

## Practical market insights into your product

# Walnuts in Germany

German walnut consumption has been increasing, as consumers appreciate the many health benefits that exist with this popular tree nut, although there is some evidence that higher prices are impacting on sales levels. Germany has its own walnut production but well over half the market is supplied by imports, and Germany is in fact the world's leading importer. Global production is dominated by the USA and China but significant opportunities exist for importers who are able to supply the market with products of the quality demanded by the trade and consumers. There is some seasonality, particularly for the Christmas period, but demand is fairly consistent throughout the year.

## PRODUCT DEFINITION

### WALNUTS IN SHELL



**Juglans regia**, known as the Persian or English walnut is the most popular type of walnut, and is native to south east Europe, south west and central Asia and into south west China. There are also black walnuts, which originate in the Americas, but the Persian walnut tends to be preferred for everyday use as the nut is easier to extract from the shell. Walnuts are usually supplied shelled (kernels), but they are also available unshelled, as illustrated:

According to the European Food Safety Authority, walnuts are considered to be the most healthy nut, and contribute many beneficial nutrients, minerals, antioxidants and vitamins to the diet.

- They are the only nut that is significantly high in omega 3 fatty acids. They are the only nut allowed to make a health claim in the European Union ("Walnuts contribute to the improvement of endothelium-dependent vasodilation" (artery health), based on daily consumption of 30g of walnuts).

### SHELLED WALNUTS



Walnuts are usually consumed raw, either in their natural state or roasted, but they also add value in terms of flavour, texture, crunchiness and nutrition in the confectionery, pastry and bakery industries, as well as in cereals and salads, especially Waldorf salads.

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) walnuts are included in:

- 08023100: Fresh or dried walnut in shell
- 08023200: Fresh or dried walnut, shelled

## PRODUCT SPECIFICATIONS

### QUALITY

The importance of product quality, combined with the traditional nature of the trade where buyers often are reluctant to change suppliers, means that new supplying countries face a challenge to enter the market. Although changing global climatic conditions mean that traders need often to look for new suppliers when there is a shortage, importers interviewed in conjunction with this fact sheet commented that on no account will there be a compromise on quality.

Many established producers, such as in Moldova, have the required processing equipment including Sortex optical sorters to ensure that e.g. delivery is made without walnut fragments that are not acceptable to the trade. These processors also buy from smaller exporting countries (such as Kyrgyzstan or Uzbekistan), do the processing and sell them on to Germany as Moldovan product. This can be a considerable barrier to entry for new supplying countries if they do not possess the equivalent processing equipment to do it themselves, forcing them to sell to intermediate countries for lower prices.

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. Although there are CODEX standards for peanuts and pistachios, there are no CODEX standards for walnuts. The two relevant sources for laying down quality standards for walnuts are:

- European Commission regulation ([EC](#)) [175/2001](#) lays down the marketing standard for walnuts in shell
- UNECE has [standards for inshell walnuts](#) and [standards for walnut kernels](#)

In essence, as far as walnuts in shell are concerned, the key quality requirements are in relation to characteristics of the shell, which should be:

- intact; slight superficial damage is not considered as a defect; partially open walnuts are considered to be intact provided that the kernel is physically protected
- sound; free from defects likely to affect the natural keeping quality of the fruits
- free of damage caused by pests, clean; practically free of visible foreign matter
- dry; free from abnormal external moisture
- free from residues of husk
- the shells of dry walnuts must show no trace of hulling
- walnuts must not be empty
- the shells may be washed and bleached provided the treatment applied does not affect the quality
- dry walnuts shall have a moisture content not greater than 12% for the whole nut and 8% for the kernel. The natural moisture content of whole fresh walnuts shall be equal to or greater than 20%

In relation to walnut kernels, minimum quality requirements are that they should be:

- sufficiently dry to ensure keeping quality
- sound; produce affected by rotting or deterioration such as to make it unfit for consumption is excluded
- firm
- sufficiently developed; shrivelled kernels are to be excluded
- clean, practically free from any visible foreign matter and from shell
- free from insects or mites whatever their stage of development
- free from damage caused by pests ; free of any rancidity or oily appearance
- free from mould; abnormal external moisture; foreign smell and/or taste
- of a condition to withstand transport and handling
- of a moisture content not greater than 5%

There are three classes – “Extra” Class, “Class 1” and “Class 2”. This applies to both shells and kernels, and minimum sizes are assigned to each class.

In addition, there are provisions for different styles of kernels:

- halves, quarters, large pieces, broken pieces, and a mixture of large pieces and halves. An indication of the number of pieces per kg may be given optionally.

Details on [sampling methods](#) and analysis for the control of mycotoxins and aflatoxins in tree nuts 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 walnuts and almonds, but is generally applicable to all tree nuts.

### LABELLING

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 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)

More specific product information for walnuts is required in addition to the requirements of the Codex Alimentarius General Standard for the Labelling of Pre-packaged Foods (CXS\_001e).

The name of the product should be clearly marked as follows:

- “walnut kernels” and the name of the variety or commercial type in the case of kernels
- in the case of shells, “walnuts” or “dry walnuts”; or “fresh walnuts” or equivalent

Labelling is also essential to assist consumers who have allergies or intolerances. The category nuts (of which walnuts is included) is one of 14 foods that require specific allergen labelling under EU law. Please refer to the links at the start of this labelling section.

### LABEL DETAIL ON PACK OF WALNUTS



## EXAMPLES OF BULK PACKAGING OF WALNUTS



## PACKAGING

Walnuts must be packed in such a way so as to protect the produce properly.

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.

Kernels may be packed in airtight sealed containers, in a vacuum or in an inert gas. They must be presented in small unit packages of uniform weight intended for sale directly to the consumer, and packaged in bulk.

There are a range of bulk packaging options, including:

- 5 kg and 10 kg cotton nets
- 10 kg paper or plastic bags
- 25 kg polypropylene bags
- 800 kg large bags 5kg and 10kg open-top cardboard crates
- 

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

## 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. 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 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](#). Food contact materials, usually from packaging, must be manufactured in such a way that they cannot be a danger to human health.

### 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 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.
- Check the [guidance document](#) on control of foods imported into the EU.
- 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.

### 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, ochratoxin and aflatoxins are relevant here.

### SPECIFIC REGULATIONS FOR NUTS

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.

### 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 walnuts from developing countries must come through designated Border Inspection Posts and are subject to a series of checks before being allowed to enter. The Most Favoured Nation (MFN) applied tariff for walnuts in shell is 4%. It is 5.1% for shelled walnuts.

## 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.

- 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.
- 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 also this [guidance document](#).
- Check these requirements.
- 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



### BUSINESS SOCIAL COMPLIANCE INITIATIVE (BSCI)

This is a leading business initiative for companies committed to improving working conditions in the global supply chain. It is used by leading retailers by invitation only.



### 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 labels are increasingly required on nut products. Organic sales represent a small proportion of the walnut market, but this is an important niche. To the left you can see the EU organic logo, but Germany also has a number of its own organic standards including Demeter and Bioland, each with their own logo. Bio-Siegel (also left) is an organic standard seen on some walnuts 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.

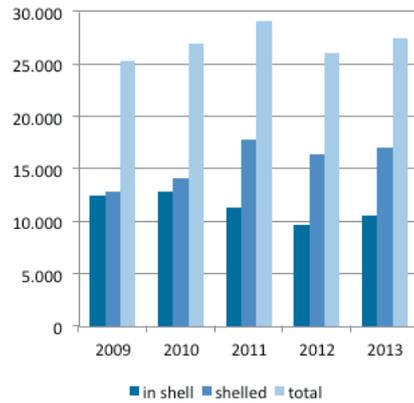
- Check the [BSCI](#) website for detail.
- Check the [German organic trade association](#) for more information on the various organic labels in Germany.
- Look on the [Bio Siegel](#) website for more information.
- Check [the organic feasibility study in Central Asia](#) document in relation to nuts.
- 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 Walnuts in Germany.

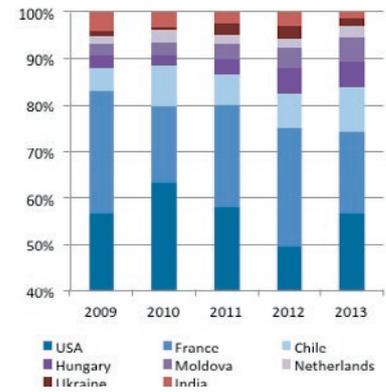
### TRADE: IMPORTS AND EXPORTS

**FIGURE 1: IMPORTS OF WALNUTS TO GERMANY, 2009-2013, TONNES**



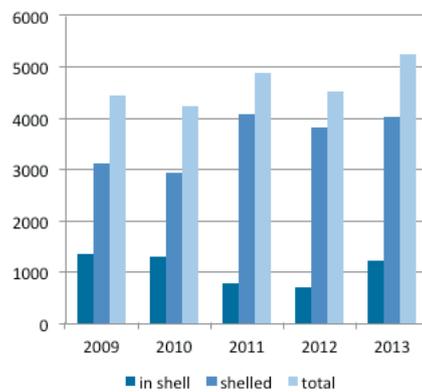
Source: Eurostat

**FIGURE 2: LEADING 8 SUPPLIERS OF WALNUTS TO GERMANY, 2009-2013, % BASED ON TONNES**



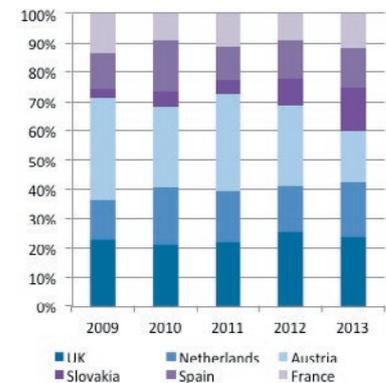
Source: Eurostat

**FIGURE 3: EXPORTS OF WALNUTS FROM GERMANY, 2009-2013, TONNES**



Source: Eurostat

**FIGURE 4: LEADING 6 EXPORT DESTINATIONS OF WALNUTS FROM GERMANY, 2009-2013, % BASED ON TONNES**



Source: Eurostat

### ANALYSIS AND INTERPRETATION

- Germany accounts for 21% of walnut volume imports into the EU, and is the leading importer in the EU and globally.
- Total imports of walnuts into Germany have increased since 2012 but are still below their peak in 2011, registering 27,500 tonnes in 2013, although in value terms they were around € 168 million, double the value of 2009, indicating increasing import prices.
- The leading 8 supplying countries shown in Figure 2 accounted for over 95% of all walnut imports in 2013.
- USA was the leading importer of walnuts into Germany, accounting for 54% of all imports in volume. This was the same share as in 2009, although the value share has increased, indicating a decreasing value share of imports from other sources.
- Over 2.5% of trade went through the Netherlands, indicating a reasonable level of indirect imports from other DC suppliers. Other DC suppliers not listed in Figure 2 include China (some of which may include re-exports from other countries), Turkey, Pakistan, Iran, Afghanistan, Kyrgyzstan (which contains the biggest natural walnut forest in the world) and Syria.
- Supplies from Chile, Moldova and Hungary registered strong growth, whereas imports from the leading EU supplier France declined.
- 76% of all imports were shelled, where the shelling takes place in the supplying country, a significantly growing trend since 2009. This equated to a 90% value share.
- Exports from Germany were valued at € 41.9 million in 2013, almost double the value in 2009. However, export volumes were just 18% higher than in 2009. This suggests increasing export prices over the period.
- The destination of exports was also quite concentrated. The top 6 export destinations in Figure 4 accounted for 66% of all exports by volume. Other than re-exporting via the Netherlands, the principal exports were primarily to other EU Member States.
- Other major export destinations of any significance were Poland, Sweden and Denmark.

### CONSIDERATIONS FOR ACTION

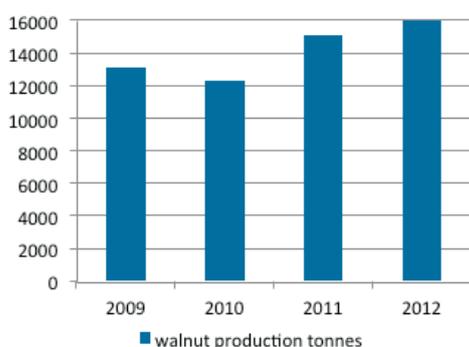
- Consider exporting to Germany if you are looking at the EU market for walnuts. As both a leading importer and exporter, Germany represents an important centre of the walnut trade, not just in the EU, but globally.
- Although imports have been falling, the growth in imports via the Netherlands suggests opportunities can be found. Try to find a direct route to the German market.
- Be aware that if you do work through a distributor in another, food imports from other countries within the European Union fall under the “free movement of goods” principle. This means that products that are imported by other EU-countries may be brought into Germany even if they violate German food laws. If this is the case, importers must obtain a permit from the [Federal Office for Consumer Protection and Food Safety \(BVL\)](#) in order to sell the product in Germany.
- Consider additional processing prior to exporting shelled walnuts, as this will represent a higher return than walnuts in shell.
- Consider other markets close to Germany that have a good trade, such as Austria and Slovakia. Denmark and Poland may also offer good export opportunities for DC suppliers.

## PRODUCTION AND CONSUMPTION

Production figures for walnuts relate to total weight. It should be said that approximately 53% of the weight of a walnut is the shell. This should also be borne in mind when looking at other trade figures for shelled and unshelled product. Consumption figures in Figure 6 relate to walnut kernels, hence the lower comparable figures. Consumption including shells will be over 25,000 tonnes.

One further important point about the consumption figures: These figures from the leading trade association show a positive average growth trend in consumption, but figures from Euromonitor (not shown here) indicate a contrary position, with declining volumes due to consumers switching from higher priced walnuts to other lower priced nuts such as peanuts and pistachios.

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



Source: Eurostat

**FIGURE 6: CONSUMPTION OF WALNUT KERNELS IN GERMANY, 2009-2012, TONNES AND PER CAPITA CONSUMPTION ESTIMATES**

	2009	2010	2011	2012
Consumption (tonnes)	10,571	13,826	14,264	12,085
Consumption /kg*	0.129	0.169	0.174	0.148
Estimated consumption /kg**	0.391	0.512	0.527	0.448

\* expressed in kg per person based on UN population census  
 \*\* based on estimated % of population consuming walnuts

Source: Nuts & Dried Fruit Global Statistical Review

## ANALYSIS AND INTERPRETATION

- Germany accounts for 9% of all walnut production in the EU, although German National Statistics have not published specific figures since 2007. These are all in-shell, and despite this production, Germany is dependant on imports.
- France, Romania and Greece are the leading three EU countries that have the largest production volume of walnuts.
- According to the International Nut & Dried Fruit Council, global production of walnuts was 500,000 tonnes in 2012, virtually unchanged since 2009.
- According to Euromonitor, walnuts represent 6-7% of the nut market in Germany (peanuts is the largest accounting for 27% of the market).
- The consumer market for walnuts in Germany on the basis of these volume estimates is worth approximately € 130 million in retail values. This also equates to a per capita consumption of almost half a kilo per annum.

## CONSIDERATIONS FOR ACTION

- As some domestic production may be taken up as exports, the German trade will also be looking out for good import sources.
- Consider the possibility of partnering with German walnut growers.
- Check the website of the [International Nut & Dried Fruit Council](#) for more information. In Germany, interesting information can be found at the website of [Waren-Verein](#), 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.

- Germany is the fifth largest global consumer of walnuts (after China, USA, Turkey and France). On a per capita basis, Germany is the twelfth highest after USA, Israel, Chile, Iraq, Turkey, France, Korea, Australia, Netherlands, Spain and Canada.
- Global consumption rose at a higher rate than consumption in Germany, to the extent that supply may be an issue, causing prices to increase. This will have a dampening effect on demand, despite the popularity of walnuts because of their health benefits. The growth of snacking is another important reason why consumers are eating more nuts in general. Use as a food ingredient is also driving increased sales.

- Consider where these sales are taking place. Are they online, are they in supermarkets?
- Ask yourself what types of consumer are more likely to buy walnuts. Are they young or old, affluent or value-driven, from one of the many ethnic groups in Germany?
- Carry out further research to establish which other food market sectors may be of interest for walnuts.

## MARKET TRENDS

This section provides more detail about specific trends in the markets for walnuts in Germany.

### ANALYSIS AND INTERPRETATION

#### SOCIAL FACTORS

- Healthy eating – Walnuts are supposedly the healthiest nut, benefiting from this key trend. In consumer research, walnuts score highly in a number of important attributes, including healthy, nutritious, versatile and natural. They also score highly for one of the most favoured nuts to be included in cereals, chocolate and snack bars.
- 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. This is a particular issue for the over 55 age group.
- A growing trend is health linked with indulgence, with products offering a combination of both benefits. This is exemplified by an increase in products such as luxury nut mixes, or dried fruit and nut mixes. This is also seen in an increase in exotic chocolate products with walnuts or other nuts.
- Walnuts are popular with many of the ethnic population groups in Germany, particularly those from Turkey, the Middle East and North Africa. Turks are heavy consumers of walnuts.
- Naturalness is a key area of interest. New product nut launches marketed as one or more of “organic”, “natural” or “additive-/preservative-free” featured strongly, while “fibre”, “protein” and “low sodium” claims were also popular

### CONSIDERATIONS FOR ACTION

- Find out more about the health claims of walnuts. Be sure to be clear about what can be said and be careful not to make any false claims. For more information on [nutrition and health claims](#) refer to the EU website.
- Find out which certification scheme your intended customers prefer.
- Consider whether the potential costs for organic certification justify the additional sales benefits that may ensue.
- Consider how this trend of indulgence can be applied to your own walnut supply.
- 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.

- Germany is the largest organic market in the EU and this segment has withstood the recession better than the conventional segment. Although many people perceive walnuts to be healthy anyway, there is a significant group that are prepared to pay a premium for organic walnuts.
- The trend from in-shell to shelled walnuts is an indicator of the growing importance of convenience. Consumers have limited time and more now prefer to eat walnuts without taking the time to remove the shells.
- Walnuts, like many other nuts and dried fruits are often purchased on impulse, hence the visibility of the product in store and the appeal of the packaging are important factors.
- 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

- Walnuts are one of the most expensive nuts, creating a challenge to marketers of these products to value-conscious German consumers. In-home consumption of walnuts remains strong, as many consumers spend less disposable income on eating out.
- There is a trend to larger pack sizes and multi-pack purchases to offer better value.
- A significant group of affluent consumers have not been affected by the economic downturn. These consumers continue to insist on high quality and look for product innovations.

- Consider certification and labelling of your products as Organic. See the background, assessment, and interpretation document for (see link on page 6) Regulation (EC) No 834/2007 for Organic Food and Farming for more information about requirements. Check the International Trade Center [Standards Map](#) for a comparative analysis and review of voluntary standards.

- Check that packaging materials comply with EU and German domestic regulations in terms of recycling and disposal.

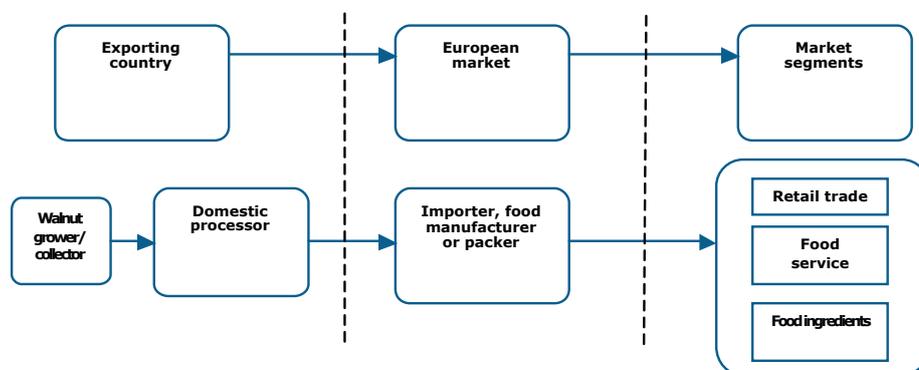
- Make sure you have the technical facility to communicate with both trade customers and direct purchasers. You need to be able to respond very quickly to changes in consumer demand. Ensure that your procedures and processes for supplying product are efficient.

- Have you considered offering a range of differing pack sizes to cater for price conscious consumers who wish to buy in bulk? This could also encourage greater sharing/more sociability.
- As well as the established niche opportunities for organic and fair trade variants, look for other emerging relevant trends, such as developments in the ethnic food segment.

## MARKET CHANNELS AND SEGMENTS

This section provides some information about the marketing channels through which walnuts are marketed in the EU, including Germany.

**FIGURE 7: MARKET CHANNELS FOR WALNUTS 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. Although some larger supermarkets choose to import directly from the producer, smaller walnut exporters would usually use a traditional wholesaler or importer. Note that some German growers also act as importers.
- 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. Euromonitor claim that less than half of all nuts are sold through the retail trade, with the greater share being used elsewhere.
- Supplying the retail trade – supermarkets, health food shops and other specialist shops – will get your product in front of the end consumer but the concentrated buying power of the leading chains sometimes comes at a high cost.

### CONSIDERATIONS FOR ACTION

- Understand the growing strength of retail private labels. These large retailers insist on large volumes and consistency of supply, as well as transparency throughout the supply chain.
- 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.
- In the retail trade, half of all walnut sales go through traditional supermarkets and 30% go through the health and bio channel. The remainder is sold through markets and online. Which segment would you be most suited to deal with?

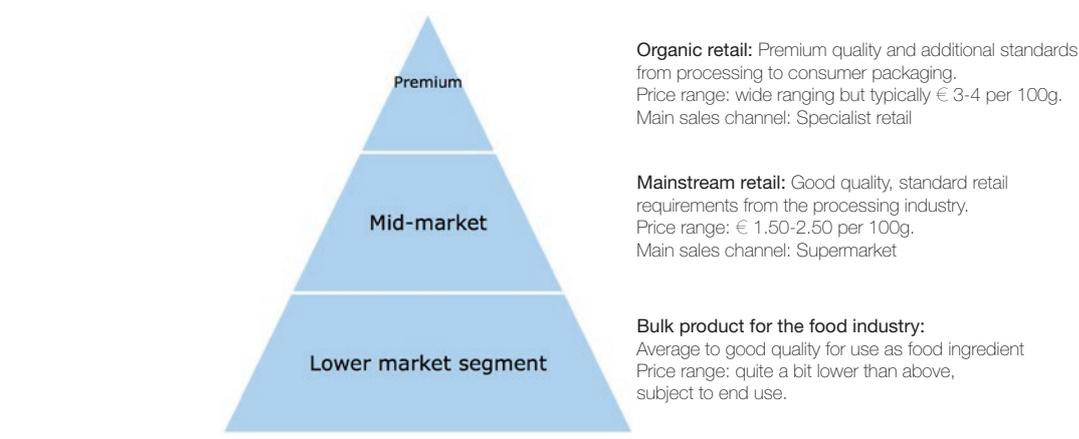
- The foodservice sector is a diverse segment. The public sector caters to hospitals, prisons etc, while the private sector covers restaurants, hotels etc. Both are interesting options, with advantages and disadvantages between the public and private.
- The food industry has seen many new product innovations and walnuts are perceived to add interest, excitement and flavour to new products. Combinations such as banana and walnut, date and walnut are popular in both the confectionery and bakery industries.

- 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. 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 walnuts.

**FIGURE 8: INDICATION OF PRICE RANGES AND MARKET SEGMENTS**



### ANALYSIS AND INTERPRETATION

- Walnuts kernels in the lower segment are sold at high volumes and at relatively low margins. Quality aspects in terms of size and grading are less demanding, but standards are still high. Usually smaller walnut kernels are used in the food industry.
- Mid-market walnuts are of a higher class and standard. These products are usually sold in the retail under manufacturers' brands or private labels. They have some added value characteristics, such as innovative packaging (e.g. printed cartons or sachets), making it possible to obtain relatively higher margins.

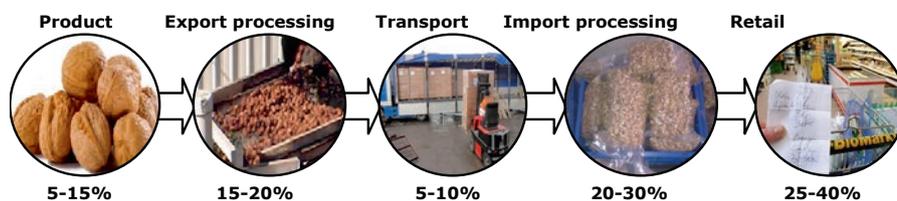
### CONSIDERATIONS FOR ACTION

- Ensure that you appreciate the key differences between supplying the food service or food ingredient segment, compared with the retail market. Products in the lower segment would usually be "category 2" graded product, perhaps in crushed form.
- 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. Colour is particularly important when assessing different qualities.
- 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 mid-market segment would require either “category 1” or “extra category” product.

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 walnuts, 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](http://www.cbi.eu/marketintel_platform/Processed-Fruit-and-Vegetables-and-Edible-Nuts/177430)

### SOME IMPORTERS AND WHOLESALERS

Stoltzenberg Nuss [www.stoltzenberg.de/](http://www.stoltzenberg.de/)

Bela Foods [www.belafoods.de/](http://www.belafoods.de/)

MW Nuts International [www.mwnuts.de/index.html](http://www.mwnuts.de/index.html)

### TRADE PRESS

The Cracker is the official publication of the International Nut & Dried Fruit Council [www.nutfruit.org](http://www.nutfruit.org)

The Clipper monitors the world-wide trade in dried fruit and nuts [www.agropress.com](http://www.agropress.com)

Food News and The Public Ledger [www.agra-net.com](http://www.agra-net.com)

Bio Press [www.biopress.de/](http://www.biopress.de/)

### WALNUTS

German edible nut wholesale trade association [www.waren-verein.de](http://www.waren-verein.de)

European edible nut association [www.frucom.eu](http://www.frucom.eu)

Information on the EU Food Industry [http://ec.europa.eu/enterprise/sectors/food/index\\_en.htm](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](http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20090513.pdf)) for instructions.

International Trade Statistics – [www.trademap.org](http://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](http://www.cbi.eu/disclaimer)

## ANNEX

Here are a selection of walnut 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:

**SEEBERGER JUMBO WALNUTS,**  
2 x 500g PACK, € 8.58



**SEEBERGER WALNUT KERNELS,**  
500g € 14.29



**RAPUNZEL WALNUT KERNEL HALVES**  
**ORGANIC, 2 x 100g € 5.98**



**CLASEN ORGANIC WALNUT KERNELS,**  
3 x 150g € 8.85



**FOOD FELLOW WALNUT KERNELS**  
**LIGHT HALVES, 1kg € 15.39**



**COOPERNOIX FRENCH WALNUT KERNELS,**  
1.8kg TIN € 36.29



**NATURIX24 WHOLE WALNUT KERNELS,**  
1kg BAG € 22.90



**ULTJE SALTED WALNUT KERNELS,**  
2 x 150g € 7.98



**NU3 ORGANIC WALNUT KERNELS**  
2 x 175g € 9.89



**KÜSTENGOLD WALNUT KERNELS**  
**FRONT & BACK OF PACK**  
10 x 40g PACKS, € 11.90



**KLUTH WALNUT KERNELS,**  
200g € 6.29



**NATURATA ORGANIC WALNUT**  
**KERNELS HALVES,**  
100g € 3.51

