

# The European market potential for dried chillies

The popularity of spicy food contributes to the increasing demand for dried chillies on the European market. European dried chilli consumers prefer mild chilli varieties and are showing interest in the authentic and new chilli flavours. Spain is the largest dried chilli importer in Europe but the market is largely concentrated by the import of cheap dried chillies from China. Therefore opportunities for new developing country suppliers can be found in less concentrated markets such as Germany, the United Kingdom, the Netherlands, France and Poland.

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## 1. Product description

Dried chillies are products obtained by drying the fresh ripe fruit of the paprika, which is a plant from the Capsicum genus. The most widely spread species of Capsicum genus used for the production of dried chillies is Capsicum annum, which includes three main groups of varieties: longum (elongated shape), grossum (bell-shaped) and abbreviatum (round to flattened shape). Aside from Capsicum annum, other Capsicum species are also used for drying, including Capsicum frutescens, Capsicum baccatum, Capsicum chinense and Capsicum pubescens.

In botanical terms, chilli peppers and sweet peppers are the same species but the difference is in the presence of capsaicin, which gives the spicy heat (pungency) to chilli peppers.

Although chilli pepper originates in South America, it is now widely grown on all continents. Currently, Asian (especially Indian) and African production of dried chillies is significantly larger than production in South America. Still, European consumers are more familiar with the names of South American cultivars (such as Ancho, Cayenne, Chipotle, Jalapeño, Piri Piri etc.) compared to Asian cultivars (such as Sannam, Teja, Byadgie or Wonderhot).

Dried chillies can be naturally sun-dried or dehydrated in hot air circulation tunnels. Dried chillies are produced in different forms, but there are three main forms: as a whole, crushed flakes and ground powder. Crushed or ground chillies can be produced with or without seeds.

Dried chillies are traded under two different Harmonised System (HS) codes. The HS code for dried chillies that are neither crushed nor ground is 090421. Crushed and ground chillies are included in HS code 090422, together with all other capsicums, including sweet peppers.

Picture 1: Dried chilli paper flakes Cayenne    Picture 2: Korean chilli powder



Source: Pixabay

Source: Wikimedia Commons

Picture 3: Thai Phrik Haeng chillies

Picture 4: Byadgie chillies





Source: Wikimedia Commons

Source: Wikimedia Commons

## 2. What makes Europe an interesting market for dried chillies?

Europe is the second-largest importer of dried chillies in the world – after Asia but ahead of the USA – accounting for around 40% share of total world's imports. European imports of dried chillies have increased every year in volume in the period between 2014 and 2018. Around two-thirds of imports from outside Europe come from developing countries. Also, the largest share of the intra-European trade consists of re-exports of dried chillies that originally came from developing countries.

In the next five years, imports are likely to increase with an annual growth rate of 5-6%. The highest growth is expected for dried chillies with medium pungency as European consumers do not prefer extremely hot chillies. Although significant, import growth in Europe is forecasted to remain lower than in Asia where economic growth is much higher and markets are expanding rapidly.

European markets offer a price advantage over Asian markets for high-quality and sustainably produced dried chilli exporters. To illustrate, during 2018 the average unit value of imported whole dried chillies in most of the Asian markets was €1.2 to €1.6/kg while in Germany average import value was €3.5/kg (which is more than double).

Between 2014 and 2018, European imports of dried chillies grew 6% in value and 5% in volume every year, up to a value of €326 million and a quantity of 144 thousand tonnes in 2018.

Crushed and ground chillies represent 65% of the total quantity of imported dried chillies while the remaining 35% represent whole dried chillies. Considering import from developing countries, crushed and whole dried chillies are imported in equal shares (50% each). This indicates that a significant quantity of whole dried chillies is crushed and ground within Europe after importing.

European production of dried chillies is not self-sufficient. Europe produces less than 80 thousand tonnes of dried chillies and other dried paprika which is 50% of the imported quantities. The leading producer is Romania followed by Hungary and Spain (figure 2). In Romania and Hungary dried chilli pepper and paprika is traditionally used in the cooking of meat, vegetable and bean stews. A large share of those products in Hungary and Romania actually represent dried sweet peppers.

### 3. Which European countries offer most opportunities for dried chillies?

As Europe's main importer of dried chillies, Spain is an interesting focus market. However, Spain consumes a relatively small share of imported dried chillies using imported chillies for further processing, blending and re-exports. Germany, the United Kingdom, the Netherlands, France and Poland are even more promising leading markets with a relatively large consumption and import share from developing countries.

#### Spain

Spain is by far Europe's largest importer of dried chillies. The Spanish import value was €78 million in total in 2018, good for 24% of total EU imports. Spain's imports increased by 9% in volume annually between 2014 and 2018.

Spain is also a relatively large producer and the third-largest exporter of dried chillies in the world (after India and China) but a large share of Spanish exports consist of re-exports. A large amount (around 75%) of imported dried chillies is imported as whole chillies, which are further crushed or ground and re-exported in the form of powder or flakes. The main target market for Spain's (re-)export is the United States (with a 20% export share) followed by the United Kingdom and Germany with 11% share each.

The Spanish import market for dried chillies is very concentrated as Spain imports 80% of all dried chillies from China and between 10 and 15% from Peru leaving relatively little space for other suppliers. The main reason behind the large import share from China lays in low import prices – an average of €1.4/kg in 2018, which was the lowest price compared to all other suppliers.

For developing country suppliers Spain is an interesting trade market for dried chillies but not very attractive as a final consumption market. Although very popular in Spanish cuisine, chilli peppers are predominantly consumed fresh and these are available all year round. Spain is also the largest exporter of fresh chillies in the world. Domestic consumption of dried chillies in Spain accounts to around 1.2 thousand tonnes (according to FAOSTAT and international trade data) which is far behind Germany.

The most consumed types of dried chillies in Spain are moderately hot [cayenne peppers](#). Popular cultivars used for drying in Spain include [La Nora](#) (round) and [Choricero](#) (famous for its use in the production of chorizo sausages). The most famous type of Spanish chilli is [Ibarra](#) chilli but it is commonly produced as pickled and not dried. There are more than 100 companies in Spain engaged in processing, packing and trading dried chillies. Most of them are located in regions of Castile-La Mancha, Valencia, Murcia, Aragon, Catalonia and Andalusia.

#### Germany

Germany offers good opportunities as the largest consuming market of dried chillies in Europe. In 2018 import reached 23.4 thousand tonnes and consumption is estimated to be around 16.2 thousand tonnes. Those quantities also include a significant share of dried sweet peppers. Imports increased by 2% in value and 1% in volume annually between 2014 and 2018.

The German market seems less concentrated compared to Spain with a 45% import share from China. However, the second-largest supplier is Spain with 24% share and some of the Spanish exports to Germany also include re-exported and processed dried chillies imported from China.

Dried chillies and dried sweet peppers are the third largest imported spice category in Germany after black pepper and ginger. German companies mainly import dried chillies and further process them either by simple crushing and packing or by using them as ingredients in spice blends and seasoning preparations. A significant share of dried chillies in Germany is used in the meat processing industry, especially for the production of sausages.



There are almost 90 companies that are members of the German Spice Association. Those companies are primarily engaged in refining spices and producing spice blends, spice preparations and other seasoning ingredients – in 2018 they made up for more than €1.2 billion. It is worth mentioning the German [Fuchs Group](#), which is the largest European spice manufacturer and the leading privately owned global spice company.

Apart from the large consumption of dried chillies by the meat processing industry in Germany home consumption is also increasing. Wide presence of ethnic cuisines is stimulating demand of chillies as German consumers also like to try new dishes at homes. The usage of chillies in innovative recipes is popularised by famous German celebrity chefs such as Stefan Marquard, Tim Mälzer or Alexander Herrmann.

## The United Kingdom

The United Kingdom is the third-largest importer and the second-largest consumer of dried chillies in Europe. In 2018 imports reached 13.4 thousand tonnes and consumption is estimated at around 12.3 thousand tonnes. Imports increased by 8% annually between 2014 and 2018 in both value and quantity.

In comparison to Germany and the Netherlands, the structure of the United Kingdom import market is different with the large influence of imports from India. This fact is mainly due to the large Indian community in the country, as dried chillies are often used in traditional Indian recipes. The United Kingdom imports 40% dried chillies from Spain followed by 30% of imports from India.

## The Netherlands

The Netherlands is an important importer of dried chillies. Its imports increased annually by 3% in volume and by 7% in value between 2014 and 2018. In 2018, Dutch imports of dried chillies reached 10.3 thousand tonnes. The Netherlands plays an important role as a trade hub in Europe as around 75% of all imported dried chillies are re-exported to other European countries.

The Dutch market for dried chillies is quite diversified meaning that there is no particular country that strongly dominates the supply. Import from Spain in 2018 accounted for 29% share (including Spanish re-export from China) followed by Thailand (11% share) and China (10.3% share). Due to its diversified supply, the Netherlands provides quite good opportunities for new developing countries suppliers.

In the Netherlands, sustainable sourcing of spices is strongly supported by the [Dutch Spice Association](#).

## France

French imports of dried chillies have increased by 6% in value and 5% in volume annually between 2014 and 2018. Import of dried chillies in France has reached 6.2 thousand tonnes and €19.3 million in 2018. In 2018 the leading supplier of dried chillies to France was Spain with 50% share in quantity followed by China and India (both with 9% share). Interestingly, France is the only European country importing dried chillies from Tunisia in significant quantities.

Apart from imports, France produces smaller quantities of dried chillies. An especially important chilli variety in France is a medium-heat Espelette pepper (*Piment d'Espelette* in French), which has a designated protection of origin. According to the [Association of Espelette chillies](#) there are 160 producers producing around 200 tonnes of dried chillies of the Espelette variety.

## Poland

Poland is also an important and stable importer of dried chillies. Between 2014 and 2018, Polish imports increased annually by 3%, both in value and quantity, reaching 5.6 thousand tonnes and €14.4 million respectively. Poland's largest supplier in volume is Spain with 29% import share in 2018 closely followed by China (25% share) and Peru (24% share).

Peru is the dried chillies supplier that gained the most market share in the Polish market over the last 5 years.

Polish imports from Peru increased from only 58 tonnes in 2014 to 1.3 thousand tonnes in 2018. Peruvian exports have focused on stable and high quality and other developing countries suppliers can use a similar strategy to be successful on the European market.

There are some relatively small importing countries which are growing rapidly and are increasingly importing dried chillies directly from developing countries. Examples include Romania, Slovenia and Greece (growing by 11%, 23% and 10% respectively annually over the last five years (23%) and Greece (10%).

### Tips:

Find contacts of Spanish dried chilli processors and traders on the websites of the [Spanish Association of Processors and Packers of Spices and Seasonings](#) and the specialised [Association of Manufacturers and Exporters of Paprika](#).

For the contacts of German dried chilli traders see the list of members of [German Spice Association](#).

For contacts of other leading dried chilli exporters explore the member's lists of national associations such as [Seasoning and Spice Association](#) (UK), [Royal Dutch Spices Association](#) (the Netherlands) and, National [Union of Processors of Pepper, Spices, Herbs and Vanilla](#) (France). For information about Polish companies contact the [Polish Chamber of Commerce](#).

Consider investing in French or Spanish speaking staff for the easier penetration into the French or Spanish market for dried chillies. Both countries prefer communication in their mother tongues.

See our study on [Market Statistics & Outlook for Spices and Herbs](#) for more information about general developments of trade within the European spices sector.

Specifically, check trade statistics of your interest on the tools such as ITC [TradeMap](#) or [Trade Helpdesk](#). Use HS codes 090421 and 090422 for analysing dried chillies trade.

## 4. What trends offer opportunities on the European dried chillies market?

The increasing interest for the international ethnic cuisines combined with the need for stable and sustainable sourcing are the leading driving forces behind the growing consumer interest in dried chillies in Europe. To find out more about general trends, read our study about [trends on the European spices and herbs market](#).

### Consumers are getting better informed about chillies they eat

According to Innova Market Insights, [new types of chilli flavours](#) are becoming very popular both in Europe and internationally. Consumers are getting familiar with different chilli flavours. For example, the average annual global growth of food and beverage launches with selected chilli flavour (between 2013 and 2017) was 59% for Sriracha chilli, 19% for Habanero chilli and 15% for Chipotle chilli.

### Clean label trend in dried chillies

Consumers are demanding cleaner label products, made with only natural and recognizable ingredients. In the selection of dried chillies consumers prefer products which contain only dried chillies and nothing more. Clean label dried chillies usually refer to absence of colour preservation additives (such as ethoxyquin) and anticaking agents (such as Silicon Dioxide). Some companies such as Spanish [Evesa](#) actively promote dried chilli products as 'clean label'.

## The heat level of dried chillies is decreasing

Although chilli spices are in demand it seems that the level of heat is decreasing. According to the market research company Kalsec, the frequency of consumption of hot and spicy foods is increasing, but [heat levels are moderating](#). While consumers are still incorporating heat into their consumption patterns, heat is taking on more complexity, such as sweet heat combinations or ethnic cuisines that combine a variety of herbs and spices with some type of chilli pepper.

## Vertical integration

In order to maintain constant supply and stable prices when sourcing dried chillies many European companies started to invest in production sites in developing countries. These investments are likely to increase due to global climate change in order to stabilise sourcing. Some examples regarding the production of dried chillies include German [Fuchs Gruppe](#)'s investment in China (with a production unit in Anqiu city and a technology centre in Shanghai), Spanish [Paprimur](#)'s production in China, Spanish [Sabater](#)'s sourcing location in China, British [JLP](#)'s China Food Processing Facility and Polish [Saran Enterprises](#)' office in Vietnam.

## Initiatives to fight fraud in the production of dried chillies are increasing

Due to the increasing popularity of different chilli flavours, European producers are faced with the offer of wrongly declared types of chillies. Also additives such as colour enhancers (such as Sudan dyes), flavour enhancers (such as oleoresins) are sometimes not declared, which is considered fraud. In order to fight adulteration the [European Spice Association](#) published the Adulteration Awareness document, while the [UK Spice and Seasoning Association](#) published a guidance on authenticity of herbs and spices.

The Mexican Grocery Processors Association ([Canainca](#)) has launched the initiative for new labelling rules for the EU in order to clarify the Mexican origin of dried chillies exported to Europe. According to Canainca, 'many Turkish and Asian processors are exporting fake Mexican chilli to the EU using its variety designations, such as chipotle and jalapeño, and national symbols, such as the mariachi hat, on its labelling, trying to take advantage of the global success of the traditional Mexican recipes.'

### Tips:


Consider the development of new chilli spices of moderate heat level. More complex flavours can be achieved by searing, roasting, toasting or smoking chilli rather than using the chilli without further processing.


Properly declare your dried chilli peppers. Find out more in the section below.

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