



[What competition do you face on the European grains and pulses market?](#)

The European Union (EU) has strict regulations, in which competition for various types of grains and pulses depends on where and how they are to be used. There is considerable variation in rivalry and supply power between large suppliers of commodities and exporters from developing countries working with products on a medium to large scale or those with a more exotic character. The potential for new specialty products and varieties is increasing, although competition should be countered by excellence in quality and product differentiation. This section explains the competition existing within the field of grains and pulses. For specific information on oilseeds, see CBI Competition for oilseeds.

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1 . Market entry: Which opportunities and barriers will I face when trying to enter the market?

The European market for bulk grains and pulses is quite mature and well structured by legislation and certifications. Competition is best challenged by offering an accurate response to market needs, good compliance with buyer requirements, product differentiation and niche products.

European requirements are an obstacle for new entrants

While rules are becoming stricter, supply chains become shorter and more transparent. These developments have increased the importance of good suppliers. Compliance with European quality and safety requirements and maximum residue limits for grains and pulses can be an obstacle for new external suppliers. At the same time, however, it can also allow suppliers to demonstrate their professionalism and differentiate their companies from competitors. New entrants often underestimate the rigorous quality control and extensive laboratory testing demanded by buyers, the level of EU border control and the risk of rejection.

Tips:

- For detailed information on contamination and pesticide usage, see also [CBI buyer requirements](#).

- Learn from other suppliers, and identify common mistakes through the [RASFF \(Rapid Alert System for Food and Feed\) Portal](#), which registers shipments that have been rejected.

Buyers have different profiles

While importers are always interested in serious suppliers, they are also a source for comparing products and prices. Buyers who have already established business relationships with suppliers who can assure them of steady quality and competitive prices have little reason to change suppliers.

The likelihood of changing suppliers depends upon the type of buyer. Some buyers are importers with typical trading profiles, buying and selling in response to trade opportunities. These trading companies shift between suppliers relatively easily, and they buy from suppliers in developing countries as well as from other European importers. Other buyers are sourcing companies, focusing more on the expertise of sourcing and demanding long-term commitment. Sourcing companies are well equipped to import exotic or new types of grains and pulses from developing countries, and they often plan local site visits.

With an increasing need for transparency and food safety, they will put more emphasis on the business relation with exporters.

Tips:

- Demonstrate that you are a reliable supplier in order to establish long-term trade relationships. Efficient communication and honouring agreements are essential to building trust.
- Evaluate whether a joint venture or exclusive partnership would be an option for you and your trusted buyers. Integrated cooperations can strengthen your position on the European market and decrease the risk of losing the connection to your buyer. They can also offer the opportunity to dedicate your company's efforts in the areas of sourcing and compliance instead of export marketing.

Specialization as a market-entry strategy

Trade in bulk grains and pulses is price competitive. If your product merely complies with obligatory standards, price is about the only area in which you can make it stand out from the crowd. Large suppliers often have the advantage of scale, as they are able to produce and export efficiently at the industrial level.

In order to compete with large bulk suppliers, small and medium exporters can realize advantages through specialization or adding value. Adding value to your product will not necessarily make it easier for you to enter the market. For example, food processing is very common in Europe, and processed products are likely to be subject to high tariffs or other trade barriers.

Many other options can be considered, however, including targeting specific buyer groups, combining local niche products and specializing in specific varieties, organic products or social certification.

Tip:

- Assess opportunities in your target market and try to differentiate. Visit trade fairs (e.g. [SIAL](#), [Anuga](#) and [Biofach](#)), and discuss your ideas with European exhibitors.

2 . Product competition: What are substitute products?

This section describes the existence and competing power of substitutes for grains and pulses.

Risk of substitution depends upon application and market channel

At a trade level, niche products are more easily substituted or discontinued than are commodities (e.g. rice, corn) or food ingredients for the industry.

At the same time, smaller products can offer valuable alternatives or additions to major commodities, and they are therefore interesting options for small and medium exporters. Product substitution for grains and pulses depends upon consumer preferences, functionality and specific market channels.

- *Functional food* is a niche in which substitution is difficult, as consumers tend to buy specific products for specific reasons. Examples of functional food include gluten-free grains (e.g. teff, quinoa), omega3 products (e.g. chia, linseed) and protein sources (e.g. soybeans, pulses). Pulses can be used as a substitute for meat and, in the health-food segment, higher-value grains can become interesting alternatives for commodity grains.
- *Consumer choice* can easily be shifted between the many packaged grains and pulses available (e.g. pasta, quinoa, bulgur, kumut, couscous and various types of rice). Food brands are increasingly combining ingredients to offer attractive alternatives (e.g. brown rice with quinoa or spelt) or nutritious products (e.g. rice with lentils).
- *Food manufacturers* (for specific ingredients) cannot easily substitute ingredients, because they are part of specific formulas. If price or availability becomes a serious issue for a smaller-scale ingredient, it could eventually be substituted, or the product could be removed from the retail market. Although supplying your product to the food industry can provide stable demand for your product, the supply requirements are generally high.
- *The bakery industry* is an important channel for cereal grains and seeds, but is also very price competitive. Spelt, rye, quinoa and other special grains are minor substitutes for wheat in bakery products, although they can be easily replaced when prices rise. The same applies to seeds, including poppy, sesame, pumpkin, sunflower seeds, linseed and chia. As noted above, gluten-free products constitute an exception to the competitive bakery sector.

Tip:

- Make sure that you can guarantee a minimum level of availability, and be honest about your capacities as a supplier, especially when targeting the food industry or when working with relatively new products.

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3 . Company competition: Who are my rivals?

The European market is a buyers' market, in which many suppliers compete and in which price is often the determining factor. Nevertheless, standards of quality and sustainability are becoming increasingly important as a way for suppliers to distinguish themselves from their competitors.

Supermarkets as dominant buyers

The purchasing power of European supermarkets is strong, especially in Western Europe, and it is expected to increase even further in the future. This is evident in the requirements and conditions that supermarkets set. It is easy for supermarkets to shift to other suppliers if their current suppliers do not adhere to these demands. Because competition for non-specialized products is based primarily on price, EU buyers can be characterized by a high level of price sensitivity. This subsequently translates into greater pressure on other actors closer to the producer level, including sourcing companies and exporters from developing countries.

Tips:

- Try to become part of long-term contracts with large retailers (either directly or with the help from an importer), but only if your company is ready for such commitments.
- For additional information on the role of the different players in the supply chain, see [CBI Market Channels and Segments](#).

Strong suppliers in commodity market

In the commodity market for cereal grains and seeds (including oilseeds), supply is dominated by such multinationals as [ADM](#), [Bunge](#), [Cargill](#), [Glencore](#) and [Louis Dreyfus](#). These companies cover

the food, feed and non-food industries, with offices throughout Europe, steady contracts and, in many cases, their own production. The supply power of local exporters is significantly lower. Buyers easily switch between suppliers without excessive costs, as production and trade are well organized. The market for pulses is less developed in Europe, and its demand does not reach the level achieved by grains. Pulses therefore offer more opportunities for independent and medium-sized exporters. In this market, exporters with less commoditized ingredients are able to exert much greater influence on their buyers. Many importers specialize in alternative grains, exotic seeds and healthy pulses, and they are dependent upon good relationships with their suppliers.

Tip:

- Avoid competition with multinational suppliers. Find potential trading partners on such online databases such as [Europages](#), [Kompass](#) or [ITC Trademap](#), and compare their product range to that offered by your company.

Supplier power is regional and product-specific

European trade in commodities is dominated by large suppliers. Most of their production is located in or nearby Europe. For example, in Turkey, major suppliers hold a very strong position in lentils and, in the Ukraine, they dominate the supply of sunflower seeds. Their regional bargaining power is much stronger than that of exporters from developing countries who offer the same products. This is quite different for climate-specific crops and exotic varieties that are traditionally associated with specific regions (e.g. sesame, quinoa, chia, teff and pigeon peas).

Demand for authentic and specialty products is increasing, and the level of competition in this area is more likely defined by quality and product variety.

Tips:

- Consult production figures on [FAOSTAT](#) and verify the potential competition from other producing countries.
- Stay abreast of new food trends in Europe by following [Food Navigator](#) or other news sites.

Future competition in specialty products

The European consumer market is changing. Along with increases in the demand for specialty products, quality and sustainability are becoming more prominent values. This offers an opportunity for exporters who maintain high standards and who are well prepared for this new mind-set. Competition will automatically increase along with developments in the demand for specific products. Nevertheless, exporters will have many options to distinguish themselves from their competitors in terms of quality and sustainability.

Tips:

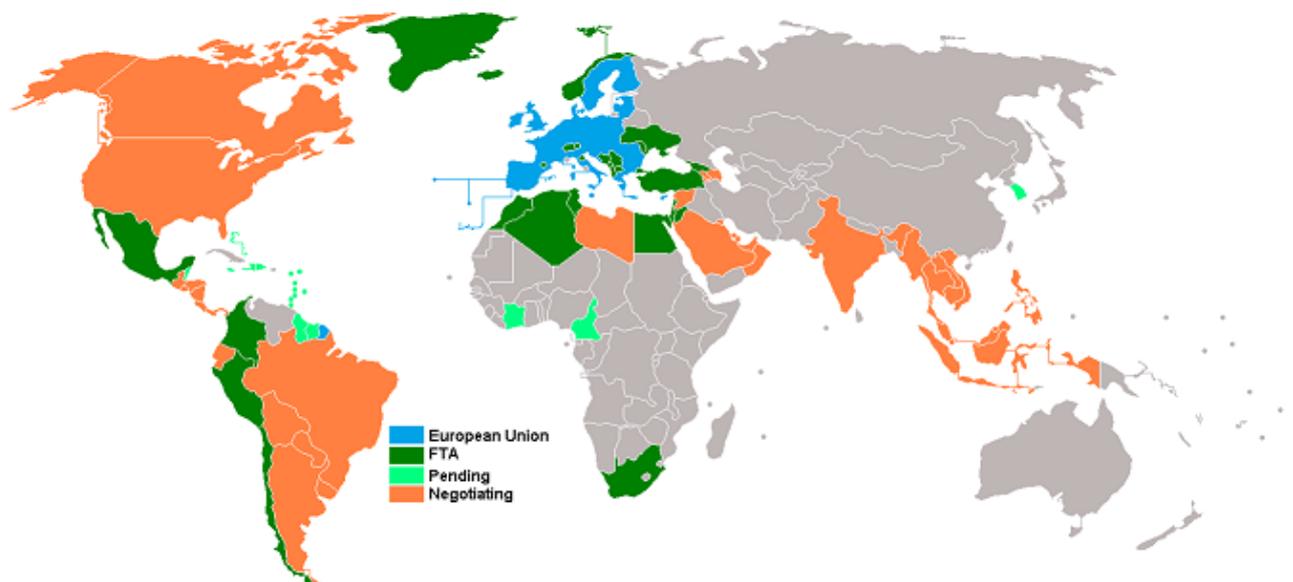
- Anticipate future changes by becoming a forerunner in quality, sustainability and product originality. For example, add value by accentuating sustainability aspects, including fair production and fair prices to farmers.

- Use the [Standards Map](#) to identify certification standards that correspond well to the values of your company. Additional suggestions are available in [CBI buyer requirements](#).

EU Free Trade Agreements:

The European Union has identified the creation of business opportunities for EU exporters as a key priority, which is facilitated by Free Trade Agreements (FTAs). In return, partner countries can negotiate preferential tariffs for the export of agricultural (or other) products to the EU. Important suppliers of grains and pulses (e.g. Turkey, Ukraine and Mexico) have FTAs with the EU.

Depending upon their content, such agreements can provide potential advantages in the trade of grains and pulses. For a complete overview of FTAs with the EU, see the [European Commission website](#).



Source: [Wikipedia](#)

Tips:

- Determine whether your country has a [Free Trade Agreement with the EU](#) and whether your product qualifies for a preferential tariff. In addition, find out whether your competitors from other countries have beneficial agreements with the EU.
- Consult the [EU Export Helpdesk](#) to find the import tariff for your product, as well as those from other supplying countries.

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