CBI Product Factsheet:

Chillies in Europe
Introduction

The growing popularity of spicy food is resulting in an increasing demand for chillies in Europe. Spain is the most important trader and processor of chillies in Europe. It mainly imports whole chillies and supplies processed products to other European markets. Suppliers of processed chillies could also consider exporting directly to European markets currently supplied by Spain.

Product description

Chillies refer to the chilli pepper (also chile or chili pepper), which is the fruit of plants from the Capsicum genus, members of the nightshade family, Solanaceae. The chilli pepper originated in the Americas. Chillies are available whole, as flakes, as ground powder, preserved in oil, or made into hot sauces.

The statistical data in this document is based on Combined Nomenclature (CN) codes. The CN uses Harmonised System (HS) codes to classify products. The HS codes concern dried chillies that are neither crushed nor ground (i.e. whole). Crushed and ground chillies are included in a HS code with all other capsicums, including sweet peppers. Allspice represents only a small part of imported volumes.

Fresh chillies are not included in these statistics. See our studies on fresh fruit and vegetables for more information.

<table>
<thead>
<tr>
<th>HS Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>09042190</td>
<td>Dried fruits of the capsicum genus or pimenta genus, neither crushed nor ground (excl. sweet peppers)</td>
</tr>
<tr>
<td>09042200</td>
<td>Fruits of the genus capsicum or of the genus pimenta, crushed or ground</td>
</tr>
</tbody>
</table>

Product specification

Quality

Product quality is a key issue for buyers in Europe and includes food safety issues. The European Spice Association (ESA) has published the Quality Minima Document, which is vital for the national spice associations affiliated with the ESA and therefore for most key players in Europe. It specifies legal European requirements as well as the terms of delivery between buyers and sellers that are not defined in legislation. It contains the chemical and physical parameters that determine the minimum quality requirements for chillies:

- Ash: maximum 10%
- Acid-Insoluble Ash: maximum 1.6%
- Moisture: maximum 11%

Chillies are graded in accordance with the relevant national standard of the country of production. In addition, ISO standard 972-1997 provides some general guidelines on the grading, handling and packing of chillies. Moisture content and colour greatly affect price. To obtain a premium for high quality products, dried chillies need to be graded. Chillies are mainly graded by colour and size – the brighter the red colour the better.

Labelling

Incorrect labelling is a major source of frustration for European buyers. Therefore, you must be sure to do this properly. See our study on Consumer Packed Spices and Herbs in Europe for information on consumer packaging requirements. Bulk products have to include the following information:

- The name of the product
- Details of the manufacturer (name and address)
- Batch number
- Date of manufacture
- Product grade
- Producing country
- Harvest date (month-year)
- Net weight
- Any information that exporting and importing countries may require: bar, producer and/or packager code, any extra information that can be used to trace the product back to its origin.
Packaging

Chillies are packaged in jute or polypropylene bags (ground chillies in particular). Polythene cannot be used as the flavour components diffuse through it. The packaging must not be a source of contamination, must be food grade and must protect the product quality during transportation and storage.

Buyer requirements

What legal requirements must chillies comply with?

Please be aware that your product will have to comply with European Union legislation the moment it enters Europe. Compliance is therefore a must. Consequently, only consider exporting to Europe when you are able to comply.

Food safety: Traceability, hygiene and control

Food safety is a key issue in European food legislation. The General Food Law is the legislative framework regulation for food safety in Europe. To guarantee food safety and to allow appropriate action in cases of unsafe food, food products must be traceable throughout the entire supply chain and risks of contamination must be limited. One important aspect for controlling food safety hazards is to define critical control points (HACCP) by implementing food management principles. Another important aspect is that your food products can be subjected to official controls. Products that are not considered safe will be denied access to Europe.

Tips:

- European buyers will often ask buyers to implement a food (safety) management system based on HACCP-principles (see under Common requirements).
- Check for increased levels of controls regarding your product. The list of spices and herbs and their supplying countries is updated regularly. Check the EUR-Lex website for the most recent list (see latest document under Amended by).
- Read more about health control in the EU Export Helpdesk
Contamination of chillies

Contaminants are substances that can be present as a result of the various stages of its growing, processing, packaging, transport or storage.

Mycotoxins

Chillies can be contaminated with mycotoxins (aflatoxin, ochratoxin and others). Specific requirements for chillies regarding the maximum level of mycotoxins are established in Regulation (EC) No. 1881/2006 (see Annex 2.1.9.). For chillies the maximum level is between 5.0 μg/kg (aflatoxin B1) and 10 μg/kg (total aflatoxin content B1, B2, G1 and G2). The maximum limit for ochratoxin A (OTA) went down from 30 μg/kg to 15 μg/kg on 1 January 2015. It will be difficult for suppliers to comply with this new legislation. The level of OTA largely depends on climatic conditions and is therefore hard to control. The legislation is expected to have a significant impact on the trade in chillies (for more information see Trends).

Moreover, from January 2016 onwards, chillies and peppers from India must be accompanied by a health certificate to enter the European Union. This certificate needs to show that the products have been sampled, analysed for aflatoxin contamination and that they comply with the European legislation on these contamination levels. Chillies and peppers from India also face an increased level of official controls at import, because of the presence of aflatoxins.

Tips:
- Implement better drying, processing and storage practices and discuss them with suppliers. Valuable sources are the guidelines on Good Agricultural Practices for Spices from the International Organisation of Spice Trade Associations and Good Manufacturing Practices for Spices from the International Pepper Community.
- Make sure that during transport, chillies are either dried sufficiently or there is sufficient ventilation. For more information refer to the website of the Transport Information Service.
- Check for increased levels of controls for your chillies. The list of spices and herbs and their supplying countries is updated regularly. Check the EUR-Lex website for the most recent list (see latest document under Consolidated versions).

Pesticides

The European Union has set maximum residue levels (MRLs) for pesticides in and on food products. Products containing more pesticides than allowed will be withdrawn from the European market. The presence of pesticides above permitted levels is an important issue for European buyers, as products exceeding these limits are not allowed to be sold on the European market. The industry is therefore training suppliers how to use pesticides safely and how to make sure their products do not exceed pesticide limits.

The amendment of the European pesticide Regulation 396/2005 came into effect on 18 May 2015. This Regulation sets specific limits for pesticides found in spices and herbs, including anthraquinone. Anthraquinone is not generally used as a pesticide in cultivation, but residues may be found in spices and herbs such as smoked capsicums as a result of artificial drying with fire. The smoke contains anthraquinone which can end up in the product if appropriate precautionary measures are not taken.

Tips:
- You can use the MRL database in which all harmonised MRLs can be found. You can search on your product or pesticide used and the database shows the list of the MRLs associated to your product or pesticide.
- To reduce the amount of pesticides in your product, promote integrated pest management (IPM) amongst the farmers you work with.
- Read more about MRLs in the EU Export Helpdesk

Salmonella

The reason for the rejections of chillies by European custom authorities is the presence of salmonella (whole, crushed and ground). There are no specific salmonella requirements defined in European legislation for spices and herbs as there are for other products. However, according to Article 11 of the General Food Law, food products placed on the European market must be safe. Therefore, chillies are banned from the market if salmonella is found. In Europe, steam sterilisation is the preferred method to combat salmonella as well as other types of microbiological contamination, especially for spices and herbs destined for the retail market.
Food additives and adulteration

Many of the spice and herbs rejected by custom authorities or buyers have undeclared, unauthorised or too high limits of extraneous materials. There is specific legislation for food additives (such as colours, flavours and thickeners) that lists which E-numbers and substances are allowed to be used. Spices and spice blends cannot contain added colours. Ground and crushed chillies sometimes contain illegal artificial colorants (e.g. Sudan red, tartrazine, erythrosine). Although these may be approved by the food authority in the country of origin, some of them may not be approved in Europe. Sulphur dioxide (SO2) is often added to chillies to preserve colouring. The maximum residue level is 150 mg/kg.

Crushed and ground chillies can also be intentionally adulterated with such substances as lower-grade varieties, brick powder, salt powder and talc. An important reason for intentional adulteration – which is a serious malpractice – is economic gain. Unintentional adulteration, due for example to fertiliser spillover or insects, may also be encountered. Food adulteration is an important issue for European buyers. According to a panel of industry experts consulted for this study, this type of food fraud is quite common in spices and herbs. The European Union and national European governments are also becoming stricter in the enforcement of food fraud legislation. The Dutch government increased the fines on operators wilfully tampering with food from € 4,500 to a maximum of € 810,000 in April 2015.

Irradiation

Irradiation of spices & aromatic herbs is allowed. It is a safe way to kill organisms and affects the taste of spices and herbs less than steam sterilisation. The maximum overall average, absorbed radiation dose is 10 kGy. Consumers generally prefer non-irradiated products. Therefore, this method is not widely used.

What are additional requirements buyers often have?

Food safety management and traceability

As food safety is a top priority in all European food sectors, you can expect many players to request extra guarantees from you in form of certification. Many European buyers (e.g. traders, food processors, retailers) require the implementation of a (HACCP-based) food safety management system. The most important food safety management systems in Europe are...
BRC, IFS, FSSC22000 and SQF. All the mentioned management systems are recognised by the Global Food Safety Initiative (GFSI), which means are accepted by major retailers.

Tips:
- European market entry is more likely than not to include implementing a food safety management system, and it is therefore important to familiarise yourself with them.
- Different buyers have different preferences for a certain management system. Check which one is preferred (e.g. United Kingdom retailers often require BRC, IFS is more commonly required on the mainland).
- Read more on Food Safety Management Systems at the Standards Map

Corporate social responsibility

European buyers (especially those in Western and Northern European countries) increasingly pay attention to their corporate responsibilities regarding the social and environmental impact of their business. This also affects you as a supplier. Important issues in the chillies supply chain are the use of pesticides, soil degradation, waste water treatment and the impact on biodiversity. European companies have different definitions of Corporate social responsibility (CSR) and different priorities and ambition levels in this field. Hence, there is no single way to address CSR issues. The right approach could range from signing a code of conduct to ensure compliance with the most important requirements to mapping out and addressing all the CSR issues in your entire supply chain.

Tip:
- Exporters interested in supplying the European market should at least address the most important CSR issues. Many buyers already use this as a selection criterion for new suppliers. Prioritise CSR in your operations by considering your impact on various social and environmental factors, what you can feasibly do to improve your impact and what is appreciated by European buyers. List the relevant CSR issues, ISO26000 provides guidance.

What are requirements for niche markets?

Sustainable product certification

There is a growing market for certified products with well-known consumer logos. Organic products focus on land use and inputs. Fairtrade focuses specifically on improving the living conditions of smallholders in developing countries by paying them a premium. Rainforest Alliance, a mainstream sustainability scheme with a focus on social as well environmental issues has recently developed a standard for several spices and herbs. Processors and exporters can play an important role in the certification process by coordinating the activities of smallholders. If they handle certified sustainable chillies they will have to be certified themselves to ensure a reliable chain of custody. There are specific certifications for traders, such as Fairtrade’s Trade Standard or the Rainforest Alliance’s Chain of Custody standard.

Tips:
- Check The International Trade Centre and Organic Bio to find buyers in Europe or suppliers of organic chillies in your own country. Refer to the Fairtrade producer database to find certified suppliers. The pricing list will give you an indication of the price you will have to pay farmers for Fairtrade or Fairtrade/Organic chillies.
- Refer to the ITC Sustainable Spice Initiative Equivalency Tool for an explanation and comparison of sustainability standards.

Supplier assessment
As an alternative to product certification, European buyers conduct a supplier assessment. They use supplier assessment questionnaires that contain questions on both quality and CSR, for example on child labour. Such supplier assessments are used widely.

Suppliers can also assess their own compliance with a sustainability code of their buyer; for example, with Unilever’s Sustainable Agricultural Code (SAC) or the Olam Livelihood Charter.

Tip:
- Refer to Unilever’s Implementation Guides for further information.

Trade and Macroeconomic Statistics

The European chilli market continues to provide opportunities for exporters from developing countries to do business. Imports and prices will continue to increase in the coming years. Sixty per cent of analysts polled by Euromonitor observed an increase in consumer interest in spicy foods in Europe. This will have a significant influence on future demand for chillies and chilli-based products.

Imports

Figure 1: European imports of chillies
2011-2015, in 1,000 tonnes

Source: Eurostat, 2016
* Countries other than European or developing countries are negligible and excluded from this graph. In 2015 these only accounted for 1.3% of total European imports.

The volume of European imports of chillies increased by 4.2% per annum between 2011 and 2015. The value of imports increased by 5.4% per annum in the same period, indicating that unit import prices were rising by an average of 4.6% per year. Figure 1 shows that imports don’t drop as prices rise. Chillies are a minor but important ingredient that contributes little to the total cost of the food in which it is used.

Imports from developing countries grew faster than imports from European countries. In 2015, direct European imports of chillies from developing countries amounted to almost 74,000 tonnes, or € 147 million.
Chillies are an annual crop that can be grown in many parts of the world. Prices of chillies fluctuate strongly from one harvesting season to another, but the price cycle is short and prices are relatively stable over time. This means that prices are corrected rapidly by farmers in anticipation of future prices. In times of oversupply farmers can decide to grow a different crop. They do not have to flood the market for long periods, since they can switch to a more profitable alternative.

**Tip:**
- The profitable market conditions make it a good time to invest in your business. Invest or look for investments to improve post-harvest processing, quality and extra cleanliness (depending on your current level of professionalism). It can entitle you to a significant premium (2-5%). Refer to the publication [Drying Chillies](#) to find suppliers of processing equipment.

Besides being the largest importer, Spain is also the main European producer of chillies. In 2015, 98% of its imports originated in developing countries. Spain is a strong importer of whole chillies especially. It is a large processor and trader of chillies within Europe and also has a moderate domestic market. Other European countries rely to a large extent on Spain for its supply of whole and processed chillies.

**Figure 2: Leading European importers of chillies 2011-2015, in 1,000 tonnes**

![Leading European importers of chillies](#)

**Source:** Eurostat, 2016

Besides being the largest importer, Spain is also the main European producer of chillies. In 2015, 98% of its imports originated in developing countries. Spain is a strong importer of whole chillies especially. It is a large processor and trader of chillies within Europe and also has a moderate domestic market. Other European countries rely to a large extent on Spain for its supply of whole and processed chillies.
Figure 3 shows that China is the main supplier to Europe. In 2015, this country accounted for 70% of supplies from developing countries.

Exports from Peru have fallen substantially since 2013. Industry sources attribute this fall to the decrease in Peru’s production. Peruvian chilli farmers are losing interest due to low revenues. Another likely explanation is that the 15 ppm limit for ochratoxin A (OTA) will affect some producers more than others.

Africa supplies mainly African bird’s eye chillies to the European market. The share of African countries is still small (2% of direct imports of whole chillies). In addition, imports of whole chillies from African countries rose until 2013, after which they suffered a 70% drop. Imports of crushed/ground capsicums and allspice have fallen consistently by an average of 7.3% per annum since 2010. Industry sources expect Africa to become a more important supplier to Europe in the future; however this will take some time to materialise.

Tip:
- To improve the livelihoods of farmers you could consider cooperating with Spanish or European buyers. Refer to the member section of Spanish Association of Processors and Packagers of Spices and Seasonings (AEC).
- Make a statistical analysis to get an insight into the differences between leading European importers. Create a free account for statistical databases such as Eurostat and ITC Trademap. Complement your statistical analysis with an analysis of your own position to ensure a strategic fit with your buyer concerning such matters as scale, level of organisation, product (mainstream or niche) and ability to comply with extra-legal food safety and sustainability requirements.

Figure 3: Developing-country suppliers of chillies to Europe, by level of processing 2015, in 1,000 tonnes*

Tip:
- Importers still experience supply issues with African suppliers. African suppliers will have to reassure European buyers that supply problems will not be an issue. This includes having a logistics service and controlling your supply chain.

Source: Eurostat, 2016
* Excluding Norway, Switzerland and Iceland as data on whole and crushed chillies is incomplete for these countries.

Europe relies almost entirely on developing countries (99%) for its supply of whole chillies. Suppliers in developing countries are also increasingly supplying the European market with processed chillies. European imports of processed chillies from developing countries grew faster (+9.1% per year between 2011 and 2015) than imports of whole chillies (+3.2%).
European countries that import crushed chillies directly from developing countries include:

- Germany,
- the Netherlands,
- Italy, and
- Spain.

**Tips:**

- If you want to process your chillies, make sure that you have a varied and large supply from several sources. You need this to control the hotness of the spice.
- See our study on crushed and ground spices and herbs for more information.
- Although prices have risen, prices at the farm gate can still be low. This is making many farmers abandon growing chillies. Therefore, invest in your suppliers to ensure your supply.
- Processing chillies is only interesting if economy of scale can be achieved. In any case first address quality issues as a way of adding value.
- Suppliers of processed chillies will have fewer opportunities on the Spanish market. They should consider exporting whole chillies to Spain. Another option is to directly supply other European countries with processed chillies. They should be able to meet European quality and food safety demands and be able to control the heat of their blends.
- See our studies on Capsicum for health products and on oleoresins for the European food industry for more information on value-added products.

**Exports**

Europe exported 66,000 tonnes of chillies worth € 195 million in 2015. The most important (re-)exporters were:

- Spain (73% of exported volume in 2015)
- Germany (5.7%)
- the Netherlands (5.1%)

Most of Europe’s exports in 2015 consisted of crushed or ground chillies: 62,000 tonnes, at € 176 million.

Spain is the largest exporter of processed chillies and peppers (76%). The majority of chillies are first processed (cleaned, crushed and/or ground) and then re-exported. Spain re-exports only a small part of its imported whole chillies (2%).

**Tips:**

- Investigate buyer requirements in your target market and deal with buyers’ potential reservations in advance. Buyers who do not deal directly with suppliers in countries of origin may have reservations regarding quality, food safety and supply security.
- Get references from your other European buyers. You should also be aware that you may be asked to provide the same service levels as European buyers (short supply times, small orders, steam sterilisation, further processing, etc.).

**Production**

**Figure 4: Global production of dried chillies and peppers, 2010-2013***

![Graph showing global production of dried chillies and peppers, 2010-2013](image)

*Source: FAOSTAT, 2015

* Covers red and cayenne pepper, chillies, allspice and Jamaica pepper (*Pimenta officinalis*)
Europe produces dry chillies and peppers on a small scale but relies mainly on third countries. Figure 4 shows the main producers of dried chillies and peppers. They are grown mainly in Asia (70% of total production), but Peru (4.7%) and Africa (21%) are also large producers.

**Tip:**
- Refer to FAOSTAT for production statistics of dried chillies.

India accounts for 40% of global production, but only 1% of European imports of dried chillies and peppers (including allspice) imported into Europe comes from India. Pesticides in Indian chillies often still exceed the maximum levels set in the European Union. Therefore they are less interesting for European buyers. India is investing significantly in reducing pesticide use through the promotion of quality, yield and Integrated Pest Management (IPM) programmes.

**Tip:**
- Learn from success stories from around the world, such as from India, Pakistan and Ghana. Investment in good farming practices, transportation, irrigation and/or artificial drying is vital for success in this field. Various studies (see examples for Bird’s eye chillies or green chillies) have been produced about the profitability of the application of irrigation in chilli farming. Drip irrigation is the more sustainable option, as it saves water and reduces soil degradation. Drip fertigation can be especially profitable in low fertility soil.

African countries such as Ethiopia, Ghana and Benin are large producers (21% of global production), but European imports from these countries are negligible. This is most likely because these producers have difficulties meeting strict European quality requirements.

**Tip:**
- Look for crop reports online or visit conferences where these are shared. They will provide you with valuable information regarding competitive positions in the coming months. Champagne Foods published various crop reports on chillies, such as the 2014 crop report that also includes sustainability issues.

**Consumption**

Figure 5 below gives an indication of per capita consumption of chillies (calculated as imports + production – exports). The figure thus includes both the industrial and household uses of chillies. Please note that the figure doesn’t include consumption data for Europe and Spain for 2014 and 2015. For these years, production data are unavailable.

**Figure 5: Per capita consumption of chillies of leading importers 2011-2015, in grams per capita**

![Graph showing per capita consumption of chillies]

*Source: Eurostat, 2016*
The consumption of chillies in Europe amounted to 46,000 tonnes in 2015. However, as this figure does not include production, actual consumption is likely much higher. To illustrate, in 2013 European consumption amounted to 122,000 tonnes. In this year, production data were available.

Per capita consumption is growing or stable in most of European’s leading importers. The growing demand for chillies means that worldwide production will have to increase over the coming years. Since the increase in production will need to come mainly from increased productivity, further improvements in productivity may be expected in the coming decade.

**Tip:**
- See our study on the future global market for chillies to learn more about the future balance between supply and demand.

**Market Trends**

*Industry consolidation:* In order to safeguard quality, there is a growing interest in industry consolidation among European buyers. Western food companies are increasingly investing in long-term relations with their suppliers. Moreover, vertical integration in the supply chain is growing as well. For example, McCormick acquired Wuhan Asia-Pacific Condiments. A growing south-to-south trade will also lead to more cooperation between developing countries. Everest Spices (India) recently established a spice manufacturing plant in Zanzibar, Africa. Mergers or acquisitions are generally not an option for Small and Medium-sized Enterprises (SMEs) in developing countries. There may however be opportunities for SMEs to enlarge the scope of their operations by working together with larger local parties.

**Tips:**
- Refer to our study on trends on the spices and herbs market for more information on trends in the spices & herbs market.
- Be less opportunistic and more strategic about the market you target and the partners you work with. If you want to export to international markets, don’t just send your products and hope for the best. Take the time to understand the market you are targeting and try to get a clear impression of whether you can compete on quality and price and meet other market requirements.

*Steam sterilisation* is an effective way of combating microbiological contamination and is increasingly required by European buyers. Suppliers that are able to supply steam-sterilised chillies, sterilised at source, can earn a significant premium. Investment in sterilisation equipment can be very costly (up to € 1 million). An important downside of steam sterilisation is that it negatively affects the volatile oil content, which produces the flavour. European buyers would switch to other methods if they were as safe, accepted by consumers and not too expensive. At the moment there are no alternatives that meet these requirements but GreenFooDec is conducting research at the sector level.

**Tips:**
- Small operators with limited access to capital will probably have to find an alternative solution. Look for local sterilisation companies that are able to provide this service for you. Determine whether your (potential) buyers want steam sterilisation before considering providing the service.
- Steam sterilisation is only effective if food safety is taken into account during drying, storage and processing. Contamination after the sterilisation step should be avoided. Mycotoxins and other contaminants are insensitive to sterilisation and must be controlled during all steps in the chain.

*Higher yielding varieties:* While global demand is rising, farmers are increasingly switching to other crops as they provide higher and more stable incomes. To increase profits input companies are developing higher-yielding varieties of chillies. They should be pest and disease-resistant and able to withstand low and high rainfalls. Krishidhan Seeds (India) has introduced the Manaswini chilli seed, which is a high-yielding and disease-tolerant variety. Sarpan Agri Horticulture Research Centre (SAHRC) has come out with a high-yielding, high-value hybrid variety of Byadgi chilli. These varieties are still in the introductory phase and it will take time for their cultivation to become commercially viable. Industry experts concur in this view. The impact of higher yielding varieties in the coming decade is therefore expected to be limited.

*Growing need for mechanisation:* to increase yields farmers are also working on increased mechanisation. In many producing regions they rely mainly on rain. Therefore the Indian chilli sector is investing in better water management (e.g.
better irrigation including drip irrigation). An important post-harvest step is using dryers instead of sun drying. This reduces the risk of aflatoxin and foreign materials contamination.

**Sustainability is on the rise**: sustainable sourcing is an important trend in Europe, especially in the United Kingdom, the Netherlands and Germany. Important issues in the supply chain are the use of pesticides, child labour, healthy and safe working conditions and loss of biodiversity. As a supplier you will be increasingly faced with sustainability requirements from your buyer. [Sabater Spices](#), the biggest Spanish importer and processor of chillies, was the first Spanish company to join the Sustainable Spice Initiative SSI, in 2013. Although sustainable spices and herbs are still a niche market, demand for products certified according to sustainability standards is increasing. A large challenge for the market for certified sustainable spices and herbs is the fact that they have to be sold at a higher price to cover some or all of the certification costs. This has resulted in an ongoing debate in the sector concerning the best way forward in implementing sustainability in the mainstream market. The option of third-party certification is still under debate. As mentioned above, self-verification is expected to become more important in the future in the mainstream market.

### Tips:
- Governmental and non-governmental organisations in developed countries often have programmes and subsidies available for investment in agricultural sectors. You should therefore look for possible partners in the promotion of sustainability with the aid of these funds. Further information is available on such websites as the Sustainable Spice Initiative, Netherlands Enterprise Agency, German Ministry for Economic Cooperation and Development and Cordaid.
- See our study on [exporting Sustainable Spices and Herbs to Europe](#) for more information about long-term expectations of the market for certified sustainable products.

**Stricter ochratoxin A legislation**: Regulation (EU) No 594/2012 has entered into force on 1 January 2015, allowing only chillies with ochratoxin A (OTA) limits of 15 µg/kg instead of the former 30 µg/kg limit. It is expected that after the implementation date many suppliers (e.g. from China and Peru) will not be able to comply. The problem is that it is hard to prevent the development of OTA and that it is partly related to climate conditions. The European Union is the only market that applies this strict legislation. This may create a price difference between chillies that contain 15 µg/kg or less and those with higher levels. The presence of OTA depends partly on the cultivation area and also on the time of harvest. The European industry is still lobbying to keep levels at 30 µg/kg. Therefore, there is a chance that the legislation will not be implemented.

### Tips:
- Determine whether you can provide a steady supply of chillies that will comply with future OTA limits. If this is not possible, consider focusing on other markets.
- Effective drying is especially important to reduce the risk of the development of OTA.
- Keep an eye on developments related to the OTA legislation. Investigate the latest developments and consult the European Commission website on [Food and Feed Safety](#).

**New import tariffs**: in January 2014 significant changes were made in Europe's Generalised System of Preferences (GSP). This system provides preferential import tariffs for products from selected developing countries. One relevant aspect is that the import tariffs for crushed and ground chillies from China however have increased from 0% to 5%. This means that it is now more expensive to import certain products from China. The adjusted tariffs do not affect imports of whole chillies, which remain at 0% for all countries. China is a big supplier of crushed and ground chillies (51% of direct imports of crushed/ground capsicums in 2014). Direct European imports from China of crushed/ground chillies increased by 14% in 2014. This would seem to indicate that the tariff adjustments are not a major deterrent to trade with China at present.

### Tip:
- Refer to the [TARIC consultation database](#) to check the import tariffs that apply to your own or competitive countries.

**Price breakdown**

**Figure 6**: Indicative price breakdown of chillies, sold in spices and herbs section of supermarkets
Please be aware that this price breakdown for chillies is only a general indication. It is influenced by many different factors. These include the country of origin, the current and expected harvest situation, quality of the raw material, level of processing, level of demand and the trend in prices. These factors make it difficult to provide a reliable price breakdown.

Retail prices of ground chillies can go up to €47.50 per kilo when sold in small containers in the spices and herbs section of supermarkets (mid-2016). Dried chilli flakes can go up to €100 per kg, and whole chillies can be priced up to several hundred Euro’s per kg.

Over the next few years, price levels are expected to remain high as a result of the OTA legislation, supply shortages, increasing global demand and higher import tariffs for products from China.

Please be aware that the value of the Euro has dropped significantly in relation to the dollar in 2015. In 2016, this value picked up again. International prices are often given in US dollars. The changing value of the Euro thus affects European importers who have long-term contracts with their suppliers. Whether fluctuating exchange rates are beneficial for exporters from developing countries depends on the value of their own currency relative to that of the US dollar.

Useful sources

- European Spice Association - http://www.esa-spices.org - provides information on its national spice association members
- Food Ingredients Europe - http://www.foodingredientsglobal.com - important international trade fair for the food ingredient and health sector in Europe
- SIAL - http://www.sialparis.com - large international food fair held in France every year
- Biofach - http://www.biofach.de - largest European organic food trade fair held in Germany