

The European market potential for macadamia nuts

In the long term, the European market for macadamia nuts is expected to show stable growth. This growth is likely to be driven by changes in the consumption patterns of European consumers, including the rising demand for healthier snacking options and vegetable sources of protein. Also, consumers are seeking new experiences in consumption, which macadamia nuts can offer. Germany, the Netherlands, Spain, United Kingdom, France and Italy offer the best opportunities for developing country suppliers.

The popularity of nuts contributes to the increasing demand for macadamia nuts on the European market. Macadamia nuts are mainly consumed as salty snacks, but they are also increasingly being used as ingredients in different products. Particularly the use of macadamia nuts in ice cream toppings and in spreads/butters is growing.

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1. Product description

Macadamia nuts are the fruit (edible seed) of the evergreen macadamia tree, which belongs to the genus *Macadamia* of the Proteaceae family. Only three of the species are of commercial importance, namely *Macadamia integrifolia*, *Macadamia ternifolia*, and *Macadamia tetraphylla*. Macadamias are native to Australia, but today, they are grown in many areas in the world. The largest producers of macadamia nuts are Australia and South Africa (55% of total world production), followed by Kenya, China, USA (Hawaii), Guatemala, Malawi, Vietnam, Colombia, New Zealand and Swaziland.

Once planted, the macadamia trees need five years before being able to carry their first fruit – their maximum carrying capacity is reached after ten years. Macadamia trees require warm temperatures and good annual rainfall to yield a good crop. The biggest threats to annual production come from droughts and heavy frost.

The nuts themselves grow encased in a hard, woody shell, which is protected by a green-brown fibrous husk that splits open as the nut matures. Macadamia nuts are harvested mechanically or gathered from the ground in different periods throughout the entire year, depending on the country of origin. Because flowering occurs over several months, macadamia nuts mature and drop to the ground over an extended period, so they have to be harvested regularly. Due to long-term maturity, it is possible for flowering and harvesting to overlap. In the European winter months, they are harvested in Africa and Hawaii, while during the spring and summer months, harvesting occurs in Australia and Central and South America.

The kernels undergo a lengthy drying process over the course of several months. Dried shells are very hard and are typically removed with cracking machines that have steel rollers or rotating knives. Production of macadamia nut kernels typically includes the following steps:

- Dehusking (removing the outer husk right after harvesting, commonly on the farm with dehusking machines)
- Preparing the nuts for shelling (sorting and drying)
- Shelling (with specially constructed machines)
- Grading (hand sorting and machine sorting)
- Packing

The ratio of macadamia nut kernel vs in-shell nuts after processing depends on the weather condition and

implemented production technology, but it is usually 0.25 to 0.33. Types of macadamia nuts and quality categories are described in more detail in the market entry part of this study.

While in Australia, the United States and Japan the product is frequently used as an ingredient, in Europe macadamia nuts are still mainly used as a snack product (usually roasted and salted). However, as the world supply is growing, the interest in various industries in Europe is increasing, with macadamia nuts increasingly being used for the production of butter, for chocolate coating and as an ingredient in the confectionery industry.

This study covers general information regarding the market of shelled macadamia nuts in Europe that is of interest to producers in developing countries. Macadamia nuts are traded under two different Harmonised System (HS) codes. The HS code for in-shell macadamia nuts is 080261, while the HS code for shelled macadamia nuts (kernels) is 080262. As the European import of in-shell macadamia nuts is insignificant, this study only uses the code for macadamia nut kernels for statistical analysis.

Picture 1 Green macadamia nuts on the tree

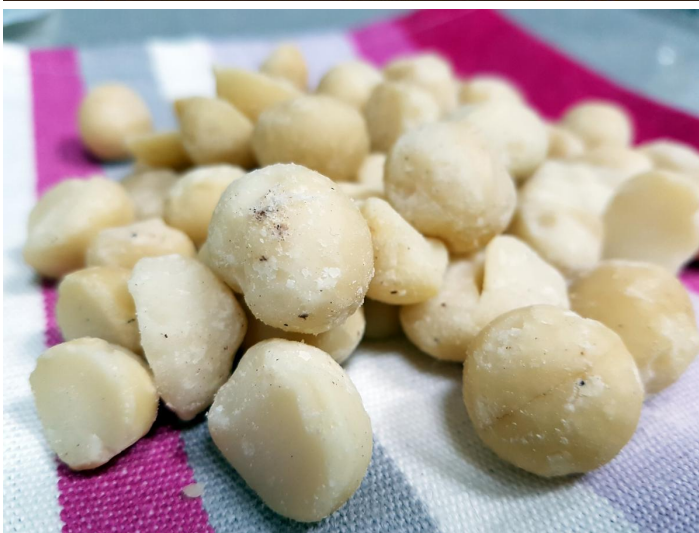


Picture 2 Drying the macadamia nuts after harvest



Picture 3 In-shell macadamia nuts

Picture 4 macadamia nut kernels



Source: Wikimedia Commons, PxHere, Flickr, Pexels

2. What makes Europe an interesting market for macadamia nuts?

Europe is the second-largest importing region of macadamia nut kernels, after the United States. Europe accounts for around a 30% share of the total world's imports. On average, European imports of macadamia nuts have increased in volume by 4% per year in the period 2014-2018. More than half of all imports from outside Europe come from developing countries.

In the next five years, the European market for macadamia nuts is likely to increase with an annual growth rate of 5-7%. This rate is higher than that of most other nuts. The main reasons for the expected market growth are the attractive and unique taste of macadamia nuts as well as the health benefits they provide. Another driver for the growth is the increasing usage of macadamia nuts by the food processing industry in Europe. Cereal and protein bars and ice cream toppings are the fastest-growing categories using macadamia nuts as an ingredient in Europe.

Regular changes in import volumes will continue to happen, but these are influenced by the harvested crop volumes and price situation, rather than changes in demand. Although the demand for macadamia nuts in the European market is stable, it is influenced by irregular price changes on the supply side. Macadamia nuts are considered luxury nuts, with the highest price of all commonly consumed nuts on the European market. A price increase can deter consumers from purchasing more macadamia nuts, as they are perceived as expensive (macadamias are, on average, 50% more expensive than cashews and 6 times more expensive than peanuts).

Between 2014 and 2018, European imports of macadamia nuts grew every year by 13% in value and 4% in volume to a value of €158 million and a quantity of 9.9 thousand tonnes in 2018. Higher growth in value than in volume indicates the increase in import prices over the last five years. However, prices of macadamia nuts are expected to decrease in the long term, because production is increasing at a higher rate than demand.

Internal European trade accounts for 30% of all imports. Internal European trade consists of simple re-exporting of imported raw macadamia nut kernels, but it also includes added-value processing, such as roasting. European imports from developing countries increased by 1.5 thousand tonnes over the last 5 years, from 3.9 thousand tonnes in 2014 to 5.4 thousand tonnes in 2018.

Note: The figure above represents apparent consumption (the difference between imports and exports). Exact data about consumption per country do not exist. A rough calculation is available from the [International Nuts and Dried Fruit Council \(INC\)](#).

The total European consumption of macadamia nuts was estimated at nearly 6 thousand tonnes in 2018. Over the last five years, consumption increased by an annual growth rate of 10%. Germany, Spain, the Netherlands and the United Kingdom are the largest markets. According to the INC, per capita consumption in Germany is the highest in Europe, with an estimated 74 g/year in 2017.

European consumers are becoming increasingly aware of nuts' health benefits. Macadamia nuts are promoted as specifically rich in fibre, magnesium, copper, manganese and thiamine. Another driving force for the increased consumption of macadamia nuts is their taste. Many European consumers find the taste of macadamia nuts appealing and different than other nuts, mostly because of the buttery flavour.

3. Which European countries offer most opportunities for macadamia nuts?

As Europe's main importer and consumer of macadamia nuts, Germany is an interesting focus market. Germany also provides the best opportunities for organically certified macadamia nuts. Germany and the Netherlands are also important trade hubs, with significant re-export of imported macadamia nuts. Other European countries that are large net importers that consume most of the imported macadamia nuts, are the Spain, United Kingdom, Italy and France.

Germany: the largest European importer and consumer

Germany is Europe's largest importer of macadamia nuts. The German import value was €54 million in total in 2018, good for 35% of total EU imports. German imports increased annually by 5.6% in volume between 2014

and 2018, reaching 3.4 thousand tonnes in 2018.

Germany is also a large transit country for imported macadamia nuts. On average, Germany re-exports more than one-third of all imported macadamia nuts to other European markets every year. Re-export activities are performed by the specialised traders and agents, many of them located in Hamburg ([the main port of Germany](#)). The main target market for German export is the Netherlands, with a 44% export share, followed by Luxembourg.

It may look surprising that Germany is re-exporting significant quantities of macadamia nuts to Luxembourg, which is one of the smallest European countries, with very limited consumption. The reason for this lays in the processing and packing capacities for macadamia and other nuts installed in Luxembourg. Some of the macadamia nuts are processed and packed in Luxembourg for the German retail market and come back to Germany.

In 2018, Germany imported more than half of macadamia nut kernels from European transit countries (the Netherlands – 32% and Belgium – 20%). However, the growth of direct import from production countries offers better opportunities for developing countries suppliers. The leading direct supplier to Germany is Kenya, with an 18% share, followed by South Africa (17% share). Kenya is also the fastest growing supplying country, increasing its export from 180 tonnes in 2014 to more than 600 tonnes in 2018.

Australia, although still the leading exporter of macadamia nuts in the world, is losing its market share on the German market. Australian export to Germany has declined by almost 70 tonnes over the last 4 years, from 204 tonnes in 2015 to 140 tonnes in 2018. It is expected that, in the medium to long term, China can become an important macadamia nuts supplier to Germany and other European destinations. This expectation is based on the significant increase in growing areas and investments in processing capacities. Currently, China is not exporting macadamia nuts to Germany.

German consumption of macadamia nuts is boosted by the healthy snacking trend. Until recently, the macadamia nut has been positioned in the German market mainly as a luxury roasted and salty snack. However, macadamia nuts are also increasingly being used as an ingredient, especially in spreads (such as [Vitaquell](#) or [Nutfields](#)) and as an ice cream topping. Some examples of the macadamia nut products in the German market are shown in the photos below. Consumption of organic macadamia nuts is also increasing in Germany, led by promotion by specialised suppliers such as the German-Kenyan macadamia nut company – [Limbua](#).

Picture 5: Macadamia nut spread produced in Germany Picture 6: Macadamia nut chocolate in Germany



Examples of German macadamia nut importers include [Seeberger](#), [Horst Walberg Trockenfrucht Import](#), [Kluth](#) or [PALM Nuts & More Nuß und Trockenfrucht](#). Some retail brands are [Lorenz](#), [Seeberger](#) or [Farmer's Snack](#).

Tips:

Find German traders of macadamia nuts on the websites of the specialised German Association - [Waren-Verein](#) and in the [German company directory](#) – Wer Liefert Was.

Learn about how to promote macadamia nut consumption in the German market from the German Edible Nuts Promotion Organisation – [Nucis](#) (website in German only).

The Netherlands: trade hub

The Netherlands is an important importer of macadamia nuts in Europe, good for 25% of total EU imports. Its imports increased annually by 5.6% in volume between 2014 and 2018. In 2018, Dutch imports of macadamia nuts reached 2.8 thousand tonnes, good for €40 million in value. The Netherlands plays an important role as a trade hub in Europe, as 80% of all imported macadamia nut kernels are re-exported to other European countries. Germany is the leading destination of Dutch re-exports of macadamia nuts, importing more than 1 thousand tonnes per year.

The Netherlands imports 90% of its macadamia nuts from developing countries. The leading supplier to the Netherlands is South Africa, with a 35% share, followed by Kenya (27% share) and Malawi (11% share). The developing country supplier with highest market share growth is Mozambique. Mozambique increased exports to the Netherlands from less than 30 tonnes in 2014 to nearly 180 tonnes in 2018. Other developing country suppliers are Guatemala and China.

Similarly to other European countries, consumption of macadamia nuts in the Netherlands is increasing, driven by the healthy snacking trend and the usage of nuts as a substitute for animal proteins. They are mainly used as snacks, and very frequently sold in a mixture with other tree nuts in 150-200g packaging containers. Most of the quantities are sold as private labels packed by specialised companies (for example [Foodtrend](#)).

According to INC, the Netherlands is the third European per capita consumer of macadamia nuts, next to Spain. Per capita consumption in the Netherlands is estimated to fluctuate between 30g and 50g/year. Apart from snacking, macadamia nuts are increasingly being used as an ingredient, especially in cookies.

Dutch consumers and traders of nuts are increasingly demanding sustainable and ethical sourcing. Sustainable sourcing in the Netherlands is strongly supported by several initiatives such as [Sustainable Nut Initiative](#), [Woord en Daad](#) and [Fair Match Support](#). One macadamia nut producer in Kenya ([Jungle nuts](#)) is a member of the Sustainable Nut Initiative, while Woord en Daad is [launching a project](#) to support macadamia nut farmers in Mozambique.

Examples of Dutch macadamia nut importers include [Catz International](#), [Global Trading and Agency](#), [Delinuts](#), [Rhumveld](#) and [Nutland](#). The Netherlands is a highly demanding market, as the majority of macadamia nuts is sold to consumers as private label brands (brands of retailers). The consumption of unbranded, freshly roasted nuts (such as ones sold in paper bags) is also significant. An important shift is seen also in the usage of sea salt vs table salt and roasting vs frying in oil.

Tip:

To learn more about the Dutch macadamia nut market contact the [Dutch Association for trade in dried fruit, nuts, spices and related products](#).

Spain: growing market

Spain is the European market with the highest increase in imports of macadamia nuts. Import has doubled from 370 tonnes in 2014 to 800 tonnes in 2018. Spain imports similar quantities as Belgium, but it is more attractive for emerging suppliers. Belgium is a transit country with smaller domestic consumption compared to Spain. Spanish supply is very concentrated, with South Africa representing 70% of Spanish imports in 2018, followed by Australia (14% share) and the United States (6% share). Spain is the only European country that imports some quantities of macadamia nuts from the United States. Although macadamia nuts are produced in the United States (mostly in Hawaii), it is assumed that export to Spain represents re-export from other destinations, as domestic production is usually consumed within the United States.

The majority of macadamia nuts in Spain are consumed as a snack. Retail sales are dominated by private labels (retail chain own brands). The leading independent retail brand is [Frit Ravich](#). Some examples of importers include [Importaco](#), [Levantex](#) and [Calconut](#).

Tips:

See our study on [Market Statistics and Outlook for Processed Fruit, Vegetables and Edible nuts](#) for more information on general developments of trade within the European spices sector.

Specifically, check trade statistics relevant to you with tools such as ITC [TradeMap](#) or [Trade Helpdesk](#). Use HS code 080262 to analyse macadamia nuts trade.

The United Kingdom

The United Kingdom is the fourth-largest importer and the fifth-largest consumer of macadamia nuts in Europe. In 2018, imports reached almost 600 tonnes, and consumption is estimated to be more than 500 tonnes per year. The United Kingdom re-exports a very small share of imported macadamia nuts (50-60 tonnes on average). This means that the UK is a net importer of macadamia nuts, and the majority of imported nuts is consumed within the country.

Imports increased by 15% in value and 7.6% in quantity between 2014 and 2018. In 2017, per capita consumption of macadamia nuts in the United Kingdom was estimated to be 38 g/year. The United Kingdom is mainly supplied by direct import from South Africa and via transit countries such as the Netherlands and Italy. Import from developing countries other than South Africa is quite small. In 2018, the United Kingdom imported 17 tonnes of macadamia nut kernels from Malawi and 15 tonnes from South Africa.

The United Kingdom market for macadamia nuts is still developing, with only a couple of direct importers. Macadamia nuts are mainly sold as snacks, but a few companies are also producing fruit and nut bars with macadamia nuts. Other companies use nuts as topping on ice creams (such as the recent launch of ice cream with salted caramel and Australian macadamia by the company Nuii). Examples of importers are [C.G. Hacking & Sons](#) and [Freeworld Trading](#). One South African exporter of Macadamia Nuts, Green Farms Nut Company, has established a sales office in London.

Tip:

To find UK macadamia nut importers, check the member list of the [UK Nut Association](#). Apart from the UK members, you can find contact details of companies from France, the Netherlands and Germany.

Italy

Italy is characterised by a slightly fluctuating import of macadamia nuts. Between 2014 and 2018, Italian imports increased annually by, on average, 9.2% in value but only by 1% in quantity. In 2018, imports reached 380 tonnes and €5 million respectively. Italy's largest supplier in volume is South Africa, with a 35% share, followed by Australia (15% share) and Germany (transit country). Small quantities (15-20 tonnes per country) are imported from Brazil, China and Kenya.

Macadamia nuts in Italy are mainly consumed as snacks. Sales are dominated by private labels. Examples of brands include [Chico Mendes](#) and [Vitamore](#). A very popular form of selling nuts is in small discount packages of

€1 per package (for 30 g of macadamia nuts).

Tip:

Learn about how to promote macadamia nut consumption in the Italian market from the Italian Edible Nuts and Dried Fruit Promotion Organisation – [Nucis Italia](#) (website in Italian only).

France

French imports of macadamia nuts have, on average, increased by 14% in value and 4% in quantity annually between 2014 and 2018. The import of macadamia nuts to France reached 273 tonnes and €5 million in 2018. In 2018, the leading supplier of macadamia nuts to France was Australia, with a 31% volume share, followed by South Africa (23%) and Kenya (19%). Kenya's exports to France grew strongly, from 15 tonnes in 2014 to more than 50 tonnes in 2018.

Macadamia nuts in France are mostly consumed as a salty roasted snack, but they are increasingly being used as an ingredient, especially in ice creams. A very popular ice cream brand, which uses macadamia nuts in several ways, is [Häagen Dazs](#). Häagen Dazs is an international brand (with headquarters in the United States), but for the European market it is produced in the French factory of General Mills in Tilloy-lès-Mofflaines.

Tips:

To learn more about the French macadamia nuts market, contact the [French association for the research in fruit and vegetable sector](#) (CTIFL).

If you are not from a French-speaking country, consider investing in French-speaking staff, for easier access to the French market for macadamia nuts.

4. What trends offer opportunities on the European macadamia nuts market?

The increasing demand for healthy snacking combined with the need for stable and sustainable sourcing are the leading driving forces behind the growing consumer interest in macadamia nuts in Europe. With an increase in interest for vegan diets, the consumption of salty nuts ('healthy snacking') and nut spreads (such as macadamia nut butter) is on the rise. This is because consumers must satisfy their protein needs and deal with lactose intolerances in the absence of animal proteins.

To find out more about general trends, read our study about [Trends on the European Processed Fruit and Vegetables Market](#).

Healthy snacking

Nuts enjoy a good reputation among European consumers. Consumption of nuts is expected to have the highest growth in the snack segment. In major consuming countries, macadamia nuts are considered a healthier alternative to other savoury snacks, such as crisps and extruded snacks, and more beneficial to health than peanuts.

According to research by market research firm [IRI](#), analysis of six markets – the UK, France, Germany, Italy,

Spain and the Netherlands – showed that consumers are opting for healthier or lighter products. With busy lifestyles, European consumers are substituting traditional lunch breaks with healthy snacks, with nuts as an important ingredient.

In 2018, the global macadamia industry launched [a world-first research project](#) aimed at providing strong evidence to support the role of macadamias in a healthy diet. The study will assess the effect of macadamia nut consumption to prevent cardiovascular disease, to help with losing weight and to improve body composition.

Macadamia nuts as ingredient

Macadamia nuts are also increasingly becoming an ingredient in various healthy food and functional food products, such as macadamia breakfast biscuits ([Weet-Bix Go](#)), breakfast cereals ([Byron Bay](#)), macadamia nut butter ([Alnatura](#)), nut bars ([Primal Pantry](#)) and chocolate products with macadamia nuts ([Ritter Sport](#)). Several other applications are also mentioned and illustrated in the chapters above. A particularly high increase in usage is seen in the ice cream industry. Macadamia nuts give a pleasant buttery flavour and specific texture to the ice cream.

The use of macadamia nut oil in cosmetic products is already established in the European market, with plenty of new products and brands. In order to increase the global consumption of macadamia nuts, the Australian Macadamia Society is organising a [Macadamia Challenge](#) competition.

Sustainable sourcing

In the edible nuts sector, several large traders joined the [Sustainable Nut Initiative](#) with the objective of stimulating traceability and sustainability. Among many tools to reach this goal, the initiative provides a management information system (3S — Sustainable Supply System). The aim of the system is to stimulate productivity and quality and to create traceability and transparency in the supply chain.

By joining the sustainable nut initiative, developing country suppliers can become more competitive in the European market. The risk assessment helps companies focus on the sustainability risks that are most urgent. Very important competitive advantages can be achieved when taking care of farmers and improving their livelihood.

One good example of sustainable partnership is the German-Kenyan company [Limbua](#), which has become one of the largest suppliers of organic macadamia nuts in Europe. Limbua is cooperating with 5 thousand small-scale farmers. Instead of buying only raw material in centralised processing facilities, like the majority of the processors do, Limbua operates modern, decentralised production facilities directly at the locations of the small-scale farmers. This approach helps small-scale farmers to add value to their products. Limbua also established a [foundation](#), which supports research and education that promote rural development through sustainable small-scale farming and crop processing.

Tips:

Promote the various applications and nutritional properties of macadamia nuts. However, avoid health or nutritional claims that are not substantiated by scientific evidence. Check the [Health Research Database](#) of INC to find studies that have been published in scientific journals.

Read the [CBI Market Statistics and Outlook study on Processed Fruit, Vegetables and Edible nuts](#) to learn more about the general trade trends and size of specific market segments.

Check the websites of European trade shows and exhibitions to discover the newest trends. The most important trade fair in Europe that are relevant for macadamia nut trends and trade are [SIAL](#), [Anuga](#) and [BioFach](#)

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

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