

Entering the European market for chickpeas

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The market channels for chickpeas are becoming more diverse, with an increasing number of food brands using chickpeas as an ingredient. However, changing production volumes and the decision to sell or store the available crop make export prices volatile. It takes a high level of flexibility and commercial power to compete against strong suppliers in Mexico and Northern America, among others.

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1. What requirements must chickpeas comply with to be allowed on the European market?

Chickpeas must comply with the general market requirements, which you can find in the study on [buyer requirements for grains, pulses and oilseeds in Europe](#) on the CBI market information platform. You can also use the [Trade Helpdesk](#), which provides an overview of market access requirements per country using HS code 07132000 for chickpeas. The most important requirements when exporting chickpeas to Europe are food safety, quality and a residue-free product.

What are mandatory requirements?

Food safety: Traceability, hygiene and control

To export dried chickpeas to Europe, you have to deal with strict rules and obligations on food safety. The [General Food Law](#), which regulates food safety in the European Union, also applies to chickpeas. Food safety and traceability should be your top priority. Non-compliance can lead to temporary import stops or to stricter control from your origin country. As a supplier, you must make sure to work according to the [guidelines of Hazard Analysis and Critical Control Points \(HACCP\)](#).

You must also focus on controlling the levels of pesticides, contaminants and microbiological criteria. There are maximum residue limits (MRLs) for pesticides that might be used on chickpeas. Be aware that the MRL requirements for organic chickpeas and baby food ingredients are much more stringent. [Contaminants](#) such as Aflatoxins and Lead and [micro-organisms](#) such as Salmonella, E.Coli and Listeria monocytogenes must be absent or within the limits according to the European legislation.

Tips:

Read more about [pesticides](#), [contaminants](#) and [micro-organisms](#) on the website of the European Commission. Find out the MRLs for pesticides and active substances that are relevant for chickpeas seeds by [consulting the EU MRL database](#); Search for peas (code number for chickpeas/Bengal gram: 0260030-003).

Reduce the amount of pesticides by applying [integrated pest management](#) (IPM) in production. IPM is an agricultural pest control strategy that includes growing practices and chemical management.

Quality requirements

If you are planning to export chickpeas to Europe, you will have to meet the right quality standards. It is best to follow the indications of your buyer and the [FAO International standard for certain pulses](#) in the [Codex Alimentarius](#), which includes quality requirements for chickpeas (*Cicer arietinum L.*). See also table 1 below.

Table 1: General quality standards for chickpeas according to the Codex Alimentarius

General:	<ul style="list-style-type: none">• Chickpeas must be safe and fit for human consumption.• Pulses shall be free from abnormal flavours, odours, and living insects.• Pulses shall be free from filth (impurities of animal origin, including dead insects) in amounts that could represent a hazard to human health.
Purity and defects:	<ul style="list-style-type: none">• Extraneous matter less than 1% (of which mineral matter <0.25% and dead insects <0.10%)• Seeds with serious defects (cotyledons affected by pest or seeds with slight traces of mould or decay): max 1%• Seeds with slight defects (seed coat staining or wrinkling or broken seeds): max 7% (of which broken seeds must not exceed 3%)
Moisture:	<ul style="list-style-type: none">• 14% for tropical climates or long-term storage.• 16% for moderate climates or short-term storage.• In the case of pulses sold without their seed coat, the maximum moisture content shall be 2% (absolute) lower in each case.• Lower moisture limits should be required for certain destinations in relation to the climate, duration of transport and storage.
Discolouration:	<ul style="list-style-type: none">• Seeds of different colour (other than discoloured seeds): max 6.0%• discoloured seeds: max 3.0%• discoloured seeds of the same commercial type: max 10.0%

Source: [FAO / Codex Alimentarius standard for certain pulses](#)

Producing countries may have specific standards and grading systems, which are often stricter or more specific than the general requirements described above. For example, Canada uses the class and grading system of their [official grain grading guide for chickpeas](#). This is similar to other national standards such as the [United States standards for beans](#) (including chickpeas) and the [Australian pulse standards](#).

Tips:

Always discuss the quality requirements and product characteristics with your buyer.

Make a product data sheet with the technical specifications of your chickpeas with size grading, colour, purity, nutritional information, residue limits and microbiological information.

Packaging

Common packaging methods for food-grade chickpeas are 25kg or 50kg polypropylene bags. Smaller bags and multi-layer paper bags are also used, especially for organic chickpeas.

The packaging must be suitable to protect the product and must conform to the [Regulation \(EC\) No 1935/2004 on materials and articles intended to come into contact with food](#).

Tips:

Always discuss specific packaging requirements and preferences with your customers.

Check the additional requirements if your product is pre-packed for retail in the [Codex General Standard for the Labelling of Prepackaged Foods](#) or [Regulation \(EU\) No. 1169/2011](#) on the provision of food information to consumers in Europe.

What additional requirements do buyers often have?

Buyer specific requirements in presentation

Different markets require different specifications. Size, colour and purity are of specific importance. Most buyers will require first-class seeds in quality and purity. In some cases, purity requirements can be lower because buyers may have their own cleaning plants.

For kabuli chickpeas, large seed size of 9mm or more is important to attract premium prices. Larger sizes are especially popular with ethnic or high-end markets in Europe. Smaller seeds of 7-8 mm can be sold in bulk markets or graded to size to grade out the 8mm class. The smallest sizes below 7mm are often destined for processing (milling or canning). For example, the company [AGT Foods](#) sells the [small B90 chickpea](#), which has unique hydration properties that plump to an attractive size when canned or jarred while maintaining firmness and deep colour.

Desi chickpeas are mostly traded by companies with Asian market channels in Europe. They can range in colour from brown, light brown, yellow, orange to black or green. They can be sold whole or polished and split (under the Indian name 'chana dal'). When sold as whole seeds, the larger size may have a small premium.

Tip:

Maintain strict compliance with quality and deliver the quality as agreed with your buyer. Being careless with your standards will give buyers a reason to claim on quality issues.

Use careful handling and proper storage

To ensure product quality and to meet the expectations of your buyer, make sure you maintain proper handling of your chickpeas. For example, try to reduce the amount of product handling and avoid mechanical damage. While storing chickpeas, it is important to properly manage the moisture level (14% at harvest and 12% for storing) and risks of pests. Use ventilation and cooling if necessary.

Tips:

See information about storing pulses on the [Storedgrain information hub](#).

Make sure to regularly check your storage quality, especially for non-ventilated storage such as grain bags (known also as silo bags, sausage bags or harvest bags). Find additional information on [grain bags for pulse storage on Pulse Australia](#).

Certifications as a guarantee

As food safety is a top priority in all European food sectors, you can expect most buyers to request extra guarantees from you in the form of certification. Food management systems and certifications that are recognised by the Global Food Safety Initiative ([GFSI](#)) are widely accepted throughout Europe. For chickpea processors (cleaning and packing), a recognised food safety management system is important to become a supplier to European buyers.

- If you are a supplier of chickpeas, you may find one of the following certification schemes useful, depending on the role you play in the supply chain (production, distribution or processing): [GLOBALG.A.P.](#) (agricultural production);
- [ISO 22000 / FSSC 22000](#) (Food safety management);
- [ISO 9001](#) (Quality management system);
- [BRCGS for Food Safety](#) (British Retail Consortium);
- [IFS Food Standard](#) (International Featured Standard).

Tips:

Check with your buyer to determine which certification scheme is most relevant for your target market.

Read the [CBI tips for Organising your export](#) and [CBI Buyer requirements for grains, pulses and oilseeds](#) on the CBI Market Information platform to get more detailed insights on the advantages of certifications.

Organic certification

The demand for healthy ingredients such as chickpeas is increasing, and an organic label is becoming a common requirement in this segment to guarantee a clean, healthy and sustainable product.

In order to market organic products in Europe, you have to use organic production methods according to [European legislation](#) and apply for an organic certificate with an accredited certifier. Much of the current organic

supply relies heavily on European production.

Note that, starting January 2021, the new legislation [Regulation \(EU\) 2018/848](#) will enter into force.

Tip:

Consider organic if your situation and location permits it. Remember that implementing organic production and becoming certified can be expensive. You must be prepared to comply with the whole organic process to market organic products. Read more about organic certification in the CBI study on [buyer requirements for grains and pulses in Europe](#).

Sustainability and social compliance

European buyers are increasingly paying attention to corporate social responsibility (CSR) concerning the social and environmental impact of their business. As an exporter, you are part of the supply chain and share this responsibility.

Buyers will often have you fill in a set of documents and declarations before doing business or ask you to comply with a code of conduct. Applying standards and certifications will help you fulfil the expectations of buyers. Initiatives or certification schemes that can help improve your CSR performance, are:

- The *Business Social Compliance Initiative* ([amfori BSCI](#)), implementing the [amfori BSCI code of conduct](#);
- The *Ethical Trading Initiative* ([ETI](#));
- Sedex Members Ethical Trade Audit ([SMETA](#))
- [GlobalG.A.P.](#) and [GlobalG.A.P. Grasp](#)

Tip:

Check your company's current performance and implement the [amfori BSCI code of conduct](#). You can also find many practical tools in the [amfori BSCI resources](#).

What are the requirements for niche markets?

Fair trade labels

A consumer label for fair trade practices, such as [Fairtrade International](#), is a niche requirement in the chickpea business for which you need very specific buyers. One of the few examples are the organic white chickpeas, which are produced and canned in India under the Dutch [Fairtrade Original brand](#).

Certification for ethnic consumption

Because of the large ethnic consumption of chickpeas in Europe, additional certifications such as [Kosher](#) and [Halal](#) may be required for certain consumer groups. These ethnic foods also include processed food made from chickpeas such as falafel or hummus.

Tip:

Use the [ITC Standards Map](#) to learn about the different sustainable and social standards and see

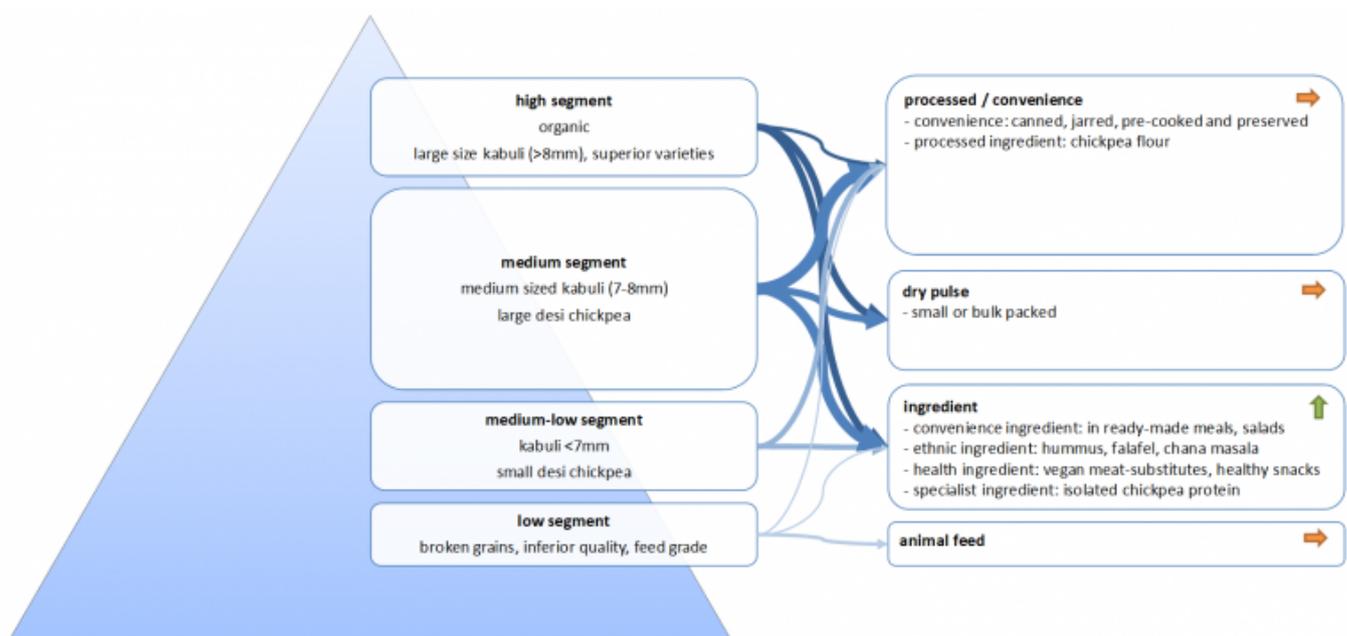
which ones are available for your country.

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

Importers and pulse traders generally organise the supply chain of pulses, which makes them the main channel to bring your chickpeas to different markets. Chickpeas can be packaged as dry or canned product, but the ingredient segment is growing fastest and offers opportunities with large ingredient companies and food manufacturers.

How is the end-market segmented?

Figure 1: Market segments for chickpeas in Europe (large arrows represent larger volume)



Size and quality determine the value and market segment

Size and quality influences the place in the top-down segment. Organic and large kabuli chickpeas are in the higher segment. Larger sizes are preferred for the consumption of whole chickpeas, especially by ethnic consumers, and organic is highly appreciated by health-oriented consumers. In the main segment, you will find medium-sized kabuli and desi chickpeas. The value of kabuli chickpeas is slightly higher than the desi variety. Small sizes (for kabuli below 7mm) and broken seeds are considered lower quality, but can still be ideal for the processing industry.

Convenience is the main segment

The biggest segment for chickpeas is convenience: Most chickpeas and other pulses are precooked and preserved in cans or jars to make them easy for consumption. Nowadays, there are also more modern looking stand-up pouches as consumer packaging.

Dry pulses mostly address the traditional consumer

Dried chickpeas address mostly the traditional and ethnic consumers. For most consumers the preparation and cooking time are still a drawback, so growth will remain limited.

Ingredient segment is growing

The segment of chickpeas as an ingredient in prepared food products is increasing in importance and gaining ground on the more traditional segments. Chickpeas are very versatile and used as a healthy, vegan and functional ingredient. You can find them in convenient products such as ready-made meals and fresh salads, in ethnic products such as hummus, in healthy snacks, in vegan products and meat substitutes and in nutritious protein food.

Animal feed is a minor segment

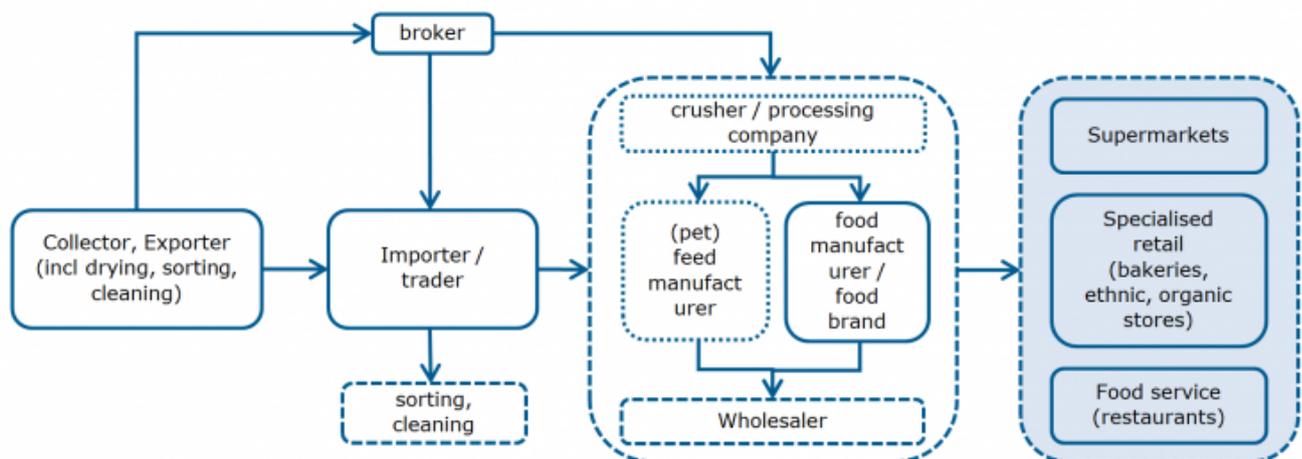
Most chickpeas are used for human consumption. Chickpeas have a higher value than other pulses such as soybean, so only the lowest grade may end up as animal feed.

Tip:

Learn how to use pulses in product development with [webinar training of USA Pulses](#).

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

Figure 2: European market channels for chickpeas



Importers and traders fulfil supply chain management

Importers and traders that are specialised in pulses and dry ingredients are the most relevant channels to market chickpeas. The main role of an importer is to ensure a quality supply of chickpeas and match the supply and demand in terms of food safety, quality and compliance with international standards.

There are importers of different sizes, varying from large integrated trading companies such as [AGT Poortman, an international importer, distributor and stockist of pulses](#), and multinational ingredient companies such as [ADM](#) and [Louis Dreyfus Company \(LDC\)](#), to small importers such as [Beanworks, which is specialised in sourcing several pulse varieties, grains and seeds](#). Some of these companies, such as the French [Ciacam](#), offer additional services such as [seed cleaning, sorting or small packing](#), while others focus principally on trade or brokerage.

Additionally you can find companies that specialise in organic or ethnic products, such as [Tradin Organic](#) or [Unidex](#) (ethnic brands).

The counterpart of an importing company is often a producer or a collector of chickpeas that can secure a certain supply and basic processing facilities (drying, cleaning and sorting).

Food manufacturers and added-value brands require reliable sources

The food manufacturing industry consists of canning companies, packers, processors and food brands. These companies add value through transforming, canning or packing chickpeas under private label or brands, but also through mixing or adding ingredients, or using chickpeas as an ingredient for plant-based or ethnic products (see table 2). From there chickpeas go to retailers or (via wholesalers) to food service providers such as restaurants.

Food manufacturers require reliable sources and easy access to chickpeas. Continuity is important for food manufacturers. The majority purchases dried chickpeas without additional processing. There are several food companies that will buy chickpeas directly from local producers or exporters, especially when they are a core product or ingredient. Smaller companies will rely on brokers or trading companies.

Leading brands and canning companies are often well-integrated with their suppliers and have processing plants in several countries. For example, [Bonduelle](#) (France) works with 3100 farmers and manages 56 processing facilities. These types of companies also maintain strict rules of compliance. Food manufacturers and brands also need a stable (contracted) price, reliable supply and consistent quality.

Table 2: Examples of food manufacturers that process or use chickpeas

company	products	Brand / private label
Müller's Mühle (Germany)	Dry chickpeas and chickpea flour	Brand, industry
Ingredion (presence in Europe)	Chickpea flour, emulsifier	industry
Unidex / Valle del Sole (Netherlands)	Ethnic food, dry and canned chickpeas	Brand
Maza Mediterranean Delicacies (Netherlands)	Ethnic food (hummus, falafel, salads)	Brand
Coroos (Netherlands)	Canned, preserved	Private label
Acico (Spain)	Canned, jarred	Private label / Brand
La Bio Idea (Netherlands)	Canned, organic chickpeas	Brand
La Doria Group (Italy)	Canned, including organic	Brand

HAK (Netherlands)	Canned, jarred, stand-up pouches	Brand
Riberebro (Spain)	Canned and jarred chickpeas, mixes, salads, soups, incl. organic	Private label
Sabarot (France).	Dry chickpeas, sprouted, frozen, organic	Brand, retail, trade
Pedon (Italy)	Dry chickpeas, mixes, pastas	Brand
Bonduelle (France)	Canned, preserved chickpeas and mixes, ethnic food (falafel)	Brand
Garden Gourmet (international brand by Nestlé)	Ethnic food (hummus), plant-based food (meat substitutes)	Brand
Schouten Food (Netherlands)	Plant-based protein, meat substitutes	Private label / brand

Tips:

Read the [CBI study about Exporting canned beans and pulses](#) to gain more insight into the market channel for canned chickpeas. Remember that most canned chickpeas in Europe have been imported as dried pulses.

Visit the [Food Ingredients Europe](#) trade fair to get the newest insights into the use of pulses as an ingredient. You can also see examples of leading companies by [tracking the plant-based protein movement on Fooddive](#) or finding ingredient companies that work with plant protein on the [website of the European Vegetable Protein Association \(EUVEPRO\)](#).

What is the most interesting channel for you?

Most chickpeas enter the market through pulse traders, importers or brokers. These include brands and packers that organise their own import. Unless you have a multinational operation, this will be your main market channel. The major users and processors of chickpeas will have their dedicated supply chains or are supplied through large international pulse traders.

While pulses are renewing their status as a health food, you can expect more companies to experiment with chickpeas as an ingredient. This means that, in the future, there will be more opportunities with ingredient companies that commercialise chickpea and chickpea derivatives.

As a chickpea exporter, it will be interesting to follow new product developments, but to sell your product you will still depend on the main importing channels.

Tip:

Visit regularly food and food ingredient trade fairs in Europe. This will help you gain market knowledge and offer the opportunity to meet with potential buyers. Relevant trade fairs in Europe are, for example [SIAL](#), [Anuga](#), [Biofach](#) (for organic) and [Food Ingredients Europe](#).

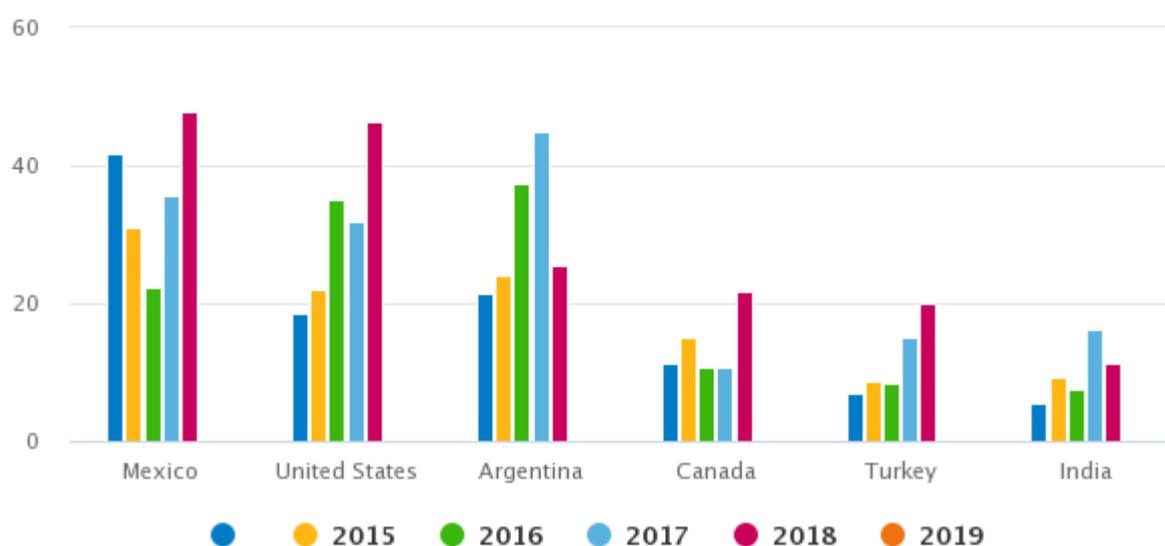
3. What competition do you face on the European chickpea market?

Global chickpea production has decreased since the peak in 2018, but there is still sales of carry-over stocks. Exports in 2019 were still going strong, but with low prices. Large suppliers in Mexico and North America were responsible for most of the export to Europe in 2019.

Which countries are you competing with?

Figure 3: Main non-European suppliers to the European Union

in 1,000 tonnes



Source: Eurostat / Market Access Database

Mexico: Good size kabuli chickpeas

Mexico offers good-sized kabuli chickpeas for export. It is a popular source for chickpeas, especially for traditional consumer countries in Europe such as Spain, Portugal and Italy. The supply fluctuates with the availability of stocks. In 2019, almost 48 thousand tonnes reached the European markets.

The chickpeas are supplied to Europe by a few strong companies with large storage capacity, but the volumes will likely decline when carry-over stocks are ending, probably near to 2021. The prospects for new production have gone down from around 300 thousand tonnes in the peak year 2018 to 75 thousand tonnes in 2020.

The main reason for the reduced production are the low prices paid for chickpeas. But the Mexican policy on local food security and farmer subsidies also favour the production of corn and beans, so farmers are switching to other crops.

When global chickpea prices go up again, Mexican farmers will likely pick up production and maintain their competitive position.

Table 3: Production of kabuli chickpeas and grower prices in Mexico

Year	Planted area (hectares)	Grower prices (USD/ton)
2016	48,800	1,045
2017	73,700	1,480
2018	166,800	800
2019	74,100	620
2020*	40,000	-

Source: Felipe Sandoval and BeGrait Beans & Grain in [PulsePod](#) | *forecast

United States: More chickpeas to local market

The United States is a modern agricultural producer of pulse crops and has become a larger player in chickpeas in recent years. The main variety is the kabuli type.

Until recently the production was climbing fast to fulfil the increased local and international demand. But that is about to change. The total available volume from production, existing stock and some import in 2020/21 is around 350 thousand tonnes. This is less than the 500 thousand available tonnes in the year before. High cost, lower margins and increasing diseases have motivated farmers to reduce the chickpea production. This will reduce the international competition from the United States.

A big part of the chickpea production is destined for local consumption and canning companies. According to the [Agricultural Marketing Resource Center](#), nearly all domestic pulse crops are marketed through processors, with about 20 percent of production contracted and the majority (80 percent) sold on the cash market. There are also many food brands and innovators that use chickpeas as a healthy ingredient. The trend for plant-based food is strong, so the local market will continue to demand supply.

Europe is one of the main destinations for chickpeas outside the United States, with end-markets mainly in Southern Europe. The European Union imported 46.5 thousand tonnes from the USA in 2019, which was considerably more than the years before. Due to import restrictions in India, more chickpeas were pushed towards Europe.

Argentina: Running out of quality stock

Argentina's chickpea production is almost exclusively of the kabuli type, with desi type chickpeas making up no more than 2% of the crop according to the [Chamber of Pulses of Argentina](#) (CLERA). The kabuli production has regular calibres of 7 to 9 mm.

Like other countries, Argentina had increased its chickpea export up to 2018, including to European destinations. Most export to Europe was directed to Italy, Spain, United Kingdom and Portugal. The news website [eFarmNewsAr.com](#) listed Desdelsur SA as the main licensed exporter in 2018 with a total of 13.6 thousand tonnes, followed by Agronegocios Jewel SA, Primore SA, Cono SA and Lihue Tue, all exporting between

4.5 and 6.4 thousand tonnes in the same year.

With chickpea prices being low, only the traditional growers sowed chickpeas in 2019, while others switched to wheat with better prices on forward contracts. The carry-over from previous years consisted largely of inferior quality and practically ran out in 2020, which explains the dip in export volume as well as value.

The supply from Argentina remains unpredictable, both in volume and quality. But with the broad experience in commodity crops such as soybean, corn and pulses, the country has a competitive advantage over new market entrants.

Canada: Large farms gaining market share

Canada is a leading producer of dry peas and lentils, and in chickpeas the country is gaining market share. Large farm sizes create an economy of scale, which allows farmers to compete on the European market.

Unlike in the United States, the Canadian production did not increase until 2018, when the production area jumped to 179 thousand hectares from the 60 to 70 thousand hectares in the years before and resulted in the biggest chickpea crop in 11 years. As a result, the export to Europe increased. The European Union imported 21.8 thousand tonnes of Canadian chickpeas in 2019. Portugal and the United Kingdom were the main markets in Europe.

In 2019, the production area went down by 15%, but still enough to produce somewhere around 260 thousand tonnes. The total supply, including the carry-over stocks, amounts to well over 400 thousand tonnes in 2019/20, so there is still abundant supply left. An estimated 20-25%, however, is a lower quality crop or feed grade.

Strong, well-organised farms will continue to participate in the chickpea trade, But since there is still left-over stock and the prices for lentils have become more attractive, the production will surely stabilise in the short term.

Turkey: From net importer to exporter

Chickpeas are an important part of Turkish food and the country records one of the highest consumption rates in the world. Until recently Turkey was a net importer – this radically changed when production increased in 2018.

Despite the increasing exports and the strategic location close to Europe, the export volume to the European markets in 2019 was limited to a little over 20 thousand tonnes. Italy was the number one buyer in Europe, followed by Germany, with each importing close to 4 thousand tonnes.

Substantial domestic production, short transit times and favourable exchange rates should make Turkey into a competitive player. However, lack of mechanisation and scale make Turkish chickpeas relatively expensive to produce. This makes it difficult for them to compete with countries such as Canada and the United States. Most of the domestic chickpeas are small or regular sizes; for bigger sizes (calibre 11-12mm), Turkey depends on the import from Mexico and India.

The presence of Turkish chickpeas on the international markets will depend on the surplus production and the quality of the harvested crop. The short-term forecast indicates production will go back to normal levels.

Table 4: Turkish import and export volumes, in tonnes

	2015	2016	2017	2018	2019

Total export in tonnes	22,474	22,976	23,287	117,413	127,429
Total import in tonnes	37,306	30,446	90,241	92,959	13,236

Source: ITC Trademap

India: Major influence on international markets

India dominates the global chickpea market, producing more chickpeas than any other country in the world and having an unparalleled domestic demand. The country has a considerable influence on the global market.

The production volume in India surpassed 1.1 million tonnes in 2018 according to Faostat. The desi chickpea is most dominant and preferred by the domestic market. The kabuli chickpeas have a good size and are often exported. The new crop in 2020 will have lower yields and smaller calibre sizes due to the late sowing.

In 2020, there is still a big carry-over in India with harvested chickpeas dating back to 2018, but these stocks will be downsized in the course of the year. According to professionals, the kabuli production will also decrease significantly in 2020.

While India still depends on the foreign supply of chickpeas, it mainly imports desi chickpeas and low-quality or split kabuli for processing. The import in India is regulated with high import tariffs. The main export concerns quality kabuli chickpeas.

With 11.4 thousand tonnes, India was the sixth-largest supplier to the European Union in 2019. The United Kingdom is by far the main destination, thanks to the large ethnic consumption and the historic relation with India.

Tips:

Focus on production planning and timing. Secure your business with forward contracts or make sure to properly anticipate the future supply and demand. Sometimes, it is not a good idea to start producing for the spot market when prices are very high, because you can expect others to do the same, causing oversupply and dropping prices.

Follow the latest news on chickpea production and export on [Pulsepod](#). For example, read the [Global Garbanzo's Chickpea Update: India Rabi Sowing](#) or listen to the [Podcast "Ask the expert and the kabuli chickpeas global outlook"](#).

Try to organise your sector with other producers in your region and jointly invest in the promotion of your region and in agricultural research to increase your competitiveness. Take, for example, the Canadian [Saskatchewan Pulse Growers](#).

Which companies are you competing with?

In the chickpea business, you will have to compete with strong competitors such as JOVA and AGT Foods, which have the means to store their pulses and maintain flexibility in their business. Farms and chickpea traders are getting bigger and more integrated. This requires you to expand your business as well, or differentiate.

JOVA: Storage as success for expansion

JOVA is a top corn and chickpea producer in Mexico. When the company developed a plan to increase the storage capacity of its elevators, boosting the amount of grains it was able to supply, [the multinational Cargill helped finance the operation](#). The expansion's success inspired the companies to deepen their partnership. Cargill's grain and oilseed business began purchasing grain products directly from JOVA, making it Cargill's second-largest grain supplier in Mexico.

Companies that can store their pulses have more leverage in trade. Storage is key to absorb price fluctuations and maintain flexibility in selling.

AGT Foods: Financial power and international networks

AGT Food and Ingredients is one of the largest suppliers of value-added pulses, staple foods and food ingredients in the world.

The company buys lentils, peas, beans and chickpeas from farmers around their 40+ facilities located in major pulse growing regions in Canada, the United States, Turkey, Australia, China and South Africa. AGT Foods claims to represent nearly 45% of the global market for pulses, shipping to over 120 countries. In chickpeas, they supply the kabuli and desi varieties, B90 Chickpeas and split desi chickpeas ('chana dal'). One of the subsidiaries that deals with chickpeas is [Arbel](#) in Turkey.

The international networks and financial strength allow the company to maintain flexibility and get the best return on investment.

Tips:

Invest in storage capacity or join forces with other chickpea farmers to arrange for more storage. This will prevent you from having to sell your crop directly after harvest and give you more control over your sales.

Find ways to differentiate if you cannot compete with the bigger companies, for example in further processing, organic cultivation or other specialisations.

Which products are you competing with?

Each chickpea quality and size has its own market, so the competition between chickpea varieties is not necessarily strong. As an ingredient, and especially as a plant-protein, it competes with other pulse crops such as soybean, peas and lentils. The advantage of chickpeas is that it benefits from its popularity as a versatile and healthy product with consumers. However, soybean and common peas are higher in protein and much cheaper to use for food manufacturers. As a result, chickpeas will perform better as a consumer food and ingredient, while the protein using industries will boost other pulses as well.

Tip:

Investigate which different chickpea breeding varieties are available in your country and determine which is the best variety for your prospected market (canning, protein source, processing, etcetera).

4. What are the prices for chickpeas?

Prices for pulse crops such as chickpeas mainly depend on the availability in relation to the global demand. Other price variations are often related to quality and variety; for example, the prices for kabuli chickpeas are slightly higher than the desi chickpeas.

Chickpea prices peaked at the end of 2016 and early 2017. Because of the high prices, the global production in the following years increased significantly and crashed the market.

At its peak in 2017, chickpea prices reached extremes of around 2,000 euros per tonne for kabuli chickpeas in Mexico (2,400 US Dollars CFR price) according to [Pulsepod news](#) and dropped below 800 euros per tonne (935 US Dollars) in the years thereafter. In India, the international price for chickpeas went over 1,300 euros per tonne (10,000 Rs per quintal) and dropped below 500 euros per tonne according to [reporting of the Indian Department of Agriculture, Cooperation & Farmers Welfare](#).

The average trade values of imported chickpeas into Europe was 1,200 Euros per tonne in 2017 and declined to just over 700 euros per tonne in 2019.

Figure 4: Trade values of imported chickpeas into Europe



Source: Eurostat / Market Access Database

Regular dried chickpeas are usually retailed in consumer packages up to 1 kilo for between 2 and 4 euros per kilo. In retail, dried chickpeas do not sell quickly, which makes it a relatively costly item for retailers to stock. Therefore, the marketing and sales margin for the retailer is high, while the traders and packers need to work efficiently to maintain a reasonable margin of 15 to 25% over their sales price. Premium food brands, as well as organic chickpeas, usually have a higher margin to cover their additional costs.

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[ICI Business](#) carried out this study for CBI.

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