Exporting cocoa beans to Switzerland

Switzerland is famous for its chocolate. The country has a reputation for high quality chocolate, with many famous international brands, including Lindt and Toblerone. Swiss consumers have one of the highest per capita rate of chocolate consumption worldwide. The opportunities in premium products (specialty, fine flavour and certified chocolate) are growing significantly. Within this segment, the preferred channel is direct trade with smaller traders, specialty chocolate stores, chocolatiers or bakeries.

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1. Product description

The cocoa tree (Theobroma Cocoa) grows in tropical areas between 15 and 20 degrees latitude north and south of the equator: Africa, Asia, and Latin America. After extraction from the pod, cocoa seeds are fermented and sun-dried. A cocoa producing tree can deliver on average 0.5 to 2 kg of dried seeds per year.

The international cocoa market (including Switzerland) distinguishes three types of cocoa beans:

- **Common grade: Forastero cocoa**
  Forastero was originally grown in the high Amazon region and is now the predominant cocoa variety cultivated mainly in Africa, accounting for around 80% of global cocoa production. The beans have a flatter flavour than the more fruity and citric Criollo and Trinitario beans.

- **High-grade: Criollo cocoa (original cocoa tree)**
  Criollo was originally grown in Venezuela, Central America and Mexico, but is now also grown in Ecuador, Colombia, Peru, Bolivia, Nicaragua, Honduras, Guatemala and Sri Lanka. Criollo makes up 5 to 10% of global cocoa production. The beans have a bitter, aromatic flavour and are easily processed.

- **High-grade: Trinitario cocoa**
  Trinitario was originally grown in Trinidad, but is now also grown in Venezuela, Ecuador,
Honduras, Nicaragua, El Salvador, Costa Rica, Cameroon, Samoa, Sri Lanka, Indonesia and Papua New Guinea. The beans are a hybrid of the Criollo and Forastero trees. This variety represents around 10 to 15% of global cocoa production.

Harmonised System (HS) codes are used to classify products and to calculate international trade statistics, such as imports and exports. The focus is on cocoa beans, of Harmonised System code 1801. Other cocoa products are covered in our study on semi-finished cocoa products in Europe.

2. What makes Switzerland an interesting market for cocoa?

Switzerland remains one of the largest per-capita consumers of chocolate

Switzerland is one of the top consumers of chocolate in the world. In 2017, Swiss consumption per capita was 10.5 kg; the total amount of Swiss chocolate sold domestically amounted to CHF 921 million (around €817 million).

Between 2016 and 2017, domestic turnover in Switzerland decreased slightly by -0.4%. This trend in declining demand, set off against the growth of imported products, has been apparent for the last few years. However, Switzerland remains an important consumer as well as chocolate exporter.

Tips:
- Access the website of Festichoc, the chocolate festival and trade fair in Switzerland, to get a list of exhibiting companies, news items, innovations and other interesting aspects of the Swiss and international speciality chocolate market.
- See our study on trends for cocoa to learn more about consumer trends in Europe.

Switzerland remains the eighth-largest European importer of cocoa beans

Switzerland is the eighth-largest European importers of cocoa beans, with 43 thousand tonnes in 2017 (€117 million). Imports of cocoa beans have remained quite stable over the past five years (2013-2017), having increased slightly by +1.1% annually in terms of volume, and more significantly in terms of value (+4.9%).
Switzerland is the eighth-largest cocoa grinder in Europe, after larger grinders such as the Netherlands and Germany. It is estimated that Switzerland grinded around 40 thousand tonnes of cocoa beans in 2016.

The grinding industry in Switzerland is dominated by a few large (multinational) grinders, such as:

- Barry Callebaut
- Lindt & Sprüngli
- Nestlé

**Tip:**
- Access the Eurostat Statistics Database to analyse European trade dynamics yourself and to build your export strategy. Identify interesting importing countries and developments such as the emergence of new suppliers and decline of established ones.

Switzerland plays a small role in cocoa bean re-exports but a large role in exports of chocolate products.

In 2017, Switzerland continued to play a relatively small role in the re-exports of cocoa beans, since the country processes almost all of its imported beans for the manufacture of its own chocolates. Most cocoa bean re-exports went to France (205 tonnes) and the Netherlands (27 tonnes). Re-exports of cocoa beans have been relatively stable in recent years, with a peak in 2016, but a significant decline in 2017.

Switzerland is an important exporter of chocolate; in 2017, exports increased by 4.8% and amounted to 127,923 tonnes with a turnover growth of 6.9% (CHF 936 million; around €832 million). Swiss chocolate is famous for its chocolate processing techniques, such as the use of 5-roll refining machines, favoured for milk chocolate manufacturing.
Swiss consumers demand high-quality, premium products

Swiss chocolate is famous for its high-quality. Swiss chocolate-making standards are one of the highest in the world. Switzerland has law and industry-wide agreement on the designation of ‘Swiss chocolate’. This description can only be used for ready-conched chocolate or chocolate entirely manufactured in Switzerland. However, the cocoa beans, cocoa mass and cocoa butter can be sourced from another country. In addition, the Association of Swiss Chocolate Manufacturers ‘Chocosuisse’ has developed several technical guidelines to keep the standard of Swiss chocolate high.

There are several famous gourmet chocolate shops in Switzerland. Some well-known shops are Studler Chocolatier, Teuscher, Max Chocolatier and Gysi. Another example is the company mySwissChocolate, who offer their customers the possibility to create their own bars online with more than 450 different combination options.

Tips:

- Focus on the premium, specialty, and fine flavour cocoa market in Switzerland. You can only access the premium cocoa market if you offer cocoa beans of high-quality standards. See the chapter about quality requirements below to learn more.

- Want to get premium cocoa on the Swiss market? Try to establish direct trade relationships with smaller traders and chocolate makers. See the section on market segments and trade channels below for more information.

- See our study on trends for cocoa to learn more about speciality cocoa on the European market.

Sustainability debate generates public-private initiatives in Switzerland

The Swiss market for sustainable chocolate has been growing recent years. The country follows the European trend as described in our study covering trends on the European cocoa market. While the sustainability debate generates changes within the operation of companies, it also allows for partnerships at the government level.

The Swiss Platform for Sustainable Cocoa was launched July 2017. The initiative is developed by Chocosuisse, the State Secretariat for Economic Affairs (SECO) and the non-governmental organisations Swisscontact and Helvetas. Key actors in the sector have signed the platform’s Declaration of Intent. One of the main elements of the intent is the goal that 80% of cocoa imports will be of sustainable production sources by 2025. The platform will also focus on creating a dialogue between the local authorities and organisations in the producing countries.

Besides multi-party initiatives, several chocolate companies based in Switzerland have also committed to sustainability in their company statements:

- Lindt
3. Organic and fair-trade markets keep on growing

Switzerland sees an increase in sustainability labels on the chocolate market, in line with public-private initiatives and growing consumer awareness. The consumption of Fairtrade and organic certified chocolate is quite high in Switzerland.

Swiss per-capita consumption of both organic (€274) and Fairtrade (CHF 75; around €67) products (including chocolate) in 2016 was the highest worldwide. Between 2015 and 2016, the Swiss organic market increased by an average of 5.7% and its Fairtrade market increased by 21%.

Examples of Swiss chocolate brands or chocolatiers with Fairtrade and/or organic chocolate are: Stella Bernrain, Durig, Gysi and Maestrani. Specialised organic and/or Fairtrade traders/processors in Switzerland are: Pronatec, Minka SCS and Walter Matter.

Tips:

- See our study on buyer requirements for the cocoa sector to learn more about certification schemes.
- Try to combine audits in case you have more than one certification. In this way, you can save time and money. Also investigate the possibilities for group certification with other producers and exporters in your region.
- Promote sustainable and ethical aspects of your production process. Support these claims with certification. See our study on doing business with European buyers of cocoa for more tips on marketing and promotional aspects of your cocoa.
- Before engaging in a Fairtrade certification programme, make sure to check (in consultation with your potential buyer) that this label has sufficient demand in your target market and whether it will be cost beneficial for your product.

4. What requirements must cocoa comply with to be allowed on the market in Switzerland?

Switzerland is not a member of the European Union (EU), but a member of the European Free Trade Association (EFTA). To facilitate free trade with the European Union, Switzerland has adapted the Swiss food law to European law to a large extent. The European Union legislation is therefore given as the basis below.

In our study on buyer requirements for cocoa you can find a detailed analysis of these...
Legal requirements

Traceability and hygiene are the most important themes. Special attention should be given to specific sources of contamination. Pesticides, mycotoxins (ochratoxin A is of special relevance for cocoa), polycyclic-aromatic hydrocarbons (PAHs) and microbiological contamination such as Salmonella (though cocoa is considered low-risk) are the most common for cocoa beans.

It is also important to consider the contamination from heavy metals during production and handling, particularly cadmium. The presence of cadmium is a particular problem for cacao from some Latin American countries due to factors like volcanic activity and forest fires. The European Union has strengthened its regulation on cadmium in cocoa and derived products. **The new regulation came into force as of January 2019.**

Quality criteria

If you want to access the Swiss market for cocoa beans, you will have to meet international quality standards. They are particularly high within the speciality segment for fine flavour cocoa beans. **Cocoa of Excellence** mentions the following factors defining the quality of cocoa:

- Good trees (genetics)
- Well cared for and grown in a suitable environment
- Pods correctly harvested
- Good practices to keep the trees healthy and free of pests and diseases
- Optimum fermentation and drying protocols specific to the type of beans
- Know-how for processing cocoa beans and for chocolate making

High-grade (fine flavour) cocoa beans are generally of a higher quality than common-grade cocoa beans, as their distinctive flavour is popular among manufacturers of high-quality chocolate. Fine flavour beans are usually produced from trees that contain the genetics of *Criollo* and/or *Trinitario* cocoa tree varieties. Common-grade (bulk) cocoa beans for mass production are genetically derived from *Forastero* trees.

Harvesting and processing techniques are also important in harnessing the ‘fine’ qualities of fine flavour cocoa beans. During harvesting, you should make sure you only take the ripe fruits. During processing, you should make sure all cocoa beans are fermented and dried homogenously. Cocoa beans should be shipped shortly after harvesting because extended storage (> 6 months) may result in losses due to the relatively high humidity in tropical environments.

To moderate the initially bitter cocoa flavour and to develop the typical cocoa flavour, the beans are fermented. Cocoa grading differs across producing and consuming countries. Standard practices have been set by the international cocoa trade associations. The grading of cocoa depends on the **fermentation process**:

- Well-fermented cocoa beans: less than 5% mould, less than 5% slate and less than 1.5% foreign matter.
- Fairly well-fermented cocoa beans: less than 10% mould, less than 10% slate and less than 1.5% foreign matter.

**Tips:**

- 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](#).
Labelling requirements
The label on bulk packaging should include the following topics:

- product name
- grade
- lot or batch code
- country of origin
- net weight in kg

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

Figure 2: An example of labelling

Source: Caribbean Agricultural Network

Packaging requirements
Cocoa beans are traditionally shipped in jute bags, which can weigh between 60 and 65 kg.

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 fine flavour/speciality cocoa segment, jute bags are still commonly used. For very high-quality micro lots, vacuum-sealed GrainPro packaging can be used (see figure 3).

Figure 3: Examples of packaging for cocoa beans: jute bag, container-sized flexi bag and GrainPro
Additional requirements

Some buyers in Switzerland request additional food safety guarantees from you. Examples are the implementation of good agricultural practices and Quality Management Systems (QMS) regarding the production and handling processes.

The main standards in good agricultural practices are provided by GLOBALG.A.P. They are voluntary standards for the certification of agricultural production processes that provide safe and traceable products.

A system based on hazard analysis and critical control points (HACCP) is often the minimum standard required at the level of storage and handling of cocoa beans. Some buyers will also expect you to hold certificates such as International Featured Standards: Food (IFS) or British Retail Consortium (BRC).

Corporate responsibility and sustainability are growing in importance in the cocoa sector. Adopting codes of conduct or sustainability policies related to the environmental and social impact of your company can provide you with a competitive advantage. Leading companies on the Swiss chocolate market such as Lindt & Sprüngli, Nestlé, Felchlin and Barry Callebaut have sustainability policies emphasising the contact with producers, transparency in their operations and their social and environmental impact.

Certification standards like UTZ and Rainforest Alliance are less popular in Switzerland compared to other European markets. The larger retailers in Switzerland such as Migros and Coop are not registered on the UTZ list of registered cocoa supply chain actors. Some large chocolate
manufacturers are registered, such as Barry Callebaut and Nestlé, while Lindt & Sprüngli are not. Rainforest Alliance is also present on the Swiss market, through the large retailer Lidl as well as through international brands like Magnum and Cornetto.

Requirements for niche markets
Switzerland is one of the main markets for organic and Fairtrade products in Europe. The country has the highest per-capita consumption worldwide of both organic and Fairtrade products:

- Both small-scale chocolatiers and larger chocolate makers in Switzerland offer organic-certified chocolates.
- Fairtrade chocolate is offered by different companies in the Swiss market. Consult the list of operators on the website of FLOCERT (select “Cocoa” and “Switzerland”) to explore for more information.

Tips:
- Check the website of EURO-Lex for more detailed information about the regulations concerning cocoa products.
- 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.
- Be aware that potential buyers may request additional food safety guarantees from you. Make sure to discuss with your potential buyer on what is feasible for you, and where you need help.
- See our study on certified cocoa for more information about the demand on the European market, trends and specific trade channels.
- Before engaging in a Fairtrade certification programme, make sure to check (in consultation with your potential buyer) that this label has sufficient demand in your target market and whether it will be cost beneficial for your product.

5. What competition do you face on the Swiss cocoa market?
Ghana remains the main supplier of cocoa beans to Switzerland.
Almost all (98%) of Swiss imports of cocoa beans in 2017 were sourced directly from producing countries. Nearly 60% of these imports came from Ghana, one of the largest producers of *Forastero* cocoa beans worldwide (mainstream market).Imports from Ghana increased at an annual rate of 4.9% between 2013 and 2017.

Imports from Ivory Coast have been relatively low compared to other European countries, but decreased further between 2013 and 2017 at an annual average rate of -22% in volume. Imports from Madagascar are growing; between 2013 and 2017 imports increased at an annual average of +6.2% in volume. The increase in cocoa exports from Madagascar could be due to an increasing demand for fine flavour cocoa; *100% of cocoa bean exports from Madagascar correspond to fine flavour varieties*.

**Ecuador is an important Latin American supplier to Switzerland**

Switzerland has opportunities for smaller suppliers outside of the mainstream market. Latin America plays a significant role in Swiss imports of cocoa beans. Around 30% of total imports from producing countries were sourced in Latin America in 2017. Ecuador (24% market share) was by far the most important supplier in 2017. Other smaller suppliers are Peru (2.3%) and Venezuela (1.2%).

As much as *75% of Ecuador’s cocoa exports are fine flavour cocoa beans* of the *Trinitario* and *Criollo* varieties. Ecuador also supplies *cocoa Arriba (Nacional), considered to be Forastero type, but catering for the fine flavour market due to its floral and fruity aromas*. 75% of Peruvian cocoa bean exports are also fine flavour, compared to 100% of Venezuelan exports.

**Tip:**
- Identify your potential competitors and learn from them in terms of: Marketing (website, social media, trade fair participation), product characteristics (origin, quality, oil content) and value addition (certifications and processing techniques). Well-structured websites where you can learn from your competitors are, for example: Pacari (Ecuador), Ingemann (Nicaragua) and Xoco Gourmet (Honduras).
6. Through what channels can you get cocoa on the Swiss market? Which market segments to target?

In terms of segmentation and channels the Swiss market does not deviate much from the European market, as described in our study on trade channels and segments for cocoa. This is how the three segments of the Swiss cocoa market are developing:

**Chocolate confectionery**

The chocolate industry in Switzerland reached a value of CHF 1.9 million in 2017 (around €1.6 million), at 190 thousand tonnes. The most important product segments in Switzerland are:

- Chocolate bars (48.3% of the market in 2016)
- Chocolate candies and other confectionery (22.4%)
- Semi-finished cocoa products (18.8%)
- Mini-formats, such as Napolitains and chocolate hearts (6.0%)
- Other chocolate products, for example regarding annual festivities (4.5%).

In Switzerland, most chocolate is sold through supermarkets. **Migros** is the leading supermarket chain in Switzerland and offers a wide range of products, mainly private label, from economy to premium. Its most prominent private label is Frey, which sources its own cacao beans.

However, specialised chocolate shops also play an important role. Most of these speciality stores are small, family-owned businesses. Examples of specialised chocolate shops in Switzerland are:

- Aeschbach
- Teuscher
- Max Chocolatier
- Läderach

*Migros* (private label) and *Lindt & Sprüngli* dominate chocolate confectionery in Switzerland, whereas Lindt & Sprüngli is the market leader in terms of premium-quality chocolate. In 2017, **the Swiss chocolate industry employed 4,608 people in 18 companies**. Chocolate and other confectionery account for a 6% share in total food expenditure in Switzerland. Companies producing biscuits, ice cream, pastries and other bakery products are some of the main users of cocoa products.

Figure 5: The main channels for export of cocoa beans to the Swiss market
The Port of Switzerland is the main entry point for cocoa beans. The port consists of three ports in the cantons of Basel-Country and Basel-City. It is connected via the Rhine with ocean ports such as Rotterdam, Amsterdam (the world’s largest import port for cocoa) and Antwerp.

Switzerland is one of the largest chocolate manufacturer, but not a large European cocoa bean importer. The country mainly imports cocoa butter, paste and powder from larger European cocoa bean processors, such as the Netherlands, Germany and France.

However, Switzerland also has own grinding facilities. The grinding industry in Switzerland is dominated by a few large, multinational players, such as Barry Callebaut, Nestlé and Lindt & Sprüngli. The domination of multinational players makes the mainstream market very concentrated. However, the growing speciality cocoa market has possibilities to more specialised players operating in niche markets. This creates space for suppliers handling smaller volumes at higher qualities, as well as for more personal supplier-buyer relationships.

As an exporter, entering the Swiss market will vary according to the quality of your cocoa beans and your supply capacities:

- For exporters of cocoa beans in higher volumes and standard qualities, large importing companies can serve as a gateway into the Swiss market. The main cocoa (commodity) trader in Switzerland is ECOM. Companies mentioned above such as Barry Callebaut and Lindt & Sprüngli have integrated activities such as importing, crushing and manufacturing. These companies can also serve as a gateway to the market. However, they deal with larger volumes and standard qualities.
- Switzerland also has importers which specialise in ethical products, including cocoa beans. These normally focus on specific organic and Fairtrade markets. Examples of specialised Swiss importers are Pronatec, Minka SCS and Walter Matter. These are importing companies which work on projects with cocoa-producing cooperatives in origin countries.
- Producers and exporters can also try and target chocolate makers directly. This is recommended for producers and exporters dealing with fine flavour cocoa beans of a high quality. Switzerland has several chocolate makers; some of the leading ones are Gysi, Max Chocolatier, Carré Suisse and Xocolatl.
7. What are the end-market prices for cocoa?

Prices for chocolate can be segmented in lower-end, middle range and upper-end. In general, the lower-end chocolate products are often of standard quality and are the cheapest on the market. The upper-end products are chocolate products of high quality, made with fine flavour beans and possibly with a single origin. For more details about segmentation on the cocoa and chocolate markets, refer to our study on channels and segments.

Table 1: Indication of consumer prices of chocolate per market segment in Switzerland
The price breakdown for chocolate is illustrated in figure 6.

Be aware that export prices of cocoa beans, 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. However, the largest shares are kept by chocolate companies and retailers.

Figure 6: Price breakdown for chocolate

Tips:
- Monitor end-consumer 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. Examples are Studler Chocolatier, Xocolatl and Läderach.
- Monitor price developments for cocoa beans on the international markets. You can, for example, use the monthly price reviews published by the International Cocoa Organisation.
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