

Practical market insights into your product

Apricot Kernels in Germany

The market for apricot kernels in Germany is quite small, but there are a number of loyal consumers who are prepared to pay a premium price for quality kernels. DC exporters can find opportunities despite the small size of the market. Kernels from Pakistan can command a premium price, but suppliers from Central Asia, Turkey and Iran will also find a market, particularly within some of the large resident population originally from that part of the world who are traditionally used to consuming them. There is also a wider group of consumers who buy them specifically for their perceived health benefits.

PRODUCT DEFINITION

SWEET APRICOT KERNELS



Apricot kernels, from the common apricot or *Prunus armeniaca*, refer to the inner seed of the apricot stone or pit. They can be bitter or sweet. The distinction comes from the variety of apricot, which is usually determined by the growing region. There is also a school of thought that believes wild apricots as opposed to a cultivated crop tend to be bitter. The sweetest apricots tend to be the largest ones with the palest flesh colour, while the smaller, darker coloured varieties tend to be bitter.

Apricot kernels are sometimes used as a substitute for almonds as they have a similar flavour. Most famously, the Italian liqueur amaretto and the amaretti biscuit are made from a base of apricot kernels or almonds or sometimes both.

BITTER APRICOT KERNELS



Pictured left are sweet kernels, alongside bitter kernels on the right. They can often look similar, although bitter kernels are more likely to be smaller or darker. The key distinction is the taste and the properties each contain. Freshness is also a factor in how they taste. Sometimes sweet kernels are blanched for use in cooking.

Apricot kernels, like most nuts and seeds, are very nutritious. Bitter apricot kernels, unlike sweet kernels, are high in amygdalin, also known as vitamin B17. This is the source of much of the controversy that surrounds bitter apricot kernels. Although it is perfectly legal to sell bitter apricot kernels in Germany, the Federal Institute for Risk Assessment (see link on page 10) has issued advisory limits on levels of consumption because of the levels of cyanide released when amygdalin is ingested.

Many people just love the taste of apricot kernels and buy them for that reason alone. The Hunza people of Pakistan attribute their longevity to a diet high in the consumption of bitter apricot kernels and dried apricot.

Apricot kernels are also a versatile source of ingredient for many industries. Confectionery manufacturers produce a paste by blanching and de-bittering apricot kernels and adding water and sugar. Such paste is then used to produce biscuits.

The statistics used in this document are based on Combined Nomenclature (CN) codes. The CN classification uses Harmonised System (HS) codes to classify products.

Combined Nomenclature (CN8) apricot kernels is included in:

- 12123000: Apricot, peach/plum stones & kernels nes, used primarily for human consumption
- 12123010: Apricot kernels
- 12123090: Other stones and kernels

PRC Code (Prodcod)

- 15332600: Apricot; peach & plum stones and kernels for human consumption

PRODUCT SPECIFICATIONS

QUALITY

Product quality is an issue for apricot kernels, where there are many instances of kernels being passed off in parts of the trade as almonds, primarily as a higher price can often be achieved for almonds, due to demand levels and shortage of supply. The issue of toxicity in bitter apricot kernels places them under further scrutiny from a quality perspective.

CODEX (Codex Alimentarius) and UNECE (United Nations Economic Commission for Europe) are internationally recognized standards. They are not legally binding, but German buyers would expect suppliers to conform to them if they wanted to access the market. There are no CODEX standards for apricot kernels. In addition, there are no specific UNECE standards for apricot kernels. While the UNECE [Standard DDP – 06](#), which relates to almond kernels is the closest product type, the [standard layout](#) for dry and dried produce would apply.

- See also the [Guidelines for Article Numbers that include dried fruit and nuts](#).

Kernels should be:

- sufficiently dry to ensure quality
- intact, sound, sufficiently and normally developed
- clean, free from insects, damage, blemishes, mould, rancidity, abnormal moisture or foreign smell
- the condition should enable the kernels to withstand transport and handling

There are three quality classes – “Extra” Class, “Class 1” and “Class 2”. It is normal for apricot kernels to vary in colour. This does not affect the quality.

Apricot kernels are not assorted according to size. The only differentiation is between sweet or bitter. While sweet apricot kernels are longer and similar to almonds, bitter apricot kernels are more heart-shaped. Quality standards are as follows and these limits must not be exceeded. Impurities: 1%; Broken: 3%; Humidity: 6%

"EXTRA" CLASS

Kernels in this class must be of superior quality. They must be characteristic of the variety and/or of the commercial type. They must be free from defects with the exception of very slight superficial defects provided these do not affect the general appearance of the produce, the quality, keeping quality and presentation in the package.

CLASS I

Kernels in this class must be of good quality. They must be characteristic of the variety and/or of the commercial type. Slight defects may be allowed provided these do not affect the general appearance, the quality, keeping quality and presentation in the package.

- slight defects in shape and/or development
- slight defects on the colour of the skin
- superficial or slight scratches

CLASS II

This class includes kernels which do not qualify for inclusion in the higher classes but satisfy the minimum requirements specified above. Some defects may be allowed provided the kernels retain their essential characteristics as regards the quality, keeping quality and presentation.

- defects in shape and/or development
- defects on the colour of the skin
- small scratches and/or absence of small parts of the skin

Details on [sampling methods](#) and analysis for the control of mycotoxins and aflatoxins in apricot kernels can be found here. Product should be prepared and handled in accordance with the code of hygienic practice for tree nuts (CAC/RCP 6-1972), which applies specifically to almonds and walnuts, but is generally applicable to all tree nuts.

LABELLING

The German Federal Institute for Risk Assessment has issued concerns about the lack of controls on how some bitter apricot kernels are labelled when sold online (see section market trends). [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). There is an approved list of 222 health claims. Claims made outside of this list can be subject to enforcement action. Labelling of consumer packs must be in accordance with the rules and regulations applying in the EU market. Labels cannot contain any toxic ink or glue.

Regulation [\(EC\) 1169/2011](#) on the provision of food information to consumers, as from 13 December 2014, will replace the [EU Directive 2000/13/EC](#), which lays down the general rules on labelling of pre-packaged food sold on the EU market. It will also incorporate the directive [90/496/EEC](#) on nutrition labelling on foodstuffs.

The key requirements 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.

In the examples shown, note the difference in packaging information shown on the pack of bitter apricot kernels (top), compared with the packaging of sweet apricot kernels.

COMPARE LABEL DETAIL OF SWEET VS BITTER KERNEL PACKS



EXAMPLE OF BULK PACKAGING FOR APRICOT KERNELS



PACKAGING

Apricot kernels must be packed in such a way so as to protect the produce properly. They have a very high oil content, so they must not become sodden.

The materials used inside the package must be new, clean and of a quality such as to avoid causing any external or internal damage to the produce. The use of materials, particularly of paper or stamps bearing trade specifications, is allowed, provided the printing or labelling has been done with non-toxic ink or glue.

Packages must be free of all foreign matter.

Apricot kernels must be presented in bags or solid containers of uniform weight intended for sale directly to the consumer, and packaged in bulk. They are usually packaged in jute fabric bags or boxes up to 50kg.

Check the [Transport Information Service website](#) for more details of product description, quality, packaging, handling and risk factors for transport of apricot kernels.

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.

GERMAN HEALTH LEGISLATION

This aims to protect consumers from health hazards and fraud, the most important of which is Lebensmittel-, Bedarfsgegenstände- und Futtermittelgesetzbuch (LFGB), which regulates the food trade and includes some important definitions. Even though food labelling is widely harmonised throughout the EU, there are some peculiarities. Terms used in marketing food products with added health claims include “wellness”, “well-being” and “fitness” are generally used in English but are sometimes translated as “Wohlbefinden”.

FOOD HYGIENE

Regulation [\(EC\) 852/2004](#) covers all aspects of the food supply chain from a hygiene perspective. Food chain actors should comply with the general hygiene requirements and requirements regarding microbiological criteria; procedures; temperature control; maintenance of the cold chain; and sampling and analysis. For actors in the food supply chain (e.g. processors, packers, distributors), the EU, including Germany requires the application of certain rules, which are based on the HACCP (Hazard Analysis & Critical Control Points) principles regarding food hygiene.

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](#).
- See the [link](#) to the LFGB website (in German).
- Check the [guidance document](#) on control of foods imported into the EU.
- Check the CBI [EU buyer requirements for processed fruit, vegetables and edible nuts](#) which cover legal requirements in relation to food safety, food contact materials, contaminants and labelling.
- Have a look at [FRUCOM](#) the European Federation of the Trade in Edible Nuts and related products. It keeps the trade up-to-date with legislative developments.

FOOD CONTACT MATERIALS

General requirements for all food contact materials are laid down in [Framework Regulation 1935/2004](#). Food contact materials, usually from packaging, must be manufactured in such a way that they cannot be a danger to human health.

CONTAMINANTS/TRACES

The EU 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 sulphites and aflatoxins are relevant here. It is interesting to note there are fewer notifications for apricot kernels as for almonds.

SPECIFIC REGULATIONS FOR NUTS

Although technically apricot kernels are the seeds of a fruit, similarities with almond kernels suggest that regulations applicable to tree nuts may also apply here. 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, including Germany, 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.

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.

IMPORT CONTROLS

Once cleared by customs, product can circulate freely within the EU. Imports of almonds from developing countries must come through designated Border Inspection Posts and are subject to a series of checks before being allowed to enter. There is no Most Favoured Nation (MFN) applied tariff for apricot kernels.

- 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.
 - Look at the [Afghan case study](#) on good manufacturing practices for tree nuts and dried fruit processing.
 - See link to [RASFF safety alerts](#). RASFF (Rapid Alert System for Food and Feed) is an important tool to enable a quick reaction when risks to public health are detected in the food chain.
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- 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.
 - See the European Food Safety Authority website on [aflatoxins in food](#).
 - See also this [guidance document](#).
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- Check these requirements.
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- See the general principles and requirements of Food Law in Regulation [\(EC\) 178/2002](#) on traceability.
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- 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](#).

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). The Global Food Safety Initiative (GFSI) contains a benchmark of relevant standards.

ORGANIC STANDARDS

The German Organic Trade Association has higher standards than EU organic regulations, so certification is more challenging to new DC suppliers to this market. Organic sales represent a small proportion of the apricot kernel 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 apricot kernels in Germany.

FAIR TRADE

Fair trade is also a small but important niche segment in Germany, primarily found on agricultural products. It focuses on fair labour standards and fair prices for small developing country producers. 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 initiatives regarding sustainability include ISO14001 for environmental management, ISO 31000 for risk management, ISO 26000 for social responsibility and SA8000 for social accountability.



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 details of 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.
- Look on the [Bio Siegel](#) website for more information.
- Check the [organic feasibility study in Central Asia](#) document in relation to nuts.
- 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](#).

TRADE AND MACRO-ECONOMIC STATISTICS

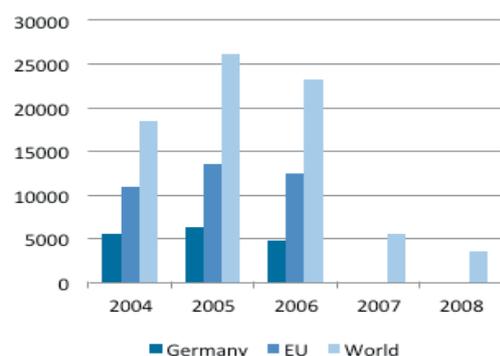
This section provides more detailed statistics of Apricot Kernels in Germany.

Although there is a CN code related to this product, current data is not available. The main trade databases have been consulted – Eurostat, ITC and the UN Comtrade database – and each reflect a similar position for apricot kernels. German trade in apricot kernels appears to cease in 2006, and world trade significantly reduced after that period. It is believed that this is due to non-reporting of this product group, rather than ceasing of the trade. For this reason, comparative trade figures for Germany, the EU and the world will be provided for the period 2004 to 2008, with a short commentary on the more recent reported statistics.

A further point to note is that although there is a sub-division between apricot kernels and other fruit (plums/peaches), only the total figure is provided. It is estimated that between 70-80% of the figures reported relate specifically to apricot kernels.

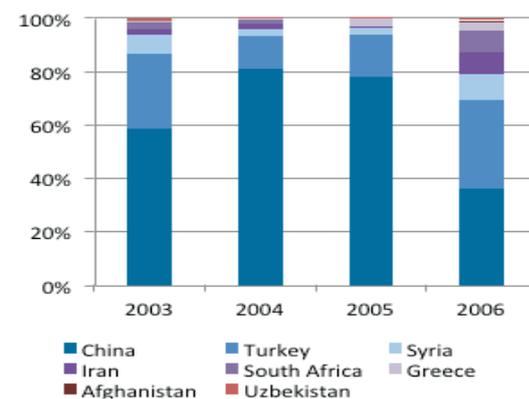
TRADE: IMPORTS AND EXPORTS

FIGURE 1: IMPORTS OF APRICOT, PEACH/PLUM STONES AND KERNELS TO GERMANY, THE EU AND THE WORLD, 2004-2008, TONNES



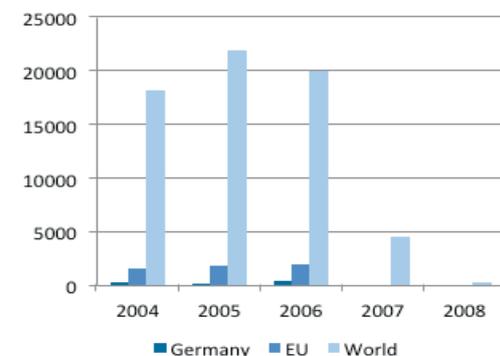
Source: ITC

FIGURE 2: LEADING 8 SUPPLIERS OF APRICOT, PEACH/PLUM STONES AND KERNELS TO GERMANY, 2003-2006, % BASED ON TONNES



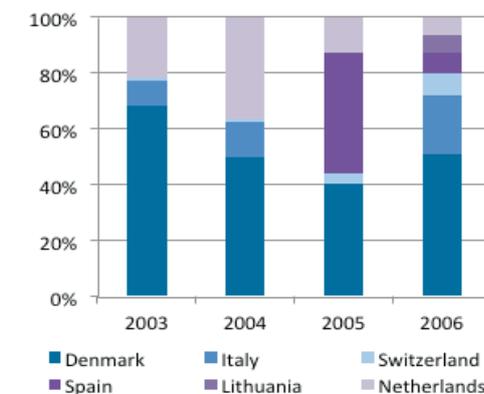
Source: ITC

FIGURE 3: EXPORTS OF APRICOT, PEACH/PLUM STONES AND KERNELS FROM GERMANY, THE EU AND THE WORLD 2004-2008, TONNES



Source: ITC

FIGURE 4: LEADING 6 EXPORT DESTINATIONS OF APRICOT, PEACH/PLUM STONES AND KERNELS FROM GERMANY, 2003-2006, % BASED ON TONNES



Source: ITC

ANALYSIS AND INTERPRETATION

- Germany accounted for 39% of apricot and other kernel volume imports into the EU in 2006 (4,846 tonnes valued at € 5.4 million), and was the leading importer in the EU and globally. Other important global suppliers (though not to Germany) were Yemen, Italy, Denmark and China.
- Volumes reported in 2007 and 2008 were mainly from Yemen, Morocco, Taiwan and India. Since 2009 minimal levels have been reported, with Morocco the sole reporter.
- It is clear that Germany is continuing to import apricot kernels but there is no indication of the source or extent.
- Figure 2 accounted for 98% of all apricot and other kernel imports in 2006.
- China was the leading supplier of apricot kernels in 2006, but this was a much reduced figure compared to earlier years and some of it may relate to re-exports. The value of Turkish imports was higher than that of China, despite lower volume, indicating higher prices and higher quality kernels from Turkey. Some Turkish imports also relate to apricot kernels transiting Turkey but not grown there. There may also be other similar transit countries for this product, such as China or Iran.
- Other important suppliers not featured in Figure 2 were Pakistan, Tajikistan and USA. Australia is now also exporting quantities of apricot kernels, but the volume reaching Germany is unknown.
- Exports from Germany were valued at € 0.7 million (422 tonnes), 21% of EU exports in 2006. Turkey and China were the dominant global exporters of apricot kernels. This picture was similar to the two previous years, indicating a stability and accuracy of the trading situation at that time.
- In 2006, export prices were approximately 50% higher than import prices.
- The destination of exports was also quite concentrated. The top 6 export destinations in Figure 4 accounted for 87% of all exports by volume. The principal exports were to other EU Member States.
- Canada was the only non-European export destination of any significance in 2006.
- Germany's dominance of the apricot kernel trade includes making use of other countries such as the Netherlands as a transit route to other countries, particularly to South Africa and the UK.

CONSIDERATIONS FOR ACTION

- Consider exporting to Germany if you are looking at the EU market for apricot kernels. As the leading importer and re-exporter, Germany is an important centre of the apricot kernel trade in the EU.
- The dominance of two leading suppliers would suggest that niche opportunities can be found for new importers to the market, particularly if they can provide a point of difference.
- Consider other markets close to Germany that have a good trade, such as Denmark, the UK, Switzerland and Sweden.

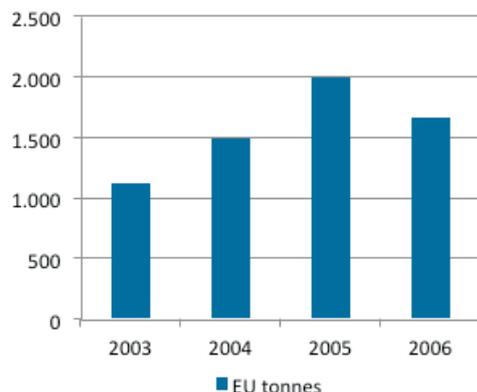
- The figures give no indication as to the proportion of trade between sweet and bitter kernels.

PRODUCTION AND CONSUMPTION

Although Germany does produce dried apricot for export, it is not clear from available production statistics whether it also exports its own kernels. If there is some undeclared production, it appears to be very low. It is quite possible that Germany acts as a re-exporter of some of its imports. Figure 5 shows the leading EU producers of apricot kernels. The volume levels make an interesting comparison with import and export volume levels. Note also that no production figures are recorded after 2006.

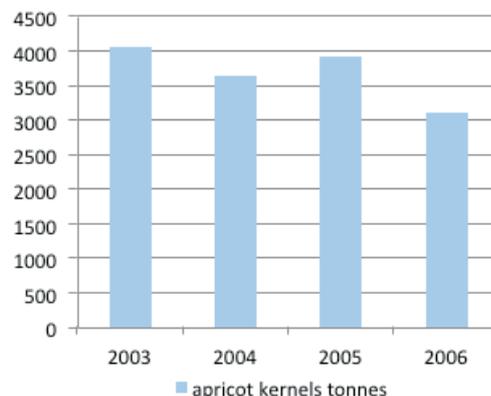
The consumption estimate is an apparent consumption calculation, subtracting an allowance for volume from peach and plum stones/kernels. Looking at a comparison with consumption of almond kernels, sometimes mistaken or substituted for one another, for every kilo of apricot kernels consumed, between 15-20 kilos of almonds are consumed.

FIGURE 5: PRODUCTION OF APRICOT, PEACH/PLUM KERNELS IN EUROPE, 2003-2006, TONNES



Source: Eurostat

FIGURE 6: CONSUMPTION OF APRICOT KERNELS IN GERMANY, 2003-2006, TONNES



Source: Seacore estimates based on imports and exports

ANALYSIS AND INTERPRETATION

- Germany does not produce its own apricot kernels. Spain, Italy and Bulgaria were the EU countries with significant production volumes in 2006. Interestingly Denmark also claimed to produce apricot kernels despite not growing apricots. Portugal and Greece were also important producers and exporters.
- There was a downward sales trend up to 2006. This is somewhat at variance with the performance of other nut kernels, which have been broadly increasing in the last few years. The declining sales could be explained by the food safety issue with bitter kernels, that may have had the effect of making mainstream consumers wary, while consumers convinced of their health properties would be unaffected by this.

CONSIDERATIONS FOR ACTION

- Germany is totally dependent on imports. This would suggest traders are always interested in finding out about new sources of supply.
- Consider the possibility of partnering with other importers of related products such as dried fruits.
- In Germany, interesting information can be found at the website of [Waren-Verein](http://www.warenverein.de), which represents the interests of wholesalers in nuts. You may be interested to check some of their members to see whether relationships could be formed.
- Consider where these sales are taking place. Are they online, are they in supermarkets? What is the most popular packaging size and format?

- Germany appears to be the leading EU consumer of apricot kernels, followed by Italy.
- While current sales levels are not known, the value of the consumer market is expected to be in the region of € 20 million.
- The growth of snacking is another important reason why consumers are still interested in apricot kernels. They also have curiosity appeal for those consumers who like to experiment and try new products.

- Ask yourself what types of consumer are more likely to buy apricot kernels. Are they young or old, affluent or value-driven, from one of the many ethnic groups in Germany?
- Consider whether the consumption is predominantly as a raw snack, or whether they are used elsewhere in the food industry.

MARKET TRENDS

This section provides more detail about specific market trends for apricot kernels in Germany.

ANALYSIS AND INTERPRETATION:

SOCIAL FACTORS

- In 2007, the German Federal Institute for Risk Assessment (BfR) warned consumers about buying potentially dangerous apricot kernels over the Internet. Food safety regulators were concerned about “irresponsible” claims regarding their consumption as a health food and lack of controls over how they are packaged. Their advice is to not eat more than one or two bitter apricot kernels a day. This still remains the significant advice today.
- The number of consumers that specifically purchase apricot kernels for their health claims is part of a wider trend. The German health and wellness market is worth approximately € 22 billion, according to Euro-monitor. In terms of type, “naturally healthy” products represent 42% of this market, followed by “better for you” (28%), “fortified/functional” (18%), “organic” (10%) and “food intolerance” (2%).
- This health and wellness market is also segmented in terms of how products’ are positioned. In order of value, the segments are: general well-being; weight management; digestive health; energy boosting; food intolerance; oral health; respiratory health; immune support; endurance; cardiovascular health. Greatest future growth is expected in the cardiovascular health, energy boosting, food intolerance and weight management segments.
- Germany is the largest organic market in the EU and although people perceive apricot kernels to be healthy anyway, there is a significant group that are prepared to pay a premium price for organic apricot kernels.

CONSIDERATIONS FOR ACTION

- Read the press release [here](#) or the full version of the opinion [in German here](#).
- Find out more about the health claims of apricot kernels. Be sure to be clear about what can be said and be careful not to make any false claims, particularly in the light of the above press release. For more information on [nutrition and health claims](#) refer to the EU website.
- Understand the benefits of apricot kernels in relation to the health priorities on the market as a whole.
- As well as the established niche opportunities for organic and fair trade variants, look for other emerging relevant trends, perhaps from one of these categories listed.
- Consider certification and labelling of your products as Organic. See earlier section about different organic certification options.

- Linked to this health trend is the importance of product quality and product safety, probably a bigger issue in Germany than most other EU member states, making the issue of certification high on consumers' agenda.
- Apricot kernels are popular with many of the ethnic population groups in Germany, particularly those from the Middle East, Turkey and North Africa. Apricot kernel flavoured with ethnic spices has potential to replicate the same trend seen with almonds.
- German consumers are particularly environmentally conscious in terms of recycling and disposal of packaging.

TECHNOLOGICAL FACTORS

- Online food shopping is continuing to grow, in conjunction with the importance of social media in communicating new products, ideas for recipes and flavour combinations. This has implications for speed of communication within the supply chain, as well as to consumers.

ECONOMIC FACTORS

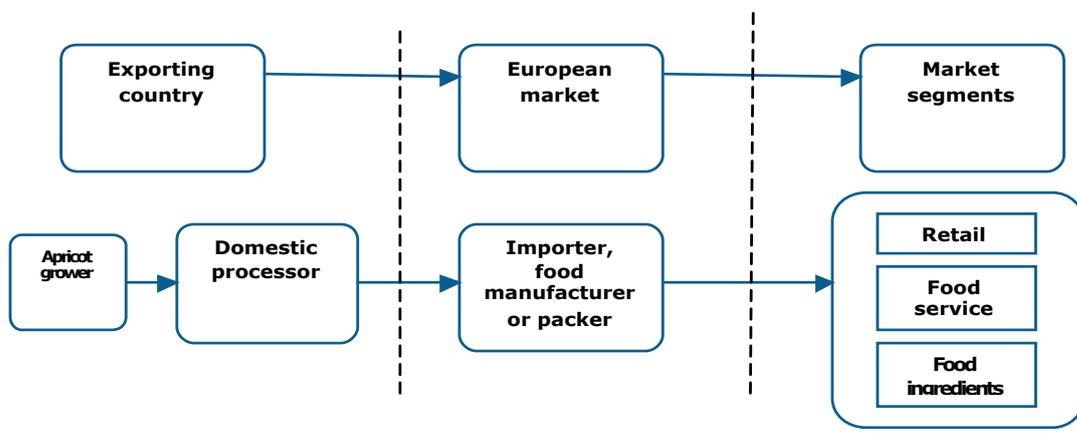
- A recent study by market research company GfK on behalf of the Federation of Food & Drink Industries (BVE) states that while Germans still spend a smaller proportion of their income on food than in other leading EU countries, low price being the main issue, there is a new trend. 26% of consumers now put moral and ethical criteria to the fore. Fair trade, local sourcing, animal welfare, and products that allow consumers to combine pleasure with social responsibility are driving more and more purchases. There is a clear trend to quality over quantity, demand for food has fallen by 5% since 2006 but expenditure has remained the same. There is less food waste and a trend to small pack sizes and fresh products.

- Consider the importance of this target group, and whether there are other related benefits that can be made in terms of the origin of your own products.
- 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 have the technical facility to communicate with both trade customers and direct purchasers. Ensure that your procedures and processes for supplying product are efficient.
- How price sensitive is the apricot kernel market? Do you think your consumers are more interested in the price of apricot kernels, the potential health benefits they can provide, or a combination of both?
- Consider how you can take advantage of this important trend that seems to indicate that price is becoming less important. Do you think that the particular consumers behind this trend are likely to be buyers of apricot kernels.

MARKET CHANNELS AND SEGMENTS

This section provides some information about the marketing channels through which apricot kernels is marketed in the EU, including Germany.

FIGURE 7: MARKET CHANNELS FOR APRICOT KERNELS IN GERMANY



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. In relation to this, it is important to reiterate the regular involvement of transition countries such as Turkey that are important channels/routes to the German market for other countries such as Kyrgyzstan and neighbouring states.

ANALYSIS AND INTERPRETATION: MIDDLEMAN OR NOT?

- The choice here is usually dependent on the size of the exporter. Many of the larger supermarkets do not stock apricot kernels so the question of them buying direct from the exporter is less common. Nevertheless, smaller exporters would usually use a traditional wholesaler or importer.
- 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.

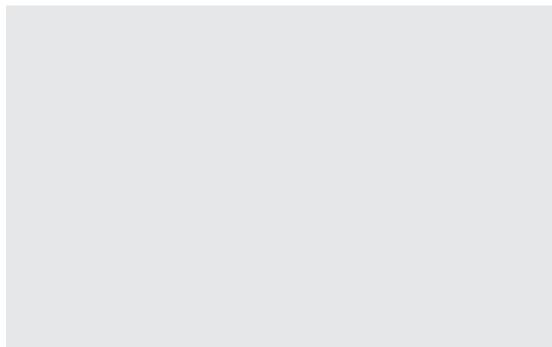
WHICH SEGMENT?

- Building a long-term working relationship with your customers is essential, irrespective of which channel you select. Most apricot kernels are sold through specialist retailers and online, although there is a market for kernels as an ingredient in products such as jam or other products and in dishes as a flavouring.
- If you are also supplying dried apricot, you could try to offer both products simultaneously.

CONSIDERATIONS FOR ACTION

- The key channel choice is based on whether you are supplying sweet or bitter apricot kernels. If you are supplying sweet kernels, there are more options in the mainstream market.
- If you want to work with an importer, try to find out the extent of his contacts and whether you think that particular importer is best suited to reach the ultimate consumers you would like to find.
- Talk to as many experts in the trade that you can to fully appreciate the specific issues on the German market before making this important commitment.
- Some retailers sell both sweet and bitter kernels, but look for the specialist wholesalers in the health food sector for possibilities for bitter kernels.

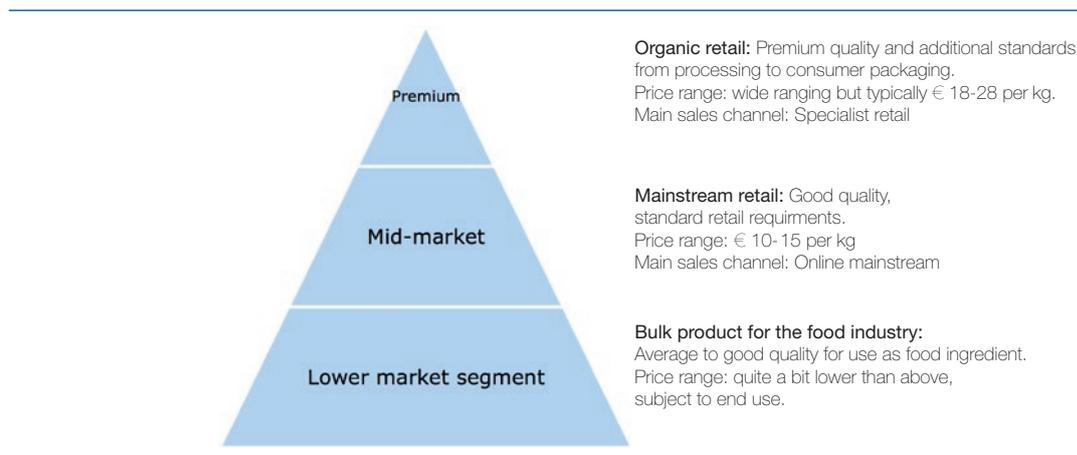
- Supplying the retail trade – health food shops and other specialist shops – is the principle destination for the majority of apricot kernels.
- The foodservice sector is a possible option. The public sector caters to hospitals, prisons etc, while the private sector covers restaurants, hotels etc. Both are interesting options, with advantages and disadvantages between the public and private.



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. Prices of apricot kernels are likely to increase in 2015 due to a significant shortage of apricots from Turkey, caused by frost damage. Each customer has their own specification, which will vary between the different market segments. Sampling and analysis is required in each instance to determine and confirm the quality. Here is an illustration of the different segments within the German retail trade for apricot kernels.

FIGURE 8: INDICATION OF PRICE RANGES AND MARKET SEGMENTS



ANALYSIS AND INTERPRETATION

- Apricot kernels in the lower segment are sold at relatively low margins. Quality aspects in terms of size and grading are less demanding, but standards are still high. Sometimes product is ground to paste.
- Mid-market apricot kernels are of a higher class and standard. These products are usually sold in the retail channel under manufacturers' brands or private labels.

CONSIDERATIONS FOR ACTION

- Ensure that you appreciate the key differences between supplying the food service or food ingredient segment, compared with the retail market. Products here would usually be "category 2" graded product.
- The mid-market segment would require either "category 1" or "extra category" product.

- 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. Bitter apricot kernels usually fetch a higher price than sweet kernels. The source of supply also determines the price, with some kernels from Pakistan often attracting the highest premium.

- The premium sector would insist on the highest quality “extra category”. If you wish to engage in this segment, consider that you have researched all the options that maximise the quality product and presentation possibilities.

The following estimates can vary between different product types, formulations and sources of supply, and other considerations such as branding, packaging. For example, for fair trade and organic products, producers will achieve a higher proportion of the ultimate selling price. Despite the greater costs involved in certification, this can amount to between 30-50% more value addition than for conventional product. 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: Searce estimates

This figure highlights the importance of value addition for DC exporters. Many traders think purely in terms of the retail selling price. There is considerable scope to add value to products, including apricot kernels, in the production and export processing stages within the supply chain. Correct documentation can also provide added value at the “Product” stage. 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/Processed-Fruit-and-Vegetables-and-Edible-Nuts/177430

SOME IMPORTERS AND WHOLESALERS

Gotz Luck www.dryfruit.de/lang_de_DE/seite_1.html

Miassequoia www.miassequoia.com/Miassequoia/Home.html

Schlüter & Maack www.schlueter-maack.de/

TRADE PRESS

The Cracker is the official publication of the International Nut & Dried Fruit Council www.nutfruit.org

The Clipper monitors the world-wide trade in dried fruit and nuts www.agropress.com

Food News and The Public Ledger www.agra-net.com

Bio Press www.biopress.de/

NUTS AND DRIED FRUITS

German edible nut wholesale trade association www.waren-verein.de

European edible nut association www.frucom.eu

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

MORE INFORMATION

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 apricot kernel 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:

FRONT & BACK EL PUENTE FAIR TRADE SWEET APRICOT KERNELS (UZBEKISTAN), 5 x 150g € 14.95



RAPUNZEL SWEET APRICOT KERNELS (TURKISH), 200g € 3.99



MOSIAK BIO BITTER APRICOT KERNELS, 500g € 10.09



**HANOJU BIO BITTER APRICOT KERNELS, 500g € 11.95
NOTE € 8.95 NON-BIO**



NATURIX24 SWEET APRICOT KERNELS, 500g € 6.40



NATURTOTAL BITTER APRICOT KERNELS HANDPICKED 450g € 19.95



CLASEN PREMIUM APRICOT KERNELS NATUR, 3 x 70g € 5.37



FRUCHTHOF24 UNTREATED BITTER APRICOT KERNELS, 10kg € 95.45



SUPERKOST BITTER APRICOT KERNELS VIT B17 EXTRA HERB, 1 kg € 12.50



SUPERKOST BIO BITTER APRICOT KERNELS, NO PESTICIDES, 1 kg € 18.50



MORGENLAND BIO SWEET APRICOT KERNELS, 250g € 4.49



SEHER ORGANIC BITTER APRICOT KERNELS, 1 kg € 16.95

