



## [Exporting groundnuts for the food manufacturing and oil crushing industry in Europe](#)

Europe is a large market for groundnuts, with an estimated average consumption of 650 thousand tonnes per year. Imports show a growing market, with an average annual increase of 2% in volume and 3.9% in value from 2013 to 2017. Groundnuts are consumed as snacks, processed as food ingredients and crushed for oil. This study focuses on groundnuts for the European food manufacturing and oil crushing industries. In the food manufacturing segment, groundnuts are used as ingredients in peanut butter, chocolate and other food and snack preparations. One of the main challenges for exporters is complying with maximum levels of aflatoxin and other contaminants.

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## 1 . Product definition

Groundnuts, or peanuts (*Arachis hypogaea*) are a legume, root crop. They are native to South America, but they are cultivated in many tropical and sub-tropical parts of the world.

In Europe, groundnuts are consumed as snacks, crushed for oil and processed by the food industry. A small share is also destined to the pet / bird food market.

Groundnuts can vary from pale brown to pink to deep reddish brown, have different shapes and processing characteristics according to variety. Each variety may be particularly suitable for specific uses in the food industry.

Varieties differ from one producing region to another. For example, the varieties available in India are [Bold Java, Spanish](#). In Argentina, Runners account for around [95% of the peanut crop](#). There are also varieties like Pampe Jumbo, Manigran and Virginia. In the United States, the existing varieties are Virginia, Runner and Valencia.

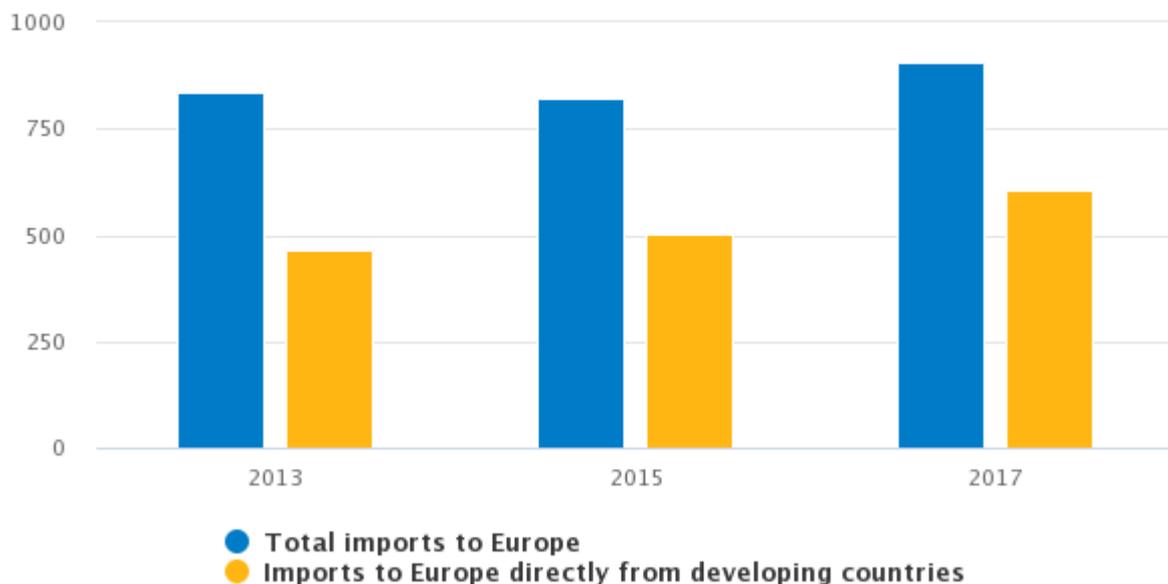
Runners are the most common variety used in snacks, peanut butter, groundnut oil, confectionery and other food products. The codes for groundnuts in the Harmonised System (HS) are:

| HS code   | Description  |
|-----------|--|
| 1202 4100 | Groundnuts, in shell (excl. seed for sowing roasted or otherwise cooked)                       |
| 1202 4200 | Groundnuts, shelled, whether or not broken (excl. seed for sowing roasted or otherwise cooked) |

## 2 . What makes Europe an interesting market to target?

The European market for groundnuts is growing.

Figure 1. Total imports of groundnuts to Europe  
in 1.000 tonnes



Source: Eurostat, 2018

The European market for groundnuts grew over the last few years, which is substantiated by the growth in imports.

European imports of groundnuts have grown since 2013. In 2017, Europe imported 904 thousand tonnes (€1.3 billion) of groundnuts, marking an annual increase of +2% in volume and +3.9% in value since 2013.

### The Netherlands is the largest importer

The Netherlands is by far the largest importer of groundnuts in Europe. Other interesting European markets for exporters are Germany and the United Kingdom. Spain, Poland and Italy also have a significant importing and consuming role in Europe.

A large proportion of the groundnuts destined to Europe [come in through the port of Rotterdam](#). The Netherlands accounted for 40% of total European imports in 2017. Imports remained stable from 2013 to 2017; the value increased at an average annual rate of 1.8% since 2013.

Germany and the United Kingdom are two other large importers of groundnuts in Europe. Germany accounted for around 14% of total imports in Europe, and the United Kingdom had an 11%-share in 2017. German imports increased in volume (+0.8% annually) and value (+2.6%) since 2013, while British imports increased at an annual average rate of 3.5% (volume) and 5.0% (value) since 2013. Significant ports in these countries are:

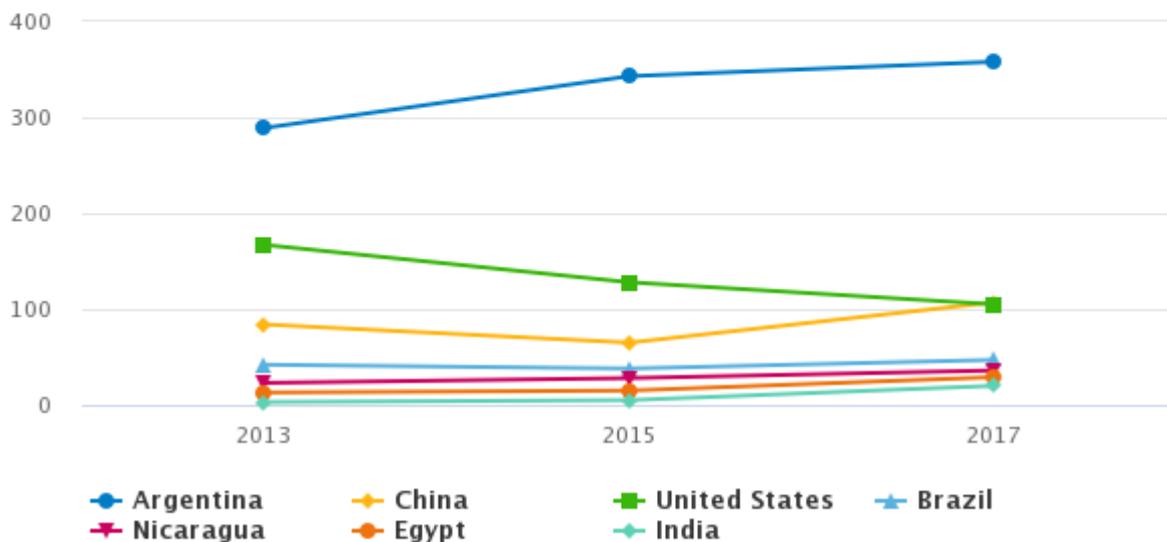
- Hamburg (Germany)
- Felixstone (United Kingdom)
- Tilbury (United Kingdom)

Spain, Poland and Italy are smaller but important importers. They each accounted for a share of around 5.5% in total European imports of groundnuts in 2017. All these countries experience an increase in both volume and value since 2013.

## Most imports are sourced directly from developing countries

Figure 2. Main non-European suppliers of groundnuts to Europe 2013–2017

in 1,000 tonnes



Source: Eurostat, 2018

The main suppliers of groundnuts to Europe, and your main competitors, are:

- Argentina
- China
- United States

The United States has an established position and strong groundnut industry, making competition fiercer on the European market.

About 67% of groundnuts imported into Europe are sourced directly from developing countries, amounting to 604 thousand tonnes (€820 million) in 2017. Imports from developing countries had an annual increase of 6.6% between 2013 and 2017, and increased in value by +8.8% annually.

Large developing country suppliers of groundnuts to Europe are Argentina, China and Brazil.

Argentina is the largest supplier of groundnuts to Europe, accounting for a share of 40% (volume) of total European imports, at 358 thousand tonnes (€472 million) in 2017. It registered an annual increase of 5.5% in volume and an increase of +8.1% in value since 2013. Good weather conditions in 2015/16 boosted [an improvement in yields compared to earlier years](#), when crops were affected by drought. Argentina produced 1.0 million tonnes of groundnuts in 2016.

Other large developing countries that supply groundnuts to Europe are:

- China (12% of total share of imports in 2017)
- Brazil (5.2%)

Smaller, but also significant exporters to the European market are:

- Nicaragua (3.3%)
- Egypt (3.2%)
- India (2.3%)

All supplies from the countries mentioned above experienced an annual growth between 2013 and 2017.

China saw a decline as an exporter to Europe from 2013 to 2015, which was related to the increase in Chinese consumption of peanuts and aflatoxin contamination. Local production is struggling to keep up with this growth, and Chinese buyers are already sourcing from suppliers elsewhere including West Africa and the United States. Around 50% of the peanuts in China are used for edible oil production, but the [demand for groundnuts as snacks is also rising](#).

Brazil experienced an annual increase of +2.6% in volume and +6.2% in value between 2013 and 2017. This increase in production is mainly explained [by the introduction of runner cultivars with high productive potential](#). The increase in Nicaraguan and Egyptian supplies was sharp, at an average annual rate of +11% and +22% respectively in volume and +17% in value for both countries.

Among developed countries, the United States occupies a leading position. It is still the third largest supplier to Europe, accounting for 12% of total imports. Supplies from the United States to Europe decreased between 2013 and 2017 at an average annual rate of -11%, [due to options in new markets for North American exporters as well as a projected decrease of planted areas for peanuts by 18% in 2018, as farmers are expected to move to a more profitable crop: cotton](#).

Other [large producers of groundnuts](#) are India (6.9 million tonnes in 2016), Nigeria (3 million tonnes), Myanmar (1.6 million tonnes), Sudan (1.8 million tonnes) Chad (1 million tonnes), Cameroon (748 thousand tonnes) and Senegal (719 thousand tonnes). However, these producers, apart from India, do not export large amounts of groundnuts to Europe.

### Tips:

- Stay up to date on market developments and keep an eye on your biggest competitors. Consult multiple sources, such as [ITC's Market Insider – Groundnuts](#) and [Index Mundi](#) for information on developments in other supplying countries such as Brazil and China.
- Be aware that if you process groundnuts, you are competing with European processors directly. Your buyers could ask you to provide similar services as those of European suppliers. Expect requirements on short supply times, steam sterilisation, certification for quality management systems, documentation, etc.

## Re-exports are slightly increasing

European re-exports of groundnuts increased slightly between 2013 and 2017.

Re-exports amounted to 198 thousand tonnes (€305 million) in 2017, increasing at an annual rate of +3.7% in volume and +4.2% in value since 2013.

The largest re-exporter of groundnuts in Europe is the Netherlands, an important trade hub for oilseeds worldwide. The country accounted for around 75% of total European exports in 2017.

The main destination for re-exports from the trading hub of the Netherlands is Germany, which received almost half of the total European re-export and transit trade in 2017. Germany is the largest European food market and has largest food industry in the region, which commands a high demand for ingredients like groundnuts.

### Tip:

- Export your groundnuts to the Netherlands or Germany, as these are the main importers of groundnuts in Europe. Rotterdam (the Netherlands) and Hamburg (Germany) are important ports for importers of groundnuts.

## European production of groundnuts is limited

The European production of groundnuts decreased between 2012 and 2016, with an annual average of -8.4%. Production is very limited and only amounted to 3.6 thousand tonnes in 2016).

The two largest European producing countries in 2016 were (source: FAOSTAT):

- Greece (1.8 thousand tonnes)
- Spain (1.4 thousand tonnes)

In comparison, worldwide production of groundnuts was estimated at 44 million tonnes in 2016.

Bulgaria is another groundnut producer but registered an annual average decrease in production of -24% since 2012.

### Tips:

- Check the website of [FoodDrinkEurope](#). It is an interesting source to understand consumption patterns of food products, including groundnuts, across different European countries.
- Access the [Eurostat Statistics Database](#) to analyse European trade dynamics yourself and to build your export strategy. Identify interesting importing countries and developments such as the emergence of new suppliers and decline of established ones.
- Identify your potential competitors and learn from them in terms of: marketing (website, social media, trade fair participation), product characteristics (origin, quality, oil content) and value addition (certifications and processing techniques). See for example the websites of: [HT Trade \(Argentina\)](#), [PCA - Peanut Company of Australia \(Australia\)](#), [The New Nut Company \(South Africa\)](#), [Olega \(Argentina\)](#).

## Peanuts and peanut butter account for a large amount of the nut consumption in Europe

Trade statistics do not distinguish the different end-uses for groundnuts. However, existing statistics reveal that:

- [About 550,000 tonnes of peanuts are consumed in Europe each year.](#)
- [Peanuts and peanut butter account for around 33% of nut consumption.](#)
- In 2017, [38 thousand tonnes of groundnuts were crushed in Europe](#), led by Italy (11 thousand tonnes), Greece (10 thousand tonnes) and the Netherlands (9 thousand tonnes). Around 71 thousand tonnes of groundnut oil were imported into Europe in 2017.

## 3 . What trends offer opportunities on the European market for

## groundnuts?

The groundnut market is shaped by trends in the edible nut, oilseeds and vegetable oil sectors. You can read about general trends on the edible nut market in [our study on processed fruits and vegetables and edible nuts](#) in Europe. And see our studies on general [trends on the oilseeds market](#) and [the vegetable oils market](#).

Specific trends related to food manufacturing are given below.

### Largest peanut butter markets in Europe are growing

Peanut butter is a key product for groundnuts in the food industry. European consumption is currently small, but has potential for growth. It is estimated that the average European consumes less than one table spoon of peanut butter annually. In comparison, North Americans are estimated to consume around 1.5 kg of peanut butter per capita.

Growth has been reported in the largest European peanut butter market, the Netherlands. In the Netherlands peanut butter is a common bread spread. Some of the leading producers are [Calvé](#) (Unilever) and [Intersnack](#).

In the United Kingdom, [peanut butter sales rose by 13% in 2015 due to its rebranding as a health product](#). The British company [Duerr's](#) has consolidated its position as the main peanut butter producer.

### Groundnuts are gaining ground in new product launches

Europe shows a [growing number of food products containing groundnuts](#). Snacks still dominate the market, at 45%. Chocolate and confectionery is 14% of the market and bakery 11%. However, groundnuts are also used in other new applications. The product is valued for its health aspect, supported by [recent studies highlighting their benefits](#) and [new insights into peanut allergy](#). Additionally, the taste, protein content and texture of peanuts is appealing to consumers.

Other applications with smaller market shares are these newer products such as ready-to-serve meals containing groundnuts and groundnut milk. Examples are:

- Peanut Hottie [drinkable groundnut powder](#) (United Kingdom)
- Ready-to-serve like [Plus Bami Goreng with Satay Ajam \(Netherlands\)](#)
- Magnum Ice cream [Double Peanut Butter](#)
- Strong increase in protein products in bars for athletes, such as [Barebells Protein Bar](#) (United Kingdom)
- [Peanut milk products from the Asia-Pacific region](#) could also enter the European market, as non-dairy milk alternatives grow.

#### Tips:

- Investigate the characteristics which make your product suitable for specific applications and new products. These can be related to factors such as size, taste, colour, oil content and purity. For example, [different groundnut varieties are more suitable for the production of peanut butter than others](#).
- Sign up for the newsletter of [FoodNavigator](#) to stay up-to-date regarding new food products and product launches.

## 4 . What requirements should groundnuts comply with to be allowed

## on the European market?

Buyers in the European Union have strict requirements for groundnuts. You will only be able to successfully market your product in Europe if you comply with these requirements. See our study on [buyer requirements for oilseeds](#) for a detailed analysis of these requirements.

These requirements are particularly important for groundnuts:

### Legal requirements

If you want to export groundnuts to Europe, your product can't contain harmful pathogens (such as microbiological activity, aflatoxin and pesticide residues) exceeding standardized tolerances levels. [Maximum levels allowed are set in European legislation](#). If you do not comply with this legislation you are not able to sell your product to European buyers.

In Europe, aflatoxin restrictions are particularly tight and are often [reported as a problem](#) for groundnut importers.

Another point of attention concerns pesticide residues, which were recently brought to light due to changes in the methodology to determine propiconazole residues in groundnuts by European authorities.

#### Tips:

- Check the website of the [Rapid Alert System for Food and Feed \(RASFF\)](#) for border rejections and alerts for 'groundnuts' or 'peanuts' under category 'nuts, nut products and seeds'. With this website you can learn about common problems faced by suppliers during border controls and adopt appropriate measures to avoid them.
- Implement proper pre and post-harvest procedures to avoid contamination of groundnuts. See the Codex Alimentarius' [Code of Hygienic Practice for Groundnuts \(Peanuts\)](#) and [Code of Practice for the Prevention and Reduction of Aflatoxin Contamination in Peanuts](#).

### Additional requirements

European buyers may require quality management system certification, especially when the groundnuts are destined to the food manufacturing industry. [HACCP](#) is likely to be a minimum standard required. Some buyers will also expect you to have certificates such as [IFS](#) or [BRC](#).

Corporate responsibility and sustainability are growing issues within the oilseed sector. Groundnuts do not have a particularly negative profile like other products such as soya. However, adopting codes of conduct or sustainability policies related to environmental and social impacts of your company can provide you with a competitive advantage.

#### Tip:

- Read more about food safety, corporate social responsibility and sustainability within the oilseed sector [on our study covering buyer requirements](#) for oilseeds.

### Quality requirements

Quality aspects such as size, uniformity, taste, colour, ease of skin removal (blanchability), shelf-life

and oil content are considered important by the food industry. These factors will vary per application; for example, peanut butter requires Runner-type peanuts with a high oil content and low moisture content.

Groundnuts should be free from sand, stalk, plant debris and other foreign materials.

## Labelling requirements

To enter the European market your product must contain labels in English (unless specific otherwise by your buyer). They should include the following information:

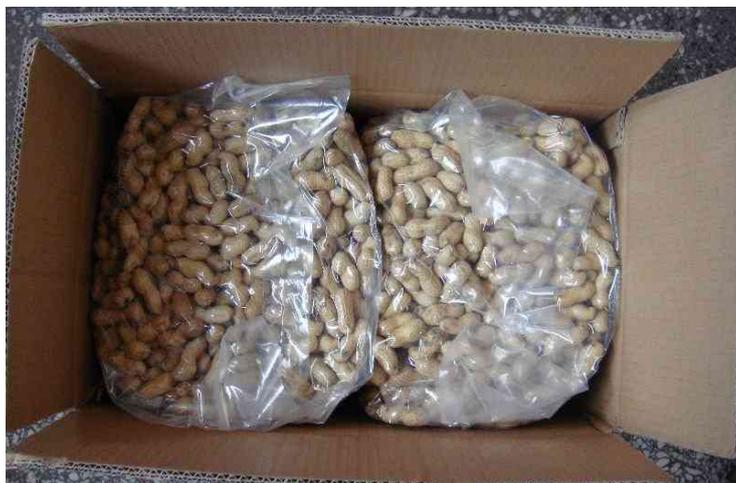
- Product name and grade
- Manufacturers lot or batch code
- A declaration that the product is destined for human consumption
- Name and address of exporter
- Products country of origin
- Shelf life: Best before date/ use by date
- Net weight/volume in metric units
- Recommended storage conditions
- *Organic (if relevant):* Name/certificate number of the certifying body.

## Packaging requirements

Groundnuts are transported both shelled and in shell. A wide range of packaging options are available:

- Unshelled peanuts are most commonly packaged in jute bags in quantities of 25 - 30 kg (50 - 60 kg when shelled).
- They can also be packaged in cartons.
- Big bags or bins are becoming more and more significant in the sector.
- Inshell groundnuts are also packaged in sacks and cartons.
- Blanched peanut kernels are frequently packaged in vacuum packs for shelf life preservation.

Figure 3a: Example of packaging solutions for bulk groundnuts: Inshell groundnuts in cartons



Source: Trade Key

Figure 3b: Example of packaging solutions for bulk groundnuts: Groundnuts in jute bags



Source: BFAP

## Requirements for niche markets

Organic certification for food manufacturing and crushing industries will only be interesting in niche segments. It is an interesting opportunity for groundnuts if the absence of chemicals (especially pesticides) can be certified throughout the supply chain. As an exporter of organic groundnuts, you can sell your product to specialized importers. These importers can often offer higher prices for your organic-certified product. The presence of chemicals of any sort is not tolerated in organic-certified products.

Fair trade certification is not widely relevant for groundnuts destined to the food manufacturing or crushing industry. However, it might be more interesting in certain niche segments for high-end snacks.

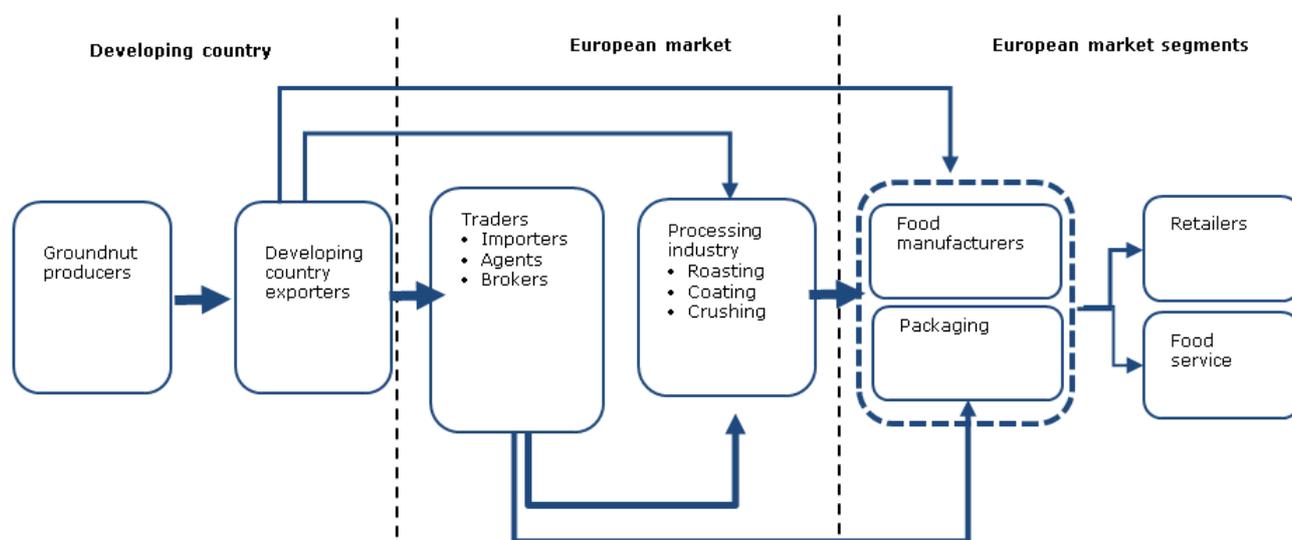
### Tips:

- Make sure your organic certification is recognised. Search for a certification body whose standards are recognised by the European Union.
- See the European Commission's [Agriculture and Rural Development](#) website for a thorough explanation of import regulations and other related issues for organic products.
- Thinking of engaging in a Fair Trade certification programme? Check if there is sufficient demand for this label in your target market. Contact your buyers for this information. Also check whether it will be cost beneficial for your product. You can only realistically engage in a Fair Trade process in partnership with a Fair Trade buyer.

5 . Through what channels can you get groundnuts on the European

# market?

Figure 4: Trade channels for groundnuts in Europe



There are different channels you can use to get your groundnuts to the European market. Within the European food sector, groundnut trade channels and segments revolve around their end use:

## Food manufacturers

Within the food manufacturing industry, groundnuts are used as an ingredient in final food products such as peanut butter, chocolate and other confectionery, baked goods and sauces. Most large industries source directly from developing country exporters.

## Processing industry (oil-crushing)

Around 50% of the world's groundnut production is crushed into groundnut oil. This oil is used for cooking or as an ingredient in various food products, as explained in [our study on groundnut oil](#).

The crushing industry for groundnuts in Europe is relatively small, concentrated around the Netherlands, Greece and Italy. Demand from the crushing industry amounted to around 38 thousand tonnes in 2017.

Europe imported around 71 thousand tonnes of groundnut oil in 2017, mainly from Senegal, Argentina and Brazil.

## Retailers and food service (direct consumption)

This market refers to the market segment which is directly accessible to end consumers as an edible nut (in retail packaging) in supermarkets, specialist shops and niche retailers (for example, organic supermarkets, health shops). This segment is further explained in [our study on groundnuts within the edible nut sector](#).

## Accessing trade channels according to your situation

A large proportion of the groundnuts destined to Europe [come in through the port of Rotterdam](#).

As an exporter of bulk groundnuts, you can sell your groundnuts to a European trader or to the processing industry. Note, however, that the role of traders is diminishing within the groundnut market and that the processing industry is becoming more important as a direct importer. If your groundnuts are processed in the country of origin, you can sell these directly to food manufacturers and packagers.

If you are dealing with smaller volumes or specialised groundnuts (example: organic-certified), then specialised importers could be a useful point of entry into the market.

## Tips:

- Pay attention to the following factors when targeting the food industry: end use of the product and suitability, groundnut variety, size & uniformity, colour, taste, blanching characteristics, foreign matter, aflatoxin, microbiological aspects, pesticide residues and packaging. Make sure these characteristics are well-presented in the documentation you provide to your buyer ([see the example of Do-It for good practices](#)).
- Make sure you know who to target as a potential buyer. As an exporter of bulk groundnuts you can sell your groundnuts to a processor or trader, while further processed groundnuts can be sold to food manufacturers or packagers directly.
- Make sure you have adequate quality control systems if you supply directly to large ingredient or food processors (in terms of volume, consistent delivery and quality). For more information see [our study on buyer requirements for oilseeds](#).
- Comply with sustainability standards required by your specific segment. Stay up-to-date on developments in this respect. [ITC's Market Insider - Groundnuts](#) is a useful source to consult.
- See our study on [market channels and segments on the oilseeds market](#) for more information.
- Target your potential buyer according to your ability to meet their requirements. Scale may be an important factor in deciding which buyer to target. Investigate minimum quantities required by your buyer and assess whether you can reach consistency and frequency of supply required.

## 6 . What are the market prices for groundnuts?

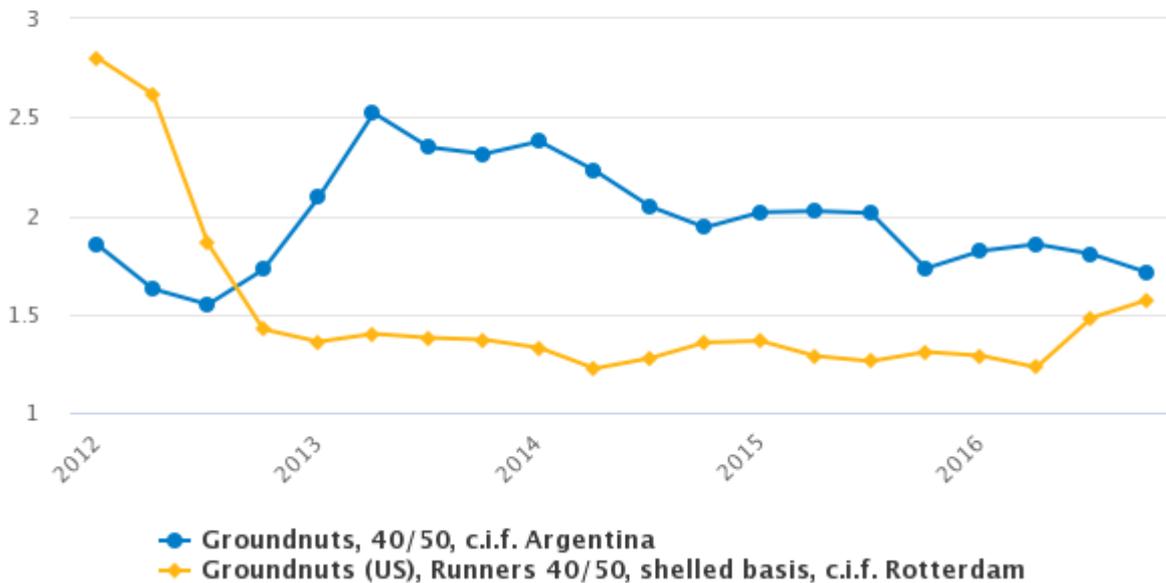
Figure 5 shows global prices for groundnuts sourced in the United States and Argentina. These are the two largest groundnut suppliers to Europe.

Groundnut prices from other origins can't be found in the sources consulted or are incomplete.

The United States and Argentina are the "price setting" origins for the European market. Other supply-demand dynamics for groundnuts, and their influences on prices, are presented below.

Figure 5: Groundnut prices 2012–2016 quarterly

averages in USD per tonne



Source: World Bank Pink Sheet and Index Mundi, 2016

(c.i.f.= Cost, Insurance and Freight)

Argentinian groundnut prices have risen since the beginning of 2016 [due to severe drought](#). This was after a period of declining prices in the end of 2015.

In the United States, prices in 2015 were kept at a fairly low level due to a surplus of supply over demand. The production for 2016 is expected to be the second-largest ever (after 2012) at 3.16 million tonnes. This is expected to keep prices stable. In 2012, the United States [increased its groundnut production from 1.8 million to 3.4 million tonnes](#). This was following a severe drought.

The role of China has affected supply-demand dynamics (and consequently prices) in recent years. The country's growing consumption of groundnuts has outpaced domestic production, which is already the largest in the world, and mostly used for crushing activities. This has put increasing pressure on groundnut supplies worldwide and led to a tighter balance between supply and demand.

### Tips:

- See websites such as [ITC's Market Insider – Groundnuts](#) and [Index Mundi](#) to find out what effect developments in supplying countries have on global prices. Use this information to understand market movements of groundnuts worldwide. The [World Bank's Pink Sheet](#) can also help you follow market prices for groundnuts.
- Develop sustainable, trust-based, relationships with new buyers. This can help you profit from long term developments on the groundnuts market.
- Contact your buyers to ask about specific price information and forecasts. They often know more about the international market prices as they trade worldwide and can assess this information according to your product offer.

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