



# CBI Trade Statistics

## Spices and Herbs

With over 500 million consumers, the EU is an important market for spices and herbs. EU buyers pay somewhat higher prices for products that comply with strict quality and food safety criteria. Moreover, they are increasingly looking for long-term relationships and cooperation. In addition, imports and the demand for spices and herbs will continue to grow. This provides excellent conditions for suppliers of all sizes and products.

### Content

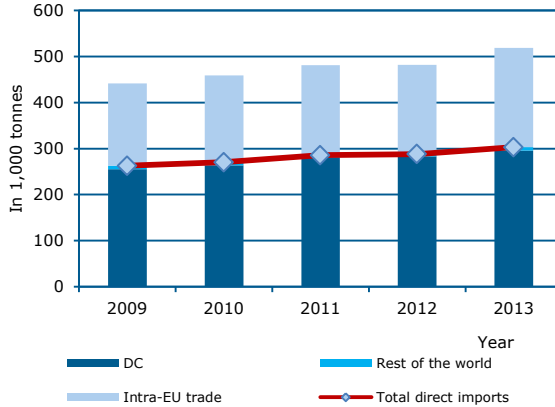
The data in this document is based on Combined Nomenclature (CN) codes provided by Eurostat. The EU uses the CN classification to categorise goods for international trade statistics. Table 1 mentions the HS codes of spices and herbs used for the statistical analysis in this document. Apart from thyme and bay leaves the codes only concern spices. Therefore the trade statistics in this document apply only to spices unless stated otherwise. This should be taken into account whenever the term spices and herbs is used.

**Table 1: HS Codes of spices and herbs**

Code	Official product description
0904 11/12	Pepper
0904 20	Fruits of the capsicum genus or of the pimento genus
0905	Vanilla
0906	Cinnamon and cinnamon tree flowers
0907	Cloves: whole fruit, cloves and stems
0908 10	Nutmeg
0908 20	Mace
0908 30	Cardamoms
0909 10	Anise or badian seeds
0909 20	Coriander seeds
0909 30	Cumin seeds
0909 40	Caraway seeds
0909 50	Fennel seeds or juniper berries
0910 10	Ginger
0910 20	Saffron
0910 30	Turmeric – curcuma
091040	Thyme and bay leaves
0910 91	Mixtures of two or more of the products of different headings
0910 99	Other spices

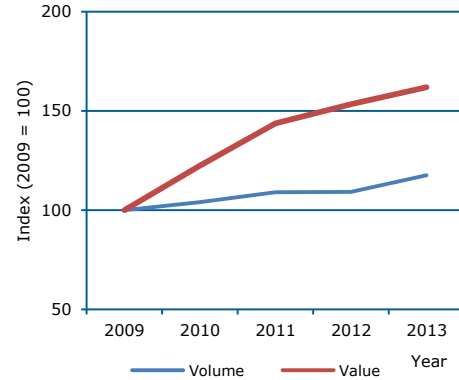
## Imports

**Figure 1: EU28 imports of spices and herbs, 2009-2013, in 1,000 tons**



Source: Eurostat, 2014

**Figure 2: Development value and volume of EU imports of spices and herbs, 2009-2013**



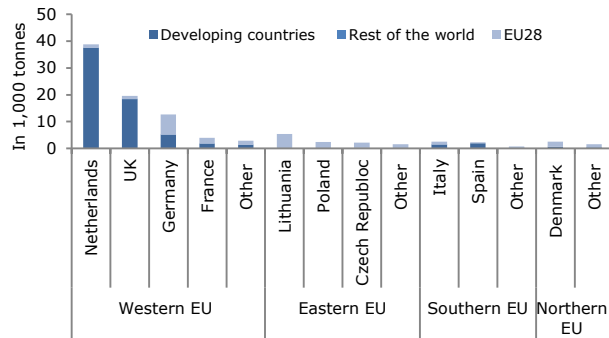
Source: Eurostat, 2014

### Most important developments

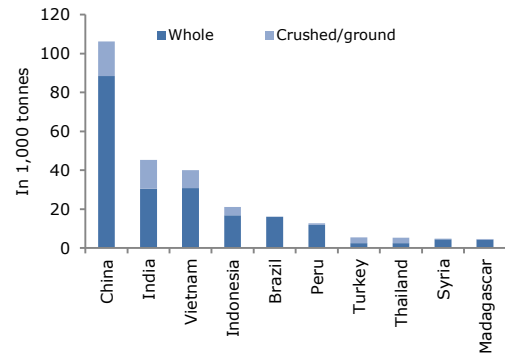
- In 2013, total EU28 (from here on called 'EU') imports of spices and herbs amounted to 520 thousand tonnes with a value of € 1.8 billion. Between 2009 and 2013 the volume of imports grew by an average of 4.1% per year.
- Figure 2 indicates that the value of imported spices and herbs (+13% per year) has increased significantly faster than the volume. This shows that prices increased significantly (+8.3% per year on average between 2009 and 2013). Price increases were most significant for cloves (+27% per year), vanilla (+23%), cumin seeds (+22%) and mace (+21%). Prices are expected to keep rising in the long term (despite short-term fluctuations) as industry sources expect growing global demand (especially in India and China).
- Figure 1 and 2 show that (1) imports of spices and herbs have continued to grow throughout the economic recession in the EU and (2) that imports do not fall when prices rise. Spices and herbs are a minor but important ingredient that contributes little to the total cost of the food in which they are used. The demand is inelastic to price changes.

### Considerations for action

- The attractive market conditions make it a good time to invest in your business and develop long-term strategies. Invest or look for investments to improve post-harvest processing, quality and extra cleanliness (depending on your current level of professionalism). It can provide you with a significant premium (2-5%).
- Although prices have risen, prices at the farm gate can still be low and fluctuate significantly. Therefore, invest in your suppliers to ensure a stable income. This will help secure your own supply.
- Keep up-to-date with prices. The [Spices Board India](#), [ITC's Market Insider](#) and [Public Ledger](#) (paid service) all provide recent price information.
- With global demand increasing it is becoming harder for EU buyers to secure supply. It is therefore a good time to establish long-lasting relationships with serious buyers. Buyers are willing to pay higher prices to suppliers that are able to help secure supply, comply with delivery times as well as food safety requirements.

**Figure 3: EU spice and herb imports by EU regions and supplier categories, 2013**

Source: Eurostat, 2014

**Figure 4: Largest DC suppliers of spices and herbs to the EU, 2013**

Source: Eurostat, 2014

**Imports from developing countries**

- In 2013, direct imports from developing countries (DCs<sup>1</sup>) amounted to 303 thousand tons (57% of total EU imports), or € 926 million (53%). This equates to 57% of total EU imports and almost 100% of extra-EU imports. These data show that DCs are the source of virtually all spices traded in the EU, but after importing them there is substantial intra EU-trade. The main imported products were capsicums (22% of imported volume), pepper (23%) and ginger (23%).
- China is the largest supplier to the EU (20% of total imported EU volume) followed by India (8.7%), Vietnam (7.7%), Indonesia (4%), Brazil (3.1%) and Peru (2.4%). China is a large supplier of ginger (56% of imported volume from China) and capsicums (40%). China consumes a large share of domestic produced ginger and capsicums. Vietnam supplies mainly pepper (91%). Vietnam produces mainly for export markets.
- In 2013, crushed/ground spices and herbs accounted for 30% of imported volume from DCs. In 2009, it was still 24%. Figure 4 shows that there are major differences between the share of crushed and ground spices and herbs. Asian countries are increasingly processing while Latin American countries hardly process. As the largest global producer Asia has the economy of scale to invest in processing techniques. They also have a large domestic market for processed products. As a result of low wages, improved processing facilities and detection techniques, grinding and crushing is increasingly taking place in DCs.

**Considerations for action**

- There are good opportunities for supplying specialities that are traded in smaller volumes. Think of high quality, customised or sustainable products. More volume-driven traditional (certified) markets could also provide opportunities however competition is higher and margins are lower.
- The most successful suppliers have integrated quality into every aspect of their business. This is important to keep in mind if you are aiming to enter the high quality product market. Addressing quality issues is a great way of adding value and opening up markets and should be explored before other methods of adding value.
- It is more costly to clean contaminated ground spices and herbs than whole ones. Your buyer will transfer costs to you if your products do not comply with requirements.
- If you are not able to invest, consider working with a local specialist that is able to crush or grind according to EU requirements.
- Refer to the CBI factsheet [Crushed and Ground Spices and Herbs in the EU](#) for more information about this market.

<sup>1</sup>For a list of the developing countries, see the [OECD DAC list](#)

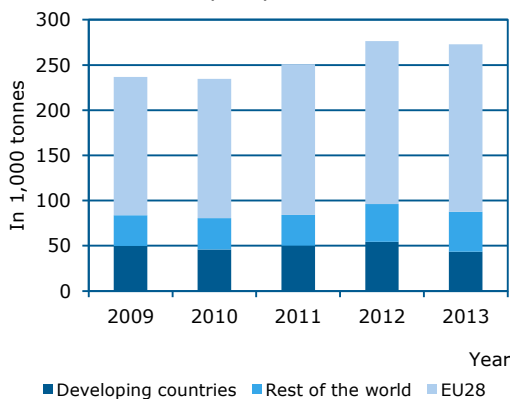
**Consideration for action: market selection**

Although the EU is a single market, there are large differences between EU regions and countries that you should consider in your export strategy. Perform a statistical analysis to obtain an insight into these differences. Focus on the following aspects:

- **Volume of imports** – will reveal which countries are the largest buyers or traders in the EU. You will find the largest spice and herb buyers in Western EU countries (78% of total EU imports). Also look at exports to determine if a country imports for its domestic market and/or is a trader.
  - **Percentage and growth of imports from developing countries** – will tell you whether a country depends on direct imports from DCs or on imports from other EU countries. Focus on countries where the share of DCs is high or growing. As shown by Figure 3, the Netherlands, the UK and to a lesser extent Germany mainly buy directly from DCs. In comparison, Eastern and Northern EU countries rely on other EU countries for supply.
  - **Volume and growth of imports from your country** – reasons why buyers in a certain EU country prefer to source from a specific country include taste preference, ability to comply with extra-legal food safety requirements, historical trade relations and preference for the level of processing. For example, the UK imports 26% of its spices and herbs from India because of the close ties between the two countries and the presence of a large Indian community in the UK. In comparison, Germany only imports 6% from India.
  - **Processed vs. non-processed**- if you supply processed spices and herbs you should be aware that some countries prefer to do their own processing or rely on other EU countries. Denmark and the Netherlands import around the same amount of crushed/ground spices and herbs (around 17 thousand tonnes). However the share of imported crushed/ground spices and herbs by Denmark is 78% while that of the Netherlands is only 18%.
- Create a free account for statistical databases such as [Eurostat](#) and [ITC](#). Eurostat provides data on a monthly basis with a delay of just 3 months. Results will help you understand the EU market and/or ask industry players the right questions.
- Complement the statistical analysis with an analysis of your own position to ensure a strategic fit with your buyer: size, level of organisation, product (e.g. mainstream or niche) and ability to comply with extra-legal food safety and sustainability requirements.

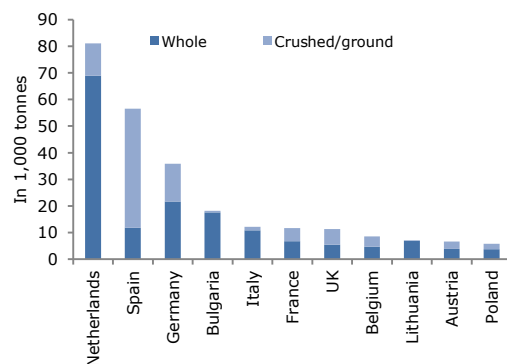
**Exports**

**Figure 5: EU exports of spices & herbs, 2009-2013, in 1,000 tons**



Source: Eurostat, 2014

**Figure 6: Main EU exporters of spices & herbs, 2013**



Source: Eurostat, 2014

**Most important developments**

- In 2013, EU exports of spices and herbs accounted for 273 thousand tonnes worth €

**Considerations for action**

- Obtain a good picture of the trade flows for your product. It can be crucial for your

1.1 billion. The volume of exports grew by an average of 3.6% per year between 2009 and 2013. The value of exports increased by 11% during this period due to the strong growth of global prices of spices and herbs.

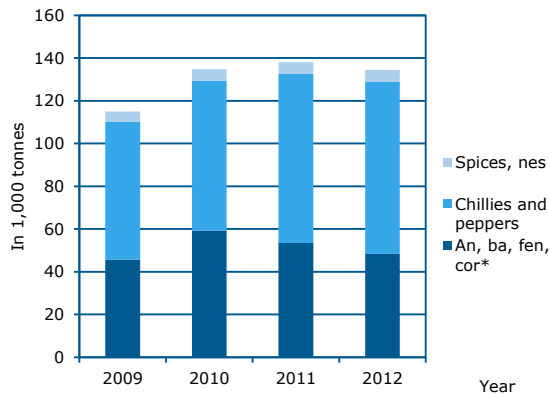
- The Netherlands (29% of total exported volume), Spain (20%) and Germany (13%) were responsible for the majority of exports. As can be seen from Figure 6, the Netherlands is an important trader (e.g. re-exporter) of whole spices and herbs. Spain exports largely processed spices and herbs. It processes a large share of capsicums destined for the EU market.
- EU processors add a lot of value. The average price of spices and herbs exported by EU countries is about 30% higher than those originating from DCs. There are opportunities for direct sales to EU countries that rely on other EU suppliers. These include many of the smaller importers: Eastern (except Bulgaria and Slovenia) and Southern EU (except Spain and Italy), and Northern EU countries (except Sweden).
- In 2013, 67% of all EU exports was intra-EU trade and went to other EU countries. Most exported volume from the Netherlands (54% - Germany, the UK, Belgium) and Germany (80% - including the Netherlands, France Poland, Belgium, Austria) is destined for neighbouring countries. In the case of Spain this is lower (23%) as it also supplies other EU regions, such as Germany (14% of exporters volume), the UK (13%), France (12%) and the USA. The USA (18%) is the largest Spanish export destination.

country strategy. It may be more effective to focus on a region rather than a specific country. Refer to CBI's [product factsheets](#) for more information.

- Explore opportunities for directly supplying the countries that are supplied by other EU countries e.g. Germany, the UK and France. When entering new markets use references from a known EU buyer or trader of spices. This can help you access the traditional spice market.
- Increasing your direct exports means direct competition with EU suppliers. Be aware that you could be asked to provide the same service as them (short supply times, small orders, steam sterilisation, further processing etc.).
- Buyers in countries that do not deal directly with suppliers in origin might have reservations regarding the quality, food safety and supply security. Therefore investigate buyer requirements in your target market and eliminate potential buyers' reservations. Obtain references from your other EU buyers.

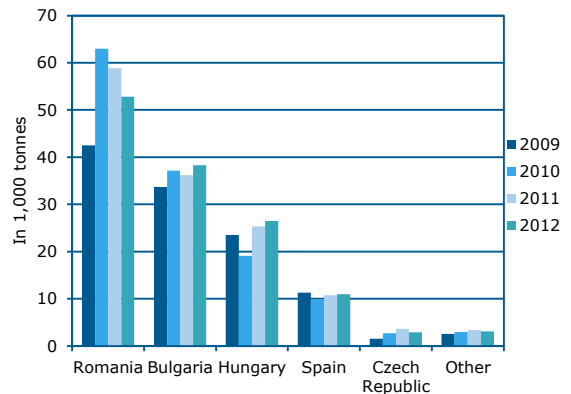
## Production

**Figure 7: EU production of spices and herbs, 2009-2012, in 1,000 tonnes**



\* Anise, badiian, fennel and coriander  
Source: FAOSTAT, 2014

**Figure 8: EU Member States production of spices & herbs, 2008-2011, in 1,000 tons**



\*Countries with a market share lower than 1%: Greece, Slovenia, Slovakia, the Netherlands, Denmark  
Source: FAOSTAT, 2014

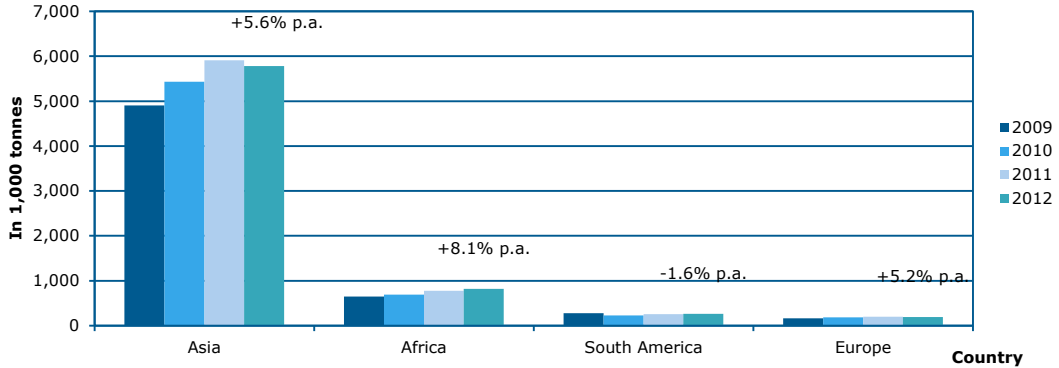
**Most important developments**

- In 2012, EU production of spices and herbs amounted to 135 thousand tonnes. In comparison, EU imports were 520 thousand tonnes. Production increased by 5.2% per year in volume between 2009 and 2012.
- The only spices and herbs produced in the EU that are recorded are: dried chillies and peppers (60% of produced volume), anise, badian, fennel, coriander (36%) and other spices (4.2%). The most significant rise in production between 2009 and 2012 was observed for chillies and peppers (+7.5% per year).
- Figure 7 shows that the main producing countries are those that have a significant amount of agricultural land, high domestic consumption of spices (especially pepper) and relatively low wages: Romania, Bulgaria and Hungary. Together these countries account for 87% of EU production.
- Herbs produced are those that are also used in local diets: for example parsley, basil, bay leaves, coriander, fennel, oregano and thyme. France, Italy and Greece are major producers of (dried) herbs. The demand for herbs largely originates from local EU suppliers and those in close proximity (e.g. Northern African countries).
- Figure 9 shows that the EU accounts for about 2.7% of global spice and herb production. Asia accounts for 80% and Africa 11%. Global production increased by 5.5% per year between 2009 and 2011. African production increased most significantly (+8.1 per year). Despite increasing production, global trading prices of spices and herbs have risen significantly. The most important reason is scarcity and increasing global demand, mainly in emerging nations (e.g. China, India).
- In the long-term global consumption is expected to keep outpacing supply. Prices will therefore remain high or continue to rise. This will attract new suppliers. Industry sources predict that African countries will become a more important supplier in the next ten years but the development will be slow. It will largely depend on how they address quality and food safety issues.
- Although EU processors (those located in the EU) are still responsible for a large share of processing for their domestic market, it is expected that processing will increasingly take place in countries of origin, but provided that these processors supply consistent quality and do not mess with blends. This provides greater opportunities for suppliers in DCs to add value and increase margins. It also attracts EU processors and traders that are setting up and expanding facilities in countries of origin (for example, [Olam](#) and [Nedspice](#)).

**Considerations for action**

- Refer to CBI's [product factsheets](#) for more information or draw up your own statistical analysis using FAOSTAT (production), Eurostat (import/export) or ITC (import/export).
- To a certain extent, the future availability of spices and herbs on the world market (and therefore future price levels) can be predicted. Look for crop reports online or visit events where these will be shared by sector exports. Examples are those shared by [Champagne Foods](#) and [Nedspice](#).
- Explore opportunities for working with EU processors. This could be a good way of attracting capital destined for investments in processing facilities. A collaboration with European processors may also inspire confidence in your business and open doors for exporting value-added products.

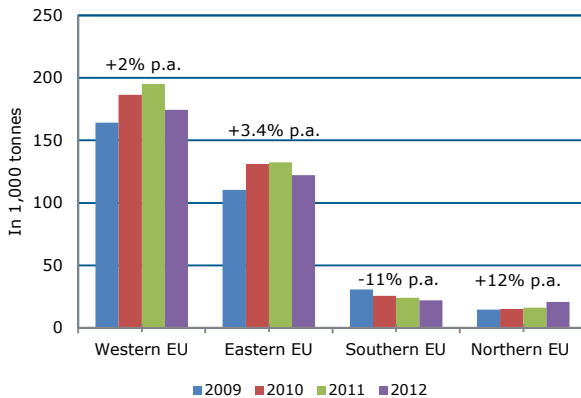
**Figure 9: Global production\* of spices and herbs, 2009-2012, in 1,000 tons**



\*Northern America and Oceania are not included in this table due to their small production (<0.1% of global production). Ginger is not included, as product codes do not distinguish between fresh and dried ginger.  
Source: FAOSTAT, 2014

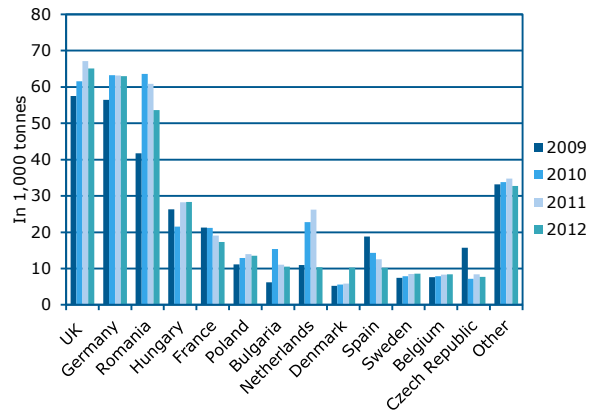
### Consumption

**Figure 10: EU apparent consumption of spices & herbs by region<sup>2</sup>, 2009-2012, in 1,000 tons**



Source: FAOSTAT (production) and Eurostat (import/export), 2014

**Figure 11: Apparent consumption of EU member states of spices and herbs, 2009-2012, in 1,000 tons**



Source: FAOSTAT (production) and Eurostat (import/export), 2014

### Most important developments

- Consumption by EU countries accounted for 340 thousand tonnes in 2012. Consumption grew by 2% per year between 2009 and 2011.
- Growth continued during the economic recession. The reason for this is that most spices and herbs are usually only a minor ingredient in a final food product and they contribute little to the total cost of the product. During the economic crisis consumers did reduce their spending on

### Considerations for action

- When focusing on different segments in the market be aware that buyer requirements may differ. As a minimum comply with the ESA [Quality Minima Document](#). However in contrast to retail packagers, food processors do not always require spices and herbs that are steam-sterilised. Contact buyers and ask

<sup>2</sup>The following division has been used: Western EU (Austria, Belgium, France, Germany, Ireland, Luxembourg, the Netherlands, United Kingdom), Northern EU (Denmark, Finland, Sweden), Southern EU (Croatia, Cyprus, Greece, Italy, Malta, Portugal, Spain), Eastern EU (Bulgaria, Estonia, Czech Republic, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia).

food by not eating out as much and switching to cheaper food sources. This however did not lead to a reduction in the demand for spices and herbs. The EU market for spices and herbs seems resistant to the economic crisis. Expensive spices and herbs like saffron and vanilla may however suffer in the short-term.

- Northern and Western European buyers often impose extra-legal quality and strict food safety requirements. In both regions demand is expected to stabilise or grow slowly over the next few years. The demand for sustainable products is also gaining popularity in these markets.
- The Eastern European countries Romania, Hungary and Bulgaria are large consumers of sweet pepper powder. The standard of living in Eastern European countries is steadily improving as a result of rising incomes. This is leading to a growing demand for spices and herbs<sup>3</sup>.
- Southern EU countries are large consumers of spices and herbs, especially those grown locally. In this region fresh herbs are preferred (not included in this survey). In addition, the economic situation still lags behind other regions in the EU. This makes this region less interesting over the next few years.
- General EU market conditions are expected to improve. In 2014, the combined GDP of all countries in the EU is expected to increase by 1.6%. In 2015, GDP is expected to grow by 2% (Source: [European Commission, spring 2014](#)). Demand is expected to continue to grow.
- Until 2020, growth in food and beverages is especially expected in eastern EU countries where food expenditure is expected to be 30-35% higher in 2021 than it was in 2000. In western EU expenditure is expected to stabilise (Source: [Deloitte, 2012](#)). In addition, people around the EU continue using more spices in their food and drink. Therefore, demand in the long-term is expected to continue to grow.
- Sustainability is expected to become an important unique selling point and buyer requirement in the spice and herb market, especially in Northern and Western European markets. Entering this market might be challenging, however it can provide new market openings.

them to send their product requirements by e-mail in order to see (up front) which product requirements and quality standards need to be met.

- You have to supply Northern and Western EU markets with spices and herbs that meet the highest quality and food safety requirements. This is also the market most likely to buy sustainable and certified products.
- The Eastern EU provides opportunities for lower value spices and herbs (low oil percentage, dull colour or slightly damaged) as well as higher quality products.
- Be selective when exporting to Southern EU countries. The best opportunities can be found in supplying products that are not (sufficiently) produced locally.
- Check the [economic member state forecast](#) by the European Commission to see which countries will provide an attractive economic climate over the next few years.
- Only consider entering the sustainable market when you are able to deliver products that are of a high quality and adhere to strict food safety requirements. Buyers of sustainable spices and herbs will expect nothing less. Refer to the CBI's product fact-sheet on [sustainable spices and herbs](#) for more information.

<sup>3</sup>The high ranking of Romania and Hungary is likely to misrepresent actual consumption. The particularly high level of production of sweet peppers in combination with low recorded exports distorts the calculation of apparent consumption. Although Romania and Hungary are large consumers of sweet peppers they also produce large amounts for EU export markets that are probably not recorded properly.



This survey was compiled for CBI by CREM B.V.  
in collaboration with CBI sector expert Freek Jan Koekoek

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