



CBI
Ministry of Foreign Affairs

CBI Trade Statistics:

Vegetable Oils in Europe

Introduction

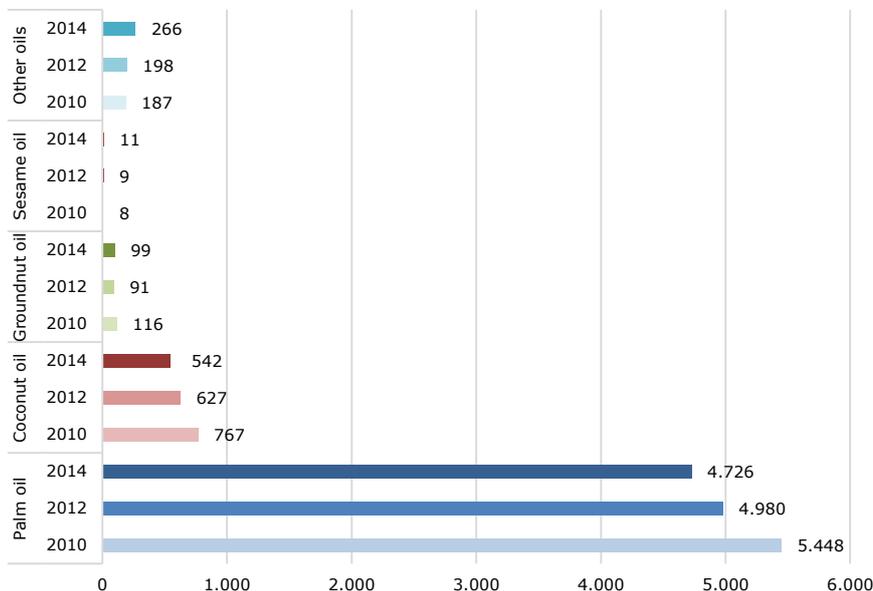
The profile of the European vegetable oil market is changing, offering new opportunities and challenges to exporters in developing countries (DCs). While Eastern Europe emerges as a promising growth market, Western Europe shows signs of future decline. At the same time, speciality oils are attracting increasing attention from buyers in higher-income countries in Western Europe, dictating a trend towards higher quality and lower volumes.

Note: figures are based on selected vegetable oils including palm oil, coconut oil, groundnut oil and sesame oil. Trade data includes the product group 'other oils' (i.e. vegetable oils not classified elsewhere) as well.

Imports

- European imports of vegetable oils amounted to 5.6 million tonnes/ € 4.6 billion in 2014. Palm oil makes up the majority of the selected vegetable oils imported into Europe (84% by volume), as shown in Figure 1.
- Total European imports of vegetable oils showed an annual average decrease of -3.6% in terms of volume in the period 2010-2014. This decrease was mainly driven by declining imports of palm oil and coconut oil. Palm oil imports decreased at an annual average rate of -3.5%, while coconut oil showed an annual average decrease of -8.3%. Groundnut oil declined by average annual rate of -3.9%, while sesame oil and 'other oils' showed significant annual average increases (+7.9% and +9.2%, respectively).
- During this period, the value of imports recorded an average annual growth of +1.4%. While palm oil imports remained stable in terms of value, coconut oil showed an annual average increase of +2.5%. Groundnut oil imports decreased on average by -3.3% annually while sesame and 'other oils' showed significant increases in terms of value (+11.9% and +12.2%, respectively)
- The growing global demand for vegetable oils, driven by emerging economies and the biofuel industry, will place increasing pressure on supplies; this is expected to keep prices at high levels in coming years.

Figure 1: Imports of vegetable oils in the EU and EFTA, in 1,000 tonnes, 2010-2014



Source: Eurostat, 2015

- Developing countries (DCs) play an important role in supplying the European market for vegetable oils: 66% of palm oil supplies and 64% of coconut oil supplies in 2014 were directly sourced in DCs (mainly Indonesia, Malaysia and the Philippines), while this was 70% for groundnut oil supplies (mainly from Brazil, Senegal and Argentina). About half of sesame oil imports are sourced directly from DCs (mainly Mexico), while DC supplies of 'other oils' played a more modest role.
- Although imports sourced directly in DCs remain limited in Eastern Europe, the importing role of countries in this region has increased, and further growth is expected in the coming years. This demand will be driven by improvement in per capita incomes and by increasing demand in the region. In fact, many East European markets are interesting for vegetable oil exporters. Buyer requirements in these less saturated markets tend to be lower,

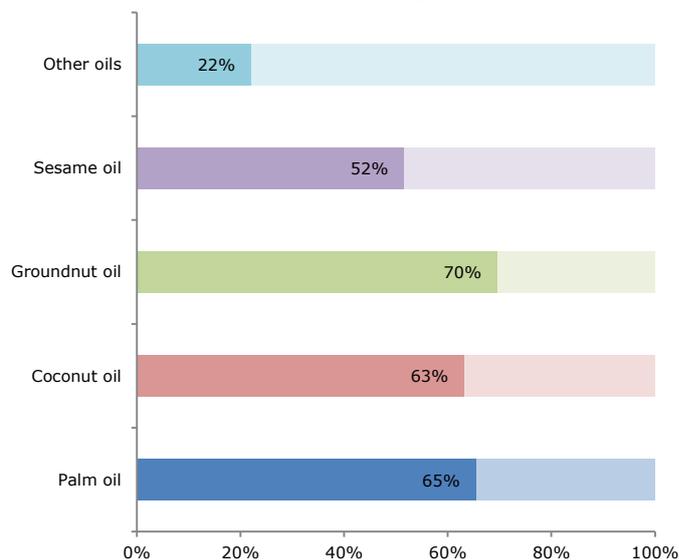
particularly in terms of volumes. This is often the case in Scandinavian markets as well, which showed an overall increase in volume and value for all vegetable oils.

- An important difference between these regions is purchasing power. The high purchasing power of Scandinavians makes the market more interesting for speciality oils compared to the relatively low purchasing power of East European countries. For instance, the GDP (PPP) per capita in Sweden was almost three times that of Romania in 2014.

Tips:

- Investigate the influence of the demand stemming from the growing biofuel market and its influence on price volatilities for your specific product.
- Consider the emerging Eastern European market as an export destination, bearing in mind that it is a market suitable for conventional products.
- Do not forget the importance of the Scandinavian market for speciality products.

Figure 2: Share of EU and EFTA imports of vegetable oils from DCs, in %, 2014



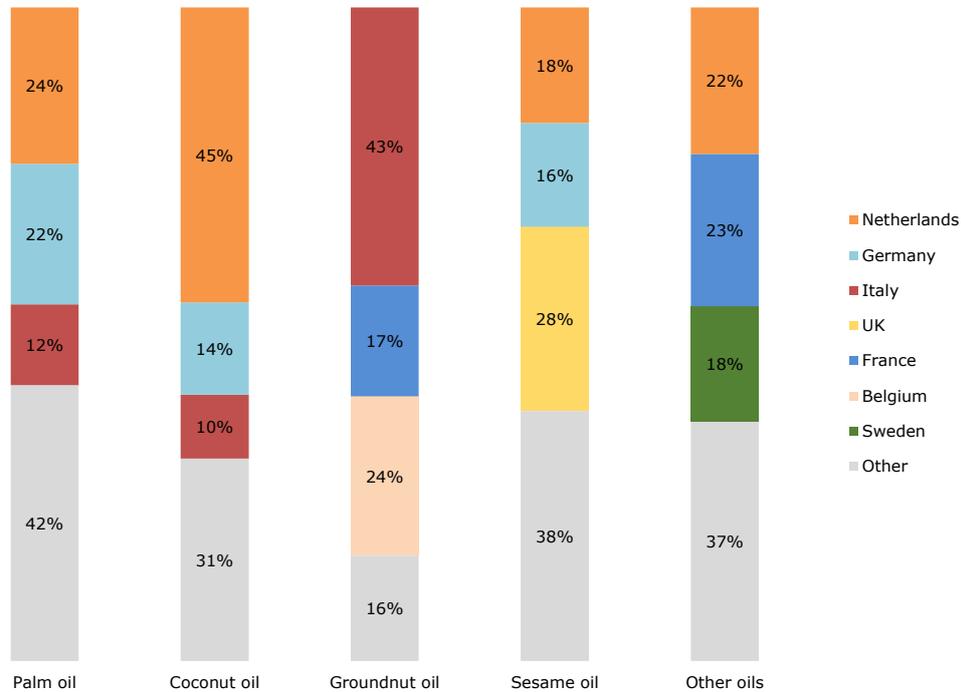
Source: Eurostat, 2015

- There are many differences regarding the European countries that import each of the different vegetable oils selected. The important role of the Netherlands is visible with respect to the most significant vegetable oils, i.e. palm oil and coconut oil. The Netherlands has an important function as a trade and refining hub. Vegetable oils enter the country through the port of Rotterdam to be partly trans-shipped directly to other European countries via inland vessels or to be stocked and handled by storage companies located at the port.
- Direct Dutch imports from DCs are less prominent for the smaller oils (e.g. groundnut and sesame oils), where the role of countries such as Italy, France, the UK and Belgium is stronger. These countries also have larger markets for these oils and, in the case of groundnut oil, the Netherlands has a groundnut-crushing industry. The large imports by Germany generally reflect its role as the largest vegetable oil consumer / food market in Europe.

Tips:

- Select your target European market according to your specific export product(s).
- Make a distinction between important trade hubs and large consumer markets in order to create a more accurate export strategy.

Figure 3: Main European importers of vegetable oils from DCs, by volume, 2014



Source: Eurostat, 2015

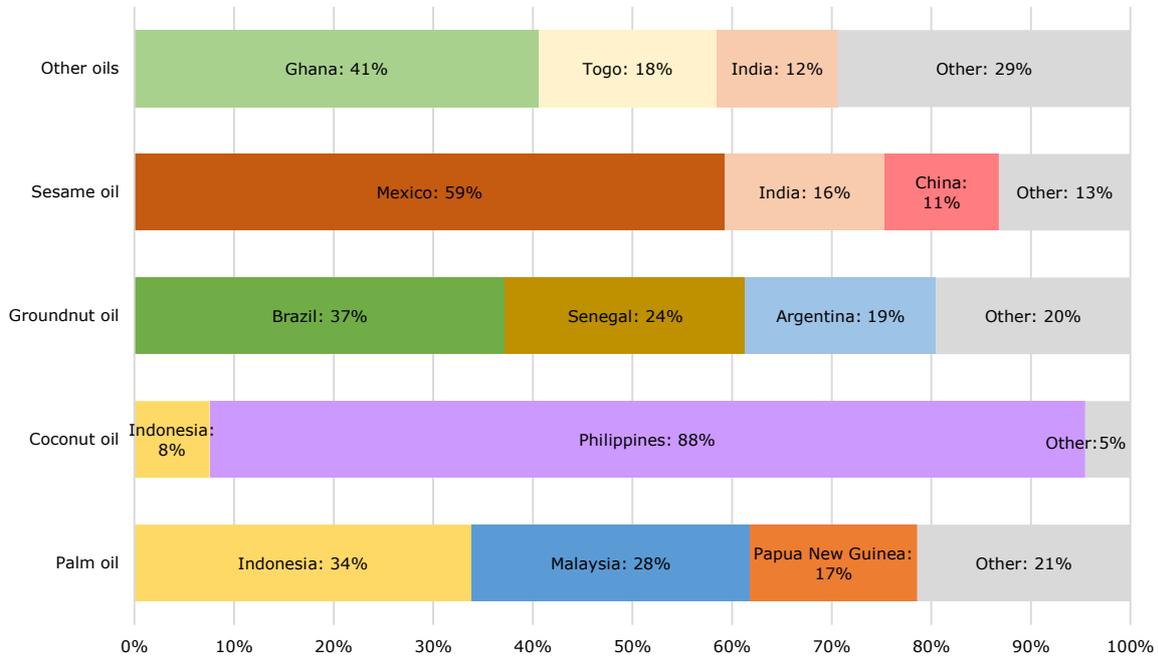
- West European markets for large-scale vegetable oils as indicated in figure 3 are characterised by the presence of large multinational companies and high market saturation. Therefore, these markets mainly offer opportunities for existing suppliers with the capacity to supply large volumes at fairly low margins.
- Opportunities for small and medium-sized exporters can still be identified in the speciality segment of the West-European markets (higher quality, lower volumes).

Tips:

- If you are able to produce large volumes for large buyers, make sure you have adequate quality control systems.
- If applicable to your product, explore the speciality segment in the European market.
- Promote the health properties or other special characteristics of your product, but only claim health benefits if such claims can be backed-up by scientific evidence.

Please refer to CBI’s Market Channels and Segments for more information on market segments for vegetable oils.

Figure 4: Main DC suppliers of the selected vegetable oils to Europe, by % volume, 2014



Source: Eurostat, 2015

- No single DC can be identified as the largest supplier of (selected) vegetable oil to Europe, as this ranking changes depending on the specific oil in question. Malaysia and Indonesia (both large-scale producers) account for 62% of total palm oil supplies to Europe. Nonetheless, supplies from these major exporters experienced an 11% decline between 2010 and 2014, being under increasing scrutiny in terms of sustainability and having reached maturity in terms of market share.
- The Philippines is the largest coconut oil producer in the world, accounting for 88% of all European coconut oil supplies. Groundnut oil supplies were dominated by Brazil and Senegal. Mexico plays a major role for sesame oil supplies, while India and China are also important suppliers. As for other oils, Ghana heads the ranking as leading DC supplier, with Togo and India close behind.

Tips:

- Investigate your competitors' strengths and weaknesses and learn from them.
- Invest in the marketing of your product, promoting:
 - Specific processing methods: 'virgin' and 'cold-pressed'
 - Exotic characteristics
 - Origin
 - Certification

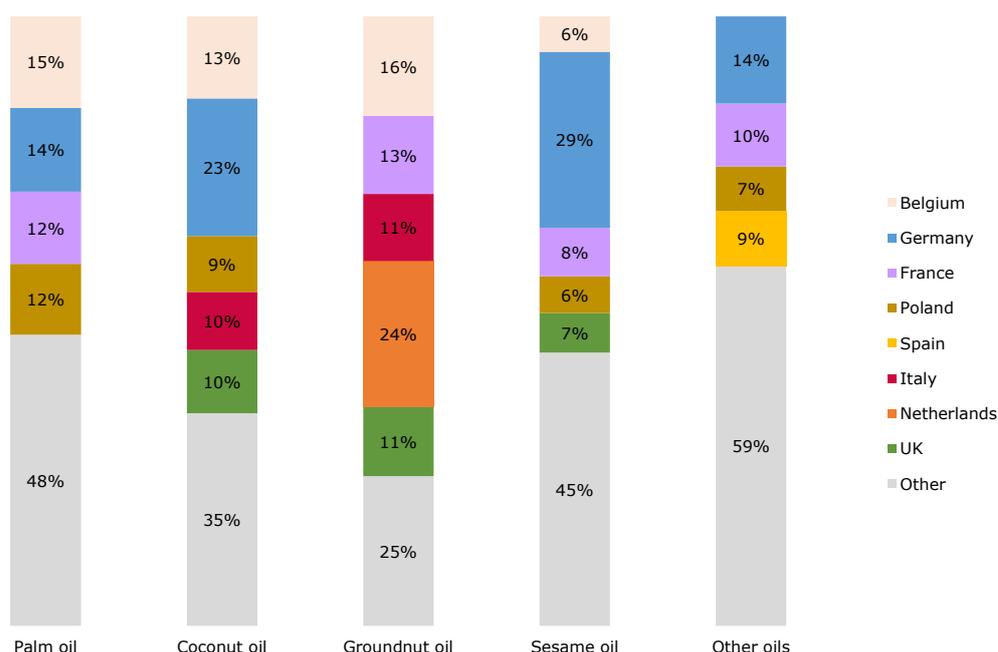
Please refer to CBI's Competition for Vegetable Oils for more information on the competitive landscape for vegetable oils.

Exports

- European exports of vegetable oils amounted to 2.1 million tonnes/ € 2.1 billion in 2014. In the period from 2010 to 2014, the total volume of exports increased by 3.1%, while the value of these exports rose by an even greater amount (+7.0%).
- The vast majority of European vegetable oil exports is destined to intra-European destinations, illustrating the importance of the trade amongst these countries.
- The prominence of Eastern European countries as a destination for European exports is expected to increase in the next years, driven by generally rising incomes and market growth in the region.
- In this way, trade hubs such as the Netherlands will increasingly target Eastern European countries and gradually shift away from Western Europe, thus accompanying the shift in European consumption patterns. At the same time, direct imports by Eastern Europe are expected to increase.

Tips:

- : Learn about emerging markets in Eastern Europe through sources such as [CIA's World Factbook](#) and [Wikipedia](#). Also investigate opportunities to supply them directly.
- Alternatively, explore the possibilities to use existing hubs (e.g. Netherlands) to access these markets.

Figure 5: Main destinations for European exports of vegetable oils, by volume, 2014

Source: Eurostat, 2014

Production

- Europe does not play a significant role in the production of the selected vegetable oils in crude form. European companies mostly focus on activities such as trading, refining and extracting the selected vegetable oils.
- European supplies of crude palm oil and coconut oil are only sourced in the tropical regions of the world.
- Crude groundnut oil, which is produced in small quantities in the EU, reached a volume of 13 thousand tonnes in 2013. Greece, Italy, the Netherlands, Portugal and the Czech Republic are the main EU producers / crushers.
- Production of crude sesame oil reached a volume of 2.0 thousand tonnes in 2013, with Poland as the main EU producer / crusher.

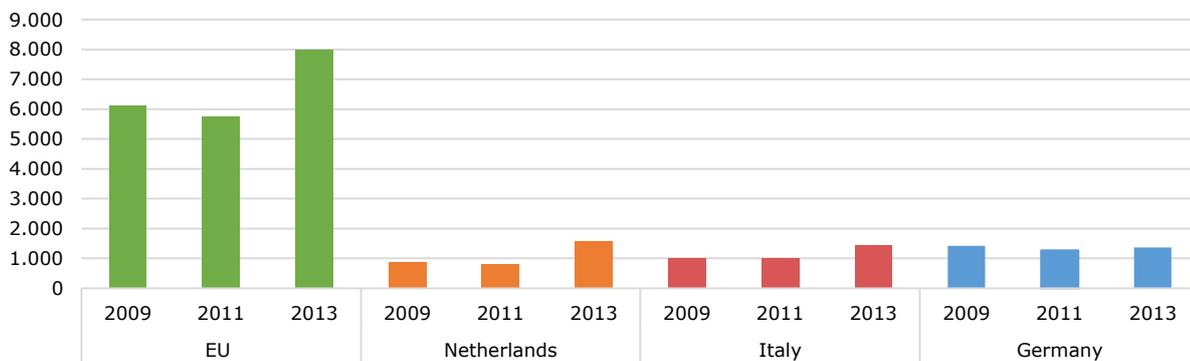
Tips:

- Suppliers in developing countries become particularly interesting for European buyers when their products cannot be sourced in Europe.
- If your product is also produced in Europe, make sure to set yourself apart by emphasising your Unique Selling Points (USPs) in terms of origin, certification, etc.

Consumption

- The period from 2009 to 2013 saw an overall annual increase of 7.0% in (selected) vegetable oil consumption in the EU, to a volume of 8.0 million tonnes in 2013. The main consumers of vegetable oils in 2013 were the Netherlands (20% by volume), Italy (18%) and Germany (17%).
- Palm oil accounted for 90% of total EU consumption of the selected vegetable oils in 2013, statistically dictating most of the market developments and the main players. Palm oil consumption in Europe increased significantly at an annual rate of 8% over the period from 2009 to 2013.
- The apparent consumption of vegetable oils in the Netherlands in the period from 2009 to 2013 rose at an average annual rate of +21%. According to a study published by the [International Institute for Sustainable Development \(IISD\)](#) in 2013, this growth was mainly driven an increase in palm oil use in the biofuel industry. Its use in food and cosmetics remained stable throughout this period. For more information about the biofuel segment, please refer to the Market segment and channels for Vegetable Oils.
- For more information on the market for individual vegetable oils, please refer to the individual CBI Product Factsheets on the [Market Information Platform for Vegetable Oils](#).

Figure 6: EU consumption of selected vegetable oils, in 1,000 tonnes, 2009-2013*



*FEDIOL does not provide figures on the EFTA market
Source: Fediol, 2014

- Consumption of vegetable oils is expected to decrease in Western Europe in the next 10 years, while consumption in Eastern Europe is expected to increase. Total worldwide demand for vegetable oils is expected to increase significantly, due to the growth in markets such as India and China.
- One of the industry trends affecting demand for vegetable oils in the coming years will be the reduction of the percentage of oil used in food products, especially in Western Europe. This reduction is expected to lead manufacturers to increasing the use of higher quality oils (in terms of stability, clarity, shelf life, the addition of residues, quality of raw materials, etc.), but using lower quantities.
- Consumption of speciality oils such as high oleic sunflower oil, virgin coconut oil and toasted sesame oil in Europe has grown throughout the economic crisis and continues to grow. Although these oils are still considered to be luxury ingredients, industry reports indicate an existing and increasing demand for them.

Tips:

- Keep an eye on emerging markets outside Europe. Countries such as China and India also offer plenty of opportunities for exporters of conventional vegetable oils.
- Focus on (North) Western Europe as a market for speciality oils.
- Invest in the quality of your product, paying special attention to:
 - High raw material quality
 - Appropriate stability
 - Clarity
 - Long shelf life
 - Protection from residues.



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This survey was compiled for CBI by ProFound – Advisers In Development
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