PRODUCT FACT SHEET

PRACTICAL MARKET INSIGHTS INTO THE PRODUCT GROUP OF

Fresh Chili and Capsicum

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The obvious global climatic changes lead to uncertainties concerning traditional harvesting times, quantities and qualities from many countries of origin in the world. Besides the occurring problems, this also creates chances for producers. Firstly, importers are looking for more longstanding partnerships instead of on spot buying. And secondly, importers try to find an alternative origin for important products as they usually have to fulfil their own contracts with classical buyers e.g. from the retail sector and need to be "on the safe side".

1 Product description

The genus of all peppers is *Capsicum*, as flowering plant in the nightshade family Solanaceae. It is globally cultivated for their bell pepper or chili pepper fruits. The fruits are berries, in the strict botanical sense, and present a broad variety of names depending on the location and type. The spicier varieties are commonly called chili peppers, the larger ones in the mild form bell peppers or sweet peppers.

HS code	Description
07 09 60	Fresh or chilled fruits of the genus Capsicum or Pimenta
07 09 60 10	Fresh or chilled **sweet peppers**
07 09 60 99	Fresh or chilled fruits of the genus Capsicum or Pimenta (excl. for industrial manufacture of capsaicin or capsicum oleoresin etc. and sweet peppers)
07 09 60 99 20	Peppers (other than sweet)
07 09 60 20 90 (rarely available)	Chili peppers, other than greenhouse

The overall HS code covers both the chilis and the bell peppers. (Pimenta is a plant of the myrtle family from which the berries are used as "allspice" – meaning not relevant in the context of this study.) One subcategory only focusses on the sweet peppers, whereas for the chilis a close look is essential. Few sources also use subcategories, differentiating between production methods, like greenhouse.

In total, Capsicum consists of approximately 20 to 27 species. It is estimated that there are over 50,000 different types of peppers in the world.

1.1 FRESH CHILI

Chilis are mainly found in red, yellow or green (essentially unripe fruit) colour. Though all peppers are a rich source of various B-vitamins, the vitamin C and carotene content depends on the colour. Yellow and green chilis contain considerably lower amounts of both components.

The most known and domesticated species of chili peppers are:
Capsicum annuum: (varieties including Jalapeño, Cayenne, Chiltepin)
Capsicum baccatum: (South American Aji peppers, Peri Peri, Peppadew)
Capsicum chinense: (Habanero, Trinidad scorpion, Carolina Reaper, Scotch bonnet)
Capsicum frutescens: (Piri Piri/Bird's Eye, Malagueta, Tabasco and Malawian Kambuzi)

To classify the diverse spectrum of chili-varieties, a scientific measure of chili's heat was introduced: the Scoville scale. The heat is measured according to the capsaicin content. In the following table, the main chili peppers are sorted according to their Scoville units.

Name	Scoville heat units	Heat level 1 – 10
Carolina Reaper, Ghost, Scotch Bonnet; Trinidad Scorpion	100,000 – over 500,000	Very hot Grade 9 and 10
Habanero, Malagueta, Tabasco, Scotch Bonnet, Bird's Eye, Kambuzi	50,000 – 200,000	Grade 9
Cayenne, Piquin, Chile de Arbol, Jalapeño, Chipotle, Wiri-Wiri, Serrano, Pequin, Aji	5,000 – 50,000	Grade 6-8
Escabeche, mild Jalapeño, Pimenton de la Vera, Poblano, Anaheim Pepper, Pepperoncini	10 – 5,000	Grade 1-5
Bell pepper, sweet banana chilis	0	Grade 0

Please note that the measures can vary, as this is only a rough categorisation of the main traded chili varieties (no claim for completeness).

1.2 FRESH CAPSICUM OR SWEET PEPPER

Capsicum – also referred to as bell pepper or sweet pepper – is a sweet, no-heat chili pepper of the species *Capsicum annuum* and is used for creating flavour and substances to various international cuisines. The bell or sweet pepper can be found in an array of bright colours, commonly green, yellow, orange and red.

As indicated, the fruits of the *Capsicum* plants have different names, depending on location and type. The mild and larger form is called bell pepper or sweet pepper, sometimes also according to the colour e.g. red pepper. In countries such as India, or Australia the peppers are typically called "capsicum". In some other countries (in Europe) the fruit is also named "paprika", which is though mostly referred to as the powdered spice made of dried *Capsicum*.

The bell pepper does not contain any capsaicin, the active component in chilis that give them their renowned burning qualities. Which implies that it shows zero Scoville heat units, as they do not contain heat.

While the bell peppers are classified botanically as a fruit, it is used as a vegetable in the culinary world, just like tomatoes

2 Legislative requirements

Legal requirements are the minimum requirements which must be met by products marketed in the EU – the must-haves in order to enter the market. Products which fail to meet these requirements are not allowed on the EU market. EU legislation sets the basis for legal requirements in the EU.

For a full list of legal requirements, the new My Trade Assistant of Access2Markets provides a complete overview, where specific product code are selected under Chapters 07 and 08.

2.1 GENERAL FOOD LAW

Food safety is the key issue in EU food legislation, in which the General Food Law is the framework regulation. The legislation also introduces requirements on traceability.
All information can be found in the Regulation (EC) No 178/2002.

2.2 PRODUCT SAFETY FOR FOOD PRODUCTS

When exporting fresh fruit and vegetables to Europe, compliance with the requirements for food safety and product quality is crucial.

The EU has set **Maximum Residue Levels MRLs** on pesticides in food products to minimise health and environmental risks. The MRL, the pesticide residue, lies at 0.01 mg/kg for sweet peppers and for chili peppers. For more details on the specific pesticides, the EU pesticide database provides all relevant information. A regular update is recommended, as Europe's food safety authorities amend levels on new developments of the market.

Please note that due to reoccurring problems with the exceeding MRLs on chili peppers, some countries have set stricter rules than the specified European legislation and EU authorities put focus on control measures. Moreover, supermarket chains in the EU maintain the highest standards with about 30-100% of the legal MRL.

Contaminants are substances which have not been intentionally added to food but which may be present as a result of the various stages of its production, packaging, transport or holding. For instance, contaminants are aflatoxins, heavy metals, dioxins and nitrates. Similar to the MRLs for pesticides, the European Union has set limits for several contaminants.

The implementation of **hygiene and phytosanitary** measures are outlined in the EU legislation on hygiene of foodstuffs. Certification of such is voluntary and falls under the category non-legal requirements.

2.3 QUALITY AND SIZE

European legislation sets general and specific marketing standards for the minimum quality of fresh fruits and vegetables. A marketing standard determines the characteristics of "Extra Class", Class I and Class II products, the minimum maturity, the different size codes, and the allowed tolerances in quality and size. Over the years, the marketing standards have been aligned with the UNECE standards for fresh fruit and vegetables.
Details on chili peppers are found here and the information on sweet peppers here.

Operators are free to choose whether to work with the EU (GMS) or UNECE standard.

2.4 LABELLING AND PACKAGING

Food placed on the EU market must meet the legislation on food labelling. Trade packages and cartons of fresh fruit or vegetables must mention the following particulars:

The European Union (EU) requires that the text on the label must be written in one of the official languages of an EU Member State and be understandable for the consumer. Appropriate labelling must present at a minimum

+ Common name of the product,
+ Country of origin,
+ Name and address of producer, packer, importer, brand owner or seller in the EU – "packed for:",
+ Net content weight,
+ Producer identification/lot number,
+ Info on certification,
+ Additional info about quality class, size, post-harvest treatment, etc.

Packaging marketed within Europe must comply with the general requirements, which aim at protecting the environment, as well as with the specific provisions designed to prevent any risk to the health of consumers. The packaging must protect the product against contamination, leakage, and dehydration. Also pay attention to your buyer's preference for presentation, such as individual wrapping or sortation (e.g. one side up). Products and packaging should be uniform.

TIPS

For more details and further info consult the CBI (www.cbi.eu) and the Import Promotion Desk (www.importpromotiondesk.com) websites.

Check out the Factsheet on Food Traceability of the European Commission.

Pesticide management is of high responsibility on the production level. Buyers increasingly demand upfront information about spray records, shipments are checked etc.

Keep an eye on the latest developments of MRLs and contaminants to maintain flexibility.

Update yourself regularly on the EU level MRLs and additionally on specific national levels.

Find out more about the prevention and reduction of lead contamination in the Code of Practice published by the FAO Codex Alimentarius. The Codex Alimentarius also provides additional marketing standards for fresh fruits and vegetables.

The EU introduced the European rapid alert system for food (and feed) products (RASFF) as a tool to exchange information on the enforcement of EU food safety legislation. Check on registered border rejections to understand the process.

Familiarise yourself with the Regulation EC/1756/2004 on plant health.
Annex VI (page 170 – 171) of Directive 2000/29/EC provides an example of a phytosanitary certificate.

Read more about labelling and packaging guidelines for foodstuffs in Access2Markets.

The EU Directive 2019/904 on the reduction of impact of certain plastic products on the environment limits the use of single-use plastics by transferring the cost of waste and responsibility to the producers. With the European strategy for plastics, more and more buyers will demand alternative and environmentally friendly packaging.

Please keep in mind that the legal requirements build only the baseline.
Specific country legislation and buyer requirements add up to the legal framework.

3 Non-legislative requirements

Non-legal requirements reach beyond legislation, as companies can go further in their requirements than legislation. The main categories of additional requirements are environmental requirements and social (labour) requirements.

Food Safety is top priority in all European food sectors, and importers increasingly require not only the implementation but also the certification thereof.

Not only Food Safety, but also guaranteed information on social compliance became – especially in the context of products produced in the organic context – a common requirement.

3.1 AGRICULTURAL PRACTICE

GLOBAL GAP

GlobalG.A.P. is a pre-farm-gate standard that covers the whole agricultural production process, from before the plant is in the ground to the non-processed product (including the post-harvest handling, the storage, however, processing is not covered). Whether GLOBALG.A.P. is required also depends on the destination country, market conditions and market channel. Although it has become nearly impossible to supply northern Europe without GLOBALG.A.P., since it is a standard requirement for most supermarkets, and the rest of Europe follows fast. GlobalG.A.P. certification covers:

+ Food safety and traceability,
+ Environment (incl. biodiversity),
+ Workers' health, safety and welfare,
+ Animal welfare,
+ And includes Integrated Crop Management ICM, Integrated Pest Control IPC, Quality Management System QSM, as well as HACCP.

3.2 FOOD SAFETY & PROCESSING

Buyers commonly require their suppliers that they have a quality/food safety management system in place. These systems require companies to demonstrate their ability to control food safety hazards in order to ensure that food is safe at the time of human consumption.

HACCP

As soon as GlobalG.A.P. is in place, also the HACCP (Hazard Analysis and Critical Control Points) are covered and audited.

In general, all buyers in the supply chain, such as traders, food processors and retailers, require the implementation of a food safety management system based on hazard analysis and critical control points (HACCP).

ISO 22000

Another food safety standards is the industry-developed standard by the International Organisation for Standardisation ISO. The standard sets out the requirements for food safety management and can be certified. At the same time, it is working with other ISO standards.

GFSI CERTIFICATIONS: FSSC22000, IFS AND BRC

The Global Food Safety Initiative GFSI is a private organisation and global network for the food industry. Several Standards are officially recognised by the GFSI, covering different levels of food safety standards.

FSSC22000 is based on the criteria of ISO22000, but the FSSC foundation added specific requirements. As the FSSC22000 is accredited by GFSI, it enjoys international trust. For the handling or processing of fresh fruits and vegetables, the North-western European market requires – especially for the retail sector – to comply with other GFSI standards such as **BRC** Global Standards, as general standard for hygiene and food safety.
But also, the **IFS** Food Standard.

3.3 SOCIAL COMPLIANCE & SUSTAINABILITY

Though quality remains priority of the buyers, social compliance gains importance.
There is growing attention to the social and environmental conditions in the producing areas. Initiatives in and attention to corporate social responsibility (CSR) vary across the various parts of Europe. In the eastern part of Europe, fewer buyers require strict social compliance, while there are buyers in Western Europe which have their own compliance program.

Additionally, the EU and specific countries within, prepare at present a **Supply Chain Act**, which requires full traceability and the compliance with labour laws. This will be a legislative requirement in future.

Initiatives which develop and require social compliance and sustainability are for instance

+ The Sustainability Initiative for Fruit and Vegetables SIFAV, by the IDH
+ The Business Social Compliance Iniative BSCI, by Amfori
+ The Ethical Trading Initative ETI and Sedex.

For the certification of social compliance standards in the context of fresh produce, it is mainly the GlobalG.A.P. add-on **GRASP** which stands for Risk Assessment on Social Practice on workers' health, safety and welfare.

The **SMETA** (Sedex Members Ethical Trade Audit) is the most widely used social audit, as there is at first a self-audit feasible before getting into the certification schemes.
Also, the **Amfori BSCI** enables the producing companies to improve social performance in the supply chain.

Fair trade labels are not commonly required in the chilli pepper trade, nor in the sweet pepper trade. However, relevant certification schemes are **Fair for Life** by Ecocert or **Fairtrade** by FLO.

The **Rainforest Alliance** is an international, not for profit sustainable development organisation that works to conserve biodiversity and ensure sustainable livelihoods for grower communities. The seal means that the certified (agricultural or forestry) product or ingredient was produced using methods that support the three pillars of sustainability: social, economic, and environmental. And focusing on the main themes

+ Forests – best practice for conservation
+ Climate – climate-smart practices to build resilience
+ Human Rights – advancing the rights of rural people
+ Livelihoods – ecosystem health & economic stability

As a certification combining social compliance with sustainability, the Rainforest Alliance gains increasingly interest among the European buyers. A best-case scenario could be the Rainforest Alliance certification together with organic certification.

3.4 ORGANIC

Over decades, and strengthened again by the Covid-19 pandemic, the demand for organic products rose significantly. It cannot be named a niche anymore. The main driver for the organic market in Europe is the growing consumer concerns over food safety, the environment and human health which are fuelling demand for organic products across Europe. More than ever before, European consumers are buying into the organic offering. However, brands need to step up efforts to gain consumer trust. In countries such as Italy, Ireland, France, Germany and Sweden, organic fruit and vegetables represent around a fifth of the total organic demand.

To be granted the organic certificate, the production methods have to comply with the European legislation for organic farming and need to be audited regularly by an accredited certification body.

All organic products imported into the EU must have the appropriate electronic certificate of inspection (e-COI). These certificates are managed through the Trade Control and Expert System (TRACES).

On January 1, 2022, the new organic regulation (EU) 2018/848 will enter into force together with the new Official Control Regulation. The new regulation is designed to ensure fair competition for farmers whilst preventing fraud and maintaining consumer trust. A very positive aspect is a new process for group certification specifically interesting for small farmers.

TIPS

Evaluate the status-quo of compliance with standards and assess a certification carefully. Such certification, implemented by most competitors, keep producers abreast of the market.

Focus on GFSI Food Safety standards, as those enjoy the best reputation in Europe regarding hygiene and food safety.

Implement a food safety management system and check the FAO Guidelines for the implementation of HACCP.

Pay attention to the upcoming Supply Chain Act, which is developed within the EU. Even it is looks like it would only concern big companies (> 3,000 employees for the moment) these bigger companies will certainly send the pressure down to the whole supply chain, ending with the producers. A plan how to prepare for that should be evaluated as soon as possible.

In the context of social compliance, it is recommended for fresh produce to focus on the GRASP certification as add-on to the GlobalG.A.P.

Check the changes of the new organic regulation. See links at the end of this study.

Be prepared to tell the story of your company, the people working along the chain and the products. Next to quality, the questions where products are coming from, who was involved etc. gain of significant importance.

Consult ITC’s Sustainability Map. It allows, for instance, a look into standards for a specific sector (agriculture) and products (various options) in a specific market (Europe). Additionally, a self-assessment can be conducted.

4 Trade developments

Both chili peppers and sweet peppers fall under the same umbrella category for trade. However, the trade developments need to be separately highlighted, as they cater also different markets – fresh chili peppers are rather a speciality while bell pepper is a common, daily fresh vegetable in global cuisines.

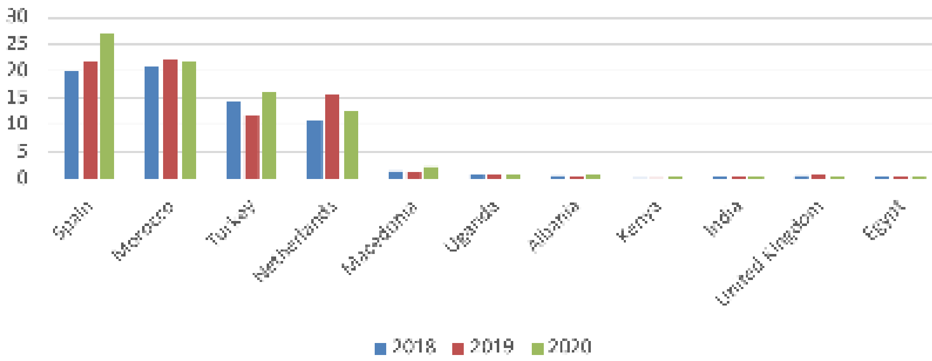
4.1 CHILI PEPPERS

The European market for fresh chili peppers is still a specialised market, which is supplied primarily by producers from Europe (Spain and the Netherlands), Turkey and Northern Africa.

From the global perspective, it is quite hard to create a matching picture of trade developments, as the specific trade numbers for chilis are missing. It is merged in the category with sweet peppers.

However, Europe's main suppliers of chili peppers are presented by Access2Markets database as follows.

FIGURE 1:
MAIN SUPPLIERS OF CHILI PEPPERS TO EU27 COUNTRIES, COMPARING 2018, 2019 AND 2020, QUANTITY IN 1,000 TONNES. SOURCE: ACCESS2MARKETS



The main supplier of chili to the EU27 states (excl. the United Kingdom), with steady increase in volumes between 2018 and 2020, is Spain. Followed by Morocco, Turkey and the Netherlands as major greenhouse chili producer. Especially African countries such as Uganda, Kenya (from 149 to 528 tonnes) and Rwanda (from 24 to 233 tonnes) could establish their position on the European market with speciality production. Though Uganda had to face turbulence in 2020, as there was an export ban imposed, due to the African codling moth, a major post to agricultural crops.

The imports from the United Kingdom (due to Brexit; from 634 tonnes to 368 tonnes) and from Egypt decreased (from 552 tonnes to 346 tonnes) substantially.

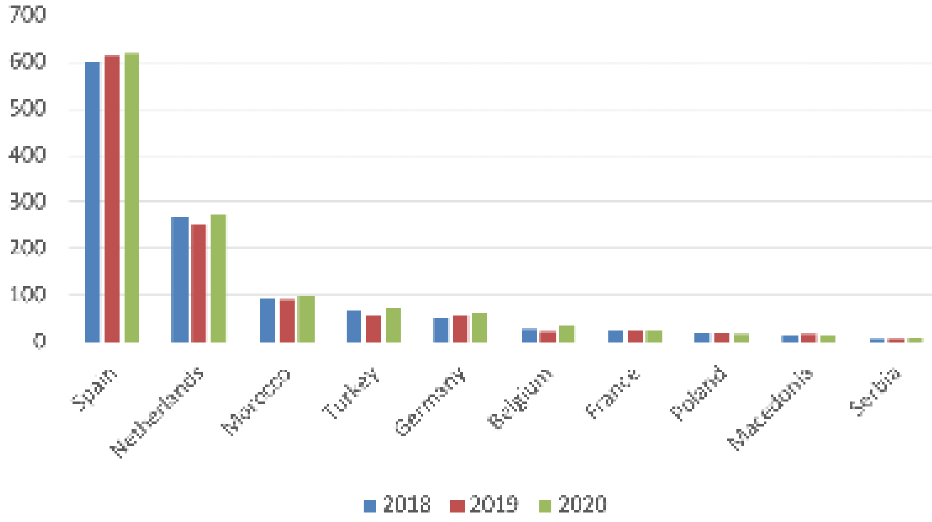
By looking more in detail into Germany's trade numbers from 2019, the intra-European trade structures get obvious. From the 30.9 million USD value of imports, around 11 million USD are imported from the Netherlands, and 6 million USD from Spain. These supplying countries are followed by Mexico, Morocco and Uganda. Also, the Netherlands is sourcing its chili from other European countries, mainly Spain. France is the most significant, importing over 12 thousand tonnes from Morocco.

The leading exporting countries for chili peppers in Europe are Spain and the Netherlands. Spain mainly exports its own produce, while the Netherlands also re-exports imported chili peppers in off-season times (European winter). The United Kingdom is the largest end market in Europe, due to the ethnic food consumption dominated by Indians. Still, for the export to Europe, the national particularities in terms of requirements need to be evaluated carefully.

4.2 BELL PEPPERS

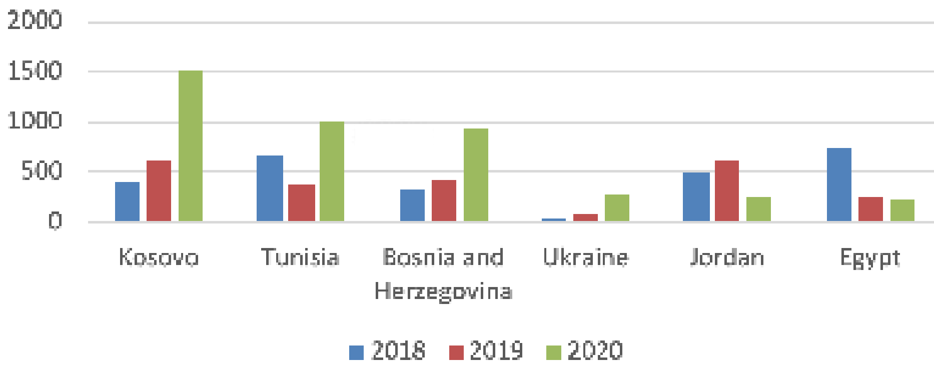
The trading volumes of bell peppers are significantly higher than the volumes of chili peppers, as it is an everyday product in global cuisines. This gets obvious also in the numbers of imported bell peppers to the 27 countries of the European Union.

FIGURE 2:
TOP10 SUPPLIERS OF BELL PEPPER TO THE EU27 COUNTRIES, COMPARING THE YEARS 2018, 2019 AND 2020, QUANTITY IN 1,000 TONNES.
SOURCE: ACCESS2MARKETS



In the years 2018 to 2020 the import numbers of bell peppers from Non-EU countries, lower in numbers as the top10 suppliers have experienced dynamic changes. While Kosovo, Bosnia and Herzegovina and Ukraine faced a clear upward trend in this time period, Tunisia and Jordan had to cope with unsteady developments. At the same time, Egypt went down from 741 tonnes in 2018 to 213 tonnes in 2020.

FIGURE 3:
TRADE DYNAMICS BETWEEN 2018 AND 2020 OF MINOR BELL PEPPER SUPPLIERS, QUANTITY IN TONNES.
SOURCE: ACCESS2MARKETS



The weather has a great impact on the trade in bell peppers. When the weather is poor, not only the supply is affected but also the consumption in most countries is limited.

This year, even the lack of pallets and containers for transporting are hampering the trade of bell peppers.

5 Market trends

COVID-19

The outbreak of the COVID-19 pandemic in 2020 disrupted some of the existing trends in the fresh fruit and vegetables sector. But as long as the supply chain remained intact, the import was able to continue for most fruit and vegetables – with the burden of increasing transit times and costs.

As restaurants and other food service providers were not able to operate, the demand shifted to the retailers in lock-down times. Having health support in mind, the sales of fresh produce increased in general, but even more for immune boosting products such as peppers. However, for exporters who had been traditionally selling their products to food service providers, 2020 has been a tough year as changes in producer-client relations need time to adapt.

SUSTAINABILITY

People at all levels in the value chain are gaining interest in fruits and vegetables produced and traded under more sustainable and responsible practices. This trend relates to many aspects along the supply chain, including working conditions, water use, waste management, among other things. And goes also back to consumer awareness growing as transparency is increasingly requested.

Retailers and traders throughout Europe are joining forces in the Sustainability Initiative Fruits and Vegetables (SIFAV), coordinated by the Sustainable Trade Initiative (IDH). SIFAV addresses cross-cutting supply chain challenges such as smallholder farmer inclusion, health and safety, food safety and the sustainable use of water resources.

Along, the issues of reducing packaging and establishing alternatives has risen, as part of the sustainability movement. Since 2017, there is an EU strategy for plastics, recommitting to work towards the goal of ensuring that all plastic packaging be recyclable by 2030. Less and recyclable plastic is the new standard. In the long term, reduction to a minimum or even completely replacement by alternative, biodegradable materials, is to be expected.

HEALTHY LIVING

Healthy lifestyle habits are becoming the normal way of life as concerns over obesity, food sensitivity and people affected by disease continue to rise. However, perceptions of healthy living are shifting beyond just physical health to represent a much more holistic view, where food, exercise, mental well-being and broader lifestyle issues are seen as a whole entity.

Consumers – not only in Europe – increasingly buy organic products as personal health, well-ness and nutrition gain significant importance and might entail new developments such as de-globalisation of food supply chains, food security and governmental exertion of influence, etc.

The main driver for the organic market in Europe is the growing consumer concerns over food safety, the environment and human health which are fuelling demand for organic products across Europe. More than ever before, European consumers are buying into the organic offering. However, brands need to step up efforts to gain consumer trust. The added value of the product – the story behind the product – needs to be transferred along the entire supply chain. Organic is not enough anymore, meaning it is embedded in wider health and ethical positioning.

STANDARDS & CERTIFICATION

For the fresh produce trade, food safety, sustainability, and social compliance have "teamed up" and are becoming leading aspects. As mentioned, GlobalG.A.P. and others have developed into pre-requisites for trade with Europe. Moreover, not only the legal requirements in Europe request full traceability (documentation), but also the independent confirmation of practices in production.

When complying with the high standards and certifications of the European market, this does not only satisfy the export market, but shall also support the producer's internal system and risk management.

To mitigate the increasing concentration of buyer power, the European Commission proposed a new directive to protect small and medium-sized suppliers in the food supply chain from unfair trade practices of economically stronger buyers. The directive, which also covers fresh fruit and vegetables, aims at protecting farmers, processors, distributors, producer organisations, as well as suppliers from outside the European Union. The proposed directive was agreed in December 2018 and will be implemented over the next years. Once fully adopted, countries in the European Union will have two years to integrate the directive into their national laws.

ETHNIC MARKET

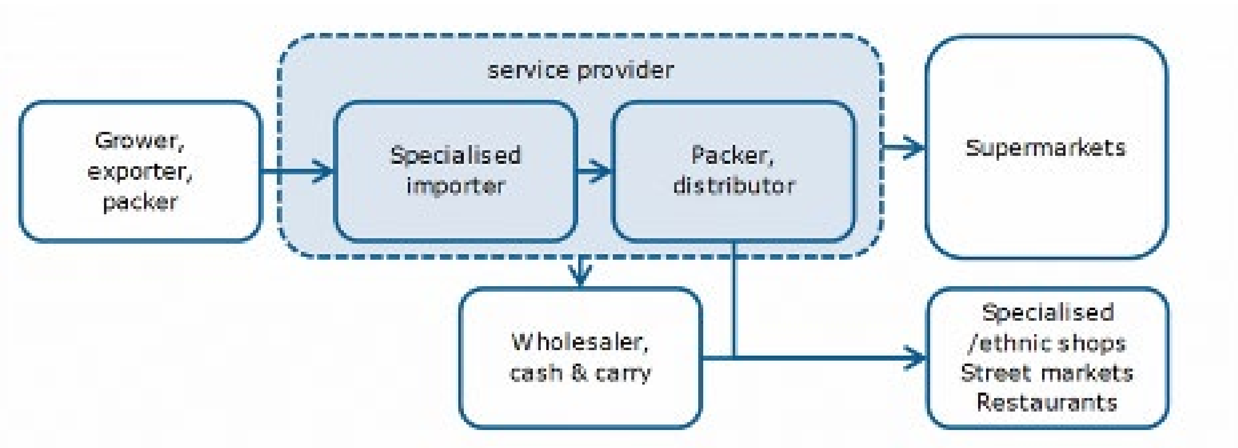
Particularly the chilis find the most important market in the ethnic cuisine of Europe. With the healthy living trend goes along – and strengthened by Covid-19 – the interest to cook at home. Niche products or exotic products will continue to find interest among the European consumers. Meaning, consumers are complementing their price-conscious shopping habits with an interest in exotic and special-quality fruit and vegetables. As an entry point for such specialties as chilis, the Netherlands are of most importance. Exotic fruits enter to a high extent the EU through Dutch channels before the produce is dispersed among all European countries (high intra-European trade).

6 Market channels and segments

Especially chili peppers production is often in the hand of small-scale farmers in the countries of origin. The quality of the produce, its traceability and the adherence to European buyer requirements is a challenge when working with many small-scale producers. At the same time, the direct contact and access to the producers is increasingly important for the European importers.

In the European market, fresh chili peppers are mainly imported by a relatively small number of importers specialising in tropical and exotic fruits and vegetables. In general, these importers trade in a wide range of fruits and vegetables, supplying outlets that focus on ethnic consumers or stocking the "exotic shelf" in supermarkets with all sorts of produce.

The chili buyers are rather specialised importers, with a strong network of retail clients, wholesale, food service and ethnic buyers who they supply directly.



In Europe, for common products such as bell peppers, the supermarket chains are interested in establishing direct supply chains. For extra services such as consumer packaging and logistics a service partner may be added. This more direct intervention leads to better control and sometimes even creates longstanding partnerships between producers/farmers and big retail chains in Europe. The access to raw material fulfilling the legal and non-legal requirements within the European Union is of utmost importance to secure the competitiveness of all parties involved in food trade and consumption.

More in general, there are various preferences and requirements among the European markets including country-specific channels. For instance, in Northern markets, like Germany, the UK, the Netherlands, dominant retail channels influence the trading. Whereas the Southern countries go beyond that with even bigger markets and further in the Alpine region there are smaller local shops, which might be even a sort of franchise to bigger supermarket chains. Still, both for bell peppers and chilis, there is also the option of further processing and working with the food industry, which is especially relevant for imperfect fresh produce.

The demand for peppers can be divided into traditional and niche segments.
Most common is the bell or sweet peppers which goes directly to the supermarkets or wholesalers. The more special and exotic the varieties get, the more specialized are the shops, the traditional markets down to the ethnic shops and restaurants.

TIPS

Establish integrated producer cooperatives that provide sufficient assistance to farmers and that monitor both production methods and post-harvest handling and storage in order to maintain the required quality standards.

Telling the story of the company, products and people, innovative packaging, high quality and full traceability etc. is essential to stand out on the market. As fresh chili peppers are easily replaceable by e.g. chili powder, the product has to maintain its relevance on the market.

Especially chili differ in terms of variety very much. The most important factor is the pungency of the chili variety. Different buyers serve different markets which means that two basics are to be observed at first hand: 1. Surely the chili variety needs to fit to the Egyptian environment to keep the comparative advantage of the growing region. And 2. within the possible varieties you might chose the variety/ies which fit best to your preferred market.

To build up resilience in fast-moving times, establish trust and long-term partnership with European importers. Become a partner rather than a mere supplier.

MAIN EUROPEAN TRADE FAIRS – FOR FRESH PRODUCE:

FRUIT LOGISTICA

is the leading fair of the international fresh fruit and vegetable trade.

It takes place every year in Berlin, Germany, at three consequent days at the beginning of February. With more than 3,000 exhibitors, Fruit Logistica covers every single sector of the fresh produce business and is therewith a platform for the international supply chain.

Relevant product groups: fresh fruit, fresh vegetables, mushrooms, potatoes, convenience products, fresh herbs, spices and sprouts, conventional, organic and fair trade products.

www.fruitlogistica.com

FRUIT ATTRACTION

is an international trade fair for the fresh fruit and vegetable industry, held every year for three days in October in Madrid, Spain.

With around 2,000 exhibitors and participants from 140 countries Fruit Attraction has gained significant importance within the last years.

www.ifema.es/en/fruit-attraction

MACFRUT

is a leading trade fair for professionals operating in the national and international fruit and vegetables sector. In Rimini, Italy, the vertical exhibition Macfrut is organised in September each year that represents the entire supply chain, with 11 sectors involved:

Seeds, Plant Breeding & Nursery, Crop Technologies, Production, Trading & Retail, Processing Machinery, Packaging Materials, Fresh Cut, Dried Fruit, Logistics and Services.

Macfrut is the smallest (around 1,000 exhibitors) and the most specialised trade fair in Europe in the context of fruit and vegetables.

www.macfrut.com

7 Market competitiveness

In general, regarding the producing countries, the production of chili peppers is much smaller than the production of bell pepper varieties. In Europe, Spain and the Netherlands are the largest producers of chili peppers.

When looking into Asia's direction, India and China are major producers of chilis and peppers. Much of the chili production in India and China is used to supply their own or nearby Asian markets. Additionally, drying of chilis and further processing is common. Latin America and the USA also have a large production, with many different varieties of chili peppers and only to a minor extent exported to Europe.

Seasonality plays an important role in European demand for imports of fresh fruit and vegetables. For instance, Spain is the most important producer in Europe, and the largest supplier to the European market – for pepper and in general fresh produce. In off-season, however, European countries import from Egypt, also a producer (and supplier also to Spain), as well as the Netherlands and Germany, which are not producers but traders.

The main seasonality in a global perspective lies in the first half of the year, peaking in May.

Competition is strong, given that imported chili peppers are often used to fill gaps in intra-EU supply. Main competitors of suppliers to and on the European market are Spain, Turkey and Morocco, as well as from greenhouse peppers from the Netherlands. During the winter, there is much less competition from Mediterranean producers.

The western European market is highly competitive, with many suppliers and a few dominant retail organisations. In southern Europe, there are more street markets and specialist shops. Volumes sold of fresh chili peppers are usually rather small. Though, specialised, ethnic food importers are more interested in buying smaller quantities and lesser-known varieties. These special chili pepper varieties are often sold in channels other than supermarkets and entail processing.

Because of the strong regional competition, a good opportunity lies in specific varieties.

TIPS

Communication is key in the establishment of a long-standing partnership. This includes frank discussion about contract and subsequent payment terms. Please consider here the status of your relationship. Meaning, the payment terms of a new partnership will improve with the status of your relationship. Also, cultural differences playing an important role. Having the chance to involve a person/company who enjoys trust from both sides could prevent to stop good business opportunities already at this starting point.

Growing fresh chili does not mean that the fresh markets are the only possible sales channel. Particularly in Egypt, there are a lot of producers of tomato past and puree. It can always be an option to grow fresh chili and then cooperate with a tomato paste producer and serve the huge market of different forms of chili paste. The used technology is pretty similar.

There is worldwide competition but the demand for chili – of all different qualities – is rising. The prices are good and as long as you are aware of the varieties which suits the Egyptian environment well and select the ones which are demanded for the various market segments there is a good chance to succeed. What definitely needs to be clarified is the grade of pungency the client is expecting.

8 Useful sources

CBI Market Information:	www.cbi.eu
Import Promotion Desk:	www.importpromotiondesk.com
ITC Trade Map:	www.trademap.org
EU Pesticide Database:	https://ec.europa.eu/food/plants/pesticides/eu-pesticides-database_en
European Food Safety Authority Data Reports:	www.efsa.europa.eu/en/data/data-reports
data.europa.eu:	https://data.europa.eu/en
Access2Markets:	https://trade.ec.europa.eu/access-to-markets/en/content/welcome-access2markets-trade-helpdesk-users
UNECE :	https://unece.org
Codex Alimentarius:	www.fao.org/fao-who-codexalimentarius/en
Global Food Safety Initiative:	https://mygfsi.com
Information on Sedex:	www.sedex.com
Amfori :	www.amfori.org/content/amfori-bsci
“Supply Chain Act”/ Supply Chain Due Diligence:	www.europarl.europa.eu/RegData/etudes/BRIE/2020/659299/EPRS_BRI(2020)659299_EN.pdf
Info on new organic regulation:	www.eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32020R1693

SOURCES

CBI (2019): Exporting chilli peppers to Europe.
www.cbi.eu/market-information/fresh-fruit-vegetables/chilli-peppers

European Directorate General for Trade “DG Trade” (2021): Access2Markets.
https://trade.ec.europa.eu/access-to-markets/en/content/welcome-access-2markets-trade-helpdesk-users

International Trade Centre)2019): Trade Map. Trade statistics for international business development. www.trademap.org

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