



CBI
Ministry of Foreign Affairs

CBI Trends:

Vegetable Oils in Europe

Introduction

Vegetable oil demand in Europe is shaped by the health and wellness trend, sustainable sourcing, shorter supply chains and consumer interest in exotic products. The European market offers opportunities for emerging speciality oils, and is also affected by discussions on food safety and trans-fatty acids.

Europeans demand healthy oils

Health and wellness is a big trend in Europe. Consumers are increasingly aware that different oils have a different impact on human health. This affects their purchasing decisions.

There also is an increasing demand for vegetable oils with specific health properties, such as high omega-3, vitamin E and antioxidant content. These oils are often added in small quantities to final products and used as a marketing tool. They are often sold as food supplements in health shops as well. For example, you can read our studies on [chia oil](#), [sacha inchi oil](#) and [virgin coconut oil](#) for more information.

In addition, the food industry is switching to healthier vegetable oils such as high oleic sunflower oil and palm olein, which have better fatty acid profiles. These represent a move away from saturated fats and trans-fatty acids. You can read about [sunflower oil](#) and [palm oil](#) in our studies.

Tips:

- Promote the health properties of your product, but only claim health benefits which are backed up by scientific evidence. Access the European Union's Register database for [all nutrition and health claims allowed in Europe](#). You can also read more about this issue in our study [covering buyer requirements for vegetable oils](#).
- Provide appropriate and complete documentation of your product. The information required by different buyers might differ, but usually includes a certificate of analysis / technical data sheet which contains accurate product composition and a flow chart of the production. In case you do not have access to (accredited) laboratories, discuss alternatives with your buyer.
- Invest in the quality of your product, paying special attention to: high raw material quality and freshness, appropriate stability, clarity, long shelf life and protection from residues. Invest in the marketing of your product, promoting the specific processing methods: "virgin" and "cold-pressed".

Expansion of ethnic cuisines in Europe

The variety of ethnic cuisines in Europe is leading to a growing interest amongst consumers in lesser-known and exotic vegetable oils. This trend is especially strong in Western Europe, where the high-end segment is largest. Sesame oil illustrates this trend: It is an essential ingredient in a variety of Asian dishes and has grown in popularity due to growth in fusion restaurants and Asian takeaways.

An emerging premium oil is argan oil, traditionally produced in Morocco and gradually entering the European food market as an alternative salad oil.

Tips:

- Invest in the marketing of your product, promoting exotic characteristics, origin and certification.
- Learn more about the ethnic markets for individual vegetable oils by reading [our product-specific studies](#).

Emerging economies become competitive; Europe still a major player

The booming economies of China and India are changing the dynamics of the global market for vegetable oils. While the (Western) European market shows signs of stagnating and even declining demand over the next decade, China and India are expected to grow at a very fast rate.

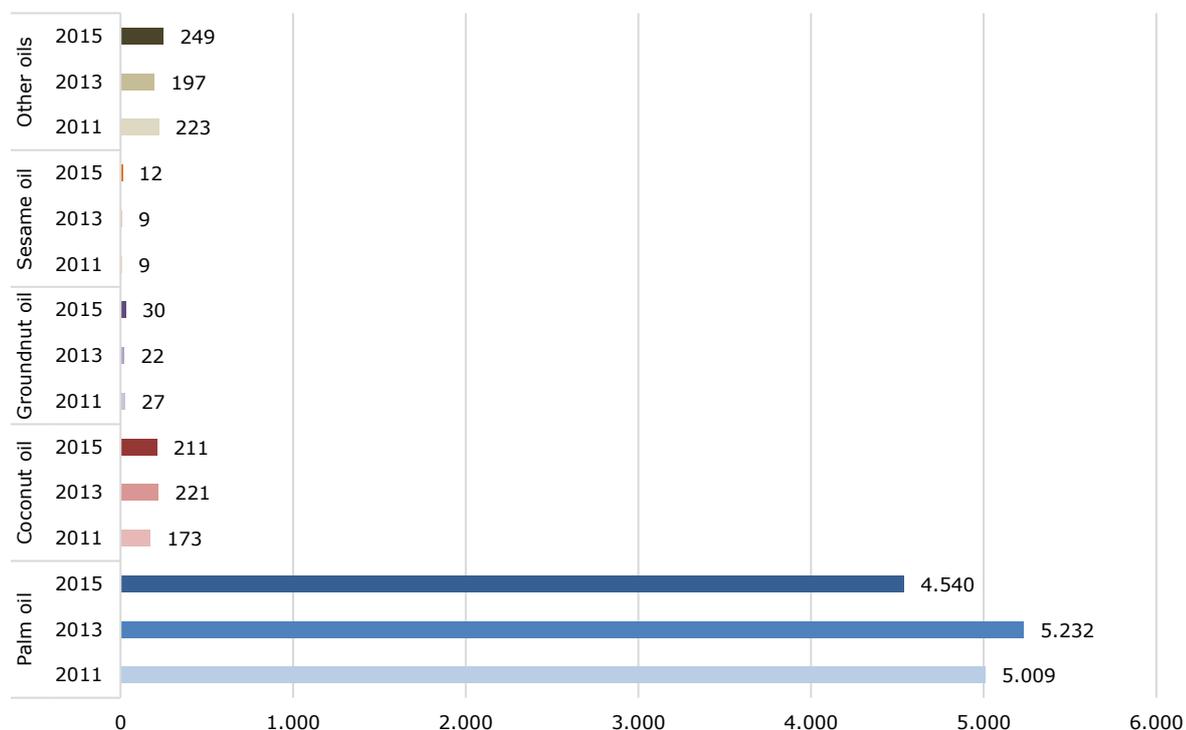
The growing demand from China and India will place increasing pressure on vegetable oils such as soy and palm, thus influencing their availability and prices.

Note that the European market is different from emerging markets such as China and India. Europe is a more mature and developed market that offers increasing opportunities for speciality oils. These oils could provide exporters from a developing country with premiums that are higher in relative terms than those for the bulk-type oils (e.g. soy and palm) sold in emerging markets.

Figures and forecasts also show that Europe is still a market that offers opportunities for suppliers of several vegetable oils traded in high volumes.

According to Eurostat (2016), European imports of selected vegetable oils from “tropical” crops amounted to 5.0 million tonnes, or € 4.1 billion in 2015. Figure 1 shows that palm oil makes up the majority of the selected vegetable oils that are imported into Europe (90%).

Figure 1: Imports of vegetable oils into Europe, in 1,000 tonnes, 2011-2015



Source: Eurostat, 2016

The largest developing country-based suppliers per oil are:

Palm oil (65% of European imports sourced in developing countries):

- Malaysia (33%)
- Indonesia (27%)
- Papua New Guinea (19%)

Coconut oil (62% of European imports sourced in developing countries):

- Philippines (87%)
- Indonesia (8%)
- Papua New Guinea (2%)

Groundnut oil (73% of European imports sourced in developing countries):

- Senegal (45%)
- Brazil (26%)
- Argentina (14%)

Sesame oil (49% of European imports sourced in developing countries):

- Mexico (60%)
- India (17%)
- China (11%)

Other oils (23% of European imports sourced in developing countries):

- Ghana (32%)
- Togo (17%)
- India (15%)

Differentiation and regionalisation within the European market

Emerging markets for vegetable oils are very different to the European market, but different European countries also have their particularities:

- The Netherlands plays an important role with respect to the most significant vegetable oils, especially palm oil and coconut oil. It has an important function as a trade and refining hub; vegetable oils enter the country through the port of Rotterdam and are then shipped to other European countries via inland vessels, or stocked and handled by storage companies at the port.
- The large imports in Germany generally reflect its role as the largest vegetable oil consumer / food market in Europe.
- The role of countries such as Italy, France, the UK and Belgium is stronger for smaller markets such as groundnut and sesame oils. These countries have relatively large markets for these oils and specific end-using industries which demand them.

Main European importers of individual vegetable oils, in volume, 2015:

Figure 2: Palm oil

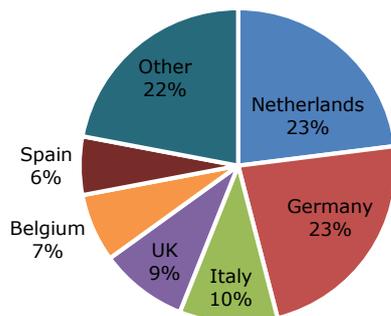


Figure 3: Coconut oil

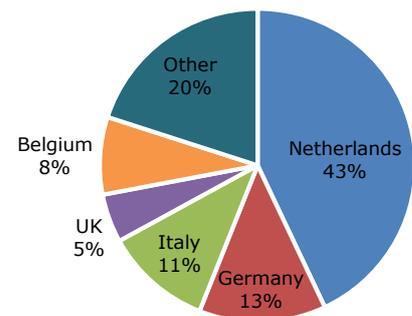


Figure 4: Groundnut oil

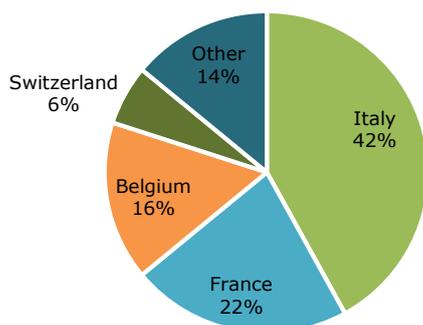
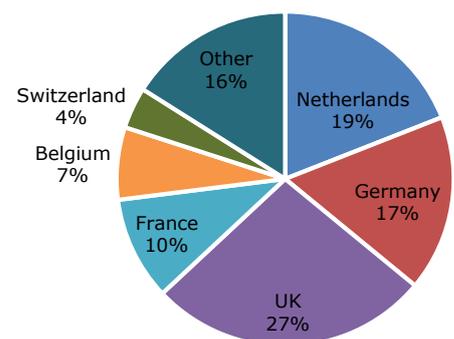


Figure 5: Sesame oil



Source: Eurostat, 2016

We can also see a high degree of regionalisation within Europe, affected by different developments. Examples include:

- Eastern European markets are less saturated and have grown substantially in recent years. Although many companies still import through Western European traders, direct trade is expected to increase.
- Scandinavian countries also provide good prospects. The Scandinavian market is interesting for specialty oils due to its high purchasing power compared to the relatively low purchasing power of Eastern European countries.

Tips:

- Compile and analyse your own trade statistics on [International Trade Centre \(ITC\) Trade Map](#) and/or [EU Export Helpdesk: My Export](#). Trade statistics for vegetable oils can be found under Chapter 15 of the Harmonised System (HS) Code.
- Make a distinction between important trade hubs and large consumer markets in order to create a more accurate export strategy. Access our market intelligence platform to read more about [specific products and markets](#).
- 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.

The supply chain becomes shorter

The role of traders as middlemen is gradually decreasing within the European vegetable oil industry. There is a trend for stronger connectedness between end-users (e.g. food manufacturers) and producers. This does not mean that importers are becoming redundant. European importers still play an essential role in the provision of services like quality control, storage and product financing.

Another factor which is shortening the supply chain for vegetable oils is the increasing influence of retailers. This influence can reach the earliest steps of the supply chain, such as crop production. For example, there are more and more cases of retailers involved in contract growth and in controlling entire distribution systems.

Tips:

- Learn about the requirements for supplying to manufacturers or retailers directly. [Our study on channels and segments for vegetable oils](#) gives you a head-start on this subject.
- Be realistic. Only engage in new supplying strategies if you have (or can obtain) the necessary volumes, quality, delivery services and consistency in all these aspects.

Food safety concerns arise

Recently, two contaminants in vegetable oils have been identified as harmful to humans: 3-MCPD and glycidyl esters. However, there are currently no maximum limits established by European legislation.

These contaminants are found in different refined vegetable oils and fats, as well as in manufactured products containing oils and fats. One kind of vegetable oil can even contain different levels per batch.

European agencies are currently monitoring the levels in a range of products to better understand the issue. Buyers already monitor the levels of these contaminants, which makes it crucial for suppliers to adopt measures to reduce their content.

Tips:

- Get informed on different processing options to reduce the level of these esters; industry guidelines are available on FEDIOL documents.
- Contact FEDIOL for more information on risk assessments for 3-MCPD esters and glycidyl esters.
- Get a complete overview of food safety requirements in Europe in our study covering buyer requirements for vegetable oils.

Regulating fat intake in Europe [H2]

Oils with low trans-fatty acids may become more in demand in Europe, whereas high trans-fatty oils may face new barriers. European parliamentarians are [currently discussing a Europe-wide framework](#) to regulate the content of trans-fatty acids in foodstuffs in terms of bans and/or labelling rules. This would have significant consequences for the food industry.

This reduction is expected to lead manufacturers to increase the use of higher quality oils (in terms of factors like stability, clarity, shelf life, occurrence of residues and quality of raw materials). This could drastically reduce the use of partially hydrogenated coconut oil (high in trans-fatty acids), for example, and pave the way for alternatives to oils with a high fatty acid profile.

Tip:

- Keep up-to-date on the latest European regulations and public campaigns within the trans-fat and saturated fat debate. Useful sources: [European Parliament / News](#); [European Public Health Alliance \(EPHA\)](#); [Food Navigator](#).

Attention to sustainability certification

Increased concern for sustainability has stimulated demand for certified food items in Europe. This development includes vegetable oils. The most recent figures for the organic and fair trade markets show the following:

- In 2014, the organic market in Europe grew by 7.6%, continuing its upward trend. More recent figures in countries like Sweden, [where the organic food market grew by 40% in 2015](#), point toward growth even in well-developed markets.
- Industry sources confirm that demand for most organic vegetable oils has grown substantially in recent years, with positive prospects for the future.
- The total European market reached € 26.1 billion in retail sales. The largest national markets are Germany (30% of the European market), France (18%) and the United Kingdom (9%).
- In total, the European Fairtrade market grew by 9% in 2014, amounting to € 5.1 billion in retail sales. Markets for certified products in North Western Europe, Scandinavia and Eastern Europe have expanded considerably.

The complete figures for the organic market are available in the FiBL and IFOAM report [The World of Organic Agriculture 2016](#), and the figures for the Fairtrade market can be found in the [Fairtrade International Annual Report 2016](#).

Tips:

- Before engaging in a certification programme, make sure to assess (in consultation with your potential buyer) whether this label has sufficient demand in your target market and make sure it will be cost-beneficial for your product.
- Develop an Identity Preservation (IP) system for your products by documenting their identity and segregating certified from non-certified batches.
- Read our study on [buyer requirements for vegetable oils](#) to get more information on certifications in the European market.



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