The European market potential for sunflower seeds

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Sunflower seeds are an important ingredient in a variety of food applications such as bakery products, ready-to-eat and healthy snacks. They are also used for direct consumption (in-shell or as kernels) and as birdseed. Worldwide, demand for sunflower seeds exceeds supply. This situation has worsened with the supply chain disruptions caused by the COVID-19 pandemic and, more recently, the war between Russia and Ukraine – the world's leading sunflower seed producers. This situation has opened up opportunities for new entrants to the European market.

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1. Product description

Sunflower seeds are obtained from the sunflower plant (*Helianthus annuus*). This plant is native to Central and South America and is called 'sunflower' because its flowerhead resembles the sun. During the early colonial period (16th century), Spanish settlers in the Americas brought sunflower seeds to Europe. By the 18th century, the plant had spread throughout the continent all the way to Russia. Ever since, sunflower has been a key commercial crop. The world's top producers of sunflower seeds are Russia, Ukraine, Argentina, China, Romania and Turkey.

Depending on the variety, sunflowers take between 80 to 120 days to reach maturity and produce seeds. Each sunflower head yields between 1,000 and 2,000 seeds. Because of their nutty flavour, sunflower seeds add taste and texture to food products. They are rich in proteins, vitamin E and B1 and contain antioxidants and healthy fats. This makes them a suitable ingredient for human consumption. The seeds can be salted or roasted for direct consumption but are often processed in baking or confectionery industries. Sunflower seeds, whether or not broken, (and excluding those used for sowing) are traded under Harmonised System (HS) codes 12060091 and 12060099.

Figure 1: Sunflower seeds, unshelled and shelled

2. What makes Europe an interesting market for sunflower seeds?

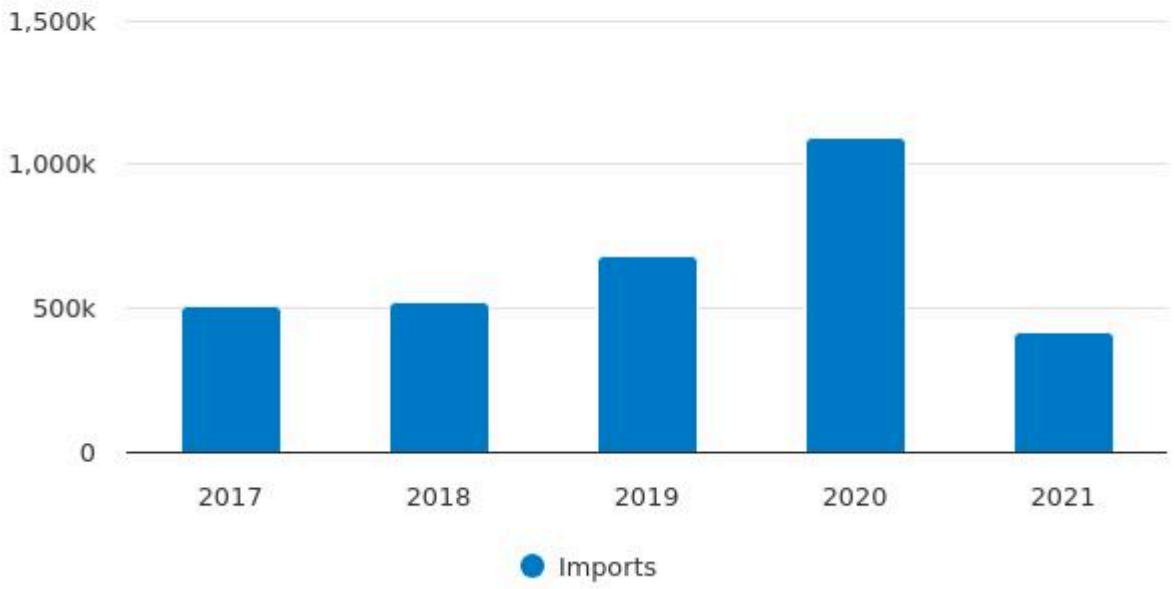
Europe has a strong and growing demand for sunflower seeds

Sunflower seed is the third-largest oilseed by volume imported into Europe, after soybean and rapeseed and followed by linseed, groundnuts and sesame seeds. Sunflower seeds are considered the most popular and healthy seeds produced on a larger scale in European countries. Sunflower seed is mostly used for crushing, but its role as a whole-seed ingredient is growing following the trends towards healthy and ready-to-eat foods. Consumers are increasingly aware of the positive health impacts of sunflower seeds and oil. Another benefit is that sunflower seed allergies are rare.

The European sunflower seed market is relatively mature, with stable annual growth. Between 2017 and 2020, the imported volume increased by an average of 3% per year. In 2021, Europe imported 3.3 million tonnes, which was almost 23% less than a year earlier, most likely due to the COVID-19 pandemic (Figure 2). The value/kg also shows positive annual growth of 8.6% in the last 5 years. Worldwide, the sunflower seed market is predicted to grow at a CAGR of 4.4% by 2026, due to the growing popularity of healthy, vegan, ready-to-eat and baked foods.

Figure 2: Volume of sunflower seed imports into the European Union

in 1000 tonnes



Eurostat (2022)

The oilseeds market, like the global grain market in general, is considered a flexible market that sources seeds from all over the world. The ability to be a trustworthy supplier, deliver quality seeds and guarantee continuity at a competitive price is most critical.

Global crises disrupted markets

The COVID-19 pandemic and the Russian invasion of Ukraine shocked the markets for sunflower seed and oil. The pandemic reduced consumption and demand for sunflower oil, increasing prices and hitting the major seed-producing and oil-exporting countries. With the gradual easing of lockdowns, the industry was expected to recover.

But the Russian-Ukrainian war has made this recovery impossible and is expected to destabilise the markets in the longer term. Ukraine and Russia are the world's largest producers of sunflower seeds and exporters of sunflower oil. The war has led to port closures and the suspension of oilseed crushing operations in Ukraine, while harvests of 2021 are unable to leave the country. Production is expected to be cut by a third. Exports are projected to fall due to damaged inland transport infrastructure, seaports and storage and processing infrastructure. The economic sanctions imposed on Russia will impact its exports as well.

Shortfalls in production and exports have already led to steep price increases for both seeds and oil. It is not expected that the market will stabilise in 2023. According to experts, the war could provide opportunities for new players in the sunflower seed markets, which could complement shortages and enhance buyers' abilities to diversify the countries where they are sourcing their seeds.

Tips:

Present yourself as a reliable and trustworthy partner. The sunflower market is a mature market that allows you to build strong and long-lasting buyer relations. Read more about Entering the European market for sunflower seeds on the CBI website.

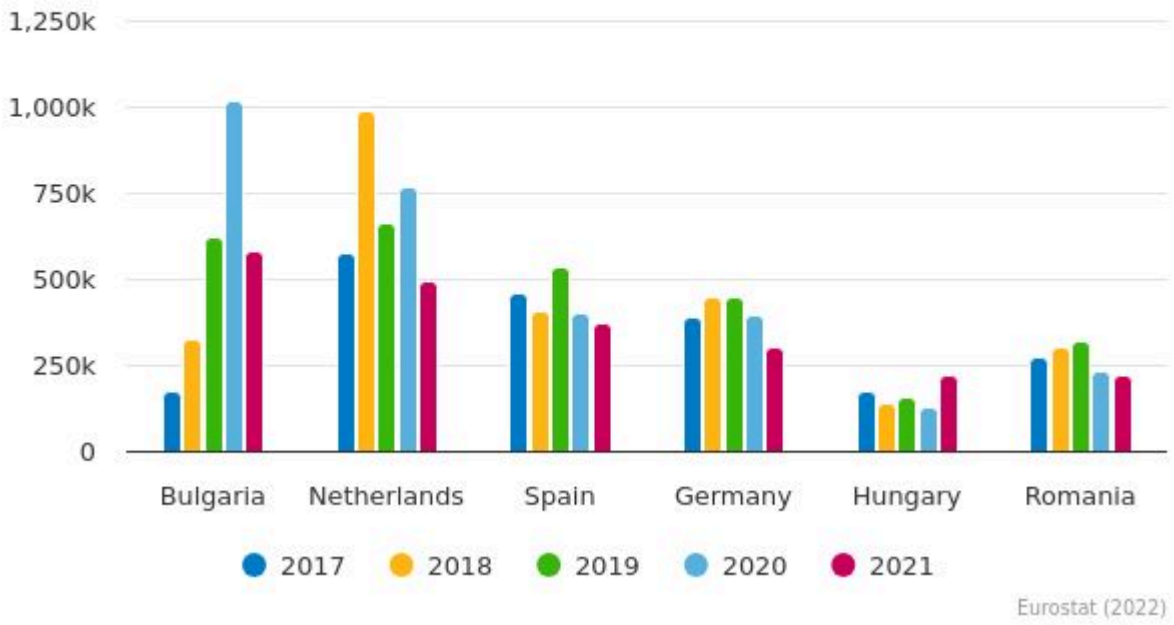
Stay informed about news in the bakery and snack markets on Bakery and Snacks (search for sunflower seeds) and about developments in food ingredients on the European market by visiting the websites of Nutra Ingredients and Food Ingredients First.

3. Which European countries offer most opportunities for sunflower seeds?

Most of the European demand for sunflower seeds comes from Bulgaria, the Netherlands, Spain, Germany, Hungary, Romania and France. Potential growth can be expected from processors in Poland as well as niche markets in France and Italy. The Netherlands will keep playing a key role as a trade hub for other European countries.

Figure 3: Top European importers of sunflower seeds

in 1000 tonnes



Eurostat (2022)

Bulgaria: Europe’s largest importer of sunflower seeds

Bulgaria’s demand for sunflower seeds is mostly driven by its crushing capacity, which exceeds domestic supply of sunflower seeds. Bulgaria has a steady and expanding crushing capacity, with domestic production, favourable imports and increasing exports driving investments. In 2021, Bulgaria had a sunflower crushing capacity of nearly 3 million tonnes, the largest in the EU, while its own production of sunflower seeds is around 2 million tonnes.

To fulfil excess crushing demand, Bulgaria imports sunflower seeds from other producing countries. Bulgaria is the largest European importer of sunflower seeds, accounting for 18% of European imports in 2021. Between 2017 and 2020, sunflower seed imports to Bulgaria saw rapid growth from 173 thousand tonnes to 1 million tonnes. In 2021, imports decreased sharply to 581 thousand tonnes. This drop was caused by higher domestic crop yields, decreasing the need for imports, and lower export supply from Russia and Ukraine. In 2020, Russia and Ukraine were still important sunflower seed suppliers to Bulgaria at 32.5% and 18.0% respectively. However, in 2021 Bulgaria mostly imported sunflower seeds from Romania (76.2%), as well as much smaller volumes from Moldovia (6.9%) and Ukraine (6.2%).

The sunflower seeds, whether or not shelled or further processed in Bulgaria, are mostly exported to other EU countries and to China. Bulgaria is currently the leading EU exporter of sunflower products including seeds, kernels, chips and oil to third markets, representing 43% of total EU exports of sunflower products to non-EU

countries. Only a relatively small volume of sunflower seeds is exported directly by Bulgaria, mostly to Turkey (18.1%), Germany (13.4%) and the Netherlands (9.5%).

The Netherlands: trader and processor of sunflower seeds

The Netherlands is Europe's second-largest importer of sunflower seeds, accounting for 15% or a total volume of 489 thousand tonnes in 2021. These imports mostly originate from Romania (46.5%), Bulgaria (15.4%) and France (9.9%). Domestic production of sunflower seeds is negligible. The relatively small crushing capacity (580 thousand tonnes in 2020) is used to process imported sunflower seeds.

Most of the imported sunflower seeds are re-exported before or after processing. Dutch exports are largely directed to European countries, mostly Belgium (20.2%), Bulgaria (12.5%) and Germany (12.3%). In 2021, the Netherlands imported nearly 19 times more sunflower seeds than it exported, which suggests that a large share of these imports are processed and that (semi-)final products such as sunflower oil, meal and processed foods go into export. According to Fediol, the Netherlands is the EU's largest importer of sunflower oil for edible purposes, as well as the largest exporter. Sunflower seeds are also used for bakery and confectionary purposes.

Spain: imports go to domestic consumption, especially of roasted sunflower seeds

Spain is Europe's third-largest importer of sunflower seeds at 11% of total EU imports in 2021, though its imports have been decreasing annually by 5.5% since 2017. Spain mostly imports sunflower seeds from France (45.0%), Romania (25.0%) and Bulgaria (10.3%). It also produces sunflower seeds domestically, with a production of 767 thousand tonnes in 2021. In 2020, Spain had a crushing capacity of 1.2 million tonnes, making it the third-largest crusher in the EU behind Hungary and Bulgaria.

A large share of Spain's processing of sunflower seeds, however, is for domestic consumption. According to Fediol, Spain is the largest consumer of sunflower oil in the EU. Moreover, Spain has a large market for snacks called pipas – toasted and salted whole sunflower seeds.

Spain is not a significant exporter of sunflower seeds. However, given that its crushing capacity exceeds domestic production, Spain has the potential to export processed sunflower products, such as sunflower oil.

Germany: demand is driven by the bakery and confectionary sectors

Germany is a net importer of sunflower seeds. It ranks fourth with a share of 9% of total EU imports and a volume of 301 thousand tonnes in 2021. It produces a very small volume of sunflower seeds domestically, but by far the most is imported from Bulgaria (28.5%), France (23.4%) and Hungary (9.4%).

German exports of sunflower seeds are mostly destined for the Netherlands (23.0%), Austria (18.1%) and France (12.6%). However, Germany imports over 13 times more sunflower seeds than it exports, suggesting that the majority of imports are intended for domestic consumption, or are further processed prior to export. In 2020, Germany crushed 171 thousand tonnes of sunflower seeds according to Fediol.

A major driver for sunflower seed imports is the bakery and confectionary industry, in which sunflower kernels and seed flour are commonly used as food ingredients, for example for bread and bread buns. The bakery and confectionery sectors represent 9.7% and 7.6%, respectively, of the value of the German food and beverage industry according to the Germany Trade & Invest (GTAI), Germany's economic development agency. The food and beverage industry is the fourth-largest industry sector in Germany. German companies that sell ingredients to the bakery and confectionary sectors, such as the regional BÄKO cooperatives that represent 13,500 German and Austrian bakers, Tampico Trading and Schlüter & Maack, are an important target group for sunflower seed exporters.

Figure 4: German sunflower seed bread (Sonnenblumenbrot)

Source: Pixabay (simplified Pixabay licence)

Hungary: Europe’s largest crusher of sunflower seeds

With a total import volume of 221 thousand tonnes, representing 7% of total EU imports in 2021, Hungary is the fifth-largest European importer of sunflower seeds. In the same year, Hungary produced 1.8 million tonnes of sunflower seeds. It is also the largest crusher in the EU with 1.5 million tonnes crushed in 2020, which equals 18% of the total crushed volume in de EU.

It is likely, therefore, that most imported sunflower seeds are crushed in Hungary before being (re-)exported to other countries. Imports of sunflower seeds into Hungary mostly originate from Romania (59.8%), Slovakia (12.7%) and Croatia (10.8%), while exports are directed to other EU countries such as Italy (27.7%), Austria (21.4%) and the Czech Republic (18.0%).

However, in March 2022, the Hungarian government announced restrictions on the export of cereals, including sunflower seeds, in response to rising prices and looming shortages caused by the war in Ukraine.

Romania: Europe’s largest producer of sunflower seeds

Romania is the largest sunflower seed producer within the European Union, with a production volume of 2.8 million tonnes in 2021, which is around 27% of Europe’s total sunflower seed production. Sunflower seed production has been steadily increasing in Romania at rate of a 29% year-on-year, and the country is also expanding its crushing capacity as a result. Though Romania is Europe’s third-biggest sunflower seed crusher at 13.2% of EU capacity in 2022, this capacity is relatively small compared with Romania’s total production.

At the moment, Romania is the sixth-largest importer of sunflower seeds in the European Union, accounting for 7% of total imports. Romania imports sunflower seeds mostly from Bulgaria (44.8%), Moldovia (32.8%) and Argentina (12.7%), but these imports are negligible compared with Romania’s exports.

Romania’s production exceeds its crushing and processing capacity. As a result, the country exports large quantities of uncrushed and unprocessed sunflower seeds (8.5 million tonnes in 2021) to a wide variety of countries, especially those with a large crushing and processing demand, such as Bulgaria (30.3%), the Netherlands (16.2%) and Turkey (13.1%). According to Agerpres, around 1.3 million tonnes of sunflower seeds

are processed in Romania for domestic consumption, while the remainder is exported.

France: producer and importer of sunflower seeds

France accounts for 13% of total sunflower seed imports in the European Union, making it the seventh-largest EU importer in 2021. In the same year, France produced 1.9 million tonnes of sunflower seeds, making it the largest EU producer behind Romania and Bulgaria. In contrast to the trend of declining production in other countries, France has steadily increased its production annually by 4.6% since 2017.

In addition to its own production, France imported 187,059 thousand tonnes of sunflower seeds in 2021. Most of these imports originate from Romania (70.7%), followed by Spain (12.0%) and Bulgaria (8.4%).

France had a large crushing capacity of 1.1 million tonnes in 2020, accounting for around 13% of the total EU crushing capacity. Of the French domestic production of sunflower seeds, around 90% is destined for crushing. One of the largest sunflower seed crushers in France is Avril, which recently announced plans to increase its crushing capacity from 700,000 to 1.1 million tonnes in the next 2 years to boost domestic production amidst the rapidly falling exports from Ukraine and Russia.

In terms of exports, France is the third-largest exporter of sunflower seeds in the EU, accounting for nearly 13% of EU exports, mostly directed to other, neighbouring EU countries, particularly Spain (36.8%), Belgium (20.5%) and Germany (16.7%). Most of France's sunflower exports, however, are in the form of processed products.

Because of shortages in sunflower oil caused by the war in Ukraine, French food producers have started to substitute sunflower oil with other vegetable oils like rapeseed. In April 2022, the French government gave companies another 6 months to update their product labels. These developments may also impact French imports of sunflower seeds.

Tips:

Visit international trade fairs to find potential buyers, for example at one of the main food fairs in Europe such as SIAL, Anuga, Biofach or Food Ingredients Europe, or at a specific bakery fair such as Südback and iba.

Check the assortment of products with sunflower seeds of leading supermarkets and see which products and brands are common per country. Use this information to find potential channels and clients for your product. Most retail chains have their assortments and product information online, such as the French supermarket Carrefour. See the list of supermarket chains in Europe on Wikipedia.

4. Which trends create opportunities or risks in the European sunflower seed market?

A key market driver for sunflower seeds is the increasing demand for organic and vegan foods, including organic oils and seeds, among general consumers. Another driver is the growing awareness of healthier food options. Technological innovation will contribute to improved seeds, which is necessary for the development of new products containing sunflower seeds.

Growing popularity of healthy foods drives demand for sunflower seeds

Sunflower seeds contain high amounts of proteins, vitamin B1 and E, other minerals (including calcium), as well as dietary fibres and linoleic acids. They are also rich in omega-6 fatty acids. Its content makes confectionery-grade sunflower seed an interesting ingredient for health food products, a growing market in Europe.

Consumers are increasingly aware of the positive health impacts of sunflower seeds and oil.

In addition to its high nutritional value, sunflower seed also provides a valuable alternative to peanuts or tree nuts as sunflower seed allergies are rare, unlike peanut allergies (Figure 5). The sunflower seed market is also linked to lower rates of cardiovascular disease, high cholesterol and high blood pressure. The high amounts of vitamins and minerals support the immune system and strengthen the body's ability to curb viruses.

Figure 5: A sunflower seed product that taps into several market segments: healthy foods, vegan, gluten-free and organic

Source: Profundo

The nutritional value of sunflower seeds has made them a popular alternative ingredient for salads, snacks and convenience foods. Hence, sunflower seeds are increasingly used as a whole-seed ingredient. This also stimulates the demand for organic seeds.

At the same time, sunflower seeds are high in saturated fats, potentially leading to unwanted weight gain. This could slow down the growth of the world's sunflower seeds market.

Tip:

- Emphasise the nutritional benefits of sunflower seeds to help promote your product among food developers.

Demand for ready-to-eat and convenience foods

Functional snacks and convenience foods are among the fastest growing markets in Western Europe. With the increased use of nuts and oilseeds, including sunflower seeds, exporters of sunflower seeds can benefit from this trend as well.

Demand for organic foods

While the market for organic seeds and oils is still very small, demand is growing. Countries that do not generally use a lot of pesticides and whose soils are not polluted with fertilisers would normally have less difficulty switching production to organic. While Ukraine used to be a leading producer of organic seeds (and oils), the war is expected to create a shortage that could increase demand and therefore your market entry opportunities.

In Europe, Germany is the largest market for packaged organic food products (worldwide, it is the second-largest market, after the USA). This market is expected to grow by 4.2% every year until 2025. In this context, bread and confectionary are among the most important segments of packed organic food products. Since the demand for sunflower seeds in Germany is driven by these 2 sectors, organic sunflower seed suppliers can find interesting opportunities on the German market.
Suppliers such as Agrofirma POLE, a Ukrainian supplier of sunflower seeds, have been expanding their market

reach to Europe in the past 15 years. Agrofirma POLE highlights its shared values with Europe as its key to success, tapping the organic, fair-trade, gluten-free and vegan segments.

Tips:

Read the CBI buyer requirements for grains, pulses and oilseeds to learn more about the requirements for the organics market in the EU.

Find potential organic buyers using the organic-bio directory.

Birdseed markets

The birdseed market has been growing in recent years, increasing the demand for low-quality sunflower seeds. This can be an opportunity for new entrant producers and exporters which might be struggling to supply A-quality sunflower seeds.

Figure 6: Sunflower seeds used for feeding birds

Source: Pixabay (simplified Pixabay license)

Tip:

- Find buyers of birdseed at PetsGlobal – the pet industry business-to-business marketplace.

Supply shortages and rising sunflower seed prices

The war between Russia and Ukraine has significantly impacted global trade in sunflower-derived products. Both Russia and Ukraine are major producers of sunflower seeds and derived oil. Exports from these countries are now severely strained, and as yet it is unclear what the long-term impacts will be as the war continues, fields

and infrastructure in Ukraine are damaged and sanctions restrict trade from Russia.

As a result of these supply shortages, prices of sunflower seeds and oil have been soaring. According to the FAO, sunflower seed prices reached a record high in March 2022, and were further impacted by export bans of vegetable oils in several countries to prevent domestic shortages, and restrictions by supermarkets on the amount of cooking oil customers can buy. In response to the shortages and rising prices, food producers have been substituting sunflower seeds and oil with alternatives, such as rapeseed. Hence, while these shortages could create an opportunity for new suppliers to increase their exports, it remains to be seen what the long-term impact of the war will be and how the market will react. If food producers continue substituting sunflower oil with other oils or decide to diversify their sources in reaction to the war, this could eventually lead to a decline in absolute demand for sunflower oil.

Stricter regulations on pesticides

In the past few years, the European Union has introduced several new policy frameworks and legislation in line with the European Green Deal to fundamentally change the way agriculture operates and how food is produced for, and provided to, EU consumers. In key policy frameworks, such as the Farm to Fork Strategy and the Biodiversity Strategy, the European Commission has stated that reducing pesticide use is one of the key action points of greening European food production and consumption.

This also has consequences for producers exporting agricultural products to the EU market, regulated through maximum residue levels and import tolerances. These policies and regulations are continuously being reviewed, so it is crucial for exporters to the EU to remain up to date about developments in pesticide regulation.

Tips:

Make yourself more appealing as a supplier by combining the supply of sunflower seeds with other ingredients such as chickpeas, bakery seeds or health ingredients.

Keep up to date on technological developments and new food trends in Europe by visiting news websites, such as Food Navigator, Organic & Wellness News and Food Manufacture. Being well informed is part of becoming a successful supplier.

Go to the CBI trend study for more insights into European trends for grains, pulses and oilseeds.

Profundo carried out this study on behalf of CBI.

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