

What is the demand for cocoa on the European market?

Europe is a very diverse and therefore interesting market for cocoa. Its chocolate processing and manufacturing industry is strong, requiring high volumes of cocoa beans. The industry processes large amounts of bulk cocoa, but demand for specialty cocoa is growing strongly. Sustainability is an important subject for the European cocoa industry and for European chocolate consumers.

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1. What makes Europe an interesting market for cocoa?

Europe is an interesting market for cocoa since it is a very diverse market. It is also the world's largest chocolate manufacturer and exporter market. European buyers source cocoa beans from different origins and of different qualities to cater for the broad demand of a diverse cocoa and chocolate industry. Consequently, Europe offers opportunities for suppliers of both mainstream and specialty cocoa. The statistical analysis in this document is based on HS-code 1801 (cocoa beans, whole or broken, raw or roasted).

Europe is the world's largest chocolate market

Europe is the world's largest market. When it comes to chocolate confectionery sales, for example, [Europe had a global market share of 49% in 2017](#), reaching an estimated value of €44 billion. North America came second with 21% of the market. In Europe, Germany dominates chocolate sales, followed by the United Kingdom. Europe also accounts for the largest chocolate exports, [accounting for more than 70% of global exports](#). Germany is the world's largest exporter of chocolate, with a global market share of 18% of global chocolate exports.

The chocolate market in Europe is expected to grow at an [average annual rate of 3% from 2018 to 2022](#). Most growth will come from western Europe. A key factor in this market increase is the growing demand for dark chocolate. Currently, [Europe accounts for around 45% of the dark chocolate market worldwide](#). The global dark chocolate market is [estimated to grow at an average annual rate of 8.5% from 2017 to 2026](#). This trend is closely linked to consumer interest in healthier chocolate alternatives. Read more about this trend [in our study on trends in the European cocoa market](#).

The countries with the highest per-capita chocolate consumption are in Europe

In 2017, the [world average chocolate consumption registered 0.9 kilo per capita](#) per year. European countries show significantly higher averages. The largest chocolate consumers in the world are the Swiss, [who consume 10.5 kilos per capita](#) per year. Germany follows with 9.2 kilos per capita per year, while Lithuania registered 9 kilos per capita per year.

Although chocolate consumption in West European countries is not expected to increase sharply ([about 100 grams per person annually by 2021](#)), these countries still provide excellent opportunities for exporters in producing countries. Especially so because European consumers are [increasingly seeking higher quality and higher cocoa content in their chocolate](#).

Europe is the world's largest chocolate producer

Europe houses many chocolate manufacturers of all sizes and qualities. Six multinational companies, however, represent the bulk of the global chocolate market for final chocolate products: [Mondelēz](#), [Nestlé](#), [Mars](#), [Hershey](#),

Ferrero and Lindt & Sprüngli. Together these companies used almost 1.8 million tonnes of imported cocoa beans in 2017.

The European Union produced an estimated 4 million tonnes of chocolate in 2017, at a value of €18.3 billion. Germany is the leading producer of chocolate as a consumer product, followed by Italy, France and the Netherlands.

Europe also accounted for 44% of the global industrial chocolate market. The Americas followed with 35%. Barry Callebaut, Blommer Chocolate, Cargill and CEMOI are the largest players in the industrial chocolate market worldwide. Industrial chocolate is sold as an intermediary product to chocolate manufacturers.

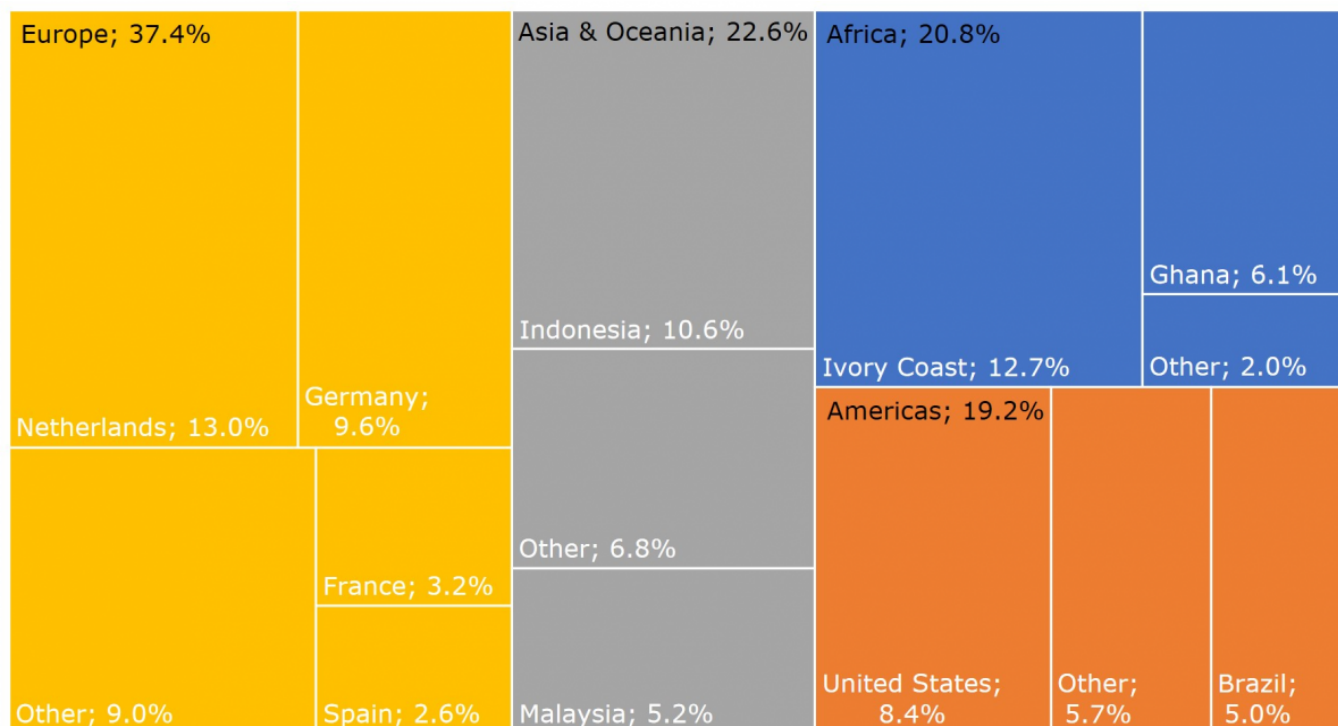
European industrial demand for cocoa beans is on the rise

Given the important role of Europe in chocolate manufacturing, exports and consumption, demand for cocoa beans is high in Europe. Cocoa bean grindings serve as an indication of cocoa bean demand. Globally, cocoa bean grinding activities increased by 10.7% from 2015-2016 to 2017-2018 globally, reaching a total of 4,570 thousand tonnes in 2017-2018. This increase is fuelled by a growing demand for chocolates with higher cocoa content by the chocolate and food industry.

Europe accounts for the largest cocoa-grinding activities in the world, with more than 37% of the market in 2017. Asia is the world's second largest region for grinding activities (23%). In 2017-2018 an estimated 1,711 thousand tonnes of cocoa beans were ground in Europe, showing an increase of 4.2% over the previous year. The Netherlands is the world's largest cocoa bean grinder, with 13% of global grindings.

Ivory Coast closely follows the Netherlands as the second-largest grinder, with 580 thousand tonnes or 12.7% of global grindings in 2017-2018. Ivory Coast aims to grind 1 million tonnes of cocoa beans by 2022, almost doubling its current output. By grinding more beans at origin, the country aims to increase the value of its exports and protect its economy from the volatility of the global cocoa market. Nevertheless, most grinders at origin are owned by multinationals such as Cargill, Olam and Barry Callebaut. Origin grindings allow these companies to have more direct control of the chain, lower production costs and target regional markets.

Table 1: Estimated cocoa bean grinding by region and country in % of the world's total, 2017-18

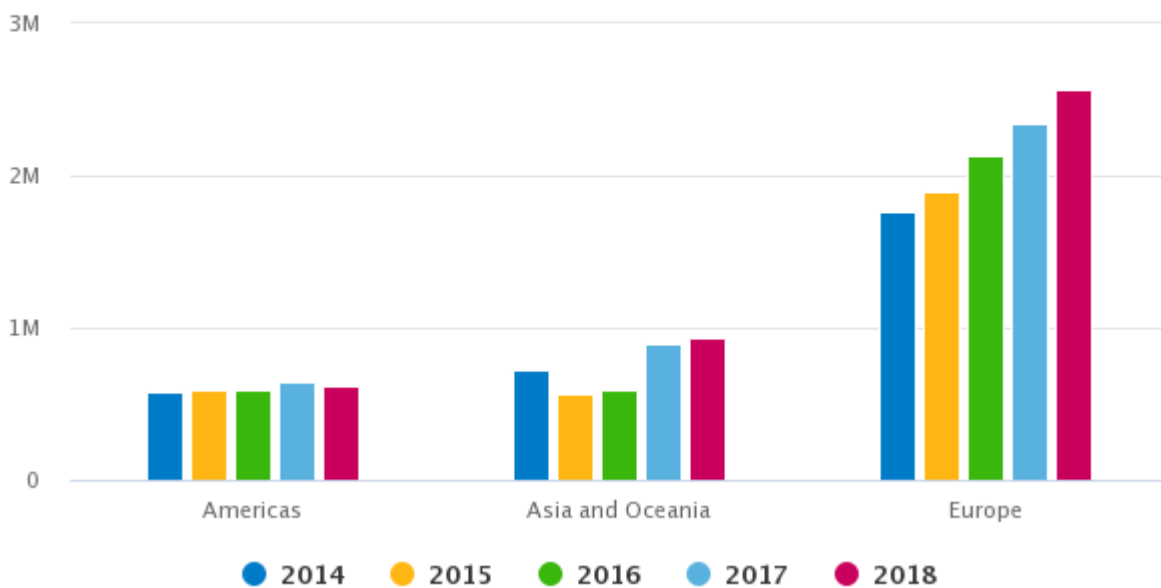


Source: International Cocoa Organization (ICCO), 2018

Europe is the main global destination for cocoa bean exporters

According to the [International Trade Centre's Trade Map](#), total imports of cocoa beans by Europe amounted to nearly 2.5 million tonnes in 2018. Between 2014 and 2018, the volume of imports increased by an average 9.2% per year. The value of imports increased at an average annual rate of 5.6% since 2014, reaching €5 billion in 2018. Of these imports, 81% were sourced directly from producing countries, meaning 2 million tonnes at a value of €4 billion. Intra-European trade of cocoa beans accounted for 19% of supplies, amounting to 442 thousand tonnes in 2018, at a value of more than €998 million.

Figure 1: Global imports of cocoa beans per region
in tonnes



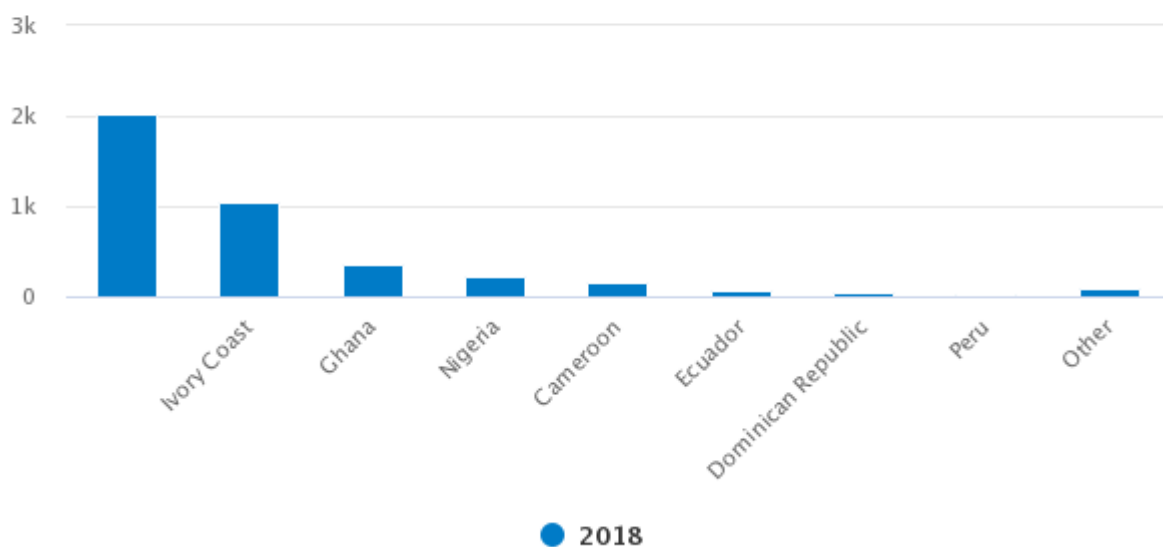
Europe is an interesting outlet for both bulk and specialty cocoa

Most cocoa beans in Europe are supplied by West Africa, and mainly consist of bulk cocoa of the *Forastero* variety. The main supplying countries are Ivory Coast (1,035 thousand tonnes in 2018), Ghana (363 thousand tonnes), Nigeria (227 thousand tonnes) and Cameroon (150 thousand tonnes). Supplies from these countries are essential for the production of standard-quality chocolates and are used by most large companies worldwide. Supplies from Ivory Coast increased at an average annual rate of 17% between 2014 and 2018, while supplies from Ghana fluctuated during the same period, but kept its significant market share.

The increase in European imports of fine flavour cocoa happens at a small scale and within a niche market, but follows the consumer trend for higher-quality chocolate. The main supplying region of Criollo and Trinitario cocoa is Latin America, including the Caribbean. Latin American suppliers only account for a small share of European imports (6% in 2018). Main exporters are Ecuador (3.1%), Dominican Republic (1.4%) and Peru (1.3%). Supplies from Ecuador increased by 11% between 2014 and 2018, Dominican Republic registered an increase of 2.6% and Peru of 4.3%.

Figure 2: Main producing country suppliers of cocoa beans to Europe

in 1,000 tonnes



Source: Eurostat, 2019

Fast-growing suppliers include East Africa and the Caribbean

European cocoa bean imports show an interesting dynamic for smaller suppliers in producing countries. Several African suppliers have seen their exports to Europe increase. Kenya, for instance, registered the highest annual growth rate of 70% in volume between 2014 and 2018, amounting to 792 tonnes at €1.4 million in 2018. DR Congo increased its supplies to Europe by 27%, reaching 4.7 thousand tonnes in 2018, at a value of €9.1 million. Supplies from Sierra Leone, an emerging supplier of organic cocoa to the European market, increased by 11% between 2014 and 2018.

In Latin America and the Caribbean, exports from Cuba and Honduras are among the fastest-growing supplies of cocoa beans to Europe. Between 2014 and 2018, Cuban and Honduran exports both increased at an average annual rate of 50% in volume. Supplies from Belize also increased substantially at an annual rate of 49% in volume between 2014 and 2018. Other Latin American and Caribbean countries seeing increasing export volumes to Europe are Grenada (31%), Bolivia (27%) and Mexico (21%).

Another small emerging supplier of cocoa beans to Europe is Vanuatu, with an average annual increase of 56% between 2014 and 2018. In 2018, it supplied 82 tonnes of cocoa to Europe, at a value of €208 thousand.

2. Which European markets offer most opportunities for cocoa?

Given its diverse nature, Europe offers many opportunities to cocoa bean exporters. The European countries that offer most opportunities show a mix of positive characteristics, namely: import volumes, mostly sourced directly from producing countries, different suppliers, and their role as distributor of cocoa beans to other European countries. The Netherlands, Belgium and Germany stand out as the most interesting markets for cocoa exporters. But other markets, such as France, Italy, Spain, the United Kingdom and Switzerland, are also very attractive.

The Netherlands is an important trade hub within Europe

The Netherlands is the largest importer of cocoa beans in the world. In 2018, the Netherlands' total imports amounted to 1,173 thousand tonnes of cocoa beans, at a value of €2.3 billion. Almost 98% of these imports were sourced directly from producing countries. Since 2014, imports from the Netherlands showed an average

annual volume increase of 16% and 13% increase in value. Cocoa beans enter the Netherlands via [the port of Amsterdam](#) — the largest cocoa port in the world.

The large Dutch cocoa-processing industry of the Netherlands is located near the port of Amsterdam, housing multinationals such as [Olam](#) and [Cargill](#), as well as Dutch companies, such as [Dutch Cocoa](#), [Daarnhouwer](#) and [Theobroma](#). The cocoa-grinding industry in the Netherlands consumed an estimated 595 thousand tonnes of cocoa beans between 2017 and 2018. Cocoa grinding activities in the Netherlands increased by 5.3% between 2017 and 2018.

The Netherlands is also the largest exporter of cocoa beans in Europe. Dutch exports increased slightly in the last five years at an average annual increase of 1.2% in volume. The country has a market share of 54% in total European re-exports. Germany is the most important destination of Dutch re-exports, with a market share of 65% in 2018. Re-exports to Germany decreased at an annual average rate of -4.5% in volume between 2014 and 2018, related to the growth in Germany's direct imports from producing countries.

Belgium interesting for European cocoa bean distribution and chocolate exports

With a 12% share of European cocoa bean imports in 2018, Belgium is the second largest direct importer of cocoa beans in Europe. Belgium imports around 99% of its cocoa beans directly from producing countries. In 2018, imports amounted to 232 thousand tonnes, reaching a value of €498 million.

Cocoa beans enter Belgium via the second-largest cocoa port in Europe, [the port of Antwerp](#). A large share of these imports is then re-exported to other European countries. The main destinations are Germany (44%), France (25%) and the Netherlands (24%). This trade role makes Belgium an important entry point for suppliers in producing countries, just like the Netherlands.

Belgium is also a large manufacturer and exporter of chocolate products. Belgian chocolate is famous around the world. In 2018, [Belgium accounted for 11% of global chocolate exports](#), valued at €2.6 billion, making it the second largest exporter in the world.

Germany has a massive cocoa and chocolate industry

In 2018, German imports amounted to 470 thousand tonnes at €997 million. Only 44% of its total imports were directly imported from producing countries, equivalent to 207 thousand tonnes at a value of €417 million. Between 2014 and 2018, the total volume of cocoa beans directly imported from producing countries increased by an average annual rate of 8%. The value of imported cocoa beans increased on average by 3.9% per year in the same period. The Netherlands (41%) and Belgium (15%) supplied the remaining 56% of Germany's cocoa bean imports.

Most cocoa beans enter Germany via [the port of Hamburg](#) mainly to meet the needs of the local production of chocolate and other cocoa products. Germany houses Europe's second-largest cocoa processing industry with companies such as [Cargill](#) and [Barry Callebaut](#). In 2017-2018, the industry consumed 440 thousand tonnes of cocoa beans. Cocoa grinding activities in Germany increased by 7.3% between 2017 and 2018. Only 2.1% of Germany's cocoa bean imports are re-exported, so Germany has a limited trade role in cocoa beans.

Germany houses Europe's largest chocolate manufacturing industry. [The production value of Germany's chocolate products was estimated at around €5.4 billion in 2017](#). A large share of the chocolate produced is exported, which makes Germany the world's largest exporter of chocolate, with [an estimated export value of €4.2 billion](#) equivalent to 17% of global chocolate exports.

Do not forget about the European runners-up

France, Spain and Italy each account for around 5% of direct European imports from producing countries, sharing similar characteristics in terms of market development. These countries have considerable domestic

consumption and a significant chocolate industry paying growing attention to specialty chocolates.

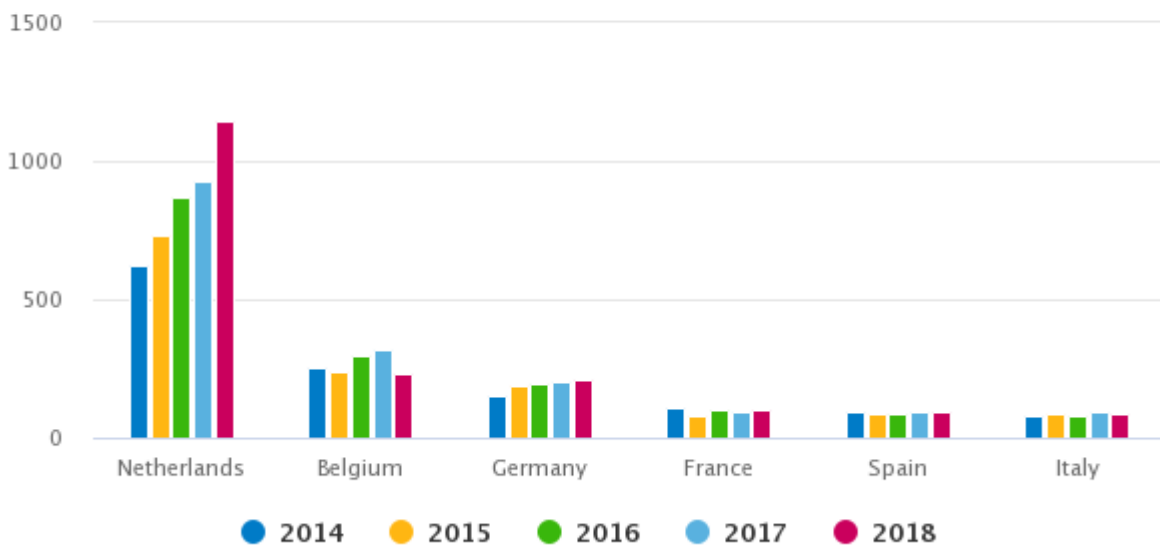
The United Kingdom is one of the main chocolate consuming countries in Europe, the seventh largest cocoa bean importer directly from producing countries. The British chocolate market is also becoming more specialised; the increase in artisanal chocolate makers and high-end shops serve more demanding and educated consumers. It is also in the United Kingdom that fair trade finds its largest global market.

Switzerland is home to a strong chocolate manufacturing industry, which produces many famous international brands. Swiss chocolate has a worldwide reputation for high quality and global demand for it keeps growing. Switzerland is the world's tenth largest chocolate exporter. Swiss consumers have the highest per capita rate of chocolate consumption worldwide. In addition, the opportunities in premium products have been growing significantly. For instance, Switzerland is the world's fourth largest fair-trade market, and also has a large market for organic products.

Nordic and Eastern European markets are smaller and show fewer direct links to producing countries, but are growing at fast rates.

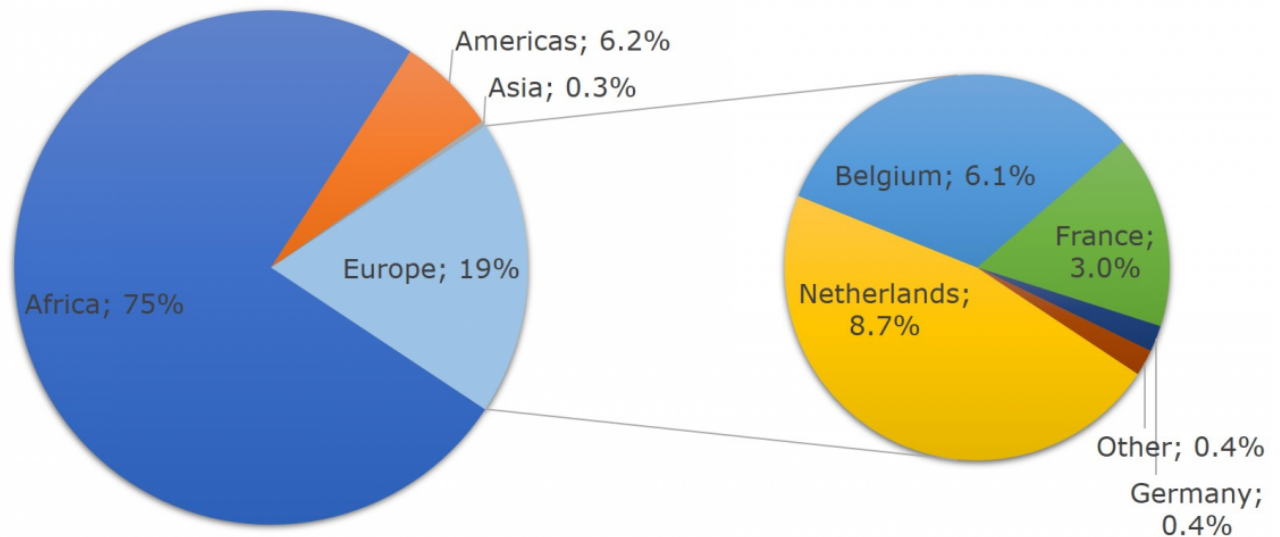
Figure 3: Main European importers of cocoa beans from producing countries

in 1.000 tonnes



Source: Eurostat, 2019

Table 2: Main supplying regions of cocoa beans to Europe, including intra-European imports, in %, 2018



Source: Eurostat, 2019

Nordic countries and Eastern Europe show strong growth in direct imports from producing countries

Nordic countries registered the highest annual growth rates in direct cocoa bean imports from producing countries between 2014 and 2018. Denmark increase its imports in 36%, Finland in 28%, Iceland in 40% and Sweden in 30%. Denmark is the largest importer among these four countries, but still relatively small, with 52 tonnes of cocoa beans directly imported in 2018 at a value of €200 thousand. Denmark's direct imports only account for 1.2% of total Danish cocoa bean imports, the remainder coming from other European countries.

Eastern Europe also showed high annual growth rates in direct cocoa bean imports. Direct imports from Bulgaria increased heavily between 2014 and 2018: from 4 tonnes in 2014 to nearly 15 thousand tonnes in 2018. Import numbers are still small compared to other European countries, but almost 98% of all Bulgarian imports are directly sourced from producing countries.

Direct imports from Czech Republic also showed a steep increase (41%), amounting to 41 tonnes in 2018. However, Poland, the biggest Eastern European cocoa bean importer, showed a decrease in directly imported cocoa beans from producing countries (-21%).

Tip:

Read the individual country and regional cocoa factsheets on [Belgium](#), [Eastern Europe](#), [France](#), [Germany](#), [Italy](#), [the Netherlands](#), [Spain](#), [Switzerland](#), [the United Kingdom](#) on the CBI website.

3. Which market segments in the European market have most potential for suppliers in developing countries?

The European cocoa market is vast and diverse, offering opportunities for suppliers of different sizes and profiles. As such, the most interesting market segments for different suppliers will depend highly on your

product quality, whether you provide bulk or specialty cocoa, for example, and volume capacities, as well as your willingness or possibility to subscribe to certification schemes.

Bulk and specialty cocoa in the European market

In general, the bulk market for commodity cocoa beans, which makes up more than 90% of the total chocolate market, is highly price-oriented, following international prices and offering limited possibilities for value addition. The bulk market suits exporters that can supply large volumes at standard product qualities. Certification is increasingly used in this market as an entry requirement, mostly Rainforest Alliance (now merged with UTZ), because of stricter sustainability protocols of manufacturers and retailers in Europe.

The specialty market, which is smaller than 10% of the total chocolate market, offers higher prices for exporters handling lower volumes and higher-quality cocoa beans, such as fine flavour Trinitario and Criollo varieties. The European specialty market is growing strongly. This market is also associated with niche segments for organic and fair-trade cocoa beans, due to the smaller scale, price premiums and social and environmental impact goals. Read more about trends on the specialty segment [in our study on trends in the European cocoa market](#).

Europe is the leading market for certified cocoa and chocolate in the world

The World Cocoa Foundation estimates that [approximately 22% of the cocoa traded globally is certified](#), but not all certified cocoa is purchased as certified. As an exporter, it is important to certify your cocoa according to market demand and buyer requirements, making sure that certification is economically viable and that it ensures long-term relationships with buyers.

Certification grows in both bulk and specialty market

In 2017, 48% of the total global cocoa production of about 2.5 million tonnes was certified as [UTZ](#), [Rainforest Alliance](#), [Fairtrade](#) and [organic](#). Rainforest Alliance, [which merged with UTZ in 2018 into one organisation under the name Rainforest Alliance](#), is the main certification scheme for the bulk market for commodity cocoa beans. In this market, certification is mainly used as an entry requirement, making it increasingly difficult for non-certified suppliers to access the European market.

In 2018, [about 1.6 million tonnes of cocoa beans were UTZ-certified](#). That same year, cocoa farmers sold about 60% of their cocoa beans production as UTZ-certified.

Organic and Fairtrade certified cocoa beans particularly see a growing demand in the specialty market, as these certification schemes are increasingly associated to quality. Organic is especially growing in high-quality markets. The [global cultivation area of organic cocoa reached 3.8%](#) in 2017, an increase of 11% from the previous year. The demand for organic cocoa is expected to increase more. An indication of this trend is that [global sales of organic dark chocolate are expected to surpass €27 billion by the end of 2026](#). Also, [Lindt & Sprüngli's organic sales in Europe are growing much faster than their overall chocolate sales](#). However, cocoa is a difficult crop to grow organic and [a supply shortage is expected](#) in the long term.

The market for Fairtrade cocoa continues to grow. In 2018, [retailers Aldi and Lidl entered into global agreements with Fairtrade](#) to increase the use of Fairtrade cocoa in their confectionery category across the United Kingdom and Europe.

The Fairtrade standard saw major revisions in 2018, including two adaptations that will come into effect in 2019. First, Fairtrade developed [a new version of its main standard for small-scale farmers](#) to ensure that farmers are able to respond to market prices and climate change. Second, the Fairtrade minimum price [for conventional cocoa will increase by 20% as of October 2019, reaching US\\$2,400 per metric tonne](#). The price of Fairtrade certified organic cocoa will be US\$300 above the market price or the Fairtrade minimum price, depending on which price is higher at the time of sale. These changes are expected to provide an extra incentive for producers and cooperatives to certify their products.

There has been a steep increase in sales of cocoa beans that are both organic and Fairtrade certified. Between 2013 and 2017, the production of cocoa beans that were certified by both standards increased by 39%, amounting to [32 thousand tonnes of cocoa beans in 2017](#).

Largest markets for certified cocoa and chocolate can be found in western Europe

Europe is the most important market for certified cocoa in the world. Certifications schemes play a very important role as they mirror the growing consumer awareness and changing industry profile towards sustainability. Read the [study on trends in the European cocoa market](#) to learn more about it. The importance of each certification scheme in Europe varies significantly from country to country:

- UTZ-Rainforest Alliance certified cocoa has its largest market in Europe, which [accounts for 82% of its licensed supply chain actors](#). UTZ-certified cocoa and chocolate products are most widely available in [the Netherlands and Germany, followed by Belgium, Italy and Switzerland](#). Most UTZ-certified operators located in these countries are chocolate confectionery manufacturers, such as Barry Callebaut, Ritter Sport, Friesland Campina, and traders, such as August Toepfer & Co., Daarnhouwer, Naturkost Übelhör, Dutch Cocoa and others. The number of new end-consumer products placed on the market with the UTZ label passed 13 thousand in 2017. The market for Rainforest Alliance certified cocoa products is largest in the United Kingdom, Belgium and France. UTZ and Rainforest Alliance are now under a single organisation covering a large market in Europe.
- Fairtrade cocoa is most important in the United Kingdom. Other important countries for Fairtrade cocoa are the Netherlands, Ireland and Switzerland. The market for Fairtrade cocoa continues to grow. An example of the expected growth of Fairtrade is the commitment of British supermarket chain [Waitrose to only source Fairtrade cocoa for its private label products by the end of 2019](#).
- Organic: Europe accounts for [36% of the global organic products consumption](#). The popularity of organic certification for cocoa in specific countries follows the general market for organic products in Europe. The largest national markets for organic foods are Germany (28% of the European market), France (20%) and Italy (8%). In organic chocolate specifically, [France plays an important role in the European market](#).

Ivory Coast and Ghana are the largest suppliers of certified bulk cocoa beans

The largest suppliers of certified cocoa beans to Europe are Ivory Coast and Ghana. These two countries produce mainly bulk cocoa. Combined, they accounted for nearly 66% of all European certified cocoa bean imports in volume. Ivory Coast and Ghana are the leading countries in Rainforest Alliance and Fairtrade certifications in the world.

Sales of UTZ-certified cocoa beans from Ivory Coast [increased at an average annual rate of 21% between 2015 and 2018](#). Ghana's sales increased at an average annual rate of 16% during the same period. Nigeria and Cameroon are the third and fourth largest sellers of UTZ-certified cocoa beans to Europe.

Regarding Rainforest Alliance-certified cocoa sales, Ivory Coast and Ghana [accounted for approximately 81% of global sales in 2018](#). They were followed by Indonesia (6.5%), Ecuador (4.8%) and the Dominican Republic (3.7%).

Ivory Coast and Ghana also account for the largest areas of Fairtrade-certified cocoa in the world, at a share of 77% of total Fairtrade-certified production. They are followed by Latin American suppliers Dominican Republic, Peru and Ecuador. [These five countries combined account for 93% of the total Fairtrade cocoa area in 2016](#). They are also among the largest suppliers of cocoa beans to the European market.

When it comes to organic cocoa production, however, Ivory Coast and Ghana play a much smaller role. [The Dominican Republic has the largest organic cocoa production](#), nearly half of the total organic area in the world. The Caribbean country is followed by the Democratic Republic of Congo, Peru, Sierra Leone and Tanzania.

Fine flavour flourishes in the European specialty market

There is an increasing demand for specialty and premium chocolate products worldwide. These products are made with [fine flavour cocoa](#). Although fine flavour cocoa [roughly accounts for only 6% of the world's cocoa production](#), equivalent to approximately 300 thousand tonnes in 2017, it is the fastest growing segment in the chocolate market. Hence, it offers opportunities for suppliers offering high-quality cocoas.


There is growing demand for specialty chocolate in traditional European consuming countries, such as [Belgium](#), [France](#), [Germany](#), [Italy](#), [Switzerland](#) and the [United Kingdom](#). Consumption in this segment is associated with high incomes, but also to consumer awareness and market exposure. However, [mainstream chocolate companies such as Ferrero, Mars and Mondelez have been increasingly investing in premium lines](#), while retailers have also been developing high-end private label products. This makes speciality chocolates accessible to all types of consumers, at different price levels.

There is no specific European import data available for fine flavour cocoa beans, but the International Cocoa Organization has published [a list of the 23 producing countries and share of their exports which can be classified as fine flavour cocoa](#).


This study has been carried out on behalf of CBI by [Profound](#).

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