

# Which trends offer opportunities or pose threats on the European grains, pulses and oilseeds market?

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Grains, pulses and oilseeds have many opportunities in the food sector, tapping into consumer interest in healthy diets including plant proteins, convenient gluten-free pastas and ancient grain mixes. This broad industry offers opportunities for new nutritional ingredients from different origins, but only when supply is safe and sustainable.

## Contents of this page

1. [COVID-19 will possibly affect the supply chain structurally](#)
2. [Health conscious consumers buy more grains, pulses and oilseeds](#)
3. [Sustainability and social compliance have become standard practice](#)
4. [Authenticity creates market for new flavours and traditional ingredients](#)
5. [Convenience drives the market for value-added products](#)
6. [Stricter food safety requirements change the role of importers](#)
7. [Buyers increasingly prefer local sourcing](#)
8. [Brexit could be a motive for more direct imports](#)

## 1. COVID-19 will possibly affect the supply chain structurally

The COVID-19 pandemic has disrupted some of supply chains of grains, pulses and oilseeds and it changed consumption patterns in Europe.

Lockdowns and decreased labour resources complicated logistics and a reliable supply. Meanwhile consumers had to fall back on the offer of supermarkets when restaurants closed down. This caused a run on grain products such as wheat flour and pasta, with empty shelves in the supermarkets as a result.

Difficulties in supply and a sudden increase in demand caused prices to fluctuate. In the short term you will likely see buyers building up stocks in anticipation of new anti-COVID-19 measures.

The question is what the long-term effects will be. Analysts believe there may be structural changes that include shorter supply chains, a de-globalisation of food crops and companies demanding a higher level of flexibility.

As a producer it can be a good opportunity to increase your influence in the trade and develop more direct trade relations with buyers, but the new reality may also require more supply securities and flexible purchase conditions.

### Tip:

Read the CBI news item on how [COVID-19 disrupts supply chains for grains, pulses and oilseeds](#) and [How to respond to COVID-19 in the grains, pulses and oilseeds sector](#). Also learn about the Rabobank analysts' view on [The Grain & Oilseed Sector in a Post-Covid-19 World](#).

## 2. Health conscious consumers buy more grains, pulses and oilseeds

European consumers are becoming increasingly conscious of healthy eating habits and dietary needs. Consumers want to feel good about their lifestyle and look for ingredients with nutritional benefits. This provides commercial potential for a large range of grains, pulses and oilseeds, such as quinoa, chia and pea protein. As a supplier, it is important to keep in mind that healthy ingredients require more attention in terms of preserving nutritional value and cleaner producing conditions.

Consumer awareness has led to a number of health trends that also include grains, pulses and oilseeds to a large extent:

natural: organic, residue-free, raw food, unprocessed or minimally processed;

plant-based: vegan products, plant-based protein, nutritional food for vegetarians and 'flexitarians';

functional: functional foods, superfoods, health benefits, nutrients, dietary fibres, vegetable and pulse protein and omega-3;

free-from: free from products, free from allergens, less sugar, gluten-free, nut-free, clean label, no additives.

### What attracts consumers to organics?

Assumed health benefits and sustainable production are common reasons behind the [7.7% sales growth of organics in Europe in 2018](#), according to the latest data from FiBL. Organics are associated with [minimally processed](#) products without artificial ingredients, which contribute to a healthy and natural lifestyle.

About [70% of Europeans think that organic products are safer](#). Almost 80% of [Europeans consider organic foods to be better for the environment](#) and produced with a very restricted use of pesticides. Avoiding pesticides is often a main reason for purchasing organic products.

### How important is plant-based food in Europe?

Plant-based food is one of the biggest trends in the health food segment. It is not only the vegan and vegetarian population who make it a major trend. Europeans in general are eating less meat, with many consumers replacing part of their meat consumption with alternative protein food, in what is called a flexitarian diet.

Around 90% of meat alternatives are consumed by flexitarians. According to [the 2020 Food Trends by Food Manufacture](#) 20% of consumers buy vegan or vegetarian food on a weekly basis and 24% expect to buy more in future. The fact that many supermarkets in Europe have their own vegan brands, shows that they take it seriously. In the United Kingdom, [Tesco is to become the first UK retailer to set a sales target for plant-based alternatives to meat](#), introducing for example [Wicked Kitchen](#), a range of plant-based meals.

Innovation and research play an important role in the application of healthy grains, pulses and oilseeds, but also

in making healthy products attractive to consumers. Projects such as [Protein2Food](#) (2015-2020) or [The Protein Cluster](#) in the Netherlands stimulate the development of innovative products, such as a [100% plant-based kebab](#) based on soybean. These new products raise the demand for protein ingredients such as pulses.

Pulses can play a major role in providing consumers with an alternative protein source. At the moment, the potential in pulses is underutilised. The growing demand for plant protein is also a good opportunity to shift away from mainstream protein crops, such as soybean and peas, and introduce more variety in pulses or new protein sources such as [sprouted grains](#). This may open opportunities for new source countries that can offer attractive bean varieties with constant quality.

#### PROTEIN2FOOD

[PROTEIN2FOOD](#) (2015-2020) is a unique collaboration of 18 partners from Europe, Peru and Uganda that develop innovative, high-quality, protein-rich food crops and products such as quinoa, amaranth, lupin, fava beans and lentils. With the benefits for human health, the environment and biodiversity in mind, the project's expected outcomes included (in short) that [PROTEIN2FOOD](#) will:

- enhance the protein production by 25%
- accelerate the transition in consumption of animal-based protein to plant-based protein in Europe
- increase Europe's agro-biodiversity by introducing novel high-quality crops
- develop prototypes of new protein-rich foods with a viable market potential

improve Europe's visibility in the area of food processing and technology

## What type of ingredients can you find in functional food?

Functional foods have ingredients with a demonstrable effect on a function in the body or against diseases. There are several grains, pulses and oilseeds that can be used in functional foods or supplements, for example:

- Barley and oat grain fibre contribute to an increase in faecal bulk, improving digestion.
- Alpha-linolenic acid (ALA) found in [linseeds](#), [chia](#) and [sacha inchi](#) contributes to the maintenance of normal blood cholesterol levels.
- Plant sterols and plant stanols, which are commonly found in vegetable oils, contribute to the maintenance of normal blood cholesterol levels.
- Protein in pulses contributes to muscle mass growth and maintenance, and bone health.

When you supply an ingredient with special health properties, you can use this quality to target companies which produce functional foods or supplements. You can also process your product and separate the dietary element to make it easier to use in products, for example, by pressing the oil from seeds. When you produce your own consumer brand, you can only use [nutrition and health claims](#) that are approved by the European Commission.

Many commercial brands use a special ingredient in their presentation to [promote a product's premium health image](#), although in some cases the actual ingredient is only at a very low concentration. For suppliers, high-value ingredient crops can be very profitable, but in markets that are not fully mature, prices can be volatile and demand easily oversupplied.

## How does free-from affect the consumption of grains, pulses and oilseeds?

To address interest in healthy foods, manufacturers develop new products and reformulate existing ones. Less sugar, salt, fat, free from allergens and adding healthy substitutes are key elements. These efforts often go together with a 'clean label' showing that chemical additives are being avoided.

Free-from covers the whole segment of foods that do not include unhealthy or allergenic ingredients. For example, wheat is increasingly being replaced with [quinoa](#), buckwheat, or other gluten-free grains and pulses. Italian company [Pedon](#) has developed pulses shaped like rice grains and pastas made of peas, lentils and chickpeas. The [Belgian brand Alpro](#) uses soybean in their lactose-free ice cream and drinks. The [dairy alternative market is expected to have an annual growth of 7.12%](#) between 2019 and 2024.

Alternative ingredients, such as gluten-free grains, can be profitable. But to benefit from the free-from market, you must be able to completely separate production from allergens and other contaminants.

### Tips:

Follow the [news on organics on the FiBL website](#) to keep up-to-date with the latest developments in the organic sector.

Promote the nutritional characteristics that appeal to consumers when marketing a healthy ingredient, but only make health claims that are allowed by the [Regulation \(EU\) No 432/2012](#) and the conditions that apply to them according to the annex to [Regulation \(EC\) No 1924/2006](#). Make the product your specialisation.

Maintain a clean production with food safety management systems such as [ISO22000](#) or [BRC Global Standards](#) in place, and avoid cross-contamination and the (excessive) use of chemicals. Also check the [CBI buyer requirements for grains, pulses and oilseeds](#).

Plan your production and supply carefully. Make sure to offer continuity through a reliable, constant quality and volume, but do not produce without having assessed the market. Find market information and related sources in the [CBI study on the demand for grains, pulses and oilseeds on the European market](#). Visit the [Food ingredients Europe](#) fair when you decide to specialise in sub-ingredients and natural additives. Check out the [exhibitor list](#) to see what types of ingredients are presented.

## 3. Sustainability and social compliance have become standard practice

Sustainable and ethical production are major concerns in Europe when dealing with agricultural cultivation. The required transparency in the trade of grains, pulses and oilseeds puts great pressure on its producers and suppliers. You must be competitive and sustainable at the same time.

More exposure in the media can make certain food products gain in popularity, but can also highlight concerns in sustainability and social issues. For example, when prices and exports of quinoa increased rapidly in 2013, it raised concerns about [food security](#) in Bolivia, and the same goes about [deforestation](#) related to soybean production in Brazil and [poor labour conditions](#) in the palm oil industry. These debates have caught the attention of consumers and politicians, and become a serious concern of many businesses.

Justified or not, negative marketing can affect the consumption of a specific ingredient as well as the reputation of a brand. Buyers in Europe are increasingly paying attention to their corporate responsibilities with regard to the social and environmental impact of their businesses. That is why import businesses require more proof of good conduct from your side, the producer or exporter, as well.

Leading traders, food brands and retailers are increasingly in the forefront of sustainability initiatives. Besides implementing their own policies, like the [Sustainable Soy of the Louis Dreyfus Company](#), they participate in initiatives such as:

- Round Table on Responsible Soy ([RTRS](#)), an initiative to facilitate a global dialogue on soy that is economically viable, socially equitable and environmentally sound. Food retail chain [Coop](#) and multi-brand owner [Unilever](#) were part of the founding members.
- Roundtable on Sustainable Palm Oil ([RSPO](#)) with more than 4,000 companies that have committed to produce, source or use sustainable and only RSPO certified palm oil.
- [IDH the Sustainable Trade Initiative](#) for [soya](#) and [palm oil](#), which are multi-stakeholder initiatives to make trade 100% sustainable with zero net deforestation.
- [Sustainable Rice Platform](#) (SRP) unites rice companies worldwide. For example, [AMRU Rice](#) in Cambodia helps farmers implement the [SRP standard](#).

Sustainable and social actions are not limited to large companies. Many smaller buyers, dealing with grains, pulses and oilseeds, have incorporated social and sustainable practices into their business policies too. They will likely ask you to sign a code of conduct declaring that you run a responsible business with respect for the local environmental and labour laws. You can expect increasing pressure to show additional documentation and certification as proof of your good conduct.

You can turn the demanding market to your advantage by making sustainability a core competence and stand out from other suppliers. However, basic purchase criteria such as price, on-time delivery and product quality are still most important. As a producer or exporter, you must remain price competitive while complying with increasing standards.

### Tips:

Anticipate the growing importance of social and environmental compliance by making your own social responsibility policy and code of conduct. You can do this relatively easy by reading the published values of leading companies and referring to common standards such as the [international labour standards](#) or the [amfori BSCI Code of Conduct](#).

Find out what is important and implement an environmental policy by using the [Environmental Implementation Guidelines](#) of the Global Social Compliance Programme (GSCP) and the [Consumer Goods Forum \(CGF\)](#).

Read the [CBI buyer requirements for grains, pulses and oilseeds](#) to see what actions you can take and what type of evidence and certifications buyers require.

## 4. Authenticity creates market for new flavours and traditional ingredients

Food developers are constantly looking for new flavours and unique ingredients to strengthen consumer experience and address the growing interest in authentic food. This continuous search opens up possibilities for ethnic cuisines, storytelling and products that show craftsmanship.

Consumer experience starts with an authentic product, often ethnic or traditional foods, such as couscous (milled durum), risotto (arborio rice), dal (bean paste), hummus (chickpea paste) and tahini (sesame paste). Cross-cultural influences have introduced these products successfully on the European market. But the story behind the product and its maker also matters, reflecting craftsmanship and the origin of the ingredients.

A good example of an authentic product that requires storytelling are [ancient grains](#). Ancient grains refer to ancestral grain varieties that often have superior nutritional value, such as [quinoa](#), spelt and einkorn. An ancient grain that is gaining popularity through a strong branding strategy is Khorasan wheat under the trademark [Kamut](#), which has excellent traceability and storytelling.

The growing popularity of international cuisines provide additional space to market pulses and promote 'new' ancient grains such as [fonio](#) and [teff](#). For example, since 2019 the Italian company [Obà](#) has received [approval](#) from the [European Food Safety Authority](#) (EFSA) to commercialise fonio grains as a food ingredient. Another company, [Mama Fresh](#) in Ethiopia, has tapped into a traditional, gluten-free food trend with 'injera', a pancake-like bread made of teff.

The variety of food products will continue to expand. Supplying or using original and authentic ingredients are a good way to offer a unique product. By adding a story to your product you can make your product stand out and influence the consumer's choice. [Amazon Health Products](#), for example, has used the history of sacha inchi seeds and their positive impact on the tropical rainforest in the presentation of their product.

### **Tips:**

Make use of the historic value of your product, its traditional consumption, its unique characteristics and the identity of its farmers to brand your authentic product. A well designed website is a good first step in your branding strategy.

Check the [EU Novel Food Catalogue](#) for restrictions to marketing your specific product. If your ingredient has not been marketed in Europe before, it may be a novel food.

## **5. Convenience drives the market for value-added products**

To get the most out of grains, pulses and oilseeds, food brands adjust them to modern-day consumer lifestyles. This means making them more convenient and use them in nutritious added-value products such as high protein 'on-the-go' snacks or easy-to-cook products.

The demand for convenience food boosts the sales of many healthy snacks, product mixes and prepared foods. In the snack segment, you can find [cereal bars with chia](#), [roasted peas](#) and [beans](#). For cooking, there is an increasing creativity in mixing grains and pulses, such as [Lassie cereal mix with whole grain rice and quinoa](#).

Convenience is normally challenging for traditional dry beans, which need soaking and preparation time. But companies are finding easy and attractive applications, such as [precooked microwave stew in pouches](#) to help consumers choose pulse products.

Supermarkets have also added grain and pulse mixes to their private label assortments, for example, [Tesco's bulgur wheat, green lentils and barley](#) and [AH organic bulgur & quinoa mix](#). The development of private label products is a good indication of the potential and growth of these products in mainstream markets, as is the [launch of plant-based fast food by large food business](#) such as McDonald's and Nestlé.

Expect further diversification of convenience products in the future. As a supplier, there may be interesting opportunities to explore in adding value for convenience brand products by pre-mixing or semi-processing ingredients.

### **Added value from developing countries**

Product brands are usually developed within Europe and added value from third countries is often limited to basic processing including cleaning, milling, crushing or popping. However, if you are able to make a consumer product that is suitable for the European market, you can target specialised distributors that are open to engage in such ventures. Bolivian company [Coronilla](#), for example, has introduced pastas made with local Bolivian quinoa and amaranth in Germany, the United Kingdom and Spain.

Image 1: Bolivian pasta brand made from brown rice, amaranth and quinoa



Source: Coronilla

### Tips:

Visit European trade fairs such as [SIAL](#), [Anuga](#) or [Biofach](#) to find food brand companies that use grains, pulses or oilseeds and explore the advantages of adding value at origin. Remain flexible towards the option of private labelling. This can be a preference of your client, but it also saves you on branding and marketing costs. Check out the [PLMA trade fair](#) for private labelling.

Keep track of product innovations by regularly reading news sites such as [FoodIngredientsFirst](#), [FoodNavigator](#) and [New Food](#).

When marketing a finished product target distributors specialised, for example, in fair trade, organic, ethnic or health products. Read the [CBI's tips on how to find buyers](#) for your product.

Be prepared to invest in international marketing activities, such as participating in trade fairs, and logistics, such as warehousing, when introducing a final product in Europe. Also adjust your product presentation to European style. Get inspiration from existing and successful brands you like.

## 6. Stricter food safety requirements change the role of importers

Europe is a difficult market in terms of food safety rules. These requirements will only become stricter, especially when healthy grains, pulses and oilseeds enter the mainstream markets. Compliance has become a main hurdle for exporters and having experienced partners can make a great difference.

Trade platforms such as [Alibaba](#) along with easily accessible information online have made the trade of dry food ingredients become seemingly easy, but the reality is often very different. New grain and pulse products find their way faster into mainstream market channels, where large retailers raise supply standards, demanding full traceability. For retailers, traceability is a big issue, even more so in organic products, but it is often poorly managed by actors in source countries.

The growing focus on food safety and traceability is gradually changing the role of traditional traders into specialised food supply chain managers. They now pursue food safety protocols and certifications, implementing innovative processing to ensure high-quality and clean food products for their clients. Rigorous laboratory checks for chemical and allergenic residues are part of today's reality. Food safety is an evolving issue that will only become more precise in the future.

The knowledge of specialised importers about products and market requirements is indispensable for exporters of niche products. As an exporter you must become experienced in all food safety aspects, but also look for buyers that can manage your product well.

### **Tips:**

Implement a HACCP-based traceability and food management system such as [ISO22000](#) or [BRC Global Standards](#). This will be a basic assurance for buyers in Europe.

Check your product for potential contamination and chemical residues before exporting. Rice and dry beans are among the products [most commonly exceeding](#) maximum residue limits.

## **7. Buyers increasingly prefer local sourcing**

There is an increasing preference for locally sourced ingredients. This is a hot topic especially for organic and pulse crops. The need for imported grains, pulses and oilseeds will remain, but they will often be second choice to a European-produced crop. As an external supplier, you must take advantage of the demand that European suppliers cannot meet or differentiate your product in variety or quality.

European companies believe that local production of organic pulses will increase in the near future, as is the case with other crops that are not typically European. For example [quinoa](#) and [teff](#) are nowadays grown in Europe thanks to seed breeding. Local products offer a higher level of trust to consumers when it comes to the care for the environment, for example. Traceability of organic crops is also considered to be more complicated outside Europe.

However, Europe has limitations in climate diversity and agricultural area. Local varieties do not always fit the expectations of ethnic markets, the volume of organic production is not sufficient and certain tropical crops are just not feasible for cultivation in Europe.

Europe will continue to depend on imported crops, but expect buyers to become selective at choosing their suppliers or shifting to new supplying countries. Besides the increasing demand for European production, buyers also have interest in new sources of high-quality beans or unique varieties, to become less dependent on China and India.

### **Tip:**

Focus on high-quality products which are generally not available from European producers. For example, supply mung beans and black-eyed peas rather than peas and fava beans. Check the [CBI Market Statistics and Outlook study](#) to analyse some of the grains, pulses and oilseeds that have potential from your country.

## **8. Brexit could be a motive for more direct imports**

The decision of the United Kingdom to exit the European Union after a referendum vote (Brexit) resulted in serious concerns among many business owners, but the exact consequences are still unclear. In the short term, you might not directly find new opportunities in the United Kingdom, but there may be possibilities in the future to develop new trade relations with the country.

The United Kingdom is an important market for exporters from developing countries. For pulses, the United Kingdom is Europe's third largest importer. But the current devaluation of the British pound and the overall pressure on prices make the United Kingdom a less attractive market.

If the United Kingdom does not secure a trade agreement with the European Union, British importers are likely to search for new supply routes and more direct import. The United Kingdom also intends to continue the [existing UK trade agreements with non-EU countries](#) in case of a no-deal Brexit.

As a supplier from a developing country, you can start establishing partnerships in the United Kingdom, although for basic products the advantage is limited. For example, for many varieties of pulses there are no import tariffs. On the other hand, the intention of the British government to maintain its international trade relations can still be beneficial to increase direct trade, for example, for kidney bean exporters from Ethiopia or chickpea exporters in India.

In other product groups, exporting could become more difficult, especially for products such as wheat and barley, which are also produced and exported by the United Kingdom. Outside the European Single Market, British producers are unable to compete with other wheat producers, such as Russia, Ukraine, the USA or South American countries, so these cereals are likely to stay within the United Kingdom, decreasing the need for external supplies.

### Tip:

Check your export advantage in supplying the United Kingdom as a non-European supplier on the [GOV.UK website](#) and stay up to date with the [transition period](#) that ends in December 2020.

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

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