

Entering the German market for cocoa

The German cocoa processing industry relies heavily on cocoa supplies from West Africa. However, the market attracts further interest in cocoa beans from other regions around the world; this is particularly so given the growing markets for organic and Fairtrade-certified cocoa beans in Germany. Producers and exporters of organic cocoa beans are likely to find the widest opportunities in Germany, where the market is large and diverse.

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1. What requirements must cocoa comply with to be allowed on the German market?

You can only export cocoa to Germany if you comply with strict European Union requirements. For a complete overview of these standards refer to our study on [buyer requirements for cocoa](#) or consult the specific requirements for cocoa in the [EU Trade Helpdesk](#).

Buyer requirements can be divided into the following.

1. Musts: legal and non-legal requirements you must meet to enter the market.
2. Additional requirements: those you need to comply with to keep up with the market.
3. Niche requirements: applying to specific niche markets.

The highlights for these requirements are given below, specified for the German market when relevant.

1. Legal and non-legal requirements you must comply with

Legal requirements

You must follow the European Union legal requirements for cocoa, mainly dealing with food safety and hygiene. Related to this are the legal limits for food contaminants, of which the most common are:

- Pesticides (consult the [EU pesticide database](#) for an overview of the maximum residue levels (MRLs) for each pesticide)
- Mycotoxins ([ochratoxin A](#) is of special relevance for cocoa)
- Polycyclic-aromatic hydrocarbons ([PAHs](#))
- [Microbiological contamination](#) such as [salmonella](#) (although cocoa is considered low-risk)
- Heavy metals such as [cadmium](#) (which is a particular problem for cocoa from some Latin American countries due to factors like volcanic activity and forest fires).

Quality requirements

If you want to access the German market for cocoa beans, you will have to meet your buyer's quality standards. They are particularly high within the specialty segment for fine flavour cocoa beans.

Buyers in Germany and elsewhere currently assess the quality and flavour of cocoa beans in different ways and often use a combination of two or more methodologies. The guide [Cocoa Beans: Chocolate & Cocoa Industry Quality Requirements](#) provides recommendations on cocoa growing, post-harvest practices and quality evaluation methods that contribute to cocoa quality.

Other cocoa quality assessment methodologies and international cocoa standards commonly used by chocolate

makers and cocoa traders include the following.

- ISO's [Standards on classification and sampling for cocoa beans](#).
- The Fine Cacao and Chocolate Institute (FCCI)'s [cocoa sampling protocol](#) and [cocoa grading form](#).
- Heirloom Cacao Preservation's [genetic evaluation of cocoa](#) to identify and value cocoa and its flavour.
- Equal Exchange/TCHO's [quality assessment and tasting guide](#) to assess the quality of cocoa along the value chain.
- The methodology developed by the Cocoa of Excellence Programme to [assess the quality of cocoa in different stages](#).

There are no harmonised international procedures, nor is there a specific terminology for assessing cocoa bean quality and flavour and its direct relation to high-quality chocolate for buyers and consumers. However, a working group, coordinated by the [Cocoa of Excellence Programme](#), is currently developing international standards for assessing cocoa quality.

Labelling requirements

The labelling of cocoa beans exported to Germany should comply with [the general food labelling guidelines of the European Union](#). The label should be in English and include the following topics to ensure traceability of individual batches:

- Product name
- Grade
- Lot or batch code
- Country of origin
- Net weight in kilograms

In case your cocoa is organic and/or fair trade certified, the label should contain the name/code of the inspection body and certification number.

Figure 1: An example of cocoa bean labelling



Source: Chocolate Cortés

Packaging requirements

Cocoa beans are traditionally shipped in jute bags, which can weigh between 60 and 65 kilograms. On the mainstream market, bulk shipment of cocoa beans has become more popular. This means cocoa beans are loaded directly into the ship's cargo hold or in shipping containers containing a flexi-bag (see Figure 3). This mega bulk method is often adopted by larger cocoa processors, which handle cocoa beans of standard qualities.

In the specialty cocoa segment, jute bags are still commonly used. For very high-quality micro lots, vacuum-sealed [GrainPro](#) packaging can be used.

Figure 2: Examples of packaging for cocoa: jute bag, container-sized flexi bag and GrainPro



Sources: [Osu.edu](#), [Bls.bulk.com](#) and [GrainPro](#)

Tips:

For the full buyer requirements, read the study on [buyer requirements](#) for cocoa in Europe.

Check the website of [EUROLex](#) for more detailed information about the regulations concerning cocoa products.

Read more about the quality requirements of the European industry for cocoa beans on the [Cocoa Quality website](#).

Learn more about maintaining the quality of your cocoa during transportation on the website of [the Transportation Information Service](#).

Read more about trading and shipping cocoa beans in the [Cocoa guide to trade practices](#) of the International Trade Centre. Additional requirements to keep up with the market

2. Additional food safety requirements

You can expect buyers in Germany to request extra food safety guarantees from you. Regarding production and handling processes you should consider the following.

- Implementation of good agricultural practices (GAPs): The main standard for good agricultural practices is provided by [GLOBALG.A.P.](#) This is a voluntary standard for the certification of agricultural production processes that provide safe and traceable products. Certification organisations (such as Rainforest Alliance/UTZ) often incorporate GAP in their standards.
- Implementation of a quality management system (QMS): A system based on [Hazard analysis and critical control points](#) (HACCP) is often a minimum standard required at the level of storage and handling of cocoa beans. If you export semi-finished cocoa products, some buyers will also expect you to have certification, such as [International Featured Standards: Food](#) (IFS) or [British Retail Consortium Global Standards](#) (BRC)

certificates, for your manufacturing facilities.

Additional sustainability requirements

As corporate responsibility and sustainability are growing in importance in the German cocoa sector, it has become essential to adopt codes of conduct or sustainability policies related to environmental and social impacts. Leading companies on the German chocolate market (such as [Ritter Sport](#) and [Stollwerck](#)) have sustainability policies emphasising the contact with producers, transparency in their operations, as well their social and environmental impact.

Certification standards like Rainforest Alliance (merged with UTZ in 2018) have become key on the mainstream chocolate market. Over 230 traders, cocoa processors and chocolate manufacturers operating in Germany are [Rainforest Alliance/UTZ-certified](#).

Tips:

Refer to the [International Trade Centre Standards Map](#) or the [Global Food Safety Initiative website](#) to learn about the different food safety management systems, hygiene standards and certification schemes.

Find out which standards or certifications are preferred by potential buyers in your target segment. Buyers may have preferences for a certain food safety management system or sustainability label, depending on their end clients and/or distribution channels.

See our [study on certified cocoa](#) for more information about the demand on the European market, trends and specific trade channels.

3. Niche requirements

Germany represents the most important market for organic-certified cocoa products in Europe. In order to market your cocoa as organic in the European market, it must comply with [the regulations of the European Union for organic production and labelling](#).

[EU Organic](#) is the minimum legislative requirement for marketing organic cocoa in the European Union. On top of that other organic certification schemes in Germany are [Biosiegel](#), [Bioland](#) and [Naturland](#). Each scheme has its own requirements, and may be required by specific buyers. For instance, check the differences between [Naturland](#) and the [EU organic regulation](#), and note that Naturland sets higher standards.

The market for [Fairtrade cocoa is also growing in Germany](#), offering interesting opportunities in this niche market. The most common fair-trade standards on the German market are [Fairtrade](#) and [GEPA](#). The [Naturland Fair](#) logo is for products that are organically produced and also fairly traded.

Before you can market your cocoa beans as Fairtrade and/or organic, an accredited certifier must audit your growing and processing facilities. Examples of accredited certifiers are [Control Union](#), [Ecocert](#), [FLOCERT](#), [ProCert](#) and [SGS](#).

Tips:

Learn more about organic farming and organic guidelines on the [European Union website](#) and the [Organic Export Info website](#).

Find importers that specialise in organic products on the [website of Organicbio](#).

Try to visit trade fairs for organic products, like [Biofach](#) in Germany. Check out their website for a list of exhibitors, seminars and other events at this trade fair.

If you produce cocoa according to a Fairtrade scheme, find a specialised German buyer who is familiar with sustainable and/or fair trade products. For instance, check the [FLOCERT customer database](#).

Try to combine audits, if you have more than one certification, to save time and money. Also investigate the possibilities for group certification with other producers and exporters in your region.

2. Through what channels can you put cocoa on the German market?

1. How is the end market segmented?

Cocoa beans are used for processing in four different industries: confectionery, food, cosmetics and pharmaceutical. This document focuses only on the confectionery industry, as this is the main segment for cocoa beans. In 2017, the confectionery industry alone used up to [about 43% of total global cocoa consumption](#). It mainly processes cocoa liquor and butter into chocolate products, such as bars, candy bars and bonbons.

The confectionery industry can be segmented according to the quality of the end products. For cocoa beans, the end products mainly consist of chocolate bars.

Figure 3: Segmentation of the chocolate market based on quality



Low end: The low-end segment offers cheap chocolate products, with lower cocoa content. The products are often produced by large chocolate manufacturers, for which they predominantly use bulk cocoa from West Africa (*Forastero* variety). Bulk cocoa is characterised by high volumes, low value and standard quality. Rainforest Alliance/UTZ-certified cocoa has become mainstream, and is increasingly being used to certify low-end products.

Lower-end chocolate products are usually mass-market products of big brands and lower-quality private label products from supermarkets. The [mainstream and most popular brands](#) for chocolate bars and candy bars found on the low end of the German confectionery market are:

- Milka and Toblerone (manufactured by [Mondelēz](#))
- Merci ([August Storck](#))
- Kinderschokolade and Yogurette ([Ferrero](#))
- Alpi and Sarotti ([Stollwerck](#))
- Trumpf and Schogetten ([Ludwig Schokolade](#))
- Nestlé Die Weisse ([Nestlé](#))

- [Ritter Sport](#) (Alfred Ritter & Co.).

These products are predominantly sold in supermarkets. The largest retailer groups in Germany are:

- Edeka Group (which includes supermarkets [Edeka](#) and [Netto](#)), with a [market share of 21.5% in 2018](#);
- REWE Group ([REWE](#) and [Penny](#)), 14.7% market share;
- Schwarz Gruppe ([Lidl](#) and [Kaufland](#)), 14.7% market share;
- Aldi (with [Aldi Süd](#) and [Aldi Nord](#)), which together hold a market share of 11.1%.

An indication of consumer chocolate prices (based on [REWE's retail prices in 2019](#)) in German supermarkets for lower end products is as follows:

	Product	Price (€/kg)
Lower end	REWE (Fairtrade dark chocolate 72%)	7.90
	Schogetten (dark chocolate 50%)	9.90
	Milka (Alpenmilch)	10.90
	Ritter Sport (dark chocolate, Peru, 74%)	13.90

Middle range: The middle-range segment includes chocolate products of good quality, which are commonly sustainably certified. Storytelling and the origin of the cocoa beans are important in this segment, mainly for marketing purposes.

Examples of middle-range products available in Germany include the popular Swiss brand [Lindt](#). Lindt is mainly known for their wide range of premium chocolate bars made from *Trinitario* and/or *Forastero* cocoa. Another example is the German brand [GEPA](#), which offers fair-trade and organic-certified chocolate products.

These middle-range products are mainly sold through supermarkets, and are usually the high-quality category of retailers. Supermarkets also increasingly offer private label premium chocolate products. The table below gives an indication of consumer chocolate prices for middle-range products:

	Product	Price (€/kg)
Middle range	Hachez (dark chocolate, São Tomé, 73%)	19.90
	Lindt (dark chocolate 70%)	19.90
	GEPA (organic dark chocolate 60%)	22.90

High end: Smaller, more specialised chocolate makers produce high-end chocolate products, for which often fine flavour cocoa is used (usually a mix of *Criollo*, *Trinitario* and/or to a lesser extent *Forastero*). These products are characterised by a high cocoa content. Single-origin cocoa beans are important, both for the taste as the traceability of the cocoa. Bean-to-bar chocolate is a good example of a high-end product.

[Belyzium](#), [Edelmond](#) and [Georgia Ramon](#) are examples of German bean-to-bar brands and specialty chocolate makers that produce high-end products. These products are mainly sold through specialty shops. Examples of specialty web shops in Germany include [Chocolats de Luxe](#), [Feine Schokolade](#) and [Schoko und Rum](#).

Chocolate consumer prices for high-end chocolate products are:

	Product	Price (€/kg)
High end	Edelmond (organic vegan dark chocolate, 66%)	59.30
	Georgia Ramon (organic dark chocolate, Belize, 70%)	104.00
	Belyzium (dark chocolate, Belize single estate, 68%)	124.00

For exporters it is important to realise that trade prices and retail prices behave independently, thus are not directly linked. As the below figure shows, only 6.6% of added value goes to farmers. In general, cocoa bean export prices, and the share kept by cocoa producers, will depend on the cocoa bean quality, the size of the lot and the supplier's relationship with the buyer. The largest shares are kept by chocolate companies and retailers.

Tips:

Learn more about the promotion of standard quality and speciality chocolate by mainstream German supermarkets such as [REWE](#). Compare their product assortment and price levels with specialised stores such as [Chocolats de Luxe](#).

Refer to our study on [trends in the cocoa sector](#) to learn more about developments within different market segments.

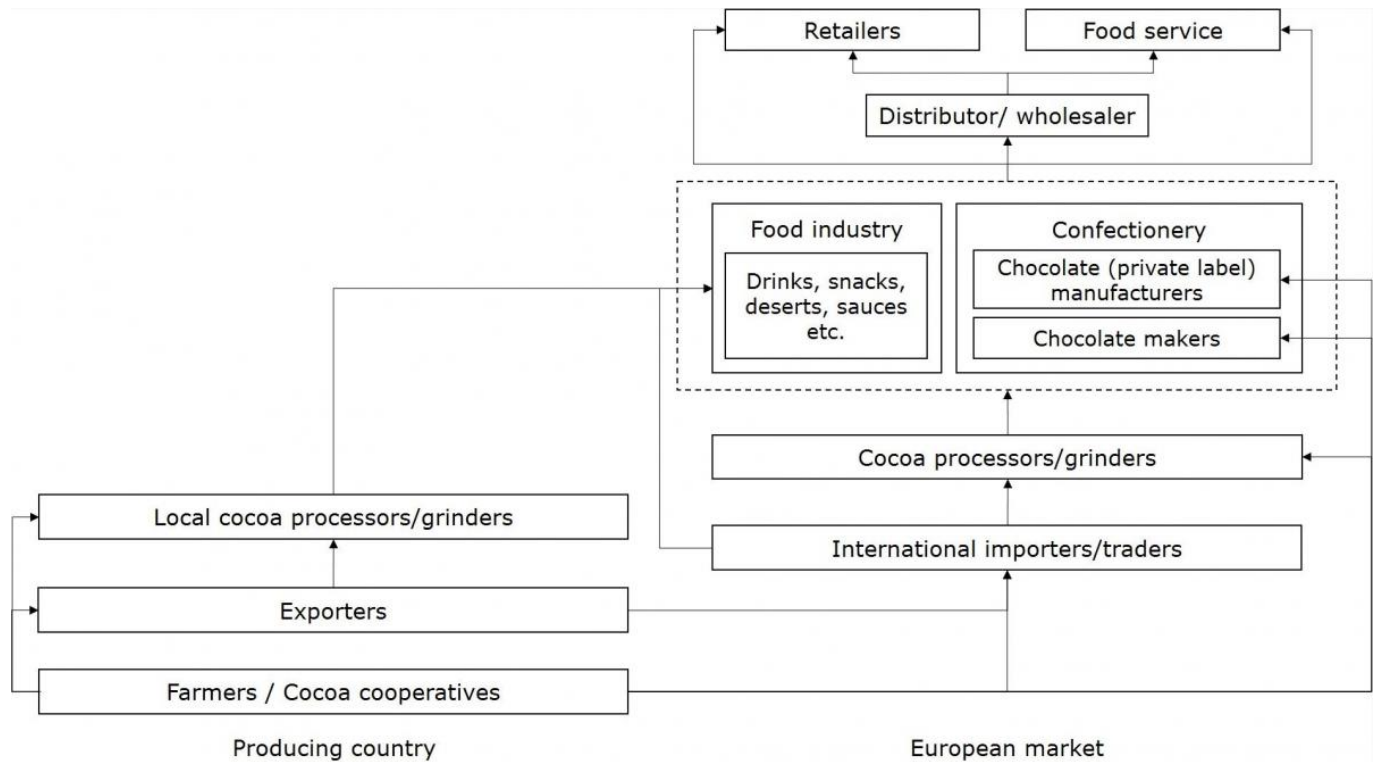
Monitor endconsumer prices of chocolate to get an idea of price ranges. Good sources for price information are the websites of supermarket chains, chocolate specialty stores and chocolate web shops, such as [Feine Schokola](#)

2. Through what channels does cocoa end up on the end-market?

As an exporter, you can use different channels to bring your cocoa to the German market. Entering the market will vary according to the quality of your cocoa beans and your supply capacities.

It is important to realise that the European market is moving towards shortened supply chains. This means retailers and cocoa-processing companies are increasingly sourcing their cocoa beans directly. The figure below shows you the most important channels for cocoa beans in Germany.

Figure 5: The main channels for export of cocoa to Germany



Cocoa bean processors/grinders

Large processors/grinders source their cocoa beans directly from producing countries. They process the raw material into cocoa mass, cocoa butter and/or cocoa powder, which they distribute to the confectionery, food, cosmetic and pharmaceutical industries throughout Europe. Some grinders also manufacture end products to supply directly to the retail or food service sector. Examples of cocoa bean processors/grinders in Germany are [Cargill](#), [Olam](#) and [Barry Callebaut](#).

For whom is this an interesting channel? If you are an exporter of high volumes of bulk beans, then your direct trading partner is usually a cocoa grinder/processor. These companies tend to buy high volumes of standard qualities. They usually have cocoa-buying stations in producing countries to which you can sell your beans directly.

Importers

Importers of bulk cocoa handle large quantities and have contacts with exporters in producing countries. In most cases, importers have long-standing relationships with their suppliers. Importers either sell the cocoa beans to companies in Germany or re-export them to other European buyers.

Examples of large importers of cocoa beans and/or cocoa derivatives active in Germany are [Albrecht & Dill Trading](#), [Schlüter & Maack](#) and [Traub Trading](#). The previously mentioned Cargill, Olam and Barry Callebaut also import cocoa beans directly.

Importers active in the specialty segment usually deal with smaller quantities, and often work directly with producers and producer cooperatives. Examples of specialty trading companies in Germany are [Naturkost Übelhör](#) and [Rapunzel](#) (focused on organic produce), [Bohnekaf Kolonial](#) (focused on fine flavour) and [GEPA](#) (which sources fair-trade certified cocoa beans).

Specialised importers could also be interested in value-added cocoa products processed at the country of origin, as described in [our study on the European market for semi-finished cocoa products](#), or even in finished products like chocolate. [El Puente](#) is a German company that imports chocolate fully produced at origin.

For whom is this an interesting channel? For exporters working with high volumes of bulk beans from

producers/cooperatives, large importing companies can serve as a gateway into the German market. If you deal with bulk cocoa, discuss certification requirements and possible industrial applications with your importer. Note that many specialised importers prefer to work directly with producers and/or cooperatives and not through exporters.

A producer association selling specialty or certified cocoa can best sell its cocoa beans directly to specialised cocoa importers. If you produce or have very high-quality cocoa beans and are working through an importer, it is best to also discuss the possibilities to directly link up with high-end chocolate makers.

If you, as an individual farmer, have the financial means and technical know-how to organise export activities, then you can also sell your beans directly to specialised importers or chocolate makers.

Large (private label) chocolate manufacturers

The largest industrial chocolate manufacturer worldwide is [Barry Callebaut](#), which also has production and grinding facilities in Germany. Other large chocolate manufacturers active on the German market are [Mars](#), [Mondelez](#), [Nestlé](#), [Ferrero](#), [Lindt & Sprüngli](#) and [Alfred Ritter & Co](#). These companies all have their own importing departments and source their cocoa beans directly from producing countries.

Private label manufacturers may also be an interesting entry point for your cocoa beans. These companies are growing in importance as it becomes [more common for large brands to outsource their production to specialised private label manufacturers](#). Examples of private label manufacturers in Germany are [Delitzscher](#), [Farüchoc](#) and [Weinrich](#). Weinrich produces large shares of both organic and fair-trade products, such as the popular organic [Vivani](#) brand. [Ludwig Schokolade](#) and [Storck](#) (apart from producing their own chocolate brands) also produce private label brand products for retailers.

For whom is this an interesting channel? Selling to these players is interesting if you have cocoa of a standard quality in high volumes. This may also be an interesting channel for local grinders with cocoa mass and cocoa butter which meet high quality standards (which means they do not need to be processed again). Then you can trade directly with European confectionery and food companies. If you have lower quality semi-processed cocoa products, your direct trading partner will usually be a European importer or grinder.

Small chocolate makers

Especially in the specialty and fine flavour segment, cocoa beans are increasingly being traded directly from farmer (association) to chocolate maker. Although direct trade is growing, it still represents a very small part of the cocoa market. Not all chocolate makers are able to sustain direct trade, since responsibilities that are usually outsourced to traders (such as logistics, documentation and pre-financing) now need to be handled by the chocolate maker.

In this sense, direct trade can also happen with an importer as intermediary, who acts as a service provider and contact point in the transactions between the source and the end market. Such importers can also guarantee traceability and communicate the story of the cocoa beans accurately along the chain.

Examples of specialised chocolate (bean-to-bar) makers in Germany that source specialty cocoa directly from producing countries are [Belyzium](#), [Coppeneur](#), [Georgia Ramon](#), [Kilian & Close](#) and [Rausch](#).

For whom is this an interesting channel? Targeting specialty chocolate makers directly is recommended for producers and exporters dealing with specialty cocoa beans. This requires your having the financial means and technical know-how to organise export activities. You could also consider setting up local processing facilities to add more value to your cocoa beans. [Our study on the European market for semi-finished cocoa products](#) discusses this more in depth.

Tips:

Find buyers in Germany who match your business philosophy and export capacities (in terms of quality, volume, certifications). For more tips on finding the right buyer for you, see our study on [finding buyers on the European cocoa market](#).

Attend trade fairs in Europe to meet potential buyers. Interesting trade events in Germany include [COTECA](#), [ISM](#), [Anuga](#), [Biofach](#) (organic products) and [Internorga](#) (catering and food service). Attending such events can provide you with additional insight into the preferences of German buyers, with regard to origin, flavour and sustainability certification. By understanding the market better, you can ensure that your specific product corresponds to the demand and requirements. Interesting trade fairs in other European countries include [Chocoa](#) (Netherlands) and [Salon du Chocolat](#) (France).

Connect to platforms or traders such as [Direct Cacao](#) and [Cocoanect](#); they help establish links between farmers and chocolate makers. Read more about direct trade and shorter cocoa chains in our study on [trends in the cocoa sector](#).

Use industry associations to find potential buyers in Germany. Examples are the [German Cocoa Trade Association](#) or the [Association of the German Confectionery Industry](#) (BDSI).

Invest in longterm relationships. Whether you are working through an importer or directly with a chocolate maker, it is important to establish a strategic and sustainable relationship with them. This will help you manage market risks, improve the quality of your product and reach a fair quality/price balance. For more tips, read [our study on doing business with European cocoa buyers](#).

3. What competition do you face on the German cocoa market?

The intensity of rivalry on the market is generally high for bulk cocoa with low added value. This segment is mainly dominated by major suppliers and cooperatives able to deliver large quantities so they can compete on price. It is difficult for small and medium-sized companies to compete with this segment. Rivalry is less intense in the specialty cocoa market. In this segment there is more focus on quality, taste and sustainability.

German cocoa processors rely on supplies from West Africa

The largest share of cocoa bean imports by Germany are bulk beans of West African origin. Ivory Coast, Nigeria and Ghana supply the German cocoa processing industry (78% of total cocoa bean supplies). These supplying countries rely on well-established cocoa supply chains. There is a large presence of multinational processing companies (examples: [OLAM](#) and [Cargill](#)), to which small cocoa producers and cooperatives are strongly linked, especially in Ivory Coast.

Cocoa produced in West Africa mostly comes from the *Forastero* tree, and is mainly used in the mainstream high-volume market. Between 2014 and 2018, German cocoa bean imports (both direct and indirect) from Ivory Coast [increased at an average annual rate of 4.3%](#), while Ghanaian supplies decreased slightly (–1.2%) and Nigerian supplies increased strongly between 2014 and 2018 (+45%).

A large share of cocoa produced in Ivory Coast and Ghana is Rainforest Alliance/UTZ-certified, which is a market entry requirement to large manufacturers and retailers operating in mainstream markets.

Latin American supplies to Germany

Latin American countries are known for their [high shares of fine flavour cocoa](#) in total production, as well as for the production of organic cocoa. [About 70% of organic cocoa is produced in Latin America](#). The largest Latin

American suppliers of cocoa beans to Germany are Ecuador (3.1% market share in 2018) and Peru (1.9%). Between 2014 and 2018, Ecuador's supplies decreased at an average annual rate of 7.9%, while Peruvian supplies increased by 8.7% in the same period.

Both countries export fine flavour cocoa. As much as [75% of Ecuador's cocoa exports are fine flavour beans](#). Ecuador is strongly promoting the origin of its cocoa beans. This is important, as [chocolate products with cocoa origin claims attract a 51% higher retail price and higher consumer appreciation in the growing online retail space](#).

About 75% of Peru's cocoa exports are registered as fine flavour cocoa. Fine flavour cocoa beans mainly consist of *Trinitario* and *Criollo* beans. Peru is also a major producer of organic cocoa beans ([the world's third largest](#)).

The world's largest [organic cocoa producer is the Dominican Republic](#). A major share of organically produced cocoa from the Dominican Republic is also Fairtrade certified. Imports by Germany from the Dominican Republic [decreased at an average annual rate of 21% between 2014 and 2018](#). [This decrease in exports is explained by unfavourable weather](#) in the Dominican Republic (prolonged rains, followed by drought), which is negatively affecting production volumes.

Tips:

Identify your potential competitors. To be successful as an exporter, it is important to learn from them. Focus on their marketing strategies, the product characteristics they highlight and their value addition approaches. Successful companies that already export to the European market from which you can learn include [Casa Franceschi](#) (Venezuela), [Hacienda Betulia](#) (Colombia), [Ingemann](#) (Nicaragua) and [Xoco Gourmet](#) (Central America, mainly active in Honduras, Guatemala, Belize and Nicaragua).

Identify and promote your unique selling points. Give detailed information about your cocoa growing region (origin), the varieties, qualities, processing techniques and certification of the cocoa you offer. You can also tell about the history of your organisation, your cocoa growing farm(s) and the passion and dedication of the people working there. These are all elements that make your company unique.

Actively promote your company on your website and at trade fairs. Flavour quality competitions also provide good opportunities to share your story (example: [International Chocolate Awards of the Cocoa of Excellence Programme](#)).

Work together with other cocoa producers and exporters in your region when you lack company size or product volume. Together you can promote good quality cocoa from your region and be a more attractive and more competitive supplier for the European market.


Develop longterm partnerships with your buyer. This implies always complying with buyer's requirements and keeping your promises. This will provide you with a competitive advantage, more knowledge and stability on the German market.

Check possible programmes to support your crop and crop productivity. Refer to your national Ministry of Agriculture and other local programmes. Also check if there are local support programmes in your region managed by the [Food and Agriculture Organization](#) (FAO), [International Finance Corporation](#) (IFC), [World Agroforestry Centre](#) (ICRAF) or other organisations.


This study has been carried out on behalf of CBI by [ProFound – Advisers in Development](#).

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