



[Exporting semi-finished cocoa products to Europe](#)

The processing of cocoa beans at the countries of origin is a highly debated topic on the European chocolate market. Although the manufacture of semi-finished cocoa products is interesting from the perspective of developing countries, the European market for this type of local value addition is still limited. European companies are looking into processing at the origin, but mostly under their own supervision. If you want to develop locally processed cocoa products, this process requires proper quality management, documentation, long-term commitment and close cooperation with European companies, or the offer of a unique product.

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1 . Product description

This study focuses on the European market for semi-finished cocoa products. These semi-finished cocoa products are derivatives of roasted cocoa beans; for example, cocoa nibs, cocoa paste (mass or liquor), butter, powder and couverture.

These products are mainly intended for the manufacture of chocolate and other food products. They are not usually sold directly on the consumer market. Consumer-packaged chocolate is not included in this study, since this commodity is connected to a market consisting of different channels and entry strategies.

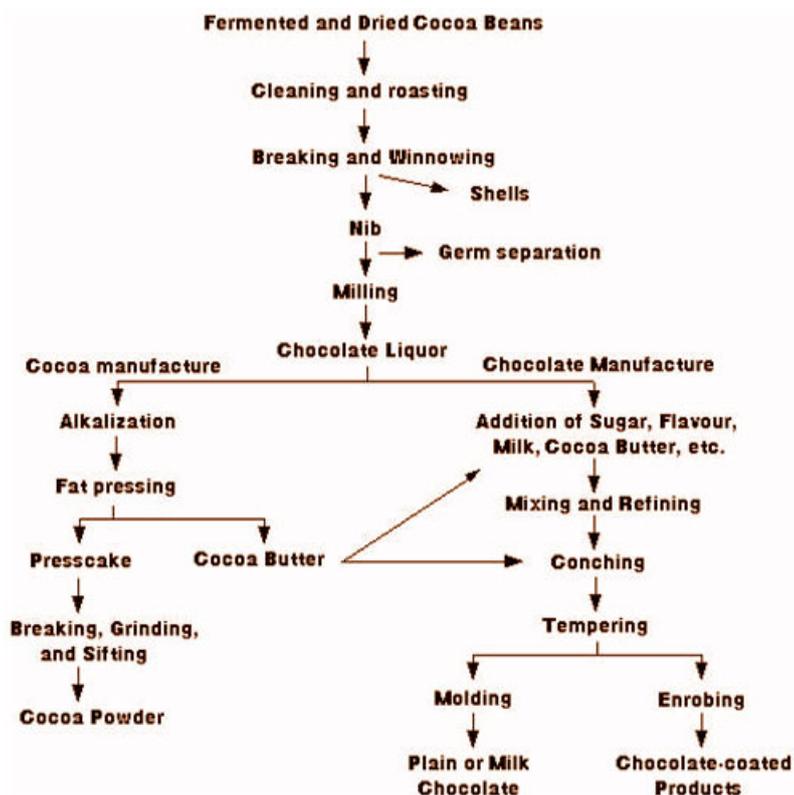
The following steps are involved in the production of cocoa products:

1. The shells of the roasted cocoa beans are removed. This process leaves behind pieces of pure cocoa beans called cocoa nibs. Although these nibs are sold separately in the niche market, they are mostly processed further into other cocoa products.
2. Cocoa nibs can also be ground into a paste. This product is called cocoa paste, mass or liquor. It is usually brown, opaque and very easy to break. Cocoa paste is not sold separately on the consumer market. It is mainly used by manufacturers to make chocolate.
3. Cocoa butter is extracted from the cocoa paste with a hydraulic press. The butter is creamy,

thick and pale yellow. It is mostly used to give chocolate a smoother texture. While some manufacturers replace the extra cocoa butter with cheaper vegetable fats, there are some European restrictions on this process ([only 5% of vegetable fats other than cocoa butter are allowed in chocolate products](#)). Cocoa butter is used in chocolate products and cosmetics. It is also sold directly in speciality shops.

4. Cocoa powder is left after the extraction of the butter from the paste. There are two methods to make cocoa powder. The normal method is simply to pulverise the roasted cocoa beans. The cocoa beans can also be washed with a potassium solution to neutralise their acidity. This is called [Dutch processing](#). Cocoa powder is used in chocolate products, but it can also be sold directly to consumers. Consumers use it to make chocolate milk.
5. Chocolate is mainly made from cocoa paste and cocoa butter. Sugar and other ingredients can be added according to the specifications of the manufacturer and end-market requirements. Chocolate can either be a finished product (consumer-packaged, which is not included in the study) or be used as industrial chocolate. Industrial chocolate can be subdivided into couverture and compound chocolate. Couverture chocolate is a very high-quality chocolate that contains a high percentage of cocoa butter (32-39%). Compound chocolate is a lower-cost product made from a combination of cocoa paste and butter, vegetable fat and sweeteners.

Figure 1: Steps in the production of semi-finished cocoa products and chocolate



Source: [Chocolate Mixer](#)

Cocoa products can be made of three types of cocoa beans:

1. *Forastero* cocoa (common-grade)
Forastero was originally grown in the upper Amazon region. It is now the predominant cocoa variety, cultivated mainly in Africa. It accounts for around 80% of the global cocoa production. The beans have a flatter flavour than the more fruity and citric *Criollo* and *Trinitario* beans.
2. *Criollo* cocoa (original cocoa tree; high-grade)
Criollo was originally grown in Venezuela, Central America and Mexico. It is now also grown in Ecuador, Colombia, Peru, Bolivia, Nicaragua, Honduras, Guatemala and Sri Lanka. *Criollo* makes up 5 to 10% of the global cocoa production. The beans have a bitter, aromatic flavour and are easily processed.
3. *Trinitario* cocoa (high-grade)

Trinitario was originally grown in Trinidad. It 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 the global cocoa production.

Cocoa products are traded under the following Harmonised System codes:

Code	Official product description
1803	Cocoa paste, defatted or non-defatted
1804	Cocoa butter, fat and oil
1805	Cocoa powder, not containing added sugar or sweetening matter
1806	Chocolate and other food preparations containing cocoa

2 . What makes Europe an interesting market for exporters of semi-finished cocoa products?

The European confectionery industry demands enormous amounts of cocoa products

Manufacturers of chocolate and biscuits, as well as other food industries, demand a lot of semi-finished cocoa products such as paste, butter, powder and couverture. The type of cocoa product demanded will vary according to the industry.

The chocolate industry demands different products, depending on the capacities and scale of the manufacturer. These products can range from cocoa bean to couverture; however, cocoa powder is not used in chocolate. Other examples within the food industry are the beverage industry mainly demanding cocoa powder, or the bakery industry demanding cocoa paste and powder. Cocoa butter is used in chocolate but not in many other food products (since there are cheaper vegetable oils and fats available).

The European production of chocolate, biscuits and confectionery (sweets) using cocoa products amounted to [nearly 7 million tonnes \(€28 billion\) in 2017](#). This figure includes products such as chocolate bars, tablets, pralines and nougat, chocolate-covered waffles, chocolate-filled or -covered biscuits, chocolate spreads, chocolate-flavoured coatings and beverages with chocolate.

[Caobisco estimates the European chocolate, biscuits and confectionery industry to take up more than 50% of the world's cocoa production](#). The largest producers of chocolate and other foods using cocoa products were:

- Germany (29% of the production volume)
- Italy (18%)
- Belgium (8%)
- United Kingdom (7%)
- France (6%)

Tips:

- Focus on the chocolate confectionery industry or other industries using cocoa products in the main producing countries within Europe. These industries will be the most interesting for semi-finished cocoa products. Investigate the trade channels to access these industries,

either directly or through importers. Check the section on “Channels and segments” in this study for more information.

- Be aware of your product’s quality and the possibilities on the European market. If you produce micro lots of exceptional quality and traceability, for example, aim at direct trade partnerships with chocolate makers. Investigate their requirements and the amount of processing (roasted nibs, paste, butter or even couverture) that you can manage locally.
- Make a distinction between important trade hubs and large consumer markets. This information will help you to create a more accurate export strategy for cocoa products. For example, if you know which industries in which countries demand your cocoa products, you can try to contact end-user industries directly. This strategy is described in the section dealing with “Market channels”.
- Read [our study of Trends on the European cocoa market](#) for insight into the consumer market for chocolate.

Processing at origin is growing for bulk and fine flavour cocoa

The European cocoa and chocolate industry traditionally imports cocoa beans as a raw material. However, cocoa is increasingly processed at the origin, mostly in the form of grinding. [Cocoa grinding at the origin currently accounts for around 46% of all grinding worldwide](#).

Grinding at the origin is the most common on the mainstream cocoa market (for standard cocoa qualities). This process has been used as a strategy by large multinational to lower production costs as well as to target regional markets.

Ivory Coast is a leading country in cocoa grinding (in addition to the Netherlands). This position is due to the activities of multinationals such as [Cargill](#) and [OLAM](#), which determine the high import levels of semi-finished cocoa products from Ivory Coast into Europe.

Ghana has a profile similar to Ivory Coast. It is a large producer of cocoa beans and, just as Ivory Coast, it relies on a multinational cocoa-processing industry. This sector includes, for example, the [cocoa liquor factory owned by the Touton Group \(France\)](#) in Ghana.

The three multinational giants ADM, Cargill and Barry Callebaut are [behind Indonesia’s strong position in cocoa grinding as well](#).

Governments and associations in countries that produce fine flavour cocoa have also been pushing for local value addition. For example, it is estimated that [as much as 40% of Peru’s cocoa exports in the beginning of 2016 consisted of value-added products](#). Similar value-adding initiatives are also seen in other cocoa-producing countries such as [Colombia](#) and [Honduras](#). The [CUNAKakaw association, which unites various companies in Central America](#), is an example of a regional approach to quality standards and value addition.

Tips:

- Are you a producer? Or do you work for a cooperative in a cocoa country of origin? Identify grinders and other cocoa-processing companies in your country. Examples of such companies are [Naranjillo \(Peru\)](#), [El Castillo del Cacao \(Nicaragua\)](#), [Casa Luker \(Colombia\)](#), [Cocoa Hunters \(Colombia\)](#) and [La Campesina \(Nicaragua\)](#).
- Are you a cocoa processor? Look into possibilities to visit or exhibit at European events such as [Origin Chocolate](#), [Chococoa](#) and [Salon du Chocolat](#) in order to come into contact with potential buyers and to promote your company. Make sure to investigate

collaborations in your country which can leverage marketing and promotion efforts, like sector initiatives such as [CUNAKakaw \(Central America\)](#) and trade promotion agencies such as [PROMPERU](#), [PROCOLOMBIA](#), [PRO ECUADOR](#), etc.

Growing importance of traceable and authentic chocolates in Europe

[Single-origin cocoa chocolate is gaining popularity on the European market](#). This development can contribute to the demand for cocoa products processed at the origin. The rise in single-origin chocolate products is reflected by events such as [Origin Chocolate](#), [Chocooa](#) and [Salon du Chocolat](#). [The increasing production of single-origin chocolate products by speciality brands as well as by mainstream retailers and brands](#) also supports this trend.

[Traceability plays an important role in the production of single-origin chocolates](#). This criterion usually means that the origin of the cocoa beans is known and safeguarded along the chain. An example is the collaboration between [the producer Tobago Cocoa in Madagascar](#) and [the French chocolatier François Pralus](#).

This trend can also be identified in semi-finished cocoa products. Several European traders and distributors sell single-origin cocoa products, both to the industry and directly to the consumer. An example is the Dutch importer Vehgro, [who imports processed cocoa products from Peru and Ecuador](#). Similarly, [the British cocoa product distributor Chocolate Trading UK sells a range of cocoa products directly to consumers](#). On their website, they indicate the cocoa variety, the cocoa origin and the cocoa estate where the cocoa beans have been cultivated.

Chocolate is also increasingly produced in countries of origin. Examples of chocolate makers in developing countries that sell their chocolate on the European market are [Chocolaterie Robert \(Madagascar\)](#), [Cacao Pacífico \(Colombia\)](#), [AMMA Chocolate Bars \(Brazil\)](#), [Hoja Verde \(Ecuador\)](#), [Diogo Vaz \(São Tomé and Príncipe\)](#) and [Claudio Corallo \(São Tomé and Príncipe\)](#).

Tips:

- Be transparent and protect the origin of your products. This process means that you will have to keep batches separate along the production chain and document their identity by developing an [Identity Preservation \(IP\) system](#).
- Identify your potential competitors. Learn from them in terms of marketing (website, social media and trade fair participation), cocoa characteristics (origin, variety, quality and flavour profile) and value addition (certifications, processing techniques and accompanying documentation). Well-structured websites include [Naranjillo \(Peru\)](#) and [El Castillo del Cacao \(Nicaragua\)](#).
- Check the websites of chocolate makers from developing countries selling on the European market (such as the ones mentioned above) to learn more about their marketing and product range.

A few countries dominate imports of semi-finished cocoa products in Europe

Chocolate makers and food manufactures in Europe usually buy semi-finished cocoa products from European (or Europe-based) manufacturers. Multinationals such as Cargill and ADM supply the whole range of cocoa products to the chocolate industry. Barry Callebaut and Valrhona are among the largest suppliers of couvertures for the mainstream market. High-end chocolate makers such as

[Cluizel](#) also engage in supplying couvertures to the chocolate industry. As a result, suppliers from developing countries face strong competition from European players and operate in a restricted market.

The main importers of cocoa products sourced directly from cocoa-producing countries vary according to the type of product as well as the importing country's function as a trade hub or industrial and consumer market.

For example, the Netherlands plays a role in supplying its neighbouring countries with cocoa products, while it also has a significant cocoa-processing and -refining industry. This position explains the country's importance as an importer of cocoa products, including cocoa butter (which is usually refined for further use in cosmetics and health products).

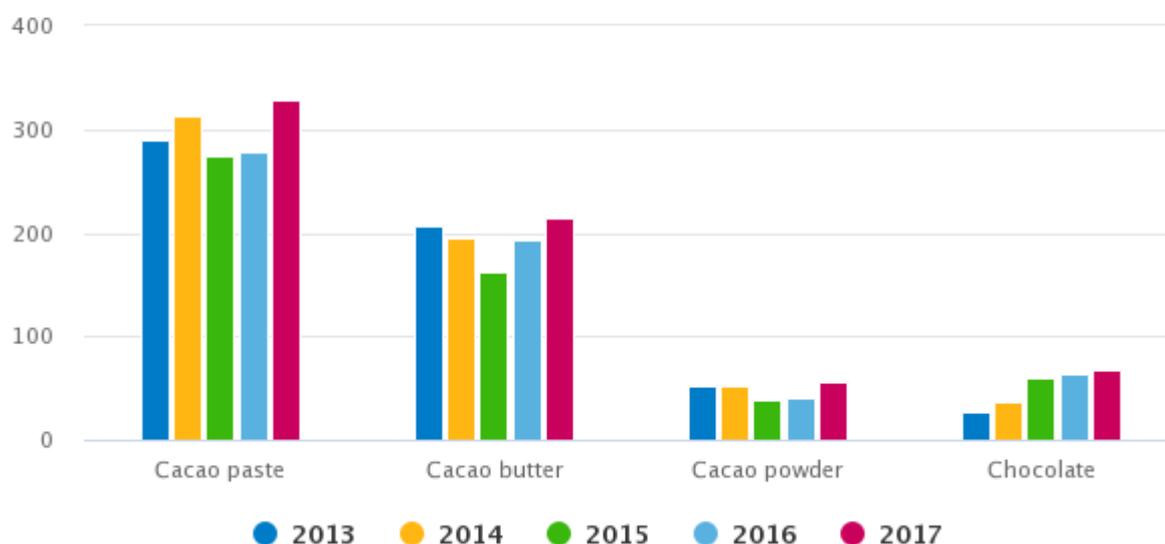
Another example is Germany, a country with a large demand for cocoa products, since it has the largest consumer market and food-processing industry in Europe. However, Germany also functions as a trade hub due to its central location and well-developed transport network.

The main European importers per semi-finished cocoa product, and the share of their imports sourced directly from developing countries, are the following:

- *Cocoa paste*: 54% of European imports in 2017 were sourced directly from developing countries. The largest cocoa paste importers in Europe are the Netherlands (20%), France (16%), Spain (15%) and Belgium (14%).
- *Cocoa butter*: 36% of European imports in 2017 were sourced directly from developing countries. The largest cocoa butter importers in Europe are Germany (24%), Belgium (16%) and the Netherlands (16%).
- *Cocoa powder*: 18% of European imports in 2015 were sourced directly from developing countries. The largest importers of cocoa powder in Europe are the Netherlands (20%), Germany (16%) and France (11%).
- *Chocolate (including industrial chocolate)*: around 2.0% of European imports in 2017 were sourced directly from developing countries. The largest importers of chocolate in Europe are Germany (16%), United Kingdom (15%), France (14%) and the Netherlands (9.2%).

Figure 2: European imports of cocoa products from developing countries

in 1.000 tonnes



Source: Eurostat, 2018

Tip:

- See our study of [trade statistics for cocoa](#) for more detailed information on the trade of cocoa beans.

3 . Which requirements must semi-finished cocoa products comply with to be allowed on the European market?

You can only export cocoa to Europe if you comply with strict European Union requirements. In our study of [Buyer requirements for cocoa](#), you can find a detailed analysis of these requirements.

Legal requirements that apply to semi-finished cocoa products are more complex than those for cocoa. The following topics are important:

Legal requirements

European Union legislation applicable to cocoa products starts with their definition. [Directive 2000/36/EC](#) defines sales names, characteristics and labelling specifications for each of the cocoa products covered by legislation. These definitions usually refer to cocoa products sold as consumer products, not in semi-finished form. Only cocoa products in compliance with the requirements of the Directive may be marketed in the European Union.

Semi-finished cocoa products must follow the legal requirements that apply to other food ingredients. Traceability and hygiene are the most important themes.

- [General Food Law](#): this law addresses the basic food safety principles, including traceability.
- [Hygiene of foodstuffs](#): the further processing of cocoa requires producers and exporters to comply with the hygienic standards based on the HACCP principles (hazard analysis and critical control points); mandatory for products beyond primary production.
- [Maximum residue levels \(MRLs\)](#): this regulation describes the pesticide residue limits as applied to cocoa beans and described in [our study of Buyer requirements for cocoa](#), so as to avoid contamination of derivative products.
- [Contaminants in food](#): [our study covering buyer requirements for cocoa](#) identifies the main contamination risks associated with cocoa beans, and related contamination of processed cocoa products.
- [Microbiological contamination](#): no specific requirements for cocoa products are described under this legislation, but the presence of contaminants such as *E. coli*, Salmonella, Enterobacteriaceae, moulds and yeast may result in market withdrawal.
- [Extraction solvents](#): this legislation is only applicable to specific cocoa products; there is, for example, a legislative limit on the use of Hexane (1 mg/kg) during the production of cocoa butter.

Tips:

- Read more about [contaminants in the EU Export Helpdesk](#).
- Check the European Commission's fact sheet on food contaminants, [Managing food contaminants: how the EU ensures that our food is safe](#).
- Learn about common problems faced by suppliers during border controls and take measures to avoid similar issues. On the website of the [Rapid Alert System for Food and Feed \(RASFF\)](#), you can browse through various border rejections and alerts for specific cocoa products. See the product category "cocoa and cocoa preparations" when accessing the [RASFF Portal](#).

- Find out which maximum levels of pesticide residues are relevant to your products in the European Union's [MRL database](#).

Quality criteria

The quality of your cocoa products is largely based on the quality of the cocoa beans that you use. However, the quality is also based on how you process and handle the beans. If you want to access the European market for semi-finished cocoa products, you will have to meet international quality standards.

High-grade (fine flavour) cocoa beans are generally of 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, while common-grade (bulk) cocoa beans for mass production are genetically derived from *Forastero* trees.

To moderate the initially bitter cocoa flavour and develop the typical cocoa flavour, the beans are fermented. You can grade the cocoa beans according to [the fermentation process used](#). Cocoa grading differs across producing and consuming countries. Standard practices have been set by the international cocoa trade associations:

1. well-fermented cocoa beans: less than 5% mould, less than 5% slate and less than 1.5% foreign matter;
2. fairly well-fermented cocoa beans: less than 10% mould, less than 10% slate and less than 1.5% foreign matter.

The United Nations' *Codex Alimentarius* standards for cocoa products provide good guidelines to address quality issues in the processing, handling and storing of semi-finished cocoa products and chocolate. European buyers will look at these aspects when assessing your product. They can be found in the following documents:

- [Standard for Cocoa Powders \(Cocoas\) and Dry Mixtures of Cocoa and Sugars](#);
- [Standard for Cocoa \(Cacao\) Mass \(Cocoa/Chocolate Liquor\) and Cocoa Cake](#);
- [Standard for Cocoa Butter](#);
- [Standard for Chocolate](#).

Labelling requirements

Labelling of cocoa products exported to Europe should be written in English and should at least describe the following:

- product name according to the *Codex Alimentarius* definitions;
- lot or batch code;
- country of origin;
- net weight in kg;
- name and address of manufacturer, packer, distributor and/or importer;
- list of ingredients;
- date of processing and packaging;
- instructions for storage and use;
- in the case of *organic* or *Fairtrade*: name/code of the inspection body and certification number.

Packaging requirements

Semi-finished cocoa products have different transport needs according to their physical characteristics. Some options are highlighted below, but buyers might also have specific requirements and specifications:

- Cocoa nibs, roasted, are transported in paper bags or in 15-kg bags packed in carton boxes.
- [Cocoa paste and butter](#) are packed in blocks of 25 kg in polythene-lined fireboard cartons or plastic. These cartons are placed in larger containers for bulk transport. The paste and butter can also be transported in their liquid (molten) condition; the products are then carried in heated tanks at a minimum temperature of 350C. When the liquid cocoa butter and paste are shipped, they are transported in heated stainless steel tanks.
- [Cocoa powder](#) is often packed in multi-ply paper bags. In general, there are no extensive restrictions on transporting cocoa powder, but it should be protected against water to maintain its dry properties.
- Couverture chocolates are packaged in aluminium foil or composite films, paper or plastic trays, and transported in carton boxes. Presentations and sizes vary according to the end-user. For *chocolate confectionery*, especially for chocolatiers, grains/chips/drops are the most common (bags of 1, 2.5, 5 and 10 kg), as they are easy to process. *Other food industries* look for chocolate as liquids, chunks, powder, grains, or in different types of containers up to 25 kg. Slabs and blocks (up to 5 kg) have a more limited use outside of the *larger industrial users*. In the event that you do not have machinery for making chips/grains, you could determine whether your buyer is interested in shavings.

Figure 3. Semi-finished cocoa products: presentation and transport



Sources: cocoa liquor 25-kg PE-lined carton (Moi International – Favorich), cocoa powder 25-kg multi-walled poly-lined kraft paper bag (Moi International – Favorich), cocoa butter 10-kg carton (Maretai Organics), cocoa couverture drops 22-lb bag (Paris Gourmet – Noel)

Additional requirements

Applying hazard analysis and critical control point principles (HACCP) is required as a minimum standard for semi-finished cocoa products. Some buyers will expect you to have additional certificates concerning food safety and quality management. Receiving certification from recognised and trustworthy sources demonstrate your commitment to high and consistent quality and safety.

What standards you need to adopt depends on the profile of your buyer. Large retailers and private-label manufacturers are usually more demanding, as they will require compliance with one or more of the following standards:

- [British Retail Consortium \(BRC\)](#)
- [International Food Standard \(IFS\)](#)
- [ISO 22000](#)
- [FSSC22000](#)

Corporate responsibility and sustainability are of growing importance in the cocoa sector. Adopting codes of conduct or sustainability policies on the environmental and social practices of your company can provide you with a competitive advantage. The requirements for cocoa beans are also applicable to semi-finished cocoa products; these criteria are described in [our study of Buyer requirements for cocoa](#).

Tips:

- Familiarise yourself with food safety management systems. If you want to enter the European market, you will very likely have to implement one of these systems. Different buyers may have a preference for different food safety management system. Check which one is preferred by buyers in your main European target markets before you consider applying for certification. British retailers, for example, often require [British Retail Consortium](#) certification. The [International Featured Standards](#): Food is more commonly required by buyers in continental Europe. In any case, choose a system that is [Global Food Safety Initiative \(GFSI\)](#) approved.
- Develop and implement your own CSR policy or code of conduct. It is a good way to show potential buyers your views on social responsibility. This strategy may also help you to stand out when your buyer has to choose between several suppliers.
- Familiarise yourself with the requirements of sustainability certification. Most certification schemes have trainings, tools or other types of assistance to help you understand the criteria and educate you on how to become certified.
- Consider applying for certification. It can help you to develop more efficient and chemical-free agricultural practices. Certification can also provide access to buyers and markets requiring these standards.
- Check out [different operators worldwide](#) which handle [Rainforest Alliance](#) certification (now merged with UTZ). This process will provide you with an insight into the countries where this certification is most in demand, as well as the players which may be your potential buyers.

Requirements for niche markets

Niche markets for semi-finished cocoa products are the same as those for cocoa beans: organic and Fairtrade. These niche markets, and the requirements to access them, are described in [our study of Buyer requirements for cocoa](#).

Tips:

- Check European Union legislation concerning [organic products](#) (Regulation EC 834/2007). It is important to realise that, for semi-finished cocoa products, the processing facilities must also comply with the organic regulation.
- Before engaging in a programme for Fairtrade or another sustainability certification, make sure to check (in consultation with your potential buyer) whether this label has sufficient demand in your target market. Also assess whether certification will be cost beneficial for your product. Note that supplies of certified raw materials must meet your processing demand.

4 . What competition do you face on the European market for semi-finished cocoa products?

The European chocolate industry is your entry point but also your main competitor

Europe is the largest producer of cocoa products worldwide, with a high concentration of players in a few countries. The processing of cocoa and the purchasing of semi-finished products are traditionally done within Europe. The European chocolate industry prefers to keep different processing steps under close control. This policy is designed to ensure quality management but, most importantly, to match consumer tastes in different markets. For example, the initial roasting of cocoa beans defines the taste profile of the finished chocolate product. As a result, the European market is hesitant to outsource cocoa processing to the countries of origin.

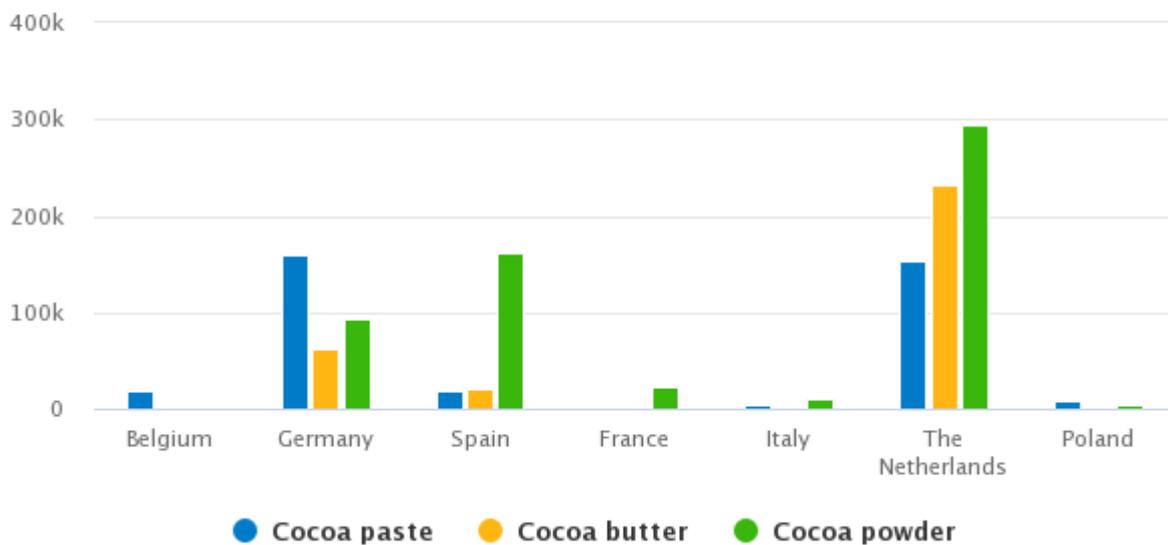
The Netherlands and Germany have the largest production volumes, largely due to their clusters for trade and the cocoa-processing industry.

The Netherlands is the largest importer of cocoa beans and [houses the largest grinding industry in the world](#). This position is due to the presence of large cocoa processors such as Cargill, OLAM and Daarnhouwer. The particularly high production of cocoa butter in the Netherlands is also explained by its large cluster of vegetable oil refineries.

Germany also houses one of the largest cocoa industries in the world. It has the largest cocoa-grinding activities after the Netherlands and Ivory Coast. German imports of cocoa beans are the second-largest in Europe. Most imports enter the country via the port of Hamburg, where multinational Barry Callebaut processes cocoa products.

Figure 4: Production of semi-finished cocoa products (excluding chocolate) in Europe*

in 1,000 tonnes



Source: Prodcorn, 2018

* Excluding Switzerland

Suppliers of bulk cocoa dominate the market for semi-finished products

Ivory Coast (34%) was the main supplier of cocoa paste to Europe in 2017. Ghana is also a large supplier with a share of 13%. Ivory Coast and Ghana are also the main suppliers of cocoa butter, cocoa powder and chocolate from developing countries. However, they represent only a small share on the European market, as most of the cocoa products are supplied by European countries.

In 2017, the largest shares of cocoa products sourced directly from developing countries were recorded for cocoa paste (52% of the total European imports) and cocoa butter (32% of the total imports). The main suppliers for each cocoa product from developing countries are:

- *Cocoa paste*: 54% of European imports in 2015 were sourced directly from developing countries. The largest suppliers were Ivory Coast (30%), Ghana (13%) and Indonesia (1.9%).
- *Cocoa butter*: 36% of European imports in 2015 were sourced directly from developing countries. The largest suppliers were Ivory Coast (15%), Ghana (8.3%) and Indonesia (3.8%).
- *Cocoa powder*: 18% of European imports in 2015 were sourced directly from developing countries. The largest suppliers were Ivory Coast (7.3%), Ghana (7.1%), Brazil (0.8%) and Indonesia (0.5%).
- *Chocolate, including industrial chocolate*: 2.0% of European imports in 2017 were sourced directly from developing countries. The largest supplier was Ivory Coast (1.0%).

Ivory Coast, Ghana and Indonesia mainly supply bulk cocoa products to the European market. However, this process takes place through multinational or European companies located in those countries - such as Cargill, OLAM, ADM and Barry Callebaut - rather than by independent processors or exporters. Being an independent local processor means that you will have to compete with European companies based in Europe, but which are also active in producing countries.

Imports of fine flavour cocoa products from Latin America are not reflected in these figures, because they still represent a niche market. Entering the European market with these products will require a different market approach, as described in the section below on "Market entry channels".

Tips:

- It is hard to compete with the European industry for cocoa processing. You should emphasise your unique characteristics if you want to succeed; for example, by manufacturing cocoa products derived from high-quality micro lots, having a direct trade relationships with chocolate makers (such as a joint development of chocolate blends), offering possibilities for tailored product development (such as couverture) or providing a positive social impact for producing communities.
- Use the existing sales networks of local processors and exporters of cocoa beans. There might be chocolate makers in this network who are interested in high-quality cocoa products processed at the origin.
- Check the website of the [European Cocoa Association](#) and the [International Cocoa Organisation](#) to learn more about worldwide production and grinding.

5 . Through which channels can you get semi-finished cocoa products on the European market?

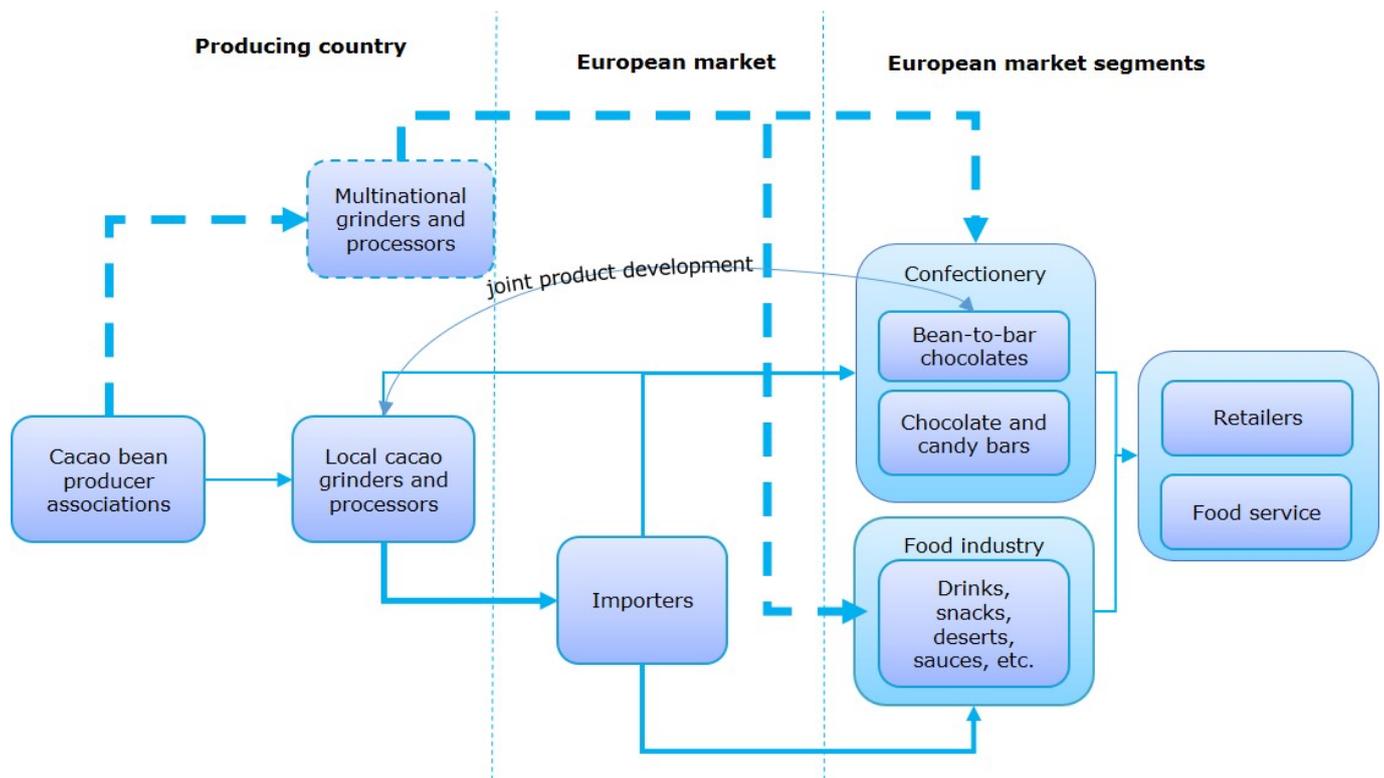
The segmentation of the market for semi-finished cocoa products in Europe follows the structure described in [our study of Channels and segments for cocoa beans](#). This similarity is due to the fact that we are dealing with derivatives of cocoa beans, for which the end market is the same. Whereas 90% of the market consists of commodity cocoa and cocoa products, only 10% can be considered to consist of speciality products.

The different semi-finished cocoa products can be segmented by their end use. This use is either in chocolate confectionery (about two thirds of the cocoa market) or in other food industry (the remaining third of the market):

- Cocoa paste is essential in manufacturing both mainstream and speciality chocolates. It is also used in various other confectionery applications, as well as in bakery, ice cream and some beverages.
- Cocoa butter is also an essential element in the manufacture of chocolate. Even though the product is [often substituted with other vegetable oil alternatives by mainstream chocolate makers](#), the [European Commission nonetheless regulates the use of these alternatives within the chocolate industry](#). In addition, most speciality chocolate makers in Europe commit to using 100% cocoa butter in their products. Cocoa butter is also used in the cosmetics and health industries.
- Cocoa powder is an important product for the food industry, since it is a by-product of cocoa processing. It is used widely in food products such as dairy, bakery and instant beverages.

Roasted cocoa nibs are increasingly used in health products due to the health and wellness claims associated with cocoa, particularly [the function of flavonoids in the maintenance of normal blood flow](#). Cocoa nibs can be added to granola, smoothies and yogurts. They are also being used in the preparation of home-made chocolate, biscuits and brownies.

Figure 5: Main trade channels for semi-finished cocoa products on the European market



Large multinationals are not a suitable point of entry into the market

A large share of the imports of semi-finished cocoa products enter the European market through large multinationals such as Cargill, ADM and Barry Callebaut. Since these companies have their own processing operations in cocoa-producing countries, they are not a suitable point of entry for independent producers of semi-finished cocoa products. This fact is especially true for producers and exporters of fine-flavour cocoa products, who should aim at market channels that reward high quality and engage in long-term business relationships.

Importers are suitable contacts to target the food industry

Importers are the most suitable point of contact if you aim to get access to the European food industry. It is uncommon to have direct contact with (and sales to) food manufacturers. The food industry is suitable for exporters of semi-finished cocoa products from standard and good-quality cocoa beans; however, it is not suitable for high-value and high-quality cocoa beans and micro lots.

The role of importers within the European food industry is essential. Importers facilitate the linkage between suppliers and end buyers of ingredients, acting as supply chain managers. They supply various food manufacturers (and the cosmetics industry, in the case of cocoa butter), including chocolate companies, with cocoa products corresponding to their specific needs. Importers normally have a large portfolio of products from different origins and can handle a wide range of cocoa products in different levels of processing: cocoa nibs, liquor, powder, butter and even couverture.

As an exporter, you should try to target specialised importers that handle only cocoa products or that cover niche markets such as organic. Most European ingredient traders are located in the Netherlands and Germany, purchasing products both for domestic industries and for distribution to other European countries.

For example, companies such as [DO-IT](#), [Rhumveld Winter & Konijn](#), [Naturkost Übelhör](#) and [Tradin](#) specialise in the purchase and distribution of Organic certified products including cocoa derivatives. Other companies such as [Daarnhouwer](#), [Theobroma](#), [Huyser Möller](#), [HB Ingredients](#) and [HCCO](#) (broker) specialise in cocoa products (including beans and semi-finished products).

Selling to chocolate makers will require strong commitment, trust and quality

European chocolate makers are increasingly searching for personalised products and closer contacts with cocoa producers and exporters in the countries of origin. This development has led to an increase in direct trade of cocoa beans (see [our study of Trends on the cocoa market](#)). Direct trade in semi-finished cocoa products is still much less common.

Chocolate makers will only import semi-finished cocoa products from the countries of origin in specific situations (for example, joint product development). This kind of direct trade usually results from long-term partnerships between producers and buyers, combining proven quality, commitment and trust. Companies in producing countries that already work through these channels include [Chocolate del Caribe \(Honduras\)](#), [Casa Luker \(Colombia\)](#) and [Cacao Hunters \(Colombia\)](#).

Chocolate makers in the speciality segment will only be interested in fine flavour cocoa products of very high quality, in specific and outstanding flavours (possibly from micro lots or small batches), with proven traceability and in accordance with their standards and specifications. These criteria can be related to the level of cocoa bean fermentation and cocoa nib roasting, but they can also include specific niche requirements such as Organic certification, for example. Chocolate makers will only outsource processing activities when they can make sure that the products do not deviate from their requirements.

Speciality chocolate makers sourcing semi-finished cocoa products from the countries of origin will normally have a genuine interest in the history of the cocoa and its unique qualities. Visits to the production area and processing facilities will be common, as will frequent contact and feedback rounds.

Tips:

- Invite potential buyers to visit your processing facilities and cocoa-producing areas from which you source your beans. Create an agenda which allows your potential buyers to follow your sourcing and production steps. Communicate your commitment to high quality, traceability and transparency. Introduce them to the farmers and bring them to their farms. Make sure that you do not mix different cocoa beans when processing at the origin. Also ensure that you have the right processing facilities. Your European buyer can help you to define your fermentation and roasting levels, as well as other processing steps.
- Provide complete and correct documentation for your semi-finished cocoa products. Learn how international companies compile their specification sheets; for example, [Niche Cocoa: Cocoa Liquor](#), [DO-IT Organic: Cocoa Powder](#) and [HB Ingredients: Dark Chocolate \(industrial\)](#).
- Be consistent, punctual and reliable. European companies consider these factors essential in doing business. Reply on time to enquiries by possible buyers (within 48 hours). Be open and realistic, and do not make promises that you might not be able to fulfil. See our tips on [Doing business with European cocoa](#) buyers for more information.
- See our study of [Channels and segments in the European cocoa sector](#) for more information.
- Use our study of [How to find buyers in the European cocoa sector](#) to search for relevant buyers that would be interested in buying your cocoa products.

6 . What are the end-market prices for semi-finished cocoa products?

The semi-finished cocoa products described in this study are usually not sold as consumer products. There are exceptions, however, since products such as roasted cocoa nibs, cocoa butter, cocoa powder and couvertures are also available through retail outlets. As an exporter, selling directly to retailers is not a feasible strategy. However, being aware of end market prices as indicated below can help you to consider the price structure for your products.

Table 1: Prices for semi-finished cocoa products in Europe

Cocoa nibs: Brand and details	Retailer	Price and packaging size	Price per kg
Naturya Cocoa Nibs (organic)	Holland & Barrett, United Kingdom	€9.40/300 grams	€31.33
Kakao Nibs (organic)	Rewe, Germany	€4.99/180 grams	€27.72
Raw Organic Food Cocoa Nibs	Jumbo, the Netherlands	€5.44/250 grams	€21.76
Cocoa butter: Brand and details	Retailer	Price and packaging size	Price per kg
LUCY Cocoa butter (organic)	Albert Heijn, the Netherlands	€4.99/150 grams	€33.27
Choc Chick Organic Raw Cocoa Butter	Holland & Barrett, United Kingdom	€5.53/100 grams	€55.30
Beurre de Cacao Crubio	Onatera, France	€9.49/250 grams	€37,96
Cocoa powder: Brand and details	Retailer	Price and packaging size	Price per kg
Blooker Cacaopoeder	Albert Heijn, the Netherlands	€2.09/250 grams	€8.36
Naturaplan Bio Cocoa en poudre (organic and Fairtrade)	Coop, Switzerland	€2.90/200 grams	€14.50
Nestlé Dessert 100% cocoa	Carrefour, France	€2.24/250 grams	€8.96
Couverture drops: Brand and details	Retailer	Price and packaging size	Price per kg
Michel Cluizel, Vanuari Lait, 39% milk chocolate couverture chips	Web shop: Chocolate Trading, United Kingdom	€22.09/1 kg	€22.09

Callebaut Origin Brazil, 66.8% dark chocolate chips	Web shop: Chocolate Trading, United Kingdom	€26.95/2.5 kg	€10.78
Bio Virunga couverture puur 68% (organic)	Web shop: Chocolatemakers, the Netherlands	€45.00/2 kg	€22.50
Couverture bars: Brand and details	Retailer	Price and packaging size	Price per kg
Valrhona Dulcey, blond chocolate couverture	Web shop: Chocolate Trading, United Kingdom	€11.02/250 grams	€44.08
Grand Cru Couverture Noir	Huize van Wely, the Netherlands	€24.50/1 kg	€24.50

Tip:

- Monitor end-consumer prices of cocoa products and chocolate to get an indication of price ranges and margins. Good sources for price information are the websites of supermarket chains, chocolate speciality stores and chocolate web shops. Examples are [Chocolatiers](#), [Chocoladeverkopers](#), [World of Sweets](#), [Chocolats-de-luxe](#) and [Pittenweem](#). You can also read [our study of Channels and segments for different price indications of chocolate products](#) according to different market segments.

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