

Practical market insights into your product

Walnut Oil in Germany

Walnut oil is a popular edible oil for a certain number of consumer types who like to cook, and who prefer the distinctive flavour of walnut. Although Germany produces its own walnut oil, it also needs to import to meet demand. This niche product will appeal to those DC exporters who can manufacture to a high quality and meet the market specifications. There are a number of specialist importers who would be interested in facilitating the supply of quality walnut oil from unfamiliar sources.

PRODUCT DEFINITION

Walnut oil is a very versatile oil, obtained by cold-pressing walnuts from the *Juglans regia* tree. The oil content of a walnut is around 60%. Approximately 2-3kg of walnut kernels are required to make one litre of oil. Cold pressed walnut oil reputedly is more flavoursome than refined walnut oil.

When cold-pressed, the mass is gently pressed without additional heat. Care is taken that the temperature does not rise above 40 degrees. Hot pressed walnut oil is obtained under high temperature, which increases the yield. This is more durable and heat resistant but in the refining process some valuable ingredients and flavour will be lost. Refined oil is also less expensive than cold-pressed walnut oil. Roasting or partially roasting walnut before making the oil is a further variant that produces a more intense taste.

As well as use in food preparation, which tends to be the most widespread use of this oil, in the pharmaceutical trade walnut oil is used as a base for therapeutic ointments. In the cosmetics industry, it is used in creams and shampoos. Walnut oil is also used, on a lesser scale, in oil colours for painting, as a paint thinner. The other significant application for walnut oil is in the furniture trade as a wood oil.

WALNUT OIL



According to the European Food Safety Authority, walnut oil is one of the healthiest plant-based oils. It is high in polyunsaturated fat. In particular it contains omega 6 and omega 3 fatty acids in a 4:1 ratio which is considered optimal for human health. It is also high in vitamins B and E.

The statistics used in this document are based on Combined Nomenclature (CN) codes. The CN classification uses Harmonised System (HS) codes to classify products. There is no specific HS or CN code for walnut oil. Although it has varied uses, in this fact sheet it is primarily used in edible applications.

Combined Nomenclature (CN8) walnut oil is included in:

- 15159091: Solid fixed vegetable fats and oils, and their fractions, <kg (minimal quantities, excluded from statistics)
- 15159099: Solid fixed vegetable fats and oils, and their fractions, >kg

PRODUCT SPECIFICATIONS

QUALITY (EDIBLE USE)

Product quality is a particular issue in the specialty oil trade where there have been some instances of high quality oils being blended with lower grade oils and passing them off as higher quality than they actually are.

As far as edible walnut oil is concerned, there are no legally binding standards, but German buyers would expect suppliers to conform to CODEX (Codex Alimentarius), which are internationally recognized standards. Walnut oil is not one of the named vegetable oils, although discussions are taking place to add walnut oil, pistachio oil, hemp seed oil and hazelnut oil to the list of named oils. Hence the relevant CODEX standard for walnut oil is CODEX STAN 19-1981 (Standard for Edible Fats & Oils not covered by individual standards). See the details of this standard at the [Codex Alimentarius website](#). The CODEX standard for a list of named vegetable oils is STAN 210-1999.

The key points in this standard are:

- no additives are permitted in cold pressed oils
- no colours are permitted, except for a restricted list designed to maintain a consistent colour in the oil
- quality characteristics are expected to apply to the colour of the product
- the odour and taste is expected to be characteristic of the product and free from rancid odour and taste

The quality of the oil depends on the freshness and age of the oil as well as proper storage. Walnut oil, like all vegetable oils is light and oxygen-sensitive and should always be stored in a cool dark place. Once opened, to maintain the best quality and prevent rancidity, it should be best kept in a dark pantry or in the refrigerator and used up quickly. Most bottles last up to 12 months.

If you are selling walnut oil as a non-food product, a [material safety data sheet \(MSDS\)](#) is also an important document to reassure a buyer of the product quality. Details on [sampling methods](#) and analysis for the control of mycotoxins and aflatoxins in tree nuts can be found here. The European Committee for Standardisation (CEN) has published [a list of standards](#) for sampling and analysis of oilseeds and vegetable oils.

Product should be handled, stored and transported in accordance with the recommended international code of practice for the storage and transport of edible oils and fats in bulk (CAC/RCP 36 – 1987 (Rev.1-1999, Rev.2-2001, Rev.3-2005, Rev.4-2011)). Although not legally binding, this code is accepted standard practice for bulk transportation. In cases where volumes do not constitute bulk quantities, this code still provides a useful reference.

LABELLING

The product shall be labelled in accordance with the General Standard for the Labelling of Pre-packaged Foods (CODEX STAN 1-1985). The designation “cold pressed oil” can only be used if the oil has been obtained, without altering the oil, by mechanical procedures, e.g. expelling or pressing, without the application of heat. They may have been purified by washing with water, settling, filtering and centrifuging only.

Labelling of consumer packs must be in accordance with the rules and regulations applying in the EU market, including Germany. Labels cannot contain any toxic ink or glue. See [EU Directive 2000/13/EC](#), which lays down the general rules on labelling of pre-packaged food sold on the EU market. This directive will be replaced by Regulation [\(EC\) 1169/2011](#) on the provision of food information to consumers, as from 13 December 2014. The key requirements of the regulation are:

LABEL DETAIL ON BACK OF WALNUT OIL BOTTLE



The key requirements of the regulation are:

- Name of the product
- List of ingredients
- Quantity of an ingredient or category of ingredients
- Net quantity (the amount of food in the container or package)
- Date of minimum durability
- Special storage instructions
- Name and address of the manufacturer or packager or EU buyer/retailer
- Place of origin or provenance of the product
- Batch number
- Instructions for use
- Certifier control number for organic products

In addition, any certification logo (if applicable) and/or retailer logo (in the case of private label products) should be on the label. Bar codes are used on all pre-packed products.

[Regulation \(EC\) 1924/2006](#) covers the use of nutrition and health claims that can be made on labels. See also the CODEX guidelines on Nutrition Labelling (CAC/GL 2-1985). Nut allergies applicable to walnuts may also apply to walnut oil.

EXAMPLES OF BULK PACKAGING (PET BOTTLE AND PAIL)



PACKAGING

As most walnut oil is destined for the food trade, the majority is supplied in bottles. Ensure the preservation of the quality of walnut oil by:

- Using containers of a material that does not react with constituents of the oil (e.g. lacquered or lined steel, aluminium).
- Cleaning and drying the containers before loading the oil.
- Filling the headspace in the container with a gas that does not react with constituents of the oil (e.g. nitrogen or carbon dioxide).
- Enable re-use or recycling of packaging materials by, for example, using containers of recyclable material (e.g. metal).
- Organic vegetable oils should remain physically separated from conventional vegetable oils.
- Store the containers in a dry, cool place to prevent quality deterioration. Keep air contact to a minimum.
- Precautions in handling: Apply good manufacturing practice & industrial hygiene practices. Observe good personal hygiene, and do not eat, drink or smoke whilst handling. Avoid static discharges. More information can be found [here](#).
- Fire protection: Keep away from ignition sources & naked flames. Take precautions to avoid static discharges in working area.

LEGISLATIVE REQUIREMENTS

GENERAL FOOD LAW AND FOOD SAFETY REGULATION

Regulation [\(EC\) No 178/2002](#) introduces general definitions, principles, obligations, and requirements that apply to all food brought on the EU market, including Germany, in respect of food safety.

FOOD HYGIENE

Regulation [\(EC\) 852/2004](#) covers all aspects of the food supply chain from a hygiene perspective. For actors in the food supply chain (e.g. processors, packers, distributors), the EU requires the application of certain rules, which are based on the HACCP (Hazard Analysis & Critical Control Points) principles regarding food hygiene.

FOOD CONTACT MATERIALS

General requirements for all food contact materials are laid down in [Framework Regulation 1935/2004](#). There are Directives on single substances or groups used in the manufacture of food contact materials.

CONTAMINANTS/TRACES

The EU, including Germany, has set threshold limits for certain substances that could be present in food products, such as microbiological contamination, contaminants and residues of pesticides. The basic principles of EU legislation on contaminants can be found in [Regulation 315/93/EEC](#). Maximum levels for selected contaminants in food can be found in [\(EC\) 1881/2006](#). Special emphasis on salmonella, aflatoxins and ochratoxins are relevant here.

SPECIFIC REGULATIONS FOR NUTS

Exporters of tree nut oils should be aware of the issue of aflatoxin. There is a specific risk for nuts in relation to contamination with aflatoxin. [Regulation \(EC\) 1152/2009](#) outlines the fact that nuts exported to the EU have to be accompanied by a health certificate demonstrating the nuts have gone through sampling.

ORGANIC LEGISLATION

[Regulation \(EC\) 834/2007](#) for Organic Food and Farming has information on organic legislative requirements.

CONSIDERATIONS FOR ACTION

- Food safety is fundamentally important, and as an exporter you can gain advantage by demonstrating your appreciation of this. See the website of [the German Federal Office For Food Protection and Safety](#)
- Check the [guidance document](#) on control of foods imported into the EU.
- See the CBI document on [EU buyer requirements for vegetable oils](#) for more detail on legislation in relation to food safety, food contact materials, contaminants and labelling.
- Check the [Fact Sheet on Food Contaminants](#) by the Directorate General for Health and Consumer Protection.
- [More information on this subject](#) can be found on the official EU website.
- See link to [RASFF safety alerts](#).
- Check the Codex Alimentarius code of practice for the prevention and reduction of aflatoxin contamination in tree nuts (CAC/RCP 59-2005), which applies to all tree nuts including walnuts.
- See the European Food Safety Authority website on [aflatoxins in food](#)
- See also this [guidance document](#).
- Check these requirements.

TRACEABILITY

Under EU law, including Germany, this refers to the ability to track any food or related substance used for consumption through all stages of production, processing and distribution.

ADDITIVES, ENZYMES AND FLAVOURINGS IN FOOD

The EU, including Germany, has set a list of permitted flavourings and requirements for their use in foodstuffs intended for human consumption, which includes vegetable oils. This is particularly relevant to food manufacturers. Insight into this legislation can help you to understand their requirements.

IMPORT CONTROLS

Once cleared by customs, product can circulate freely within the EU. Imports from developing countries must come through designated Border Inspection Posts and are subject to a series of checks before being allowed to enter.

NON-LEGISLATIVE REQUIREMENTS**OTHER FOOD SAFETY SCHEMES**

The HACCP (Hazard Analysis & Critical Control Points) principles regarding food hygiene are a legal requirement (see above) but in practice many buyers insist on higher standards (the International Food Standard is referred to frequently in Germany, as are the British Retail Consortium Standards). The Global Food Safety Initiative (GFSI) contains a benchmark of relevant standards.

ORGANIC STANDARDS

Organic standards are particularly important in Germany despite the fact that organic sales represent a small proportion of the walnut oil market, but this is an important niche. To the left you can see the EU organic logo. Bio-Siegel (also left) is an organic standard seen on some walnut oils in Germany.



- See the general principles and requirements of Food Law in Regulation ([EC](#) [178/2002](#)) on traceability.

- Check the [EU Export Helpdesk](#) for more information on import tariffs and import regulations.
- More specific information on importing to Germany can be found at the [German Trade and Invest](#) portal.
- Check the website of [German customs](#).

CONSIDERATIONS FOR ACTION

- The International Trade Center (ITC) provides [information](#) on voluntary standards and codes of conduct, which you can search and identify those which are most suitable for your product.
- Check the other leading food safety schemes such as the [British Retail Consortium Global Standards](#), the [Food Safety Certification System 22000](#), the [International Food Standard \(IFS\)](#) and the [Safe Quality Food Programme \(SQF\)](#).
- Check the GFSI website for [benchmarking information](#) of relevant standards
- Check the [German organic trade association](#) for more information on the various organic labels in Germany.



FAIR TRADE

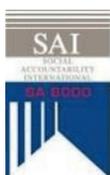
Fair trade is also a small but important niche segment in Germany, primarily found on agricultural products, including some tree nuts. It focuses on fair labour standards and fair prices for small developing country producers. It is less of an issue in the oil market, but is forecast to become more important. Fair trade certification is less clear cut than organic certification in this segment. The FairWild standard is the only fair trade standard covering sourcing from wild collection. The “Fair for Life” standard is exclusively for cultivation.

OTHER SOCIAL AND ENVIRONMENTAL STANDARDS

There are many international schemes available and it is a question of determining what is most suitable for your product and market, but other important sustainability initiatives include ISO14001 for environmental management, ISO 31000 for risk management, ISO 26000 for social responsibility and SA8000 for social accountability.

SUSTAINABLE SOURCING

This is a big issue in the broader oil market, particularly in respect of palm oil. Some buyers are changing the oils they use to ensure they conform to the latest accepted practice.



- Check the [German fair trade](#) website.

- Check the [FairWild](#) website.

- Check the [fair for life](#) website.

- Look for more information on [ISO 14001](#), [ISO 31000](#) and [ISO 26000](#).

- Look for more information on [SA 8000](#).

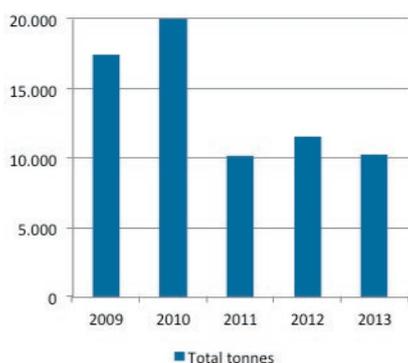
- Read about the issue of sustainable oils by checking the [Greenpalm website](#) and the [Roundtable on sustainable palm oil](#).

TRADE AND MACRO-ECONOMIC STATISTICS

As indicated earlier, there are no specific HS or CN codes for walnut oil. The figures that follow reflect the trade of the most relevant edible oil codes that apply. The sheer number of unlisted vegetable oils featuring within the same codes means that the volume and value of walnut oil in each case will be small. An estimate of the likely amount relating to walnut oil will be made in the narrative after the tables and underpin the consumption estimate.

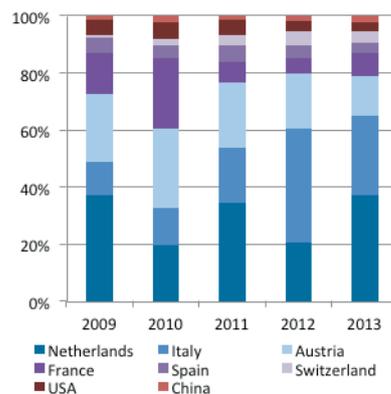
TRADE: IMPORTS AND EXPORTS

FIGURE 1: IMPORTS OF SOLID FIXED VEGETABLE FATS & OILS TO GERMANY, NES, 2009-2013, TONNES



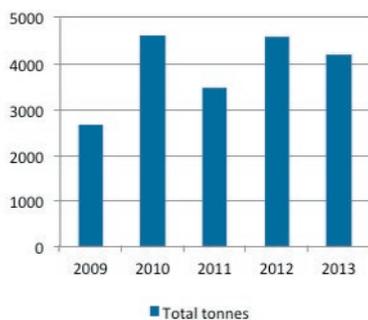
Source: ITC

FIGURE 2: LEADING 8 SUPPLIERS OF SOLID FIXED VEGETABLE FATS & OILS TO GERMANY, NES, 2009-2013, % BASED ON TONNES



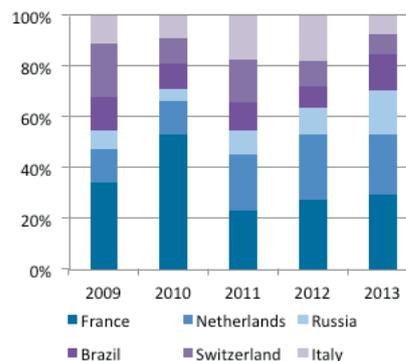
Source: ITC

FIGURE 3: EXPORTS OF SOLID FIXED VEGETABLE FATS & OILS FROM GERMANY, NES, 2009-2013, TONNES



Source: ITC

FIGURE 4: LEADING 6 EXPORT DESTINATIONS OF SOLID FIXED VEGETABLE FATS & OILS FROM GERMANY, NES, 2009-2013, % BASED ON TONNES



Source: ITC

ANALYSIS AND INTERPRETATION:

- Walnut oil will account for a small proportion of the trade shown in these figures. Imports have stabilised since falling after 2010, but Germany is a net importer of other oils and fats. These figures put in context the small levels of supply that walnut oil is likely to represent.
- The leading suppliers are predominantly walnut producing countries, although the Netherlands is the leading supplier indicating a significant level of indirect trade.
- Note that the majority of suppliers are European neighbours. However, walnut oil (outside the leading producers of USA and France) is potentially supplied from a number of developing countries that grow walnuts, including Chile, Moldova, India, Turkey, Iran, Syria, China, Afghanistan, Kyrgyzstan and Pakistan.
- Most walnuts from which walnut oil is made come from France and USA. Some traders indicate that they would be prepared to buy from new sources, including former Soviet countries in Central Asia, as long as they can comply with high industry standards.
- Germany is an exporter of both walnuts and walnut oil.
- The trade is quite concentrated, with the leading suppliers accounting for a high proportion of the trade.
- A number of the leading export destinations are also importers to Germany, suggesting a level of reciprocal trade.

CONSIDERATIONS FOR ACTION

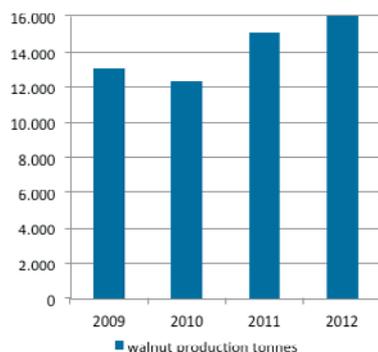
- If you are a walnut producer looking to export, consider the difference between exporting walnuts or processing into oil prior to export. Note that a number of speciality oil processors in Germany buy in both walnut oil, and walnuts for subsequent processing into oil. The smaller more specialist companies are more likely to buy ready made oil, while larger companies tend to do their own processing.
- If you choose an indirect route to this market, you must obtain a permit from the [Federal Office for Consumer Protection and Food Safety \(BVL\)](#) in order to sell the product in Germany.
- Despite the concentration of the trade and the dominance of European suppliers, the trade will always be on the lookout for quality product from new sources of supply, provided a consistent quality and quantity can be guaranteed.
- Consider other non- or low producing markets close to Germany that have a good trade, such as Austria and Switzerland that may also offer good export opportunities for DC suppliers.

PRODUCTION AND CONSUMPTION

According to FAOSTAT, Germany produces walnuts, although this is a small figure in relation to imports. The figure which follows relates to production of walnuts, but there are no available figures for the proportion of those walnuts that are processed into walnut oil.

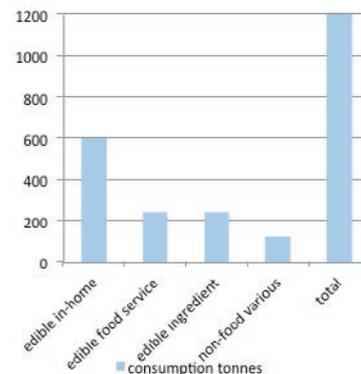
As far as consumption is concerned, based on a review of walnut oil products available on the German market, approximately 90-95% of walnut oil is consumed as an edible product. The remainder will be used in the body care market. The edible vegetable oil market is dominated by sunflower, olive and rapeseed oil. Walnut oil will account for less than 0.5% of the edible oil market. The speciality oil sector is quite dynamic and also very competitive as new oils are continuously being introduced. Groundnut/peanut oil is the leading nut oil, with a market value more than six times that of walnut oil. Oil is produced from most leading nuts and seeds.

**FIGURE 5: PRODUCTION OF WALNUTS
IN GERMANY, 2009-2012, TONNES**



Source: FAOSTAT

**FIGURE 6: CONSUMPTION OF WALNUT OIL
IN GERMANY, 2013, TONNES**



Source: Seacore estimates

ANALYSIS AND INTERPRETATION:

- It is estimated that the walnut oil market in Germany is worth approximately € 20 million in retail price equivalent. This equates to approximately 1,200 tonnes. The market is fairly stable. On the one hand, there is strong interest in the speciality oil segment due to perceived health benefits, but on the other hand market growth is challenged by the regular introduction of new and interesting oils, each with their own health benefits. For example, new oils to emerge recently include argan oil, maracuja oil, moringa oil, marula oil and buriti oil, to name but a few.
- Most walnut oil is purchased by consumers for consumption at home (€10 million estimated to be 600 tonnes or 700,000 litres). Note as a comparison, 75 million litres of rape seed oil is purchased each year out of a total edible oil market of 190 million litres worth more than € 500 million.
- Walnut oil is used less extensively in the foodservice sector as an addition to cold dishes. Most walnut oil is cold pressed for edible use.
- A smaller amount is used as a cosmetic ingredient or body product, although prices are lower for non-edible use.
- These estimates do not include other walnut related usage such as extracts or flavourings, which use the residue “cake” from walnuts that have been crushed after the oil has been extracted.

CONSIDERATIONS FOR ACTION

- Despite the small size of this market, consider niche opportunities if you represent a new supplying country.
- In Germany, interesting information can be found at the website of [GROFOR](#), the German Association of Wholesalers in Fats & Oils. You may wish to check some of their members to see whether relationships could be formed.
- Make sure you are familiar with the key differences between walnut oil and other speciality nut oils to demonstrate your broader understanding of this market.
- Carry out further research to establish which other market sectors may be of interest for walnut oil.

MARKET TRENDS

This section provides more detail about specific trends in the market for walnut oil in Germany.

ANALYSIS AND INTERPRETATION:

SOCIAL FACTORS

- Compared to sunflower and olive oils, specialty oils still generate minority appeal, they are more expensive and consumers are likely to be confused about the difference between them. Ignorance of the relative benefit of walnut oil over other oils is one reason why consumers do not buy.
- Just 6% of consumers say they have purchased a nut oil in the last six months. Groundnut oil will account for a large proportion of these consumers, hence the number of walnut oil consumers will be a low proportion of this.
- 12% of consumers use a repertoire of 5 or more oils. Specialty oil manufacturers have been encouraging the use of different oils for different occasions to try to drive new sales.
- Typical nut oil consumers tend to be in the 45-64 age group, of above average income.
- "Oil nouveau" is a new trend noticed at a speciality food trade show recently involving a new generation of exotic new, sometimes ethnically-inspired alternative oils. Driving this trend is not just health and wellness, but also luxury and indulgence with oils not simply used for cooking but for dipping and finishing a dish. This trend is also inspired by the expansion of ethnic cuisines, which also enables consumers to try new flavours and oils.
- Part of the strong health and wellness trend in Germany includes promoting the usage of healthier alternatives to unhealthier oils and fats in specific products with health and wellness related properties (for example organic oils and fats, fortified/functional oils and fats as well as reduced fat oils and fats). According to Euromonitor, these products witnessed better growth than non-health and wellness oils and fats in Germany in 2013. Walnut oil, with its specific health properties, should benefit from this trend.

CONSIDERATIONS FOR ACTION

- Try to identify the types of German consumers most interested in purchasing walnut oil. Ask industry experts and carry out your own research to find out who are the most important consumers. Is it those interested in healthy eating, older consumers, affluent consumers, consumers from specific ethnic groups?
- Try to develop a list of benefits of your own walnut oil, in relation to what you understand of the current market. Why should consumers buy walnut oil instead of one of the many other speciality oils on the market?
- Consider how this trend of healthy indulgence can be applied to your own products. Offering recipes or examples of traditional usage can stimulate purchase by some consumers.

- Sustainability is a big issue in the vegetable oil market because of carbon emissions. Many German consumers are increasingly moving away from palm oil and soya oil because of this issue. In fact, there is talk in the trade about a palm-oil free label. Specialist producers of walnut oil are less likely to be adversely affected by this. Linked to this is the size and importance of the German organic market, the biggest in Europe.
- Product quality and safety, probably a bigger issue in Germany than most other EU member states, makes the issue of certification high on consumers' agenda.
- German consumers are particularly environmentally conscious in terms of recycling and disposal of packaging.

TECHNOLOGICAL FACTORS

- New technology in oil manufacture and blending is creating new types of products and new combinations and formulations. Although the trend for natural products is strong, many consumers are willing to try these new oils infused with other flavours and tastes.
- The health trend is also encouraging oil processors to find new ways to produce oils with a healthier fat profile. This trend is also part of the shift from the use of solid fats in cooking towards liquid oils.

ECONOMIC FACTORS

- Prices for some popular oils have increased significantly. For example, drought in Spain has reduced the size of the olive crop and pushed up prices of olive oil significantly. Walnut oil could benefit from this type of event, although in reality there is also an on-going shortage of walnut oil that is keeping prices relatively high.
- Increased demand in China and India is putting further pressure on prices. However prices could fall if the global supply situation changed.
- On the other hand, walnut oil is one of a number of speciality oils that are perceived to be expensive. German consumers prefer to get the best value. Many will choose a less expensive oil unless they understand and appreciate the relative benefits and advantages of walnut oil.

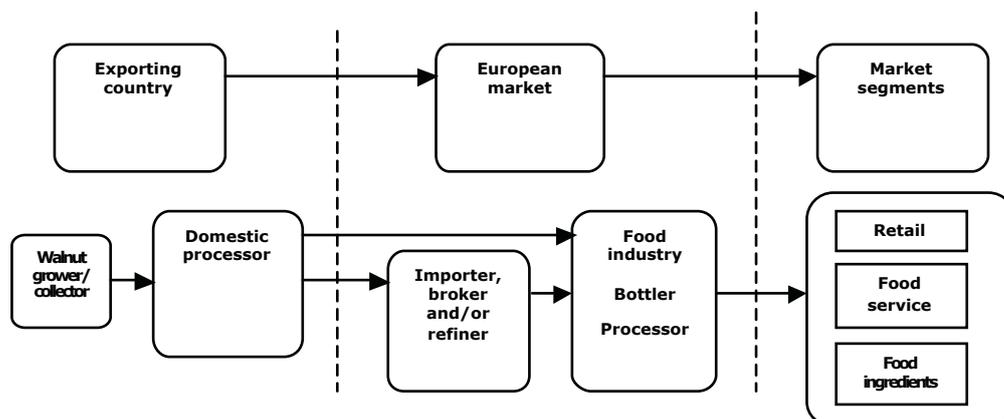
- Find out more about the issue of sustainability. If you supply cold-pressed walnut oil, perhaps this is a benefit you can use to advantage?
- Consider certification and labelling of your products as Organic. Other types of certification such as fair trade can also benefit your sales. See earlier section on non-legislative requirements.
- Promote the sustainable and ethical aspects of your production process.
- Check that packaging materials comply with EU and German domestic regulations in terms of recycling and disposal. The [Green Dot](#) system for recycling is well recognised.
- Make sure you are familiar with the latest technical advances in oil processing.

- Consider whether you have been affected by price rises. The international price of various oils is determined by a number of factors, including the supply conditions in the leading markets. Can you benefit from this situation?

MARKET CHANNELS AND SEGMENTS

This section provides some information about the marketing channels through which walnut oil is marketed in the EU, including Germany. Figure 7 provides a broad overview of the routes to market. The top line highlights the supply structure overview, while the second horizontal line summarizes the key actors in the chain. All activity to the left of the first vertical dotted line refers to activities within the exporting country. All other activity occurs within the importing country.

FIGURE 7: MARKET CHANNELS FOR WALNUT OIL IN GERMANY (FOOD CHAIN ROUTE)



ANALYSIS AND INTERPRETATION: WHICH ROUTE?

- The choice here is usually dependent on the size of the exporter. Most exporters of speciality oils do not trade directly with end users. They usually sell to brokers or importers, who then sell to refiners (if required). Sometimes importers are also refiners. For small producers it would be better to find a small broker or importer. If your walnut oil is cold pressed, you may be able to bypass the refiners.
- There is a trend to shortening of the distribution chain, eliminating or reducing the influence of some of the middlemen. Importers are the most suitable channel for DC exporters of walnut oils.
- The globalisation of the trade will mean that your best route into Germany could be via traders in other countries that have good contacts in Germany.
- The other key issue would be the degree of specialisation or exclusivity of the product. The more specialised your product, the more specialised the distributor should be.

CONSIDERATIONS FOR ACTION

- Which segment are you most suited to deal with? The quality of your oil will determine whether any additional processing or refining is required. You are advised to add as much value to your product as you can and keep records for the purposes of traceability. Some traders may just wish to buy walnuts from you and extract the oil themselves.
- Do you have a good story about the history of your oil that could be used to sell it in Germany? If so, make sure your trade contacts hear the story.
- Do some research before you select your trade contact(s) and understand the advantages and disadvantages of using the various routes to market available. In many instances, the nature of your product will immediately determine the best route for you. Make contact with the relevant trade association such as GROFOR (see link earlier). Also do your research on possible indirect routes into the country.

WHICH SEGMENT?

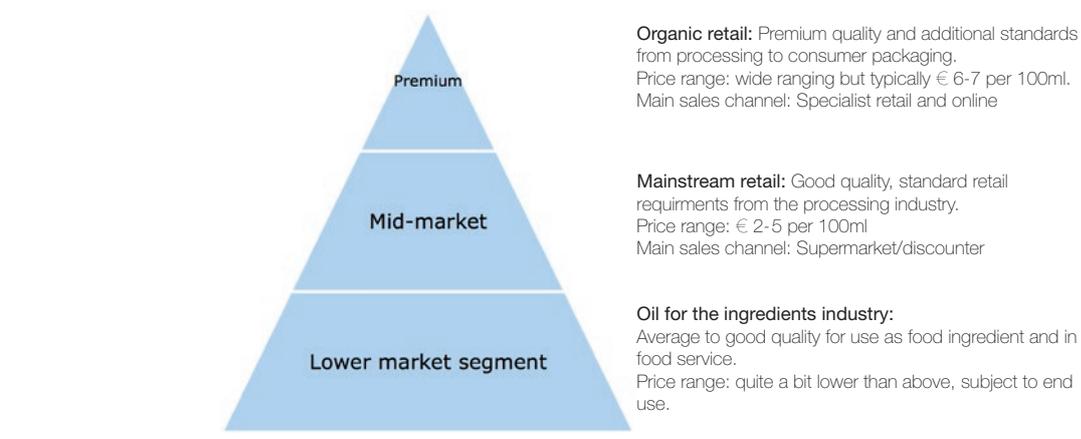
- Building a long-term working relationship with your customers is essential, irrespective of which channel you select. Ultimately, unless you supply the retail trade directly, you may not be able to influence the ultimate segment through which your product is sold.
- Retailers are becoming more influential in the supply chain, as they grow in size. They also want to be involved further down the supply chain, in some cases working directly with producers so they are more assured of the origin and quality of the products they are buying.

CONSIDERATIONS FOR ACTION

- Is your processing capacity labour-intensive or capital intensive. Labour-intensive processing is more suited to cold pressed bottled oils, whereas capital-intensive processing may be more appropriate for refined oil as a food ingredient.
- Consider whether you wish to develop a visible presence on the market, in which case the retail trade would be your preferred route. Alternatively there are also possibilities to develop good sales through the other channels.

PRICES

This section covers the important question of prices, costs and margins. It is useful to work backwards from retail prices, then to look at the different margins expected by the various actors in the supply chain in order to calculate your own ability to compete in this market. Product shortages have meant that prices have increased significantly in recent times. Supply is not able to meet demand, hence traders switch to substitute oils. Here is an illustration of the different segments within the German retail trade for walnut oil. Like most specialty vegetable oils, the price of walnut oil will depend on the quality of the oil, its uniqueness and scarcity.

FIGURE 8: INDICATION OF PRICE RANGES AND MARKET SEGMENTS

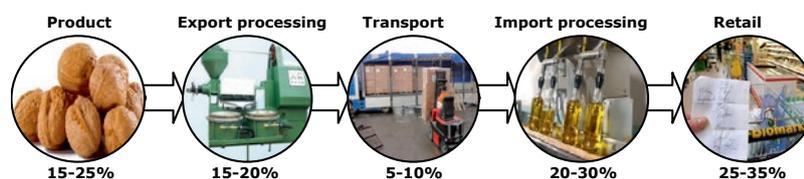
ANALYSIS AND INTERPRETATION:

- Organic walnut oil is not exclusively sold through specialist outlets. In fact 50% of all (organic and non-organic) speciality oil sales by value (60% by volume) are through supermarkets, hypermarkets and discounters, while 20% is sold through natural food specialists (13% by volume) and the remainder is sold through other points of sale (source AMI Ökolandbau). This indicates that higher margins can be obtained outside of the main retail channels.
- Figures are not available for the relative sales of organic and standard walnut oil, but consumers are prepared to pay a premium for organic (and fair trade) oil. The trend is towards a growing proportion of oil being certified organic.
- The premium part of the market requires the highest quality standards and you will need to demonstrate that you qualify to provide additional quality reassurance on the labelling, such as the organic standard or fair trade label. This would usually be cold pressed oil.
- Oil sold through the trade as a food ingredient (or for other use) will generate less revenue, but quality standards are lower. This segment may in fact be very suitable for those exporters that are not able to provide a consistent quality oil, or do not have the equipment or know-how to supply the higher segments.

CONSIDERATIONS FOR ACTION

- Be aware of the differences between supplying each segment. As well as the different quality and margin expectations, there are also other differences in how the trade segments behave. For example, the premium segment would expect you to be more informed about the various broader issues in the market such as forthcoming legislation that may have an impact, whereas the lower segment would focus on price and quantity.

The following estimates can vary between different oils, formulations and sources of supply, and other considerations such as branding, packaging. For example, for certified oils, greater costs will be incurred by producers but they may earn a higher margin by selling into a higher market segment. Retailer margins can also vary considerably, depending on the scarcity or demand of a particular product.

FIGURE 9: BREAKDOWN OF HOW THE COST IS SHARED THROUGHOUT THE SUPPLY CHAIN

Source: Source estimates

This figure highlights the importance of value addition for DC exporters. In this figure, "Product" refers to the oil, as opposed to the walnuts from which it is made. In this case, a higher proportion of the final selling price can be achieved at this stage and greater value added, particularly if the correct documentation is also provided. Many traders think purely in terms of the retail selling price. There is considerable scope to add value to products, including walnut oil, in the production and export processing stages within the supply chain. The wide variances in the contribution of each stage to the final selling price highlights the opportunities to add value.

USEFUL SOURCES

Check the various links provided throughout this document, but here are some other useful references:

EXPORT AND MARKET ENTRY SUPPORT

www.cbi.eu/marketintel_platform/vegetable-oils-and-oilseeds/136060

SOME IMPORTERS AND WHOLESALERS

Ziani Vegetable Oils www.ziani.de/

Brändle www.braendle.de/

Bressmer & Francke www.bressmer-oils.de/de/index.shtml

Ölmühle Solling www.oelmuehle-solling.de/

Pöhner-Hamburg <http://poehner-hamburg.com/>

TRADE PRESS

Oil World provides a forecasting service for oilseeds and oils www.oilworld.de

Bio-market is the online portal for the organic trade www.bio-markt.info/

Bio Press www.biopress.de/

There is no specific trade press for specialty oils. Der Feinschmecker is a publication for the gourmet trade www.der-feinschmecker-shop.de/. Lebensmittel Zeitung www.lebensmittelzeitung.net/ and Lebensmittel Praxis <http://lebensmittelpraxis.de/> cover the food trade more broadly.

WALNUT OIL:

The German Association of Wholesalers in Fats & Oils www.grofor.de/eng/ueberuns.php

The German Association of Oilseeds Processors www.ovid-verband.de/index.php

Fediol is the Federation that represents the vegetable oils and fats industry in the European Union www.fediol.eu/

The Association of Organic Processors, Wholesalers & Retailers www.n-bnn.de/en and www.bnn-einzelhandel.de/

Information on the EU Food Industry http://ec.europa.eu/enterprise/sectors/food/index_en.htm

MORE INFORMATION

CBI market information: Promising EU export markets.

EU Expanding Exports Helpdesk – <http://exporthelp.europa.eu> – go to 'trade statistics'.

Eurostat – <http://epp.eurostat.ec.europa.eu/newxtweb> – statistical database of the EU. Several queries are possible. For trade, choose 'EU27 Trade Since 1995 By CN8'. Use the guide 'Understanding Eurostat: Quick guide to easy comext' (http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20090513.pdf) for instructions.

International Trade Statistics – www.trademap.org – you have to register

This survey was compiled for CBI by Searce in collaboration with Klaus Dürbeck
Disclaimer CBI market information tools: www.cbi.eu/disclaimer

ANNEX

Here are a selection of walnut oil retail packs that can currently be found on the German market, illustrating the wide variety and consumer choice available. These products can be found on a number of websites, including Amazon. Prices were accurate as of May 2014 but will vary between retailers:

**VOM FASS WALNUT OIL,
500ML €11.95**



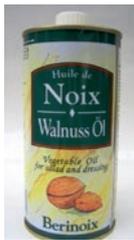
**WIBERG COLD PRESSED WALNUT OIL,
500ML € 18.99**



**BRÄNDLE VITA WALNUT OIL,
250ML € 2.99 INC 7% TAX, EXC SHIPPING**



**BERINOIX WALNUT OIL CAN,
500ML € 7.00**



**COLD-PRESSED TARPA BIO WALNUT OIL
FROM HUNGARY, 100ML € 5.99**



**ÖLMÜHLE SOLLING NATIVE BIO WALNUT OIL,
100ML € 6.95**



**FRONT & BACK OF RAPUNZEL
BIO WALNUT OIL, 100ML € 5.99**



**GREENLAND DRY BODY OIL WITH
WALNUT OIL, 100ML BODY SPRAY € 6.50**



**LA COMTESSE WALNUT OIL,
1LITRE € 12.73**



**BIO PLANETE BIO ROASTED
WALNUT OIL,
100ML € 6.39**



**LE PETIT MARSEILLAIS CONDITIONER WITH
HENNA EXTRACT AND WALNUT OIL,
200ML € 5.99**



**ÖLMÜHLE SOLLING
BIO-WALNUT OIL,
250ML € 17.25**

