to be allowed on the European market?

In addition to the quality requirements mentioned in the section below, please refer to our study about [buyer requirements for spices and herbs](#) for a general overview of buyer requirements in Europe.

What are mandatory requirements?

All foods, including dried chillies, sold in the European Union must be safe. This applies to imported products as well. Additives must be approved. Harmful contaminants, such as pesticide residues, and excessive levels of mycotoxins or preservatives are banned. It should also be readily obvious from the labelling whether a food contains allergens.

Official border control for dried chillies imported to the European Union

Official food controls include regular inspections that can be carried out at import or at all further stages of marketing. In case of non-compliance with the [European food legislation](#), individual cases are reported through the [Rapid Alert System for Food and Feeds](#) (RASFF), which is freely accessible for the general public.

You should be aware that repeated non-compliance with the European food legislation by a particular country may lead to special import conditions or even suspension of imports from that country. Those stricter conditions include laboratory test results for a certain percentage of shipments from specified countries. Dried chillies are often subject to increased border control for countries failing to comply with the EU food safety requirements.

Since June 2019, dried chillies and dried sweet peppers from the following countries are under [stricter import control](#):

- India – according to regulation on [special import conditions](#) 20% of all shipments of dried chillies must be officially tested at the border for the presence of aflatoxins. Additionally, all dried chilli shipments should be accompanied by a health certificate stating that the products have been sampled and analysed for the presence of aflatoxins and have been found compliant with the EU legislation.
- China – 20% of all shipments of dried sweet peppers must be officially tested for the presence of Salmonella
- Sri Lanka – 50% all shipments of dried chilli and sweet peppers must be officially tested for the presence of Aflatoxins

The European Parliament and Council adopted the [New Official Controls Regulation](#) which will enter into application in December 2019. The New Official Controls Regulation will extend its scope to organic products. Exporters from third countries will use the single standard Common Health Entry Document for the prior notification of exports.

Contaminants control in dried chillies

The [European Commission Regulation](#) sets maximum levels for certain contaminants in food products. This regulation is frequently updated and apart from the limits set for general foodstuffs, there are a number of specific contaminant limits for specific products including dried chillies. The most common requirements regarding contaminants in dried chillies are related to the presence of pesticide residues, mycotoxins, heavy metals, microbiological organisms and food additives.

Mycotoxins

The Presence of mycotoxins (aflatoxins and ochratoxin A) is the main reason for banning dried chillies from the European market. According to the RASFF portal, dried chillies were banned from the EU market ten times due to the high presence of mycotoxins in 2018. Seven of those banned shipments were imported from India. The maximum level of aflatoxin for dried chillies must be 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.

Pesticides Residues

The European Union has set maximum residue levels (MRLs) for pesticides in and on food products. Products containing more pesticide residues than allowed will be withdrawn from the European market. However, excessive residues of pesticides are not very frequent in dried chillies trade. The European Union regularly publishes [a list of approved pesticides](#) that is authorised for use in the European Union. This list is frequently updated. One of the pesticides which was frequently found in dried chillies from India was insecticide profenofos.

Residues of anthraquinone may be found in smoked dried chillies capsicums 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 contaminants

The most common type of microbiological contamination and border rejection for dried chillies is the presence of Salmonella. Salmonella is usually transmitted to chillies by the irrigation with unsafe water, use of untreated manure as fertilizer and harvesting of chillies by dirty hands. Also, in some areas the drying process is often performed in the open air (often directly on the ground) which increases the risk of infestation with Salmonella by animals and birds.

Food additives

Buyers and European authorities can reject products if they have undeclared, unauthorised or too high levels of extraneous materials. There is specific legislation for [additives](#) (like colours, thickeners) and [flavourings](#) that list what E-numbers and substances are allowed to be used. Additives that are authorised are listed in Annex II to the [Food Additives Regulation](#).

The most often used types of food additives in the production of dried chillies are preservatives, colour enhancers (such as Sudan 1 dye) and anticaking agents (in chilli powders). However, keep in mind that European traders and consumers prefer dried chillies which are additive-free.

Tips:

Follow Codex Alimentarius [Code of practice for the prevention and reduction of mycotoxins in spices](#) and [Code of Hygienic Practice for Low-Moisture Foods](#). Steam sterilisation was proven to be effective in reducing the mould presence. Also, steam sterilisation is favoured by the European buyers as it is natural and chemical and radiation-free. Also it is important to store your dried chillies in dry conditions and to prevent excessive moisture accumulation.

For the control of contaminants in dried chillies use only services of laboratories which are [ISO/IEC 17025](#) accredited. Presence of aflatoxins must be tested according to the EU regulation on [methods of sampling and analysis for the official control of the levels of mycotoxins](#) in foodstuffs.

Read more about MRLs on the European Commission [website on Maximum Residue Levels](#). To be prepared for potential new changes in the MRLs, read the [Ongoing Reviews of MRLs in the European Union](#).

Check the [Rapid Alert System for Food and Feed \(RASFF\) database](#) for examples of dried chillies withdrawn from the market and the reasons behind these withdrawals.

What additional requirements do buyers often have?

Quality requirements

The minimum requirements for dried chillies are that they must be intact (if traded as a whole) and that they must be free from diseases, foreign matters and any other disorders. The maximum moisture content for crushed and ground dried chillies is set to 11%. The maximum moisture content for whole chillies varies depending on the commercial type of chillies from 9% (for De árbol chillies) to 13.5% (for Guajillo and Pasilla chillies) according to the [UNECE standard](#).

Quality of dried chillies is determined by several factors where some are subjective such as taste or flavour. Still, several quality product characteristics can be officially measured and included in product specifications. Those include:

- The intensity of colour is one of the most important determinants of the quality of dried chillies, especially for chilli powder. The colour of dried chillies is commonly expressed in units established by the [American Spice Trade Association](#) (ASTA). Most commonly colour is determined by standardised laboratory tests (such as [ISO 7541](#)) but also by the use of colour charts. It is commonly accepted by the industry that high-quality chilli powder should have ASTA unite value higher than 120.
- The hotness (pungency) of dried chillies is an important trade factor. The pungency of paprika powder is determined by its capsaicin content. If the capsaicin content is below 30 µg/g, dried paprika is not called chilli but sweet. The most preferred method of measuring capsaicin content is high-performance liquid chromatography (HPLC). The pungency level is expressed in [Scoville heat units](#) (SHU) and ranging from 900-3000 for mild chillies (such as ancho) to >100000 for extra hot chillies (such as habanero).
- The size of the individual flakes or powder particles is used to describe the physical appearance of dried crushed or ground chillies. The actual size of the powder or flakes is measured by micrometre or mesh count. The mesh count is the number of threads in each centimetre. Larger mesh size indicates smaller particles, while smaller mesh indicates a larger sized particle in the final product. The most common mesh of crushed flakes is between 5 and 8.

According to physical and chemical specifications crushed and ground dried chillies are typically classified into 4 quality categories. Whole dried chillies are classified into 3 quality categories where the size is set for 9 commercial types of chillies by the [UNECE standard](#). However, according to this standard, sizing of whole dried chilli peppers is mandatory only for 'Extra' Class and Class I.

Food safety certification

Although food safety certification is not obligatory under European legislation, it has become a must for almost all European food importers. Most established European importers will not work with you if you cannot provide some type of food safety certification proof as the basis for cooperation.

The majority of European buyers will ask for [Global Food Safety Initiative](#) (GFSI) recognised certification. For dried chillies, the most popular certification programmes are:

- [International Featured Standards \(IFS\)](#)
- [British Retail Consortium Global Standards \(BRCGS\)](#)
- [Food Safety System Certification \(FSSC 22000\)](#)

Please note that this list is not exhaustive and food certification systems are constantly developing. The majority of food safety certification programmes are based on existing ISO standards like [ISO 22000](#).

Although different food safety certification systems are based on similar principles, some buyers may prefer one specific management system. For example British buyers often require BRC, while IFS is more common for German retailers. Also note that food safety certification is only a basis to start exporting to Europe, but reliable buyers will usually visit your production facilities.

Corporate Social Responsibility

Companies have different requirements for corporate social responsibility. Some companies will require adherence to their code of conduct or the following of common standards including the Supplier Ethical Data Exchange ([SEDEX](#)), Ethical Trading Initiative ([ETI](#)) or Business Social Compliance Initiative code of conduct ([BSCI](#)).

Packaging requirements

Exported dried chillies are commonly exported in bulk and packaged in carton, jute or polypropylene bags. Polythene cannot be used, as the flavour components diffuse through it. The size of the bulk varies according to the buyer's requirements but usually vary between 3 and 40 kg but the most commonly 20 or 25 kg.

Dried chillies should be stored in dried and cool places, protected from the sun, heat, moisture, insects and other animals.

Labelling requirements

Each export package shall declare:

- Name of product, e.g. 'dried whole chilli peppers'
- Net weight in metric system
- Shelf life of the product
- Lot identification number
- Country of origin and name and address of the manufacturer, packer, distributor or importer

Lot identification and the name and address of the manufacturer, packer, distributor or importer may be replaced by an identification mark.

A label can also include details such as dried chilli variety name, brand, drying method, quality category or pungency.

In the case of retail packaging, product labelling must be in compliance with the [European Union Regulation on the provision of food information to consumers](#). This regulation defines nutrition labelling, origin labelling, allergen labelling and minimum font size for mandatory information more clearly.

Tips:

Use standardised laboratory tests (such as ISO 7541 and HPLC) for the product specification of dried chillies.

Be sure to declare any addition of allowed ingredients in your dried chilli peppers. Addition of not declared additives can be understood from your buyer as cheating and ruin your image on the European markets. Some examples of undeclared additives to improve low-quality chilli peppers

discovered by European laboratories include colour enhancers (such as artificial food colours or tomato powders) or flavour enhancers (such as essential oils or oleoresins).

Read more about [transport and storage requirements](#) for dried chillies on the website of Transport Information Services.

Follow the European Spice Association's [Quality Minima Document](#) on the chemical and physical parameters that your dried chillies need to comply with.

Do a self-assessment through the producer starter kit from the [BSCI website](#).

What are the requirements for niche markets?

Organic dried chillies

To market dried chillies as organic in Europe, they must be grown using organic production methods according to the [European legislation](#). Growing and processing facilities must be audited by an accredited certifier before you may put the European Union's organic logo on your products, as well as the logo of the standard holder, for example, [Soil Association](#) in the United Kingdom and [Naturland](#) in Germany.

Note that importing organic products to Europe is only possible with an [electronic certificate](#) of inspection (e-COI). Each batch of organic products imported into the EU has to be accompanied by an electronic certificate of inspection as defined in Annex V of Regulation [defining imports of organic products from third countries](#). This electronic certificate of inspection has to be generated via [Trade Control and Expert System](#) (TRACES).

Sustainability certification

For the overview of the developments of the sustainability initiatives in the European spices market read our study on [Trends on the European Spices and Herbs Market](#).

Two most commonly used sustainability certification schemes are [Fair Trade](#) and [Rainforest Alliance](#). Fair Trade international has developed a specific [standard for herbs, herbal teas and spices](#) for small-scale producer organisations. According to this standard, a premium price of 15% over and above the negotiated price between producer and seller must be established.

In order to improve sustainable production and sourcing of spices, a group of mainly European companies and organizations formed the [Sustainable Spice Initiative](#) in 2012. The major objective of this initiative is to strive for fully sustainable spice production and trade in the sector.

Ethnic certification

The Islamic dietary laws (Halal) and the Jewish dietary laws (Kosher) propose specific restrictions in diets. If you want to focus on Jewish or Islamic ethnic niche markets, you should consider implementation of Halal or Kosher certification schemes.

Tips:

Consult the [Sustainability Map database](#) for sustainability labels and standards

Check the [guidelines for imports of organic products into the European Union](#) to familiarise yourself with the requirements for European traders.

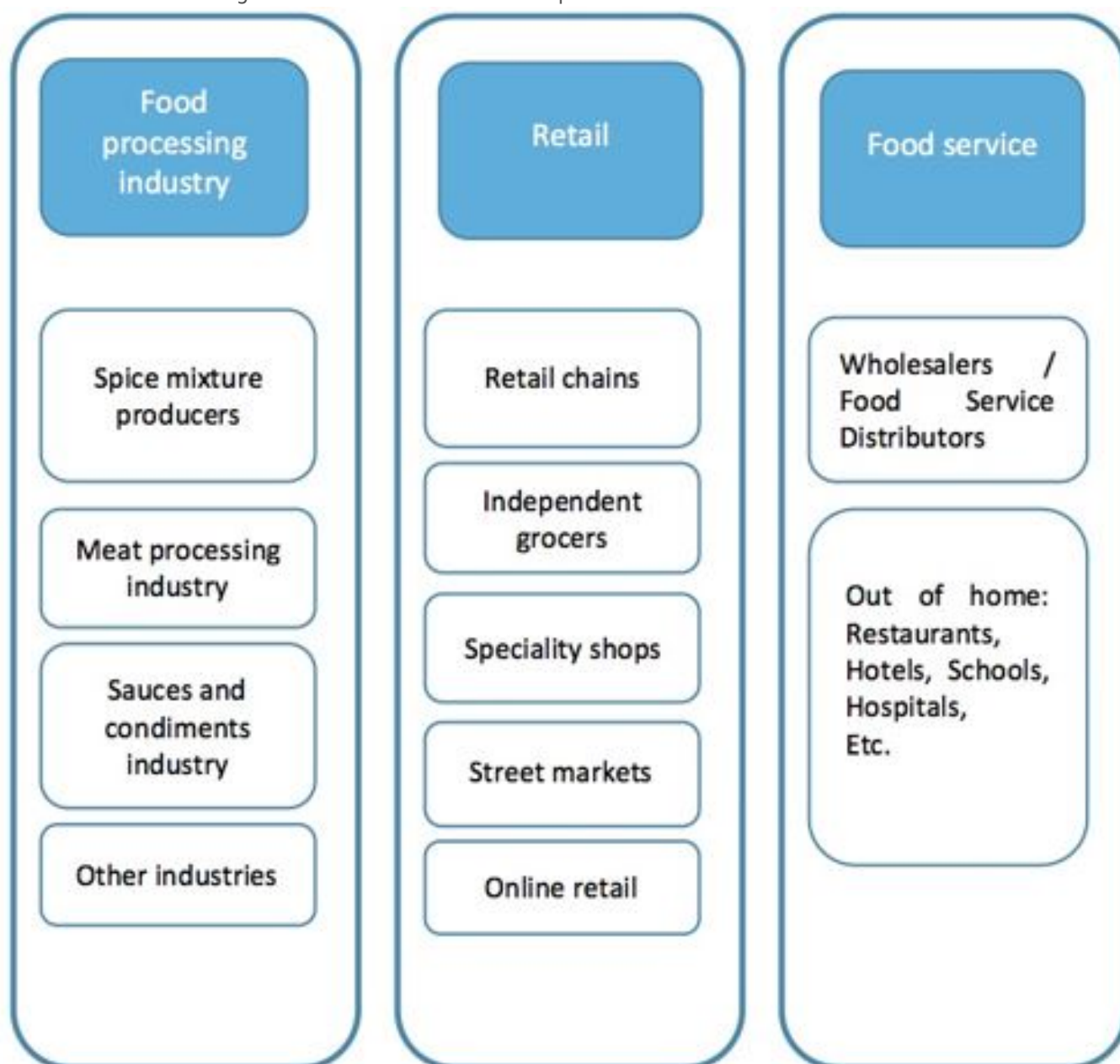
2. Through what channels can you get dried chillies on the European market?

The European food industry uses ground chillies in significant quantities, especially in the production of meat such as sausages, salamis or patés. It is also used as an ingredient in spice mixtures, sauces, soups and ready meals.

How is the end market segmented?

The largest user of dried chillies in Europe is the food processing industry, followed by retail, foodservice and food ingredients (additive segments).

Chart 1 - End market segments for dried chillies in Europe



Food processing segment

The food processing segment is roughly estimated to account for 60-70% of the usage of dried chillies on the European market. The largest users within the food processing segment include spice mixture producers, the

meat industry and the sauces and seasonings industry.

Spice mixture producers are companies specialised in the production of spices and seasonings for different applications. Those companies are constantly investing in research to develop custom formulations for food processing companies and help launching new attractive tastes. They produce either dried or liquid spice ingredients. Some examples of spice mixtures and ingredients companies are [AVO](#) (German producer, part of the European group), [Meat Cracks](#), [Kerry Ingredients](#), [Frutarom](#), [Farevelli Group](#), [Food Ingredients Group](#), [Kalsec](#), [EHL Ingredients](#) or [Ion Mos](#).

The meat industry is the most important user of dried chillies but very often not supplied directly but through spice and food ingredient companies. However, some larger groups of companies may import dried chillies directly. An example of such a group includes [OSI Food Solutions](#). Dried chillies are used in the production of sausages and other meat specialities. However customised mixtures (with chillies as the ingredient) are more commonly used by meat processors.

The European sauces and condiments industry is also an important user of dried chillies. However the market is dominated by international brands such as Kraft Heinz, McCormick, Maggi (Nestle).

Retail segment

The retail and foodservice segments are dominated by European (often national) brands, such as Fuchs, Verstegen, Euroma, [Santa Maria](#) (Scandinavian countries) and multinational brands such as McCormick, Kraft Heinz etc. Also, some strong brands are developing in south East Europe such as [Prymat Group](#).

Private label (supermarket) brands are important as well. Production for all these brands is conducted by European spice packers and blenders. Since supermarkets often require large quantities and have very specific requirements regarding packaging, it is very difficult to supply them directly. Products already packed in origin countries are mainly found in European ethnic markets.

The retail sector can be further segmented into supermarkets, independent grocers and specialty shops. Most retailers sell individually packed spices or herbs, or they sell specific mixtures. Overall, spice and herb mixtures are becoming more popular in the retail segment, partly due to the increasing interest in ethnic food.

Leading supermarket chains in Europe include Tesco, Carrefour, Lidl, Metro, Aldi, Delhaize, Rewe, Edeka, Auchan and Albert Heijn.

Foodservice segment

The foodservice segment (hotels, restaurants and catering) is usually supplied by specialised importers (wholesalers). The foodservice segment often requires specific packaging of dried chillies, which is different from bulk or retail packaging (for example from 1 to 5 kg) packs.

World cuisines, healthy food and food enjoyment are the major driving forces in the foodservice channel in Europe. The fastest-growing business types are likely to be new (healthier) fast food, street food, pop up restaurants, international cuisines and sandwich bars.

Tip:

To find potential buyers for your dried chillies within the food ingredient segment search the list of exhibitors of the specialised trade fair [Fi Europe](#).

Through what channels does a product end up on the end-market?

The most important channel for dried chillies in Europe is represented by the specialised spice importers. However, sometimes dried chillies can be placed on the market through agents or directly supplied to food processors or food service companies. Some wholesalers also have packing facilities and usually supply private label dried chilli brands.

Importers / Wholesalers

Importers and wholesalers can be general spice importers or further specialized in specific roles. Some now exclusively deal with ingredients aimed at the processing industry while others pack dried chillies for retail chains. Some importers also deal with a broader range of products apart from spices, such as beans or seeds.

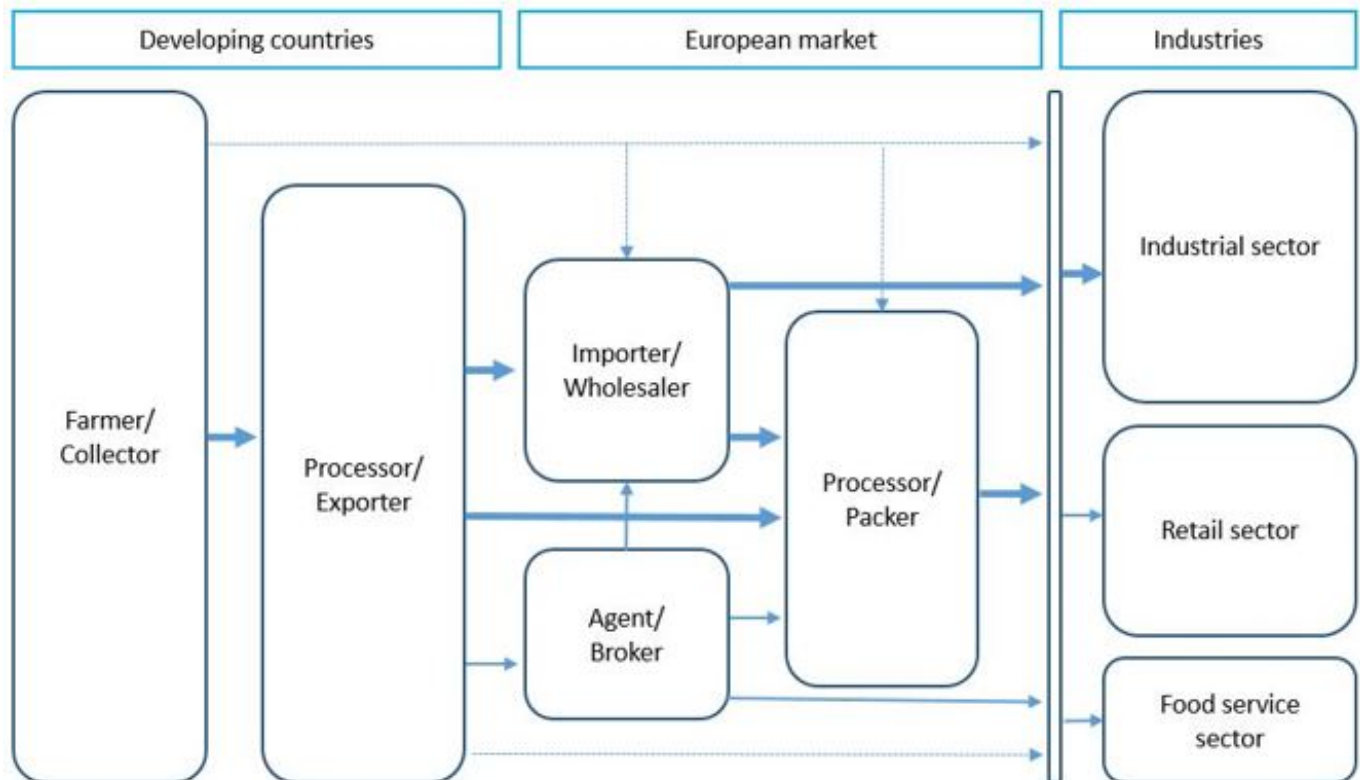
The position of the importer and food manufacturers are put under pressure by retail. The higher requirements from the retail industry determine the supply chain dynamics from the top down the chain. Pressure is translated into lower prices but also added value aspects such as 'sustainable', 'natural', 'organic' or 'fair trade' products. Transparency in the supply chain is needed. To achieve this, many importers develop their own codes of conducts and build long-lasting relationships with preferred Developing Country suppliers.

Examples of bulk importers of dried chillies in Europe include [Albarracin](#) (Spain), [Nedspice](#) (the Netherlands), [European Spice Services](#) (the Netherlands), [Husarich](#) (Germany) or [Saran Enterprises](#) (Poland).

Examples of specialised importers which are using chillies in different spice mixtures include [Culinar](#) (Sweden), [Epos](#) (the Netherlands), [Colin Ingredients](#).

An example of a spice importer which is supplying several different segments includes [ISFI Spices](#) (Belgium).

Chart 2: Trade channels for dried chillies in Europe



Agent/broker

Brokers and agents are intermediaries who bring buyers and sellers together. They charge a commission for their services. European buyers can be trading companies, but they are mostly processors. Agents and brokers are interesting in the event that you have a specialised product (such as high quality or sustainable) for which

buyers are harder to find. The role of the agent is slowly diminishing due to the increased transparency demanded by the market.

Other channels

For an overview of different food processing segments and retail using dried chillies read our chapter above.

Tips:

Search through the [members list](#) of the European Spice Association to find buyers from different channels and segments.

To find agents/brokers specialised for spices trade in Germany have a look at the trade contacts of the German association [Waren-Verein](#).

What is the most interesting channel for you?

Specialised importers seem to be the best contact for placing dried chillies to the European market. This is specifically relevant for new suppliers as supplying the retail segment directly is very demanding and requires a lot of quality and logistical investments.

However, packing for private labels can be a good option for well-equipped and price competitive producers. Still, private label packing is often done through importers that are making contracts with retail chains in Europe. As the cost of the workforce in Europe is increasing importers of dried chillies sometimes search for the opportunities to pack brands in developing countries if they can assure full traceability and quality control.

3. What competition do you face on the European dried chillies market?

Which countries are you competing with?

China by far the leading supplier of dried chillies to Europe

China is the second largest exporter and producer of dried chillies in the world (after India) but the leading European supplier. Most of the Chinese dried chillies production goes for export. Chillies have reached production of more than 300 thousand tonnes of which almost 70% is exported. China is focusing its exports on high-quality products, suffering shortages in low and medium quality due to labour shortages and unfavourable weather.

Over the last 5 years, China has constantly increased the export of dried chillies by an average annual growth rate of 21%. In 2018, Chinese exports of dried chillies reached 210 thousand tonnes. Of this quantity almost 30% is exported to the European Union. The Chinese export of dried chillies is mainly concentrated to Spain. Spain is accounting for 75% of all Chinese exports to Europe.

China is the most competitive dried chillies supplier to Europe in terms of prices. Chinese export prices of dried chillies are much lower compared to suppliers from other countries. Also, Chinese laboratory controls for contaminants seem more reliable compared to [Indian laboratories](#) (especially related to measuring the levels of aflatoxins). Additionally, many Chinese processors have introduced steam sterilisation to minimise contamination risks.

Major production areas of chillies in China are Shandong, Xinjiang, Henan, Shanxi, Hebei and Gansu. Also, the

province Guizhou specifically started to promote Chinese chilli production by the organisation of the annual International Chilli Expo. Chinese chilli production is mostly confined to low heat ones. Very popular chilli cultivars used for drying in China include 'chaotian' ('facing heaven chilli'), more used for grinding into the powder, and 'yidu' which is more used for crushing into flakes. Other varieties include Jinta, Tieban, Xian and Er Jing Tiao.

Apart from the competitive prices, Chinese companies are successful in international promotion. The majority of Chinese dried chilli producers actively participate in international trade fairs on the national pavilions. Also many of them are efficient in terms of delivery (such as reaching the import destination within 2 weeks from signing the contract) or payment (asking only for partial advance payments).

Tips:

Read more about promotional activities of Chinese chilli suppliers on the website of the [World Chilli Alliance](#).

In order to meet Spanish dried chilli traders and processors visit the [Alimentaria](#) expo which is held every second year in Barcelona.

Spain, the leading processor and trader of dried chillies within Europe

For developing country suppliers it is important to understand that many Spanish dried chilli processors should not be seen as competitors but as potential partners as they import chillies from other countries, but mostly from China.

Spanish production of dried chillies is not self-sufficient neither price competitive in comparison to other agricultural sectors. Domestic production in Spain is facing difficulties to be profitable as farmers are requesting higher prices (currently around €3/kg) to cover production costs and to pay workers. Workers are frequently hired from East European countries as the domestic workforce seems to be too expensive for competitive production. Decreasing domestic production is supplemented with imports thus offering opportunities for developing countries suppliers.

To learn more about the Spanish production of dried chillies read the previous chapter on leading importing countries in Europe.

India, world leader in dried chilli production

India is the world's largest producer, consumer and exporter of chillies in the world. However, due to increased control for aflatoxins presence by European authorities, Europe is currently not seen as a priority market for Indian dried chilli exporters. Instead, Indian export of dried chillies focuses on South-East Asian countries (nearly 60% export share) with Vietnam as the main export destination, United States (10% export share) and China (9% share). Export to Europe accounts for only a 2.3% export share with the UK as the leading target market.

According to FAOSTAT data Indian production of dried chillies and dried sweet peppers is estimated to be more than 2 million tonnes. Around 30% of this production is exported while the remaining 70% is consumed domestically. In 2018 Indian export of dried chillies to Europe reached 9,000 tonnes.

In India, major chilli producing states are Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Madhya Pradesh. There are many dried chilli varieties grown in India which are usually characterised by the higher pungency level compared to Chinese chillies. The most demanded variety by European buyers is Guntur Sannam S4 (also known as S-334) with a pungency level of 18,000–22,000 Scoville Units. Some other varieties

include Dhani, Byadagi, Hindpur, Jwala, Kanthari White and Kashmir chilli.

Production and export of spices, including dried chillies, is monitored and supported by the [Spice Board of India](#). The Spice Board of India is one of the most famous spice industry organisations in the world which is organising a [World Spice Congress](#) every second year. The Spice Board of India is also responsible for the mandatory testing of spices before exporting to the EU.

Peru, dried chillies exporter with a strong promotion

Peru is the sixth-largest exporter of dried chillies in the world, but exports have been fluctuating in the last couple of years. The total export of dried chillies from Peru reached a peak of 38 thousand tonnes in 2016 and decreased to 29 thousand tonnes in 2018. Export to Europe in 2018 accounted for 20% share or 6 thousand tonnes, which was a sharp fall compared to 2016 and 2017, when Peru exported around 10 thousand tonnes to European buyers. Export of Peruvian dried chillies to Europe is highly concentrated to Spain (accounting for 99% of their European export share).

Peru, one of the original producers of chilli, is producing and drying (and even collecting from the wild) different types of chilli varieties. The most famous Peruvian varieties used for drying are Panca (low heat variety), charapita (collected from the wild and more expensive than others), rocoto, arnaucho and cherezo. Since, recently the Mexican ancho variety is also increasingly produced in Peru. The most popular chilli variety in Peru is Amarillo but it is more commonly used as fresh and less for drying.

Due to specific offer Peru is mostly exporting dried whole chillies and reaching very high prices on the European market compared to other competitors (in average €2.5/kg in 2018).

The Peruvian region of Piura, followed by the regions of Lambayeque and La Libertad account for 65% of Peruvian chilli exports. Peru is very strong in export promotion supported by the national export promotion organisation, [PromPeru](#). PromPeru has created a national brand 'Superfood from Peru', which is promoted on all leading international trade fairs. Additionally, the Peruvian Association of Exporters (ADEX) actively promotes Peruvian chillies and organises the [International Capsicum Conference](#). There is also 'the National Day of Peruvian Peppers'.

Thailand, emerging exporter

Export of dried chillies from Thailand shows a stable increase reaching 13.8 thousand tonnes in 2018. Export to Europe in particular has seen much growth, with the Netherlands being the main target destination. In 2018, the Netherlands imported around 4 thousand tonnes of dried chillies from Thailand (92% of total Thai supply to Europe). Thai dried chillies are mostly exported in the form of dried powder or fine flakes. Popular chilli varieties in Thailand are phrik khi nu (birds eye chilli of the Capsicum Frutescens species) and prik num.

Mexico, traditional dried chilli supplier

Mexico is increasing its export of dried chillies at a stable rate, but only a very small share accounts for export to Europe. Around 98% of all exported dried chillies actually goes to the United States. The export share to Europe is insignificant – amounting to less than 200 tonnes, around half of which is exported to Spain.

The state of Chihuahua is the main producer of chilli in Mexico. Strong regions in producing dried chillies are Sinaloa, Zacatecas, Aguascalientes, Guanajuato, Puebla, San Luis, Potosí and Querétaro. Mexico is famous for the production of whole dried chilli varieties. Famous varieties used for drying and related to Mexico include ancho, arbol, chilhuacle, chipotle, guajillo, morita, mulato, pasilla and cascabel. Habanero (very hot) and jalapeno (very mild) peppers are very famous varieties but mostly used fresh or pickled.

Which companies are you competing with?

Chinese companies

Some examples of Chinese dried chillies exporters to Europe include: [Qingdao Taifoong Foods](#), [Qiang Da Foods](#), [Neihuang Xinglong Agricultural Products](#), [Qingdao Boon Foods](#), [Qingdao Johnson Foods](#), [Hennan Sunny](#) and [Qiubei Yunnong Agro Products](#).

Just for illustration, good examples of successful promotion include Qingdao Taifoong Foods and Qiang Da Foods. Both companies regularly participate in leading international trade fairs, cooperate with local farmers, supervise traceability and quality, and use recognised food safety certification schemes. Also, they use advanced technologies such as processing equipment and steam or microwave sterilisation lines. Another strong point is cooperation with well-known control bodies or laboratories such as Eurofins or SGS to guarantee their quality.

Spanish companies

There are many traders and processors of dried chillies within Spain. It is not possible to list all of them but just a few illustrative examples including [Juan José Albarracín](#) (one of the oldest Spanish dried capsicum companies), [El Clarín](#) (famous grinding company with sourcing in Africa and Peru), [Evesa](#) (producer of food ingredients based on capsicum), [Juan Navarro García](#) (producers of chillies and oleoresins), [Herbo Spice](#), [Paprimur](#), [Pimursa](#), [La Chinata](#), [Ramón Sabater](#), [Dani](#), [La Barraca](#) and [Chiquilín](#).

Indian companies

According to the Spice Board of India, there are more than 5 thousand exporters of spices in total and more than 200 exporters to Europe. Therefore it is difficult to make an illustrative list of selected exporters among many but there is a published [list of exporters](#) selected for certificates of merit.

Peruvian companies

Examples of Peruvian dried chillies exporters include [Holguín](#), [S&M Foods](#) and [Consorcio del Valle](#). Peruvian dried chilli exporters are investing into traceability and control of the whole supply chain in order to achieve high quality of the end product. In order to maintain the full control of the supply chain Peruvian dried chilli companies often produce chillies by themselves or closely cooperate with farmers and farmers' associations.

Thai companies

Examples of Thai dried chilli exporters include [Nithi Foods](#), [Penta Impex](#) and [Global Food](#). Leading Thai dried chilli exporters have recognised importance of the food safety and corporate social responsibility. Therefore they are investing into modern production processes and recognised certification schemes.

Tips:

In order to successfully penetrate the European dried chilli market you need to study the different strategies of your competitors. You may either offer competitive prices and safe products (like Chinese companies do), or offer unique high-quality chillies (like South American producers do) or customise your product to specific segments, such as organic. It is very important to learn from the Chinese companies, which strongly emphasise food safety control.

Use the services of your national export promotion agency and actively participate in the creation of export strategies. Good examples include PromPeru in the promotion of the superfood country brand.

Learn more about Indian dried chilli companies from the [exhibitor list](#) of the World Spice Congress.

Regularly visit leading European trade fairs such as [ANUGA](#), [SIAL](#) or [Food Ingredients](#) to meet your competitors.

Which products are you competing with?

The main substitute products for dried chillies are fresh chillies, pickled chillies and food additives based on chillies such as chilli extracts or chilli oleoresins.

Fresh chillies

European consumers are becoming more familiar with ethnic cuisines, which contributes to the consumption of fresh chilli peppers. The European market for fresh chilli peppers is still a specialised market, supplied primarily by producers in southern Europe (especially Spain), Turkey and northern Africa. To find out more about fresh chillies competition refer to our study on [Exporting Fresh Chillies to Europe](#).

Pickled chillies

Pickled chillies are a relatively weak competitor to dry chillies as pickled chillies are used in a slightly different way and by different market segments compared to dried chillies. Pickled chillies are mainly used in the retail segment and by foodservice companies but commonly not by strong dried chilli sectors such as meat processing companies.

The largest supplier of pickled chillies to Europe is Turkey (with a 45% share) followed by Mexico, Peru, South Africa and India. The largest importer of pickled chillies in Europe is Germany, followed by the United Kingdom and the Netherlands. The leading producers of pickled chillies within Europe are Greece and Spain.

Food additives based on chillies

Paprika oleoresin (which includes sweet and chilli extracts) is manufactured by solvent extraction of the dried capsicum pods, followed by solvent removal. To learn more about usage of chillies for the production of food colours and pungency additives read our study about [Exporting paprika oleoresin to Europe](#).

The seasonings and sauces industry sometimes uses chilli extracts instead of dried or fresh chillies in the product compositions. The base for many chilli sauces on the European market is often tomato paste with the addition of different spices. Although the name of many chilli sauces indicates the high presence of chillies in reality sometimes chilli extracts are used in combination with other spices and flavour enhancers (such as monosodium glutamate), stabilisers, acidity regulators and preservatives. Sometimes chilli paste is used too.

Tip:

Consider a diversification of your offer to health and food ingredient industries with the production of ingredients such as capsaicin or oleoresins. Prepare a good business plan as this diversification requires additional technology investments. Read more about those market segments in our studies on [paprika oleoresin](#) and [capsicum for health products](#).

4. What are the prices for dried chillies?

During 2019, dried chilli and paprika prices were on the rise in China and Peru, especially for high-quality products, due to a combination of poor harvests and increased demand.

India is still the largest global exporter. Its average FOB export price reached a peak of USD 2.16/kg in 2016, gradually falling as India has a huge crop and most exported product must suffer strict MRLs in countries such as the EU, the US and even Mexico. Between 2017 and H1 2019 average FOB export prices range between USD1.6-1.8, a sharp fall, matching the point about quality restrictions.

If we have a look at Indian chilli S4, CIF Europe (most demanded in the EU), prices followed that trend: a sharp fall from a record USD 2,725/tonne in the second week of March 2017, to USD 1,800-1,850/tonne from April 2017 to current weeks.

China and Mexico are the second and third largest global exporters after India. The Chinese annual FOB export price has ranged between USD 2.43-2.61/kg between 2015 and H1 2019.

Mexico is a case similar to India in price terms, its exports being focused on the US market. Annual FOB average price reached a peak of USD 2.15/kg in 2015, falling to a range between USD 1.6-1.9/kg between 2015 and H1 2019.

When exporting dried chillies to Europe, it is not possible to give precise information when showing the margins each actor in the supply chain receives as it depends on many factors. However, targeting the retail segment the rough estimation is that CIF for chillies in bulk price represent up to a maximum of 10% of the final retail price (usually less) of the retail packed branded product. This is because of the high margins of the packing operations and retail stores. Commonly, one retail package of dried chillies is weighted between 20 and 40 grams.

Tips:


To be regularly and timely updated about dried chillies export prices, consider subscribing to the [IEGVu](#) portal, which is one of the most respected market information services for food ingredients including spices.


Monitor average weekly prices for dried chillies from the website of the [Spices Board of India](#). Those prices are based on the reports of the USA based spice broker [A.A. Sayia & Co. Inc.](#) Hoboken.


This study has been carried out on behalf of CBI by [Autentika Global](#).

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