



CBI Product Factsheet: Groundnut Oil in Europe

'Practical market insights into your product'

The European market for groundnut oil is changing. The consumption and trade of groundnut oil show signs of decline. At the same time groundnut oil is used more and more often in niche markets. The French and Italian markets for this product are strong. And groundnut oil is appreciated in Asian cuisines, which are growing around the whole of Europe.

Product definition

Groundnut oil, otherwise known as peanut oil or arachis oil, is derived from peanuts (*Arachis hypogaea*) and it is produced into several varieties (refined, unrefined, cold pressed etc.). Refined groundnut oil is an excellent product for deep-frying and pan-frying and can be re-used many times. Vitamin E is not originally in the groundnut oil but it is sometimes added in order to increase the shelf life of the oil. The primary producers of groundnut oil are China, India and Nigeria.

Codes for groundnut oil:

- Harmonised System (HS) → edible groundnut oil is included in:

HS code	Description
1508 1090	Crude groundnut oil for human consumption
1508 9090	Refined groundnut oil for human consumption

Product specifications

Quality

General:

- The main quality aspects associated with groundnut oil are oxidation (rancidity) and contamination. These problems can be avoided if special care is taken in all steps of the production process, from raw material harvest to distribution.
- Make sure that the raw material (i.e. groundnut) is fresh and ripened; there should be no long delays between harvesting and extraction. Groundnuts should also be free from sand, stalk, plant debris and other foreign materials.
- Some of the most important quality factors concerning groundnuts are: odour and flavour, oil content, splits, damaged kernels and discoloured/mouldy nuts. Groundnuts should also be free from aflatoxin contamination, which will prevent oil contamination as well. Aflatoxin contamination is known to be a problem for many producers, and buyers closely monitor this aspect.



Source: Agromix

- Ensure proper extraction conditions: dosage of processing aids, temperature, pressure/vacuum, flow rate, etc.
- Prevent adulteration and contamination by other foreign materials (e.g. dust) by keeping facilities and equipment clean.
- Ensure proper storage and transportation (see 'Packaging').

Organic (if relevant)

- Comply with organic standards for the production of the raw material: no use of synthetic pesticides, use of natural fertilisers, natural control of weeds, full traceability, internal control system, etc.
- Do not use solvents or other chemical substances during oil extraction.
- Preferably dedicate the processing plant to the production of organic oils only, in order to avoid contamination from non-organic particles. If this is not possible, ensure thorough cleansing of machinery and equipment at all times.

Labelling

- Ensure traceability of individual batches.
- Use the English language for labelling unless your buyer has indicated otherwise.
- Labels must include the following:
 - Product name
 - Manufacturers lot or batch code
 - If the product is destined for use in food products
 - Declaration of allergenic substances
 - 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



Source: Samsclub

Organic (if relevant): Name/code of the inspection body and certification number.

Packaging

- Groundnut oil is transported in different types of containers (e.g. tank containers, intermediate bulk containers (IBC), flexi tanks, drums) depending on volumes transported and local availability of such containers. Buyers might have specific packaging requirements as well.
- Organic groundnut oil should remain physically separated from conventional oils.
- Ensure preservation of quality by:
 - Cleaning and drying the container before loading the oil.
 - Not loading rancid groundnut oil.
 - Filling the tankers or containers as full as possible in order to avoid ventilation and light. This will prevent oxidation, thus rancidity.
- Groundnut oil is liquid under regular transport conditions, but ensuring appropriate temperature control during travel will also prevent oxidation.

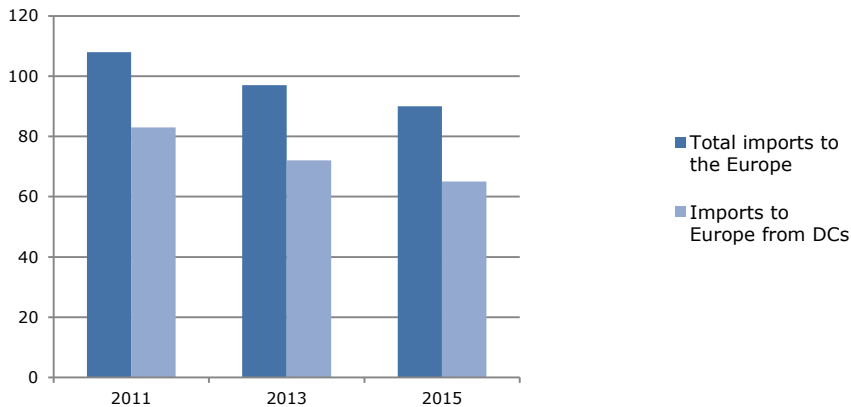


Source: Tesco

Trade and Macro-economic statistics

Imports

Figure 1: Total imports of groundnut oil to Europe, x 1,000 tonnes.



Source: Eurostat, 2016

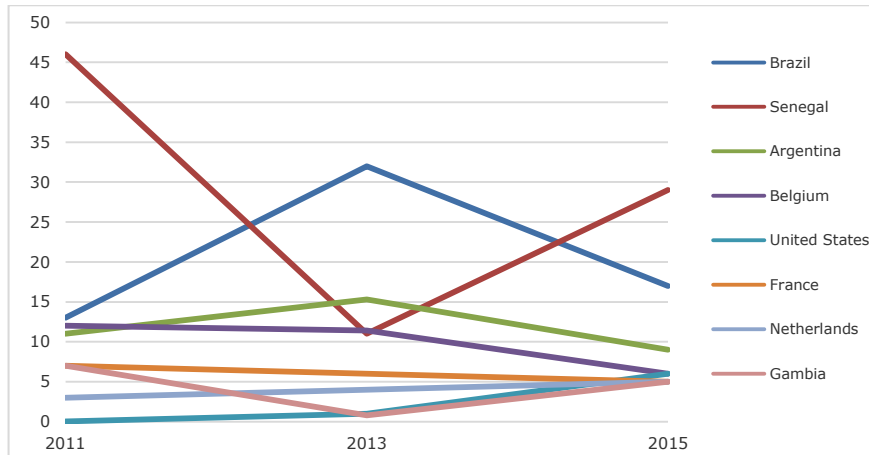
- In 2015, European imports of groundnut oil reached 89 thousand tonnes / € 112 million. Compared to other commodities such as palm oil and coconut oil, imports of groundnut oil register more modest volumes.
- There has been a downward trend in total groundnut oil imports to Europe in the past 5 years. The average annual change since 2011 has been -4.5% in volume and -6.1% in value. This decline is mainly due to growing substitution of groundnut oil by other oils in Europe.
- The largest importers in Europe are Italy and France, which accounted for respective shares of 42% and 22% of total European imports in 2015.
- In 2015, Italy imported 38 thousand tonnes of groundnut oil (€ 45 million in value). France imported 20 thousand tonnes of groundnut oil, at a value of € 25 million.
- Belgium was the third largest European importer of groundnut oil in 2015, remaining an important trading centre for this product. In 2015, it accounted for 14 thousand tonnes of total European groundnut oil imports.
- Around 65 thousand tonnes of total European imports of groundnut oil originated from developing countries in 2015, representing a share of 73% in volume. Since 2011, the share of groundnut oil sourced from developing countries has declined by -5.7% annually in terms of both volume and value.

Tips: Understand the trade dynamics for groundnut oil in Europe. Make a distinction between your end market and possible trading hubs such as Belgium and the Netherlands. A good source for analysing European trade dynamics yourself is the [Eurostat Statistics Database](#). Another interesting source is the website of [Fediol](#) (Federation of the European Vegetable Oil and Protein meal Industry).

For market trends and developments in these countries, visit the websites of the [French](#), [Belgian](#) and [Italian](#) Chambers of Commerce.

Regarding specific information on the food industry and its use of groundnut oil, the food associations of [Italy](#), [France](#) and [Belgium](#) could be an interesting point of departure.

Figure 2: Imports of groundnut oil to Europe; largest markets (in terms of 2015 volume) exporting groundnut oil to Europe, 2011-2015 x 1,000 tonnes



Source: Eurostat, 2016

- Senegal is the largest developing country supplier of groundnut oil to Europe, accounting for 33% of total imports in 2015. Brazil and Argentina were the second and third largest suppliers in 2015, accounting for 19% and 10% of total European imports, respectively.
- Senegal exported 29 thousand tonnes / € 36 million of groundnut oil to Europe in 2015, whereas Brazil exported 17 thousand tonnes / € 19 million. Argentina exported 9 thousand tonnes / € 10 million.
- While Brazil's exports of groundnut oil increased during the review period in terms of both volume and value (+8.1% and +4.0% annually), Senegal and Argentina recorded a decline in their respective exports to Europe.
- Senegalese oil processing companies scaled back their groundnut oil production in 2014 to minimise losses caused by declining global groundnut oil prices.
- Like Senegal, Argentina experienced unfavourable weather conditions in 2012 and 2013 leading to a declined groundnut oil production ([AgFax Peanut News, 2014](#)).
- Another large developing country supplier to Europe is the Gambia, which accounted for a share of 5.2% of total European imports in 2015. The Gambia has a strong reliance on groundnuts for export earnings and is therefore expected to remain a strong supplier to Europe.

Tips: Follow developments in the European trade for groundnut oil and identify developments, such as the emergence of new suppliers and the decline of established ones.

Stay informed on the macroeconomic developments such as production and exports in Latin American countries by visiting the website of [the Inter-American Development Bank](#).

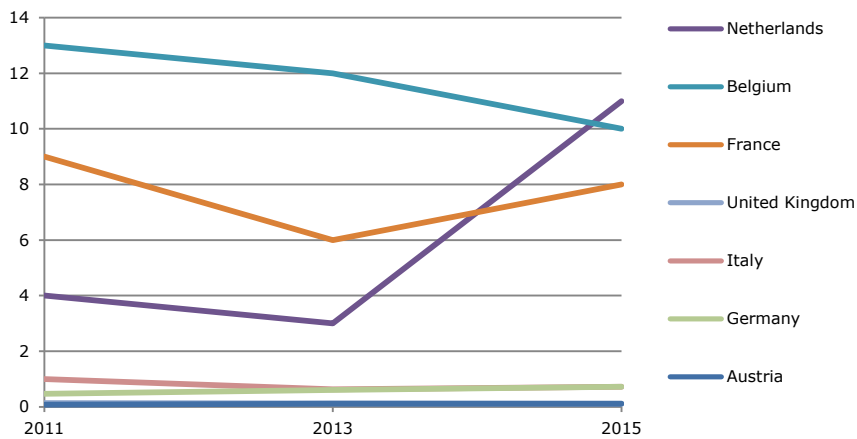
The [FAOSTAT](#) is also an interesting source to keep up-to-date on the statistics of producing countries.

Identify your potential competitors and learn from them in terms of:

- Marketing: website, social media, trade fair participation, etc.
- Product characteristics: origin, quality, taste, etc.
- Value addition: certifications, processing techniques

Exports

Figure 3: Exports of groundnut oil from Europe; largest countries importing groundnut oil from Europe (in terms of 2015 volume), 2011-2015 x 1,000 tonnes.



Source: Eurostat, 2016

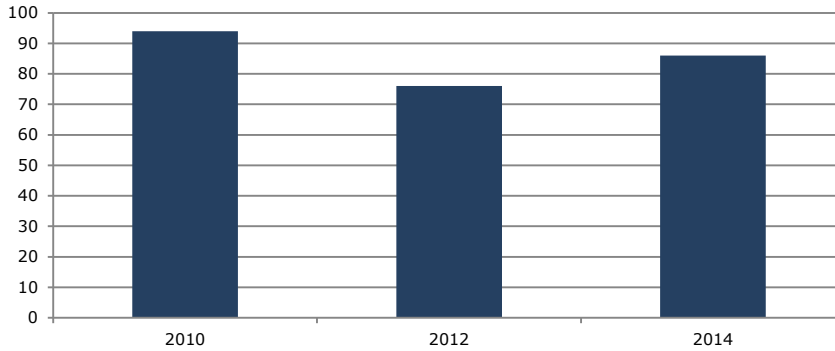
- In 2015, total European (re-)exports of groundnut oil amounted to 30 thousand tonnes / € 38 million, having increased in volume (+1.9%) and in value (-3.1%) since 2011.
- The Netherlands accounted for more than one third of European (re-) exports of groundnut oil in 2015 due to its importance as a trading hub in Europe. The Netherlands re-exported around 10 thousand tonnes / € 7.5 million of groundnut oil in 2015.
- Belgium, the second largest (re-)exporter of groundnut oil, accounted for 32% of total European exports. France re-exported around 9.7 thousand tonnes of groundnut oil in 2015 (€ 15 million).
- Another important (re-)exporter of groundnut oil in Europe is France, which also reflects its significant trading role.
- Exports of groundnut oil to the Netherlands have increased, while the importance of France and Belgium as a destination for European (re-) exports has decreased, recording an annual average decline of -4.2% and 6.7% in respective volumes between 2011 and 2015.

Tips: As the Netherlands, France and Belgium play an important role in the re-export of groundnut oil, consider them as a possible entry point to reach surrounding European markets.

For general information on the European food market, an interesting source is the website of [FoodDrinkEurope](http://FoodDrinkEurope.com).

Consumption

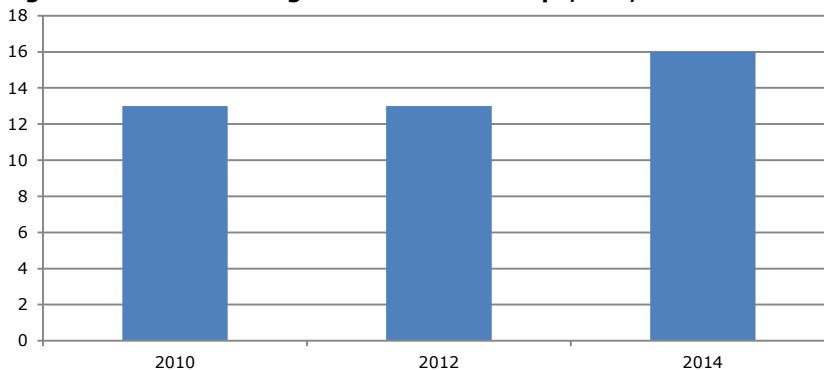
Figure 4: Consumption of groundnut oil in Europe, x 1,000 tonnes



Source: Fediol, 2016

- Total European consumption of groundnut oil amounted to 86 thousand tonnes in 2014, having fluctuated since 2010. Overall, total consumption remained relatively stable between 2011 and 2014.
- Before the widespread use of sunflower oil, groundnut oil was also one of the most common oils in Europe, especially in France. Nowadays, the oil is still found in some European countries, mainly being used to fry foods (examples: French fries and chicken) and to produce sauces and mayonnaise. Groundnut oil is also used to prepare 'woks' and other Asian dishes (example: Sichuan stir fry) which are gaining popularity in Europe; however, it is now experiencing competition from other oils such as sesame oil.
- Italy and Belgium are by far the largest European markets for groundnut oil. In 2014, Italian apparent consumption amounted to 46 thousand tonnes and has fluctuated somewhat since 2010, while Belgian apparent consumption totalled 10 thousand tonnes in 2014. In Italy, the popularity of groundnut oil can be associated with its multiple uses in food items, such as mayonnaise and in sauces.
- France also consumes a considerable amount of groundnut oil. In 2014, apparent consumption of groundnut oil in this country amounted to 9 thousand tonnes. In addition, the Dutch market consumed 7 thousand tonnes in 2014.

Figure 5: Production of groundnut oil in Europe, in 1,000 tonnes



Source: Fediol, 2016

- Groundnut oil is produced in low quantities in Europe, having reached a volume of around 16 thousand tonnes in 2014. Greece, Italy, and the Netherlands are the largest producers, each accounting for 4.0 thousand tonnes. Other smaller producing countries are Portugal and the Czech Republic.

Tips: Study your target markets in Europe in order to make an educated decision when exporting groundnut oil. It is important to understand factors such as product application, taste preferences, competing suppliers and potential buyers in the specific destination countries. The website of [FoodDrinkEurope](#) could be an interesting source to investigate these factors.

General sources for learning more about potential target markets include [CIA's World Factbook](#) and the website of the [European Union](#).

Find out more about consumption and production in Europe through the statistics provided by [FAOSTAT](#) and [Fediol](#) (Federation of the European Vegetable Oil and Protein meal Industry).

Market trends

Implications of GSP changes to groundnut oil suppliers

- Since 1 January 2014, the General System of Preferences (GSP), a system which allowed developing countries to access the EU market with preferential duties, has changed significantly.
- In particular, several countries such as Senegal, Argentina and Brazil are no longer eligible to special treatment when trading with Europe. As revealed by trade statistics, Senegal, Argentina and Brazil are currently the main suppliers of groundnut oil to Europe. Implementation of the new GSP puts increasing financial pressure on exporters in those countries.
- This new tariff scenario might bring increasing attention and opportunities to Central American and African countries which already play an important supplying role for groundnut oil.

Tips: Consult the [GSP information page](#) under the EU parliament website to verify how the changes in the GSP can affect you.

Finding the niches for groundnut oil

- The main uses of groundnut oil are shifting from the mainstream market to the niche market.
- Groundnut oil is highly used in Asian cuisines which are becoming increasingly popular in Europe. Chinese cooks, for instance, use groundnut oil for stir fry dishes due to its high smoke point. For more information, please refer to the trend on ethnic cuisines described in the [CBI Module on Trends for Vegetable Oils](#).
- Regarding the gourmet market, France offers especially interesting opportunities for premium groundnut oil. France has a very demanding cuisine and cooking habits, which creates particular demand for roasted, virgin/cold-pressed groundnut oil which not only is used in cooking, but also as a salad oil.

Tips: Learn about product characteristics required for each niche market for groundnut oil in Europe. Refer to the section 'Niche requirements' of this document for more information.

Depending on your target market, learn how you can adapt your product to specific end-uses (e.g. cold-pressed groundnut oil for salads).

If you have the opportunity, attend trade fairs such as [BioFach](#) and [Food Ingredients Europe](#). Otherwise, make sure to contact buyers in Europe to learn about your potential markets. Trade fair websites contain very good company databases; use them wisely.

Negative association to peanut allergy

- Consumption of groundnut oil in Europe has a vital enemy: the product is strongly associated to allergens contained in peanuts.
- Peanut allergy is estimated to affect 1 in 50 young infants across Europe, having become even more commonplace in recent years. For this reason, consumers and the industry itself have placed increasing attention on allergen traces in food products.
- Although refined groundnut oil itself does not contain the protein with the allergic element, it still has a negative connotation to concerned consumers, which limits the development of its market.

Tips: Emphasise the production process, origin and benefits of your groundnut oil. Not only will this contribute to bringing attention to its positive aspects, but can also limit the direct association to peanut allergens.

Note that unrefined, 'gourmet', 'aromatic' or cold-pressed oils may still contain the proteins that cause allergy. These products should be labelled properly in order to inform the consumer accordingly.

Learn more about labelling of oils containing allergens at the [Fediol](#) website. Also refer to the 'Requirements you must meet' section of this document for further information on labelling.

Aflatoxin in groundnuts

- Higher levels of aflatoxins in groundnuts, and the consequent contamination of groundnut oil, have been a major source of concern to the European food industry.
- With the tightening controls on European health regulations and increasing efforts towards food safety, aflatoxin levels in food products have become an essential issue to the competent authorities.
- Groundnuts, in particular, are highly susceptible to aflatoxin contamination. Through the extraction of the groundnut oil and its further refining process, aflatoxin contamination is in principle eliminated. Nonetheless, recent cases of groundnut oil contamination ([such as the 2014 cooking oil scandal in China](#)) give European authorities the basis to keep requirements high.

Tips: Learn about the maximum aflatoxin levels for groundnuts as set by [European legislation](#), which are also addressed under the 'Requirements you must meet' section of this document. In addition, inform yourself about the maximum aflatoxin levels tolerated by your (potential) buyer and make sure to meet these requirements. They are often stricter than legislative limits.

Implement proper pre and post-harvest procedures to avoid contamination of groundnuts, as described in [Codex Alimentarius' Code of Hygienic Practice for Groundnuts \(Peanuts\)](#) and [Code of Practice for the Prevention and Reduction of Aflatoxin Contamination in Peanuts](#).

On the website of the [Rapid Alert System for Food and Feed \(RASFF\)](#), you can browse through various border rejections and alerts for 'groundnut oil' or 'peanut oil' under the category 'fats and oils'. In this manner, you can learn about common problems faced by suppliers during border controls and adopt appropriate measures to avoid them. Learn more about vegetable oil contamination at the [Fediol](#) website.

What legal requirements must my product comply with?

Maximum level for erucic acid in oils and fats: European legislation fixes a maximum level of erucic acid in oils and fats intended for human consumption.

Tips: Check out the maximum levels for [erucic acid in the European Export Helpdesk](#).

Extraction solvents for food: There are European rules for the marketing and application of extraction solvents used in the production of foodstuffs and food ingredients.

Tips: Find out which [Extraction solvents for food](#) you can use and the conditions for use.

Contaminants in food: The European Union has laid down maximum levels of contaminants in food, including ingredients such as vegetable oils. The main issue with contaminants in groundnut oil concerns aflatoxins. More information on aflatoxins can be found in the trends section of this document.

Tips: Read more about [contaminants in the European Union Export Helpdesk](#) and check the European Commission's factsheet on food contaminants [Managing food contaminants: how Europe ensures that our food is safe](#).

Maximum Residue Levels (MRLs) of pesticides in food: European legislation has been laid down to regulate the presence of pesticide residues (MRLs) in food products.

Tips: If the agricultural raw material (groundnut) for your oil has been treated with pesticides, verify that residues remain within limits. For more information, read about [MRLs](#) in the European Union Export Helpdesk.

Additives, enzymes and flavourings in food: Europe has set a list of permitted flavourings and requirements for their use in foodstuffs intended for human consumption, which includes vegetable oils. This is particularly relevant to food manufacturers. However, insight into this legislation can help you to understand their requirements.

Tips: Familiarise yourself with the concerns of the end-users of your products by checking European legislation on [Additives, enzymes and flavourings in food](#).

Hygiene of foodstuffs: Food business operators shall put in place, implement and maintain a permanent procedure, or procedures, based on the HACCP Hazard Analysis and Critical Control Points (HACCP) principles. This also applies to the import of food to Europe and export from Europe.

Tips: Ensure compliance with European legislation on [Hygiene of foodstuffs \(HACCP\)](#).

Labelling: In case you are supplying consumer labelled products (in for example bottles and containers) you will have to take into account labelling requirements laid down in [European Regulation 1169/2011](#).

Tips: Read more about food labelling in the [European Export Helpdesk](#).

What additional requirements do buyers often have?

Food safety management: Buyers commonly require their suppliers that they have a quality/food safety management system in place. These systems require companies to demonstrate their ability to control food safety hazards in order to ensure that food is safe at the time of human consumption.

Tips: Suppliers can apply a basic HACCP system. However, if they aim to supply food manufacturers more directly, it is necessary to have a certified food safety management system recognised by the Global Food Safety Initiative, such as ISO 22000, British Retail Consortium (BRC) or International Featured Standards (IFS) Food. Visit the website of the [Global Food Safety Initiative](#) for more information.

What are the requirements for niche markets?

Regulation (EC) 834/2007 on organic agriculture: Europe has established requirements on the production and labelling requirements with which an organic product of agricultural origin must comply in order to be marketed in Europe as “organic”.

Tips: In general, the market for organic groundnut oil is still a niche segment. If you do choose to obtain a certificate for organic production, refer to the [European Union Regulation](#) for organic production and make sure your organic certification is harmonised with the [European legislation](#).

For information on organic certification in Europe, visit the website of [Organic Farming](#) in the European Union.

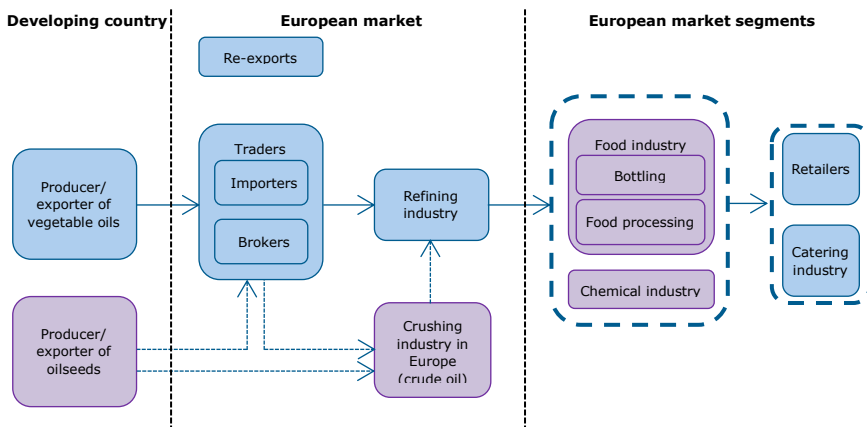
Fair Trade: Fairtrade Labelling Organisations International (FLO) is the leading standard-setting and certification organisation for Fairtrade. Products which carry the Fairtrade label indicate that producers are paid a Fairtrade Minimum Price. FLO has a minimum price for groundnuts (raw material for groundnut oil). Other fair trade standards available in the European market are Fair Trade [Ecocert](#) and Institute for Marketecology’s [Fair for Life](#).

Tips: Before jumping into Fairtrade certification, make sure to assess (in consultation with your potential buyer) if this label has sufficient demand in your target market and whether it will be cost beneficial for your product.

Market channels and segments

Market channels

Figure 6: Trade channels for groundnut oil in Europe



The trade channels for groundnut oil do not deviate from the general structure for vegetable oils as described in [CBI Market Channels and Segments for Vegetable Oils](#).

In general, the following margins can be expected:

- Brokers: ranging from approximately 0.5 to 2%, or fixed price per tonne
- Importers: will depend on whether the oil is simply being forwarded (5-10%), or whether the importer has to re-sell specific quantities (10-20%).
- Refiners charge a fixed amount per tonne of oil refined, approx. € 200-300/tonne.
- The margins charged by other industry players such as food manufacturers, bottlers and retailers will highly depend on the nature of the final product. Figure 7 provides an overview of the main segments for groundnut oil.

Tips: If you are able to produce large volumes for large multinationals, make sure you have adequate quality control systems.

If you are dealing with smaller volumes or specialised groundnut oil, traders are the most suitable entry point into Europe.

If you are a starting exporter, brokers can be your entry point into Europe as they are trusted by the European edible oil sector, which can make up the lack of reputation of a starting developing country exporter.

Market segments

Groundnut oil is mostly used in the food industry, where it can be segmented into:

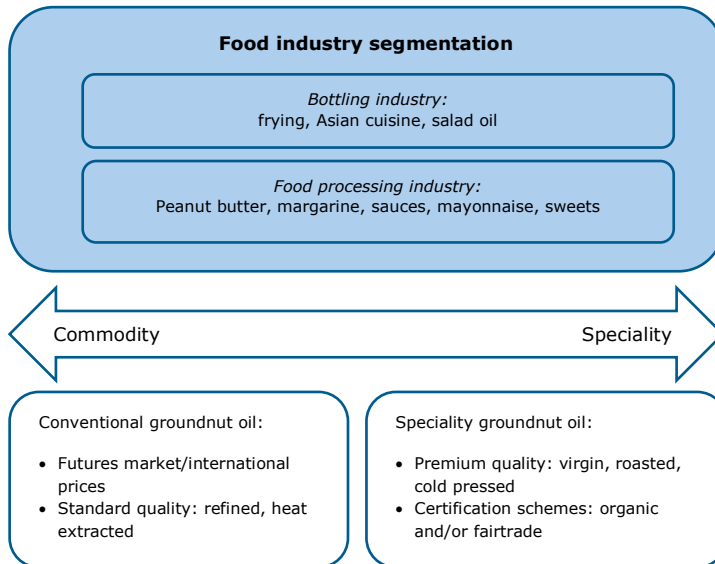
- Food processing industry: ingredient to manufacture semi-finished or final food products
- Bottling industry: bottled as a final product

Figure 7 describes the main uses of groundnut oil in Europe within these two segments.

Groundnut oil can be further segmented into commodity and speciality oil. The main differences between commodity and speciality groundnut oil are described in Figure 7, and further elaborated (at a more general level for vegetable oils) in [our study about channels and segments for vegetable oils](#).

In general, the main uses of groundnut oil are shifting from mainstream to niche solutions. Therefore, niche markets, such as the market for gourmet and certified oils, are increasingly important for groundnut oil.

Figure 7 Segmentation of groundnut oil in Europe



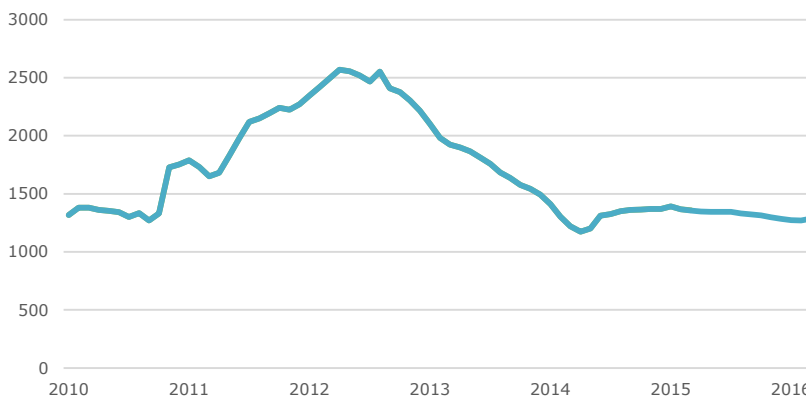
Tips

Comply with sustainability standards required by your specific segment and stay up-to-date on developments in this respect. For information on the various sustainability standards visit the [IIC](#) website on the voluntary standards that are available for exporters.

Price

Price developments

Figure 8: World prices for groundnut oil (any origin, c.i.f. Rotterdam), 2010-2016 (Q1), annual averages in US\$ per tonne



Source: World Bank Pink Sheet, 2016

- After a significant decline in prices between 2012 and 2014, groundnut oil prices are currently relatively stable.
- At the end of 2011, groundnut production in Senegal was affected by severe drought, leading to record-high prices (more than double the prices registered in 2010).

- Prices remained high throughout 2012 (above US\$ 2,000 / tonne), when Indian farmers held on to groundnuts for exports, and there was insufficient supply for crushing.
- Most of 2014 saw a steady decline with the lowest price level reaching US\$ 1,200 in May 2014. This decline mainly resulted from consistently low market demand (many industries are shifting to edible oils such as cotton seed oil, palm oil and soya oil) coupled with a higher availability of groundnuts due to better crops.
- Prices in the second half of 2014 increased slightly, but remained relatively low (between US\$ 1,350 and 1,390).
- During 2015 and the first quarter of 2016, prices remained at this level, fluctuating between US\$ 1,280 and US\$ 1,390.

Tips: Develop sustainable, trust-based, relationships with new buyers in order to profit from the current international scenario for groundnut oil in the long run.

Keep an eye on crop levels of various suppliers of groundnuts worldwide in order to anticipate price and other international market developments. The website of [FAOSTAT](http://www.fao.org/faostat) is a useful statistical source for this purpose.

Accompany international prices for groundnut oil in order to benchmark your product and develop a pricing strategy. The [World Bank – Pink Sheet](#) is a good online tool to follow prices.

Useful sources

- The EU Vegetable Oil and Protein meal Industry - <http://www.fediol.eu/>
- The Food and Agriculture Organisation of the United Nations has a variety of agricultural databases – <http://faostat3.fao.org/home/E>
- For information on the latest market developments in the Oils and seeds sector, visit The Public Ledger – <http://publicledger.agra-net.com/oils/>
- B2B marketplace – <http://europe.qo4worldbusiness.com/Seeds>

More information

CBI market information: Promising EU export products.

EU Exports Helpdesk - <http://exporthelp.europa.eu> - go to 'statistics'.

Eurostat - <http://epp.eurostat.ec.europa.eu/newxtweb> - statistical database of the EU.

Several queries are possible. For trade, choose 'EU27 Trade Since 1995 By CN8'.

International Trade Statistics - <http://www.trademap.org> - you have to register

This survey was compiled for CBI by ProFound –
Advisers In Development
in collaboration with CBI sector expert Joost Pierrot

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