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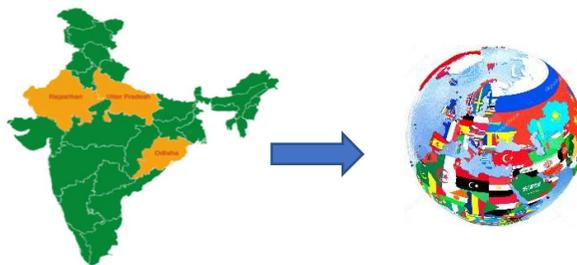
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German Bundestag



Indo-German Cooperation on **Agricultural Market Development**

Building sustainable partnerships

European Union Market Regulations and Specifications for exports of Green Chilli



**Developed under the
Project**

**Indo-German Cooperation
on **Agricultural Market Development****

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Indian Green Chilli

Background on Green Chilli

This study report addresses the specific requirements for fresh green chilli from India in the European Union. General market information and legal requirements for this product has already been describes in a previous study report “*of requirements (legal, specifications) for Indian exports to Germany / EU with focus on mango and green chilli*” of the project. This report deals with additional, non-legal requirements of the market.

For general quality criteria please look at the [Codex Alimentarius standard for chilli peppers](#) and [UNECE Marketing Standard on Chilli Peppers](#).

The European Market for Green Chilli

Green chilli is either used fresh or by the food industry to produce green chilli paste and green chilli sauces. Green chilli is hardly used in the dry form. In general, no market data are available for fresh green chilli. Market data always cover fresh chillies in general.

The fresh chilli market in Europe is very diverse. About 56% of supply of fresh chilli is from EU member-states, but imports from non-EU countries is increasing. The market has increased by 50% between 2015 to 2020. Morocco and Turkey are mainly responsible for this growing supply. Other supply from Non-EU-Member-States is either small and seasonal or special varieties targeting African, Asian and Latin American consumers.¹

The European Union imported 46,000 tonnes from non-EU-member-states and the United Kingdom 6,000 to 6,500 tonnes in addition.²

It is a very difficult market for newcomers with very strict phytosanitary requirements. The product must be free from pesticide residues.

Most European countries do not use chillies in their dishes. Fresh chilli peppers are associated with non-European foods. European countries which have historical ties with tropical and sub-tropical countries are larger markets. Due to this the preferences of chilli varieties correlates very much with the origin of consumers. The Indian population in Europe prefers the “*Bhut Jolokia*” variety, while Eastern African people like “*bird’s eye*” chilli and Latin American population look for “*Habaneros or Jalapeno*”.³ New Indian exporters shall therefore focus the countries, were there is a high Indian population. This is the United Kingdom.

**New Indian exporters shall focus on countries with a high Indian population.
This is the United Kingdom**

¹ The European market potential for fresh chilli, CBI, September 2021

² The European market potential for fresh chillies, CBI, September 2021

³ The European market potential for fresh chilli, CBI, September 2021

The largest importers of fresh chillies are France, the United Kingdom, and Germany. However, Germany prefers nearby sources. France imports mainly from Morocco, although there is a small supply from some Caribbean countries such as Dominican Republic and Honduras, but also 114 tonnes from India in 2020. Spain is a producer and consumer and gets its imports mainly from Morocco. Eastern European countries like Bulgaria and Romania have domestic production, but also import from Turkey. Large importers from Western Europe are very strict on sustainable production and often demand GlobalGAP certification.

The most promising market for Indian green chilli offers the United Kingdom due to its high Indian population. Other destinations may eventually be France and the Benelux countries, which might be more interested in exotic varieties. However, European greenhouse growers have become interested in cultivation of exotic chilli types. Local production is considered as more sustainable and preferred by consumers.

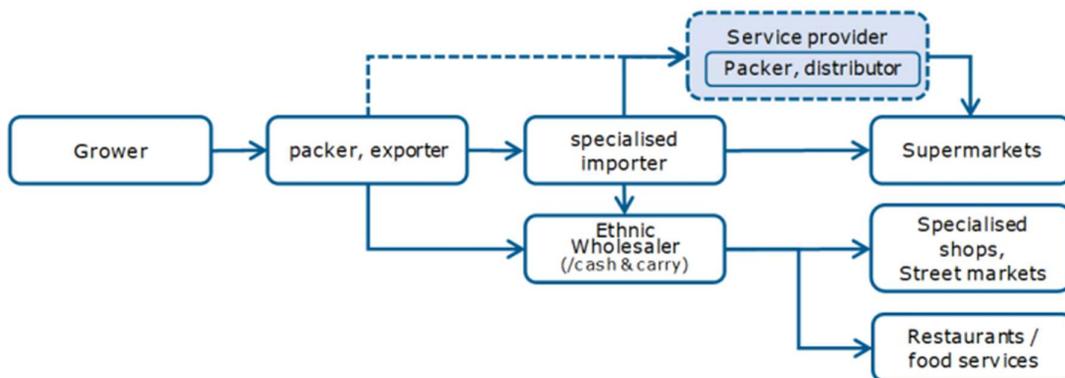
Good airfreight connections play an important role in long-distance exports, in order to get the chilli fresh to the market. Fresh chilli is a highly perishable commodity. Proper cooling extends the shelf life by slowing respiration, water loss, colour change, and decay. Freshness is an important quality criterion. After the harvest, it is important to cool the peppers down as soon as possible so as to reduce water losses. The ideal temperatures during transport should be around 7-8 degrees Celsius.

For export of fresh chillies, a quality assurance system must be maintained from field production to consumption for maximum shelf life.⁴

Major Importers of Exotic Chilli in Europe

The Indian green chilli is considered as exotic chilli pepper. Main importers for exotic chillies are specialised importers for exotic and ethnic vegetables. They usually possess a wide range of different types of chilli peppers, from common off-season chillies to the most exotic ones.⁵

European market channels for fresh chillies



⁴ Postharvest handling of fresh chillies, New Mexico University

⁵ Entering the European market for fresh chilli peppers, CBI, September 2021

(Source: Entering the European market for fresh chilli peppers, CBI, September 2021)⁶

Chilli importers manage the entire supply chain and conduct quality control. They distribute to different European markets.

There is a wide variety of chilli pepper importers, in size, segment and product assortment:

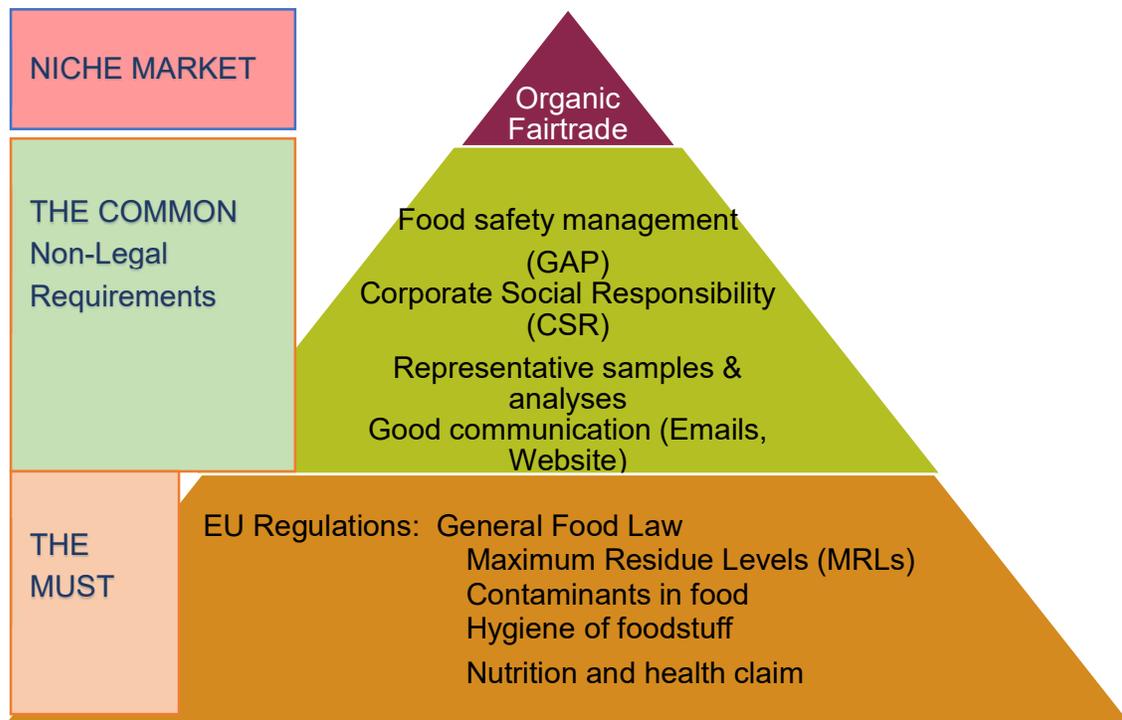
NL	BUD Holland, exotic specialist	www.bud.nl Transportweg 67 2676 LM Maasdijk, Netherlands
NL	Roveg, exotic specialist	www.roveg.nl Nijverheidsweg 20, 2742 RG Waddinxveen
NL	Bel Impex, strong ethic focus	www.Belimpex.n Stoomweg 4 2631 RR Nootdorpl
ES	CMR Group, exotic specialist	www.cmrgroup.es Polígono L'Estruch, Carrer 6, 1 08820 El Prat de Llobregat, Barcelona
FR	Neta, exotic specialist	www.nerta.fr 2 All. du Doyen Georges Brus 33600 Pessac
UK	Tropifruit, strong ethic focus	www.tropifruit.co.uk 3 Dolphin Way, Purfleet RM19 1NZwww
UK	Punjab Exotic Foods, wholesaler, direct imports	www.punjabexotikfoods.co.uk Gate 9, Stand 1B - 1D, New Spitalfields Market, Sherrin Rd, London E10 5SQ
UK	Sunnyfield Veg. Ltd., wholesaler, direct imports	www.sunnyfield328.com New Spitalfields Market, 1 Sherrin Road Leyton London, E10 5SJ
DE	Chili-shop24	www.chili-shop24.de Holzweg 16 67098 Bad Duerkheim
DE	Dieter Meyer GmbH	www.dieter-meyer-gmbh.de Josef-Eicher-Strasse 10 Frankfurt am Main
CH	Giovanelli Fruchtimport AG	www.giovanelli.ch Schaffhauserstrasse 200 8500 Frauenfeld

⁶ Entering the European market for fresh chilli peppers, CBI, September 2021

Specific Requirements of the European Spice Market

In order to export to the EU, you have to comply with specific requirements. However, there are some requirements that are set by the EU legislation and are thus obligatory. Other requirements are demand driven preferences of European importers, or market trends and consumer preferences. These are, although not obligatory by law, important, since they can improve your competitiveness and help you find purchasers in the European market.

Which requirements to consider?



(Source: Legal and non-legal requirements in the EU, IPD presentation, 2018)

The market requirements can usually be divided into three sections:

1. **The Must have:** Legal requirements for food products
2. **The Common:** Requirements from the customer
3. **The Niche:** Organic, sustainable and fair

Legal Requirements – The Must Have

The MUST are legal requirements. Chillies are categorized as food. A food item, which is ready for use must therefore comply with the European food safety legislations. As an exporter of fresh chilli, you must demonstrate that your product is safe for use. You must therefore comply with the **General Food Law of the European Union**, which ensures the safety and traceability of your product. All parameters which can no more be improved like residue contamination and contaminants like aflatoxin, etc. must comply with the requirements of the EU Food Safety Regulation.

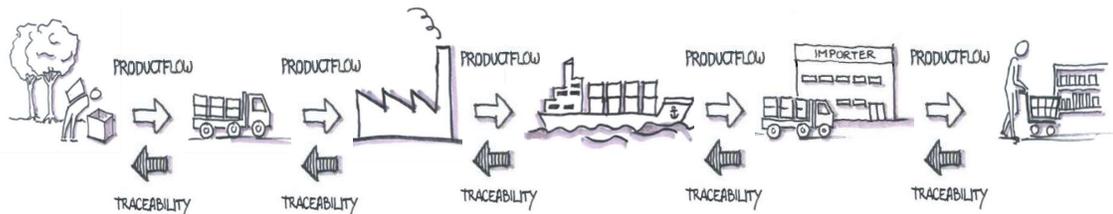
The European Union has set maximum residue levels for pesticides (**MRLs**). Fresh chillies containing more pesticides than allowed will be withdrawn from the market likewise in case of contaminants such as heavy metal or aflatoxin. Chilli peppers and many of their origins are considered as high risk for pesticide residues. Especially chillies imported from long-distance countries like Vietnam and Dominican Republic, but also from India and Pakistan are rated as high-risk country. Frequent residue analysis are required, which are costly.⁷

For detailed information on legal requirements, please check the “*Study Report of Requirements (legal, specifications) for Indian exports to Germany / EU markets with focus on Mango and Green Chilli*”.

Traceability

Another important issue regarding the must is **traceability**. It must be feasible to track any food or related substance used for consumption throughout all stages of production, processing and distribution.

Traceability of Agri-products



(Source: IPD training on traceability in 2020)

Over the past two decades, food safety related issues and various food scandals in the agribusiness sector have highlighted the importance of traceability, which supports health and food safety by increasing the possibility to track the origin of defective goods by tracing food through the production and distribution chain. Traceability is mandatory within the EU. Today, traceability is furthermore important because the demand for organic, fair trade and environmentally friendly products is increasing. Certification according to any of these standards demand implementation of a traceability systems, even in producer countries. Producer must prove to consumers where and under what circumstances their products have been produced.

Traceability is a risk management tool. It allows a quick detection of the source of quality problems within the production chain. The problem can be isolated by withdrawing or recalling and then preventing that unsafe products reach consumers. Due to identification of problems, measures can be taken to overcome the problems in future. Exporters, who can proof implementation of a traceability system do have advantages to their competitors. They can fetch higher prices and can keep long-term trade links.

The EU has one of the highest food safety standards in the world. Already in 1979, the EU has created RASFF (Rapid Alert System for Food and Feed). It is a system which enables information to be shared efficiently between the food safety authorities of its members states. Thanks to RASFF, many foods safety risks had been averted before they could have

⁷ Entering the European market for fresh chilli peppers, CBI, Sep. 2021

been harmful to Europe consumers. For recalling unsafe products traceability is indispensable.

Packaging and Labelling Requirements

Packaging not only depends on legislative requirements. Often, customers have specific demands which can be considered as individual business requirements.

Any Importer demands packaging materials that are:

- ✓ **Free from damage and clean**
Packaging material may also be a source of contamination. To prevent it, always use clean and proper materials and test them for possible contamination.
- ✓ **Adequate for the product:**
Use packaging materials that ensure that the products arrive on the destination market as fresh and intact as possible

Packaging is ruled under Regulation (EC) 1935/2004 “on materials and articles intended to come into contact with food”, in order to protect human health. Such materials shall be manufactured in compliance with good manufacturing practice according to Regulation (EC) No 2023/2006. Materials (e.g., packaging) may not transfer their constituents to food in quantities that could endanger human health, change the composition of the food in an unacceptable way or impact upon the taste and odor of foodstuffs.⁸

If pallets are used, attention should be considered to the **International Standard for Phytosanitary Measures (ISPM) 15** on international trade with wood packing material made from raw wood and to **Regulation (EU) 2016/2031** on protective measures against plant pests, which is based on the ISPM 15 and sets requirements for non-EU imports into the EU of wood packaging material.

According to both regulations, pallets must be heat treated or fumigated to kill insects or fungus conforming to EU organic rules. The heat treatments must meet the parameters specified in Annex I of the ISPM 15; marked with the ISPM15 stamp consisting of 3 codes (country, producer and measure applied) and the IPPC logo.

Always discuss the specific requirements for size and packaging with your buyer

The Common Non-Legal Requirements

The common non-legal requirements are often demanded by buyers. For fresh produce many traders in Europe demand a certification according to a standard which ensures a safe and sustainable agricultural production. Most important in Europe is **GlobalGAP**. GlobalGAP certification increases the chance to enter the EU market.

Many buyers require additional food safety certifications according to other private standards.

The main demanded private standards for food safety for fresh produce are listed below:

⁸ <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32004R1935>

highlighted by the passing of the **German Act on Corporate Due Diligence in Supply Chains**. As of January 2023, companies operating in Germany will be required to implement measures in their own business operations as well as in the context of a direct supplier's business operation on human right issues. The law will hold German companies – at least to a certain extent – accountable for human rights violations in their international supply chains. France and the Netherlands have implemented similar legal frameworks and more European countries are following¹¹

Even though small and medium sized companies in non-EU member-state countries do not fall under the new regulations and obligations, it is expected that the new law will impact them indirectly through changed sourcing criteria of importers emphasizing social and environmental sustainability. If exporters do not address issues touched by these new requirements, they may find access to the German and European market difficult.¹² The European trade promotion programmes like the Dutch CBI, the Swiss SIPPO and the German IPD attach high importance to CSR. Exporting companies, who have developed a CSR strategy, including a Code of Conduct and a CSR action plan possess advantages compared to their competitors.

CSR covers among others issues like:

- Respecting Human Rights
 - Fair wages
 - Decent working time
 - Prevention of forced labour
 - Prevention of child labour
 - Stable employment relationships
 - Etc.
- Labour Practices
 - Health and safety at work
 - Development and training in the workplace
 - Etc.
- The Environment
 - Prevention of Pollution
 - Responsible for waste, water and energy management
 - Limiting greenhouse emissions
 - Compliance with local and (inter-)national regulations
 - Etc.
- Fair Operating Practices
 - Anti-corruption policy
 - Etc.

Good Business Practices

Complying with the food safety requirements, quality standards and certification is a precondition to market green chilli in the EU. This is however, only half the battle. Importers are usually looking for **long-term trade links**, today. They select business partners based on **good business practices**. They do not what surprises, but expect deliveries as agreed. They demand clear, honest and fast communication. Even when a supplier cannot answer a question at the time being, he should answer within 2 days latest and inform, when he will be

¹¹ IPD, Requirements regarding Corporate Social Responsibility

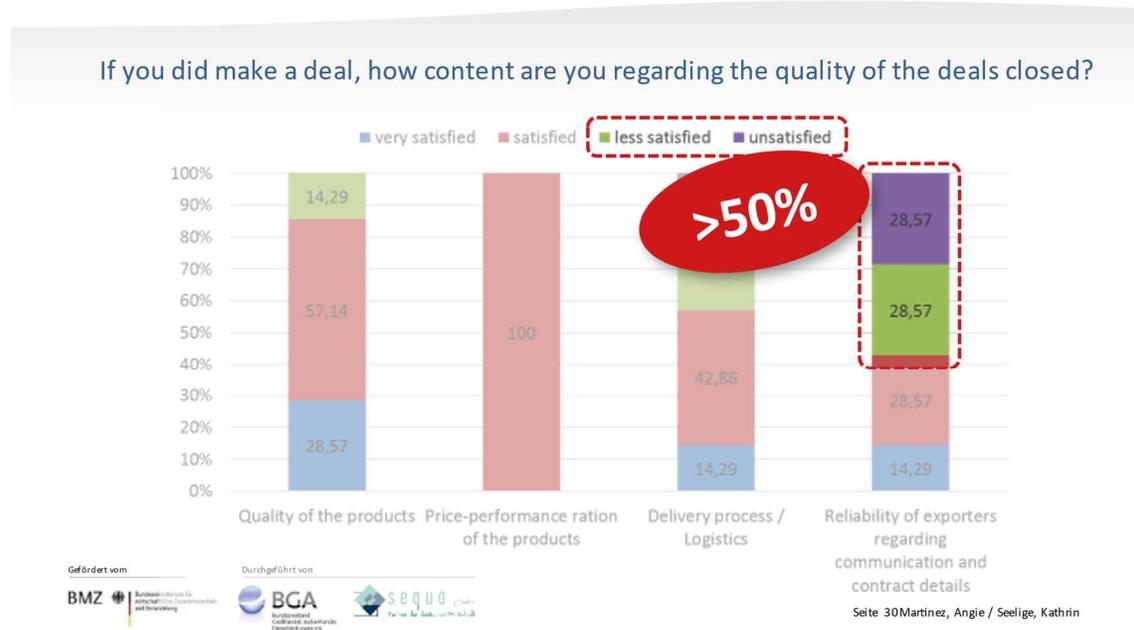
¹² https://single-market-economy.ec.europa.eu/industry/sustainability/corporate-social-responsibility-responsible-business-conduct_en

able to give precise answer. Exporters should understand themselves as part of a supply chain. Only when communication is good, fast and reliable, all members of the chain will profit. Whenever there occurs a problem, the importer expects the supplier to inform immediately. This is important so that the importer has sufficient time to look for another supplier this time to satisfy his needs. New exporters in the international trade do often not provide required information in time as they are afraid to lose their clients. The opposite however is true. A supplier, who provides the right information in time, has proven to be reliable and the importer will definitely come back to him.

The German import promotion programme Import Promotion Desk (IPD) has carried out a survey among importers on their satisfaction of businesses with new exporters. The result is shown in the figure below.



Importers survey –RESULTS



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While the importers had been satisfied with the product qualities and the prices, almost 50% had been unsatisfied with the delivery process and logistics and nearly 60% with reliability of exporters regarding communication and contract details.

Perfect Communication is a key: clear, honest, fast
Reliability is a must!

Furthermore, importers want suppliers to properly understand quality parameters and to implement quality assurance systems.

Representative Samples and Analysis

Developing a first consignment usually takes lots of action and time. Importers require a great deal of information on products and the supplier. This is part of the selection process of a new business partner. Importers will demand a sample and will carry out residue and quality analysis in an accredited laboratory. After this arduous process, they usually first order just a test delivery to see and check the export and communication procedure of the supplier. When anything goes well, larger orders will be placed and procedure will go much easier and faster. After having done a pre-selection, importers often visit new potential business partners to see and check facilities.

Contract = Contract!

Importers expect deliveries as agreed.
This comprises: time, specification and quality

Exporters shall develop a company profile and a product specification or Technical Data Sheet (TDS) and ensure that the delivery exactly meets the agreement / contract.

Minimum requirements for a general business offer should include:

- ✓ A precise product description - Technical Data Sheet (TDS) or product specification
- ✓ Attached photos of the product(s)
- ✓ Representative sample, only when potential buyer shows interest
- ✓ A price quotation, preferably according to Incoterms 2000
- ✓ Delivery capacity per year
- ✓ Window of supply (seasons)
- ✓ Possible delivery date(s)
- ✓ Export references
- ✓ Quality certificate (GlobalGAP; HACCP, IFS or others)
- ✓ Name of contact person
- ✓ Contact details: address, telephone, fax and e-mail address

A guideline on how to develop a technical data sheet can be found on the web-side of CBI:

[How to prepare technical data sheets, safety data sheets and sending samples for natural food additive? | CBI](#)

Importers in the EU do usually not accept analysis results from India. The laboratory needs to be ISO/IEC 17025 certified. **Intertek Acucert** based in Mumbai is the first lab in India accredited according to this standard and has achieved accreditation in February 2022. However, the result of analysis furthermore depends on the sampling procedure. Sampling is a critical factor in the testing of a product. Failure to sample correctly, or to understand the variability associated with sampling, may invalidate the overall test result and lead to an

incorrect conclusion. Importers therefore prefer to take representative samples themselves and carry out in external accredited labs.

Carrying out residue analysis is nevertheless recommended, in order that exporters know whether the lot meant for export is residue free.

The Niche – Organic and Fair-Trade

Growing environmental, health and ethical concerns in the European Union call for specific standards. Products of these standards target different market segments. Organic and fair-trade markets are still niche markets, although organic is on the way to become mainstream. While the market for organic product in the EU is regulated by public law, the market for fair trade is not. Both markets have in common, that higher prices can be achieved, when the respective standards are met and production is certified. Importers demand a copy of a valid certificate.

The Organic Market

The organic market in Europe is continuously growing. Between 2014 to 2018 organic sales increased by 3.7-times. During the corona pandemic the organic market in Europe experienced a record increase. It increased by 15 % and reached 52.0 billion € in 2020. The value in the European Union had been 44.8 billion, meaning that other European markets are comparatively small.¹⁴ According to Globenewswire the global organic food market was expected to grow from \$227 in 2021 to \$259 in 2022.¹⁵

In 1993, the EU had been first to enforce a legislation on organic production and labelling. Since then, products may only be sold in the EU; when they have been produced and certified by an accredited and EU approved certification body. India is currently approved by the European Commission under the Equivalence Agreement as having an equivalent regulation fully implemented. However, **the new Regulation (EU) 2018/848 on organic production and labelling of organic products** has come into force beginning of 2022. According to the new regulation third-country producers will have to fully comply with the same set of rules as producers within the European Union. Equivalence agreement has ceased. There is currently a transition period and countries which are currently approved as equivalent with the EU will have to renegotiate the terms of their trade agreement by 31 December 2026.

Companies who strive for organic certification shall look for accredited and EU approved certification bodies (CBs). The competent authority in India; Agricultural and Processed food products Export Development Authority (**APEDA**) can provide a list of approved CBs. Nevertheless, it has to be considered, that the name of a CB is like a trade mark. Some have good reputation while other have not. It also depends on the target market. When it is the USA, a US CB is preferred, when it is Germany a German one is preferred, etc. Although India is on the "Third-Country-List", the European Commission has lately suspended five certification bodies in India due to their failure to comply with European Union standards and

¹⁴ <https://www.fibl.org/en/info-centre/news/exceptional-growth-of-the-european-organic-market-2020>

¹⁵ <https://www.globenewswire.com/news-release/2022/06/13/2461369/0/en/Organic-Food-Global-Market-Report-2022.html>

to ensure contamination-free products. These are Ecocert India, Control Union India, Indocert, Lacon India, and OneCert International.¹⁶

A number of private organic standards exist besides the public standard. Depending which market segment is targeted a private standard certification may be demanded in addition to the public standard certification. Certification according to the public standard is in any case obligatory. The public standard is the minimum standard and private standards are considered as higher standards. Pure organic companies in the EU, who sell to special organic retail markets prefer private label certification like Naturland or Demeter in Germany or KRAV in Sweden and BioSuisse in Switzerland.



Public EU Organic Label
The must for organic products



Private label for bio-dynamic standard



Privat organic label

Fair-Trade Market

Fair-Trade is a private product certification and is based on ethics especially on labour, but also environment. A product with a fair-trade mark means that the producers and businesses have met the stringent fair-trade social, economic and environmental standards. The demand for fair trade labelled products is steadily increasing. Although fair trade is still a niche market, it can provide good opportunities for smaller Indian companies.

According to a 2021 GlobeScan survey of consumers in 15 countries, more than 60% of consumers are familiar with the fair-trade mark and of those, 80 % say they have a positive perception of brands that carry it.¹⁷

As of January 2011, there were more than 1,000 companies certified by FLO International's certification and a further 1,000 or so certified by other ethical and fairtrade certification schemes around the world.¹⁸ Since then the sales have steadily increased.

FLO Cert is by far the largest certifier, but there are a number of others.



FLO Cert



¹⁶ <https://krishijagran.com/agriculture-world/european-commission-to-suspend-five-organic-certification-agencies-from-clearing-exports-of-processed-products-from-india/#:~:text=The%20EC's%20action%20follows%20its,or%20ratifying%20organic%20product%20exports.>

¹⁷ FLO Cert, 2022

¹⁸ FLO Cert list of companies in 2011

How to Find Access to the European Market

It is not feasible to describe individual importing companies and their special requirements or preferences. This is too diverse and depends on specific situations. The market works the other way round. The exporter has to make the first step and approach the market. However, before doing so the exporter has to properly study the requirements of the market and to define the product/-s and himself to clearly identify what he can offer to whom and then only contact selected potential importers.

Before an exporter targets a potential importer, he shall first study in detail the legal and non-legal quality requirements of the market. This may already provide some information on the potential market segment, where the product/-s may find a buyer. This may be the organic or conventional market, but also -depending on the quality and certificates the exporter can show-, at the beginning or end of the supply chain in the importing country.

As a next step the product/-s you want to export need to be defined in measurable terms such as factors including product description, exact quality, quantity, relevant technology, certificates, prices and delivery terms. Defining the product limits the number of potential buyers. For example, if you can offer 5 tonnes of your product, you can remove all buyers that only deal with full containers from your long list. Some buyers may require a specific variety or quality that you cannot offer. And if you can offer specific products, such as organic products, you should not focus on buyers who only trade in conventional products.

As a next step, investigate the market. This can be done by studying the exhibitor list of relevant large trade fairs like ANUGA: <https://www.anuga.de>, SIAL: <https://www.sialparis.com>, Biofach: <https://www.biofach.de> or Food Ingredients: <https://www.figlobal.com/fieurope/en/home.html>, and Fruit Logistica for fresh produce <https://www.fruitlogistica.com>. Based on this a priority list of potential buyers can be drafted.

Next, create a unique selling proposition. In other words: show your buyers why your offer is unique and different from the competition. Importers have their major suppliers already contracted, but receive numbers of offers every week. These offers often get on their nerves and most of them are just dumped in the waste bin. Importers are looking for long-term trade links and demand besides good quality and competitive prices good communication and reliability from new potential suppliers. Cold calling is therefore very difficult. Why should importers be interested in you as a supplier as there are so many others? A number of documents must be developed to demonstrate professionalism. These are among others: a company brochure, a professional web-site, TDS (or product specification) of individual products to offer, all relevant certificates and price offers.

Final step is to contact potential buyers. This requires good preparation. After definition of your product/-s and analysis of the market develop a list of potential buyers. It is better to have a short list with importers, that really fit with your offer than having a long list comprising many importers, who do not fit. Only communicate with a selected list of potential customers. Your resources should be focused on the ones that are most likely to be converted into actual customers. You may contact potential buyers by email. Certificates should be listed and offered to be transmitted in case of interest. The same is with samples. Only send samples, when a potential buyer shows interest and asks for it. A week after the email you may contact the company by phone call. A telephone call allows you to personally

give a brief introduction of yourself and the company, and it is more effective in catching the target's attention than an email or letter.

The best way however to contact potential buyers, but also to get an overview of the market, the requirements and competitors is by visiting trade fairs. Trade events are perfect place to promote yourself among other companies in target markets. Food trade events in Europe are important platforms for food companies. Trade fair participation is specifically important because it enables potential buyers to see, smell and taste your products.

Here you have the chance to speak to potential buyers and analyse the market, specific quality requirements and your competitors. **Relevant trade fairs in Europe are Anuga; Sial; Biofach, and Fruit Logistica.** European buyers not only visit nearby fairs but also travel to places outside of Europe to look for new suppliers. The most relevant trade fairs attended by European spices and herbs traders outside Europe include the Gulfood <https://www.gulfood.com> or a relevant fair in India.



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