The European market potential for black pepper

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The popularity of pepper as the most used spice in the world contributes to the stable demand for black pepper on the European market. Opportunities for new developing country suppliers can be found in large markets such as Germany, the United Kingdom, the Netherlands, France, Poland and Italy. Sustainably produced pepper increases your chances to enter the European market.

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1. Product description

Black pepper is the dried berry of Piper nigrum. As the name indicates, most traded Piper nigrum berries are black, but they are also traded as white or green. For clarity, the term 'peppercorn' is often used instead of 'pepper' for the green and red berries. This is because in English, the terms 'green pepper' and 'red pepper' are also used to describe vegetables and spices belonging to the Capsicum and Pimenta genera.

The main types of pepper are:

- Black pepper – berries with unbroken pericarp (the flesh and skin surrounding the seed). In the production process, berries are harvested when they are still green, but they darken during drying due to enzymatic oxidation. In most producing countries, pepper is dried in the sun.
- White pepper – ripe berries with the pericarp removed. These are basically the seeds of the peppercorns. White pepper is commonly produced by soaking fully ripe berries in water. This process decomposes the pericarp, which can then easily be removed.
- Green pepper – unripe berries. In the production process, blanching and controlled tunnel drying are commonly used to prevent oxidation and to preserve the green colour. For the European market, using sulphur dioxide as a colour-preserving additive for dried green peppercorns is not allowed. This is important to underline, as the Codex Alimentarius and International Pepper Community pepper standard do allow the use of sulphur dioxide, in contrast to the EU legislation.

The fruit of Piper nigrum is red when it is fully ripe, but it is not traded in this red colour. Instead, the name 'pink peppercorns' is commonly used for red berries of Brazilian pepper (Schinus terebinthifolia) or Peruvian pepper (Schinus molle). In some producing countries (such as Vietnam), pepper is also sold as red, but quantities are very small and used only for domestic production. This product is also very expensive, with a price that is 3-4 times higher than that of dried black pepper.

There are also other spices from the genus Piper, such as Piper Longum (long pepper), Piper cubeba (Java pepper) or Piper guineense (Ashanti or Benin pepper), but these are not widely known on the European market.

Piper nigrum is a climbing shrub, grown in different tropical parts of the world. Because the plant also likes shade, it is sometimes grown together with coffee and tea on plantations. Each plant can produce berries for 40 years. Global production increased from 430 thousand tonnes in 2016 to over 570 thousand tonnes in 2020. Since 2020 production has been relatively stable, with a slight decrease. The leading producer is Vietnam, with a 35-45% share each year, followed by Brazil, Indonesia, India, Malaysia, Sri Lanka and Cambodia.

Black pepper can be used whole, crushed, or ground. It is the most widely used spice in the world. It is used to give pungency and flavour to food. The alkaloid piperine gives the pungency, while essential oils give the specific flavour. Ground white pepper is an important spice in light-coloured food, where dark particles are undesirable. Green pepper is also used in brine. Mixes of black, green, white and pink peppercorns are very popular in transparent grinder packaging, due to the attractive colour combination and rich flavour.

This study covers general information regarding the market for pepper in Europe, which may interest producers in developing countries. When 'Europe' is referred to in this report, it means the 27 member states of the European Union, plus the United Kingdom, Norway, Switzerland, Iceland and Liechtenstein. Table 1 below lists the products in the pepper product group and their product codes.

Table 1: Products in the pepper product group

Combined Nomenclature Number	Product
090411	Pepper of the genus Piper, neither crushed nor ground
090412	Pepper of the genus Piper, crushed or ground

2. What makes Europe an interesting market for black pepper?

Black pepper is the most important and widely consumed spice in Europe. It is an important ingredient in many dishes. The popularity of black pepper does not decrease over time, as its specific characteristics make it impossible to find a good substitute. Also, European consumers are used to the taste of black pepper, as it has been present in European cuisine for centuries. Pepper was so valuable in European history that it was often used as currency. For that reason, black pepper is sometimes called 'the king of spices'.

In Europe, the most-used form of black pepper in food is ground pepper, but most pepper is imported as whole. Nearly 90% of imported black pepper consists of whole peppercorns, while the remaining 10% is ground pepper. European importers prefer whole peppercorns because it is easier to test and control the safety and quality of whole pepper berries. Also, properly dried whole peppercorns can preserve flavour for a long time, which is revealed after crushing.

European pepper imports and exports

Europe and the USA are the largest importers of black pepper in the world, together accounting for approximately 45% of global imports. Since 2018, European imports of black pepper have remained stable up to 2021 at around 80-84 thousand tonnes. The year 2022 showed a remarkable drop (-11%) in imports, reaching 76 thousand tonnes in that year (See figure 1). The lower imports were the result of lower production output of the world's largest black pepper producer, Vietnam. The lower availability in 2022 also led to an increase in trade prices.

Because of the lower Vietnamese production, in 2022 Vietnamese traders bought a lot of black pepper from Brazil. This explains why Vietnamese exports to Europe remained stable in 2022 and Brazilian exports went down substantially.

Internal European trade in 2022 was 26 thousand tonnes. Around half of internal European trade consists of simple re-exports of black pepper that originally came from producing countries, while the other half includes processed (ground) pepper.

Source: UN Comtrade

As Europe does not produce pepper, the consumption is very similar to imports. Exports to outside Europe represent about 5% of total European imports. This means that 95% of imported pepper from outside Europe is consumed locally. Of the total imports, 72 thousand tonnes are consumed within Europe.

European pepper consumption

The consumption of black pepper is expected to remain relatively stable within a range of -1% to +1% growth per year. Since 2020, production has remained relatively stable. Consumption forecasts in Europe show a low 0.5% growth for 2023, but a higher growth of 1.8% is forecast for 2024, so consumption of black pepper will go up a bit. On average, imports of pepper by European countries will grow by 1-2% annually. European markets offer a price advantage over Asian markets for high-quality and sustainably produced black pepper.

Within Europe, Germany is the largest importer with a 25% share, followed by the United Kingdom (12%), the Netherlands (11%), France (11%), Poland (7.3%) and Italy (5.0%). Several of these countries also re-export a significant share of their imported pepper, especially Germany, the Netherlands and Spain.

3. Which European countries offer most opportunities for black pepper?

As Europe's main importer of black pepper, Germany is an interesting focus market. Other promising markets include the United Kingdom, France, Poland, the Netherlands, and Italy.

Source: UN Comtrade

Germany

Germany offers good opportunities as the largest importing country and consumer market of pepper in Europe. Over the past five years, Germany's pepper imports have fluctuated with peaks in 2019 and 2021 and a sharp decline to 26 thousand tonnes in 2022. This decline was the result of lower production in Vietnam. Since Vietnamese traders compensated for the lower supply by imports from Brazil, Brazil had a lower volume available for exports. As a result, Germany's imports from Brazil went down in 2022.

More than 90% of these imports are whole pepper, the remaining 10% is ground pepper. Germany re-exports 30-40% of its imported quantities, depending on the year. In 2022, Germany re-exported 7.7 thousand tonnes, leaving 18.6 thousand tonnes for domestic consumption.

In 2022, Vietnam was Germany's leading pepper supplier with a 46% import share, followed by Brazil (35%), Indonesia (6.0%), Cambodia (4.0%), India (3.6%) and Sri Lanka (1.7%). Cambodia is gaining market share in Germany, increasing its exports of pepper from only 22 tonnes in 2018 to over 1 thousand tonnes in 2022.

Pepper is the largest imported spice in Germany, with more than 20% of total spice imports. German companies mainly import black pepper, and further process it either by simple crushing and packing or by using it as an ingredient in spice blends and seasoning preparations. A significant share of black pepper in Germany, as well as in the whole of Europe, is used in the food processing industry and in the foodservice segment.

Fuchs Group (officially named DF World of Spices) has the largest retail market share among independent brands. They have several brands of spices that include pepper, such as Fuchs, Ostmann or BioWagner (an organic brand). In addition to their own brands, they also pack pepper and other spices for several German private labels. The main private labels in Germany are Kania (by discounter chain Lidl), Le Gusto (by Aldi Süd), Portland (by Aldi Nord), Gut & Günstig (by Edeka), and REWE and REWE Beste Wahl (by REWE).

Examples of other companies with their own brands are Alba, Merschbrock-Wiese Gewürz, Hartkorn (organic), Brecht and Nebona. While Fuchs is present with its own brands in the whole of Germany, several other brands are only present in specific regions. Germany is the largest European market for organic food, so it is a particularly attractive market for organic pepper. Specialised organic food retailers, such as Biomarkt, DM or Alnatura sell a lot of the organic spices in Germany. Leading mainstream retailers also have their own ranges of organic private labels.

Fuchs Group is not only leading in Germany, but they are the largest European spice manufacturer and the leading privately owned global spice company. In addition to Germany, they have branches in several European countries and the USA, as well as purchasing operations in Brazil, Cambodia, and China. In Brazil, Fuchs has its own pepper purchasing company Tropoc, which collaborates with the Brazilian Ministry of Agriculture to develop more sustainable pepper production. Fuchs' operations in Brazil contributed to making Brazil the leading pepper supplier to Germany.

The German Spice Association has almost 90 members that are primarily engaged in refining spices and producing spice blends, spice preparations, and other seasoning ingredients. Their combined value in 2018 exceeded €1.2 billion.

Figure 3: Black pepper, ground, in plastic consumer package of 40 gr, Germany

Source: Photo by kiliweb per Open Food Facts

The United Kingdom

The United Kingdom is the second-largest importer and consumer country of pepper in Europe. Since 2018, British pepper imports have decreased at an average annual rate of 0.3%, reaching 12 thousand tonnes in 2022. About 70% of the UK's pepper import concerns whole peppercorns, the remainder is crushed or ground pepper. Most of the imported pepper in the UK is used for domestic consumption. Only around 8% is re-exported to other European markets.

In 2022, 59% of British pepper imports came from Vietnam, followed by India (11%), Indonesia (9.0%), the Netherlands (5.0%), Ireland (4.2%) and China (3.9%). Direct imports from Vietnam and Indonesia have increased considerably in the period under review, at the cost of imports from the Netherlands. Imports from the Netherlands dropped sharply in 2022 when transit trade of Vietnamese and Indonesian pepper was replaced by direct imports from these countries. Other emerging suppliers to the UK include China and Sri Lanka.

In the retail segment, private labels of retail chains like Tesco, Sainsbury's, ASDA, and Morrisons, have the largest market shares for packed pepper. Two leading independent brands selling pepper are Schwartz, owned by McCormick, and Bart, part of the Germany-based Fuchs Group. Examples of other brands are Santa Maria (a Swedish company, part of the Paulig group), East End (a specialist trader of spices, pulses and rice), Saxa (by Premier Foods), Maldon (a salt specialist) and Daylesford (an organic food supplier).

The industry estimates that there are around 100 importers of pepper in the UK, some of them trading in small quantities. Several large companies are members of the Seasoning and Spice Association. Olam Group, the largest global pepper supplier, has a trade office in the UK – Olam International Ltd. Some notable examples of other pepper importers and traders in the UK include British Pepper & Spice, Bart Ingredients, East End

Foods, Silk Route, Fiddes Payne, HJ Langdon, and Altonpride. Many of the leading importers perform processing activities such as grounding, mixing, blending, and packing.

Fairtrade-certified pepper can offer opportunities for new suppliers, as the UK is the largest Fairtrade market in Europe. As of May 2023, there are four Fairtrade-certified companies in the UK for the trade of black pepper: Cotswold Health Products, Dani Organic Foods, The Bart Ingredients and Tchai Ovna. Fairtrade-certified suppliers can enter a niche segment of the British market and avoid competing with the leading suppliers.

Figure 4: Organic black peppercorns in premium glass jars with indication of origin (North Vietnam)

Source: Globally Cool

The Netherlands

The Netherlands is an important European trade hub for black pepper. Imports reached 12 thousand tonnes in 2022, after an average annual growth of 1.6%. Imports fluctuated vastly, with a dip in 2020 due to COVID-19 (-22%) and a recovery in 2021 (+27%). The Netherlands is a major trader of pepper, re-exporting 75% of its imported quantities. The balance remained in the country for domestic consumption (3.0 thousand tonnes). The main market for Dutch re-export is Germany, followed by France, Belgium and Austria.

Vietnam is the leading supplier of pepper to the Netherlands with a 43% share in 2022, followed by Brazil (26%), Germany and Indonesia (both 7.5%), and India (4.6%). China, South Africa, Sri Lanka and Ecuador are other emerging suppliers to the Netherlands, but with very small market shares. China is increasing its presence in the Dutch pepper market, with exports going from 49 tonnes in 2018 to 372 tonnes in 2022; still, its export share remains at only 1.3%.

Retail chains such as Albert Heijn (AH label), Aldi (De Kruidencompany label) and Jumbo control a lot of the pepper retail sales in the Netherlands. The leading independent spices and herbs brands in the Netherlands are Verstegen and Euroma. Examples of other brands are Drogheria (an Italian brand owned by McCormick), Santa Maria (a Swedish/Scandinavian brand), Kerala (a brand by Belgian company isfi), Chan's and Jozo (salt and pepper supplier).

The leading pepper supplier in the Netherlands is Nedspice. Nedspice owns two pepper production facilities in Vietnam and is the main Dutch supplier of Vietnamese pepper. Olam group, the global leading pepper supplier, has its main European office in the Netherlands too. Examples of other pepper traders include Pepperdesk BV (specialised pepper importer), Catz International, BCFoods, Euroma (especially after it acquired spice trader Intertaste), and AVS Spice. Some companies specialise in mixing and crushing, such as Huijbregts Groep.

Some companies in the Netherlands have developed spice sterilisation services for suppliers, such as Food Ingredients Service Center Europe. Spice traders in the Netherlands are organised within the Dutch Spice Association, which strongly promotes the sustainable sourcing of spices.

France

French imports of pepper showed strong growth from 2018 to 2021, reaching 13 thousand tonnes in 2021. Imports returned to 12 tonnes in 2022. Most pepper (71%) is imported whole, while ground and crushed peppercorns make up the remaining 29%. France re-exports over 40% of its imported volumes, therefore French pepper consumption is estimated at 6 thousand tonnes for 2022. The main markets for French pepper re-export are the United Kingdom, Poland, Italy and the United States.

In 2022, the leading supplier of pepper to France was Vietnam with a 41% share, followed by Indonesia (15%, Germany (14%), the Netherlands (8.8%) and Brazil (7.1%). Vietnam is gaining market share in France, up from

2.1 thousand tonnes in 2018 to 4.5 thousand tonnes in 2022. Rising imports from the Netherlands went from 400 tonnes in 2018 to 960 tonnes in 2022. Other, relatively small suppliers include Madagascar, India, China, Cambodia and Sri Lanka.

Most retail chains in France sell pepper under their own private labels, including Carrefour (Carrefour and Carrefour Bio labels), Leclerc (Rustica and eco labels), and Auchan (Auchan and Auchan bio labels). Leading independent spice brands that also sell pepper in France are Ducros (now owned by McCormick) and Fuchs (based in Germany). Examples of other brands are Sainte Lucie, Albert Menes and Espig. French retailers select packers of private labels in competitive tender processes, so some of the private label pepper is packed in other countries.

Examples of French pepper importers and traders are Haudecoeur, Arcadie, Beaun'Epices, Le Jardin des Epices, Fuchs, Epicea, Spigol, Sainte Lucie, Soco Herb, Le Comptoir Colonial, Agidra and Eric Bur. Some French importers have developed their own brands and some act only as wholesalers.

Poland

Imports of pepper to Poland reached 7.5 thousand tonnes in 2022, recording an average annual growth of 0.7% in 2018-2022. Just like for Germany, Polish imports peaked in 2019 (8.4 thousand tonnes) and have not returned to that level since.

Over 70% of Polish pepper imports concern whole peppercorns; the remaining 30% is crushed or ground pepper. Between 20-25% of the imported quantities are re-exported, and the estimated domestic consumption in 2022 was 5.8 thousand tonnes.

Polish imports of pepper are very concentrated, with Vietnam dominating and leaving little space for other suppliers. In 2022, Poland imported almost 80% of its pepper from Vietnam, followed by the Netherlands (5.0%), India (3.5%), Romania (2.6%), Indonesia (2.4%), Brazil (2.3%) and France (1.9%). India is strongly gaining market share in Poland, increasing its exports of pepper from 140 tonnes in 2018 to 260 tonnes in 2022. Transit-traded pepper from the Netherlands and Romania also showed a strong performance.

The market share of pepper sold under private label in Poland is increasing, led by retail chain Biedronka and followed by Lidl, Tesco, ABC, Kaufland and others. Leading pepper brands in Poland include Kamis (by McCormick), Prymat, and Kotányi. Private-label sales are led by the retail chain Biedronka and followed by Lidl, Tesco, ABC, Kaufland and others. Polish pepper traders and processors include Grotex, Saran Enterprises and Magdal.

Italy

Italy is ranked as the 6th European importer of black pepper. While the 2018-2021 period was marked by a very stable import volume, 2022 marked a strong growth of imports (+10%) that reached a volume exceeding 5 thousand tonnes. Nearly 80% of these imports concern whole pepper, the remaining 20% is ground pepper.

In 2022, Vietnam accounted for 24% of Italy's pepper imports, followed by Brazil (22%) and France (21%). There are several French suppliers and brands operating in the Italian market, like the brand Ducros as well as several wholesalers. After France come Germany (15%) and India (4.1%). Other suppliers are Indonesia, Madagascar and Ecuador. The highest growth was recorded by imports from Brazil (from 700 tonnes to 1100 tonnes).

In the retail segment, a lot of pepper is packed and sold under the private labels of Italian retail chains such as Conad, Coop Italia, Selex, Esselunga and Europspin. Independent brands include Drogheria (owned by McCormic), Canamella (by Gruppo Montenegro), Ubena (by Fuchs) and L'Aroma.

Tips:

See the member list of the German Spice Association to find potential importers of pepper.

For contacts of other leading pepper importers, explore the member lists of national associations such as the Seasoning and Spice Association (United Kingdom), the Royal Dutch Spices Association (the Netherlands) and the National Union of Processors of Pepper, Spices, Herbs and Vanilla (France). For information about Polish companies, contact the Polish Chamber of Commerce.

See our study on Market Statistics & Outlook for Spices and Herbs for more information about general trade developments within the European spices sector.

Specifically, check trade statistics of your interest via tools such as ITC TradeMap or Acces2Markets. Use HS codes 090411 and 090412 to analyse the black pepper trade.

4. Which trends offer opportunities or pose threats on the European black pepper market?

The need for stable and sustainable sourcing is the leading driving force behind the growing consumer interest in black pepper in Europe.

Sustainable sourcing

Sustainability has become an important topic for European buyers. Main sustainability issues in pepper production involve the use of soil fertilisers, irrigation water and pesticide residues. Depending on the country, the production of spices itself involves labour issues affecting women, migrant or child labour. Market leaders are investing in sustainability not only to improve their image, but also because of economic benefits, such as cost reduction, shorter supply chains, and easier compliance with European regulations.

In 2022, the European Spice Association (ESA) published a guideline on sustainability codes of conduct for their members. Since many European spices and herbs companies are members of ESA, you will likely come across this guideline sooner or later.

Under this sustainability code of conduct, ESA's members shall monitor their own and their suppliers' operations. The code's social criteria state that, for example:

- companies must conduct business in an ethical way
- child labour and forced labour are not allowed
- any form of discrimination is forbidden
- the company and suppliers shall put ongoing efforts into reducing the use of resources, energy and emissions

Another sustainability initiative in Europe is the Sustainable Spice Initiative (SSI). The participating companies (mainly large spice companies in and outside Europe) share the ambition to grow the share of sustainably sourced products. The initiative recognises a basket of sustainability standards as meeting the benchmark for sustainable sourcing. Several pepper suppliers in developing countries are members of this initiative.

The Ethiopian spices exporter Shochoch has understood the importance of sustainability, and on their landing page for spices they promote their sustainability efforts by writing, for example, the following:

"We also work with other smallholders who have limited time, skills, and resources to become active players in supply chains to source spices products. Shochoch helps this groups of farmers by fostering business relationships and linkages with potential buyers at a better price.

Our focus on compliance is monitored thoroughly from farm to facility while ensuring farmers and employees are benefited equally and mutually. We also promote sustainability of the environment by ensuring organic compliance and preserving our forests."

Value-added black pepper processing

Black pepper is not used only as a spice but also as a food supplement and natural product. Increased consumption of food supplements has been an important trend in recent years. Some popular uses are the following:

- Piperine as an enhancer of food supplements – The active component in black pepper, piperine, can improve absorption of other supplements. Currently, it is most often used in combination with another popular spice, curcuma, and its active component, curcumin. When curcumin is used as a food supplement alone, some quantities are not used by the body, but removed through urinary excretion. However, absorption of curcumin is enhanced when it is combined with piperine. It is also used to enhance the absorption of other components such as vitamins, minerals or amino acids.
- Black pepper essential oil – Essential oil is not only responsible for the flavour of pepper but is also used as a component in massage oils and as an ingredient in perfumes. In massage oils, it is used to relieve stress, but also to improve blood circulation and help arthritis and rheumatism symptoms.
- Piperine as a shampoo component - Piperine is used in shampoo as a component that can help fight dandruff, enhance hair growth, prevent grey hair and improve scalp circulation.

Tips:

Find out more about general trends and read CBI's study about trends on the European spices and herbs market.

Consider investing in a sustainability certification and actively promote your sustainability approach in both environmental and social aspects.

Read CBI 's Go Green study with tips for producers and exporters to become more sustainable.

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