CBI Trade Statistics:
Cocoa in Europe
Introduction

The European cocoa market offers good opportunities for developing countries. Europe is a dominant force in the cocoa sector, representing more than half of global cocoa bean imports. Furthermore, most beans are imported directly from developing countries, the Netherlands, Belgium and Germany being the largest importers. However, competition in the mass-consumption market is fierce. You are therefore recommended to focus on premium/specially/fine flavour cocoa, also because European demand for such products is increasing.

Statistical product classification

Harmonized System (HS) codes are used to classify products and calculate international trade statistics such as imports and exports. The statistical analysis in this document is based on the HS codes in the Table below. The focus lies on cocoa beans, as they represent the largest product group for developing countries in terms of European demand.

<table>
<thead>
<tr>
<th>Code</th>
<th>Official product description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1801</td>
<td>Cocoa beans, whole or broken, raw or roasted</td>
</tr>
<tr>
<td>1803</td>
<td>Cocoa paste, whether or not defatted</td>
</tr>
<tr>
<td>1804</td>
<td>Cocoa butter, fat and oil</td>
</tr>
<tr>
<td>1805</td>
<td>Cocoa powder, not containing added sugar or sweetening matter</td>
</tr>
<tr>
<td>1806</td>
<td>Chocolate and other food preparations containing cocoa</td>
</tr>
</tbody>
</table>

Production

"How much cocoa is produced?"

Figure 1: Global cocoa bean production, 2009-2013, in 1,000 tonnes

Source: FAOSTAT, 2015

Figure 2: Share of producing countries in global cocoa bean production, 2013

Source: FAOSTAT, 2015

Production mainly concentrated in Africa

Global production of cocoa beans amounted to more than 4.5 million tonnes in 2013, increasing by an average 2.2% per annum between 2009 and 2013 (see Figure 1). Production is mainly concentrated in West Africa (66%). Although West African countries showed an average growth in production of 2.7% per year, they are facing increased pressure to supply the world market and are dealing with complex economic, social and environmental issues of their own. Asia, Latin America and the Caribbean are other cocoa producing regions. Especially Latin America and the Caribbean showed good growth between 2009 and 2013 (5.2% per year). Asia saw a small annual decline (1.4%).
Ivory Coast largest producer

Ivory Coast is the largest producer of cocoa beans (see Figure 2). Despite a small drop in production in 2011, Ivory Coast is expected to remain the largest producer. Other large producers are Ghana and Indonesia. Indonesia is expected to become more important. Vietnam is also expected to enter the stage. The Vietnamese government has stepped up technical assistance to cocoa farmers to improve productivity and improve post-harvest processing. Furthermore, Cargill (a major global processor) is investing in technology transfer centres in this country.

Tip:
- Stay informed about global production trends. Useful sources are for example the monthly market reviews by the International Cocoa Organization and the global forecasting service of the Economist Intelligence Unit.

Forastero is the variety most produced

Global production of cocoa beans consists mainly of Forastero cocoa (80%). Trinitario accounts for between 10 and 15% of world production, and Criollo for between 5 and 10%. The origin of cocoa beans is a good indication of the variety cultivated. Production in Africa consists mainly of Forastero cocoa, whereas in Latin American and the Caribbean countries mainly high-grade Criollo-Trinitario cocoa is produced. Cocoa beans originating from regions such as Latin America and Asia are generally of better quality than beans from Africa. They are often used for premium and single origin chocolates for which higher prices are being paid.

Tip:
- If you are located in a cocoa producing country outside Africa, focus on offering high-quality cocoa (for example fine flavour or single origin cocoa) since competing on price with African countries is very difficult. However, make sure that you are able to deliver high-quality cocoa that adheres to strict food safety requirements as buyers in this segment require that.

The sector faces serious challenges

Cocoa production is faced with serious challenges. Changing weather and climate conditions, falling productivity, little innovation, technology transfer and knowledge transfer, declining soil fertility, pests and diseases, and competition with other cash-crops are threatening future supplies. Furthermore, poverty among cocoa farmers is high due to the low and volatile prices of cocoa and the great power wielded by multinationals. There are various programmes that focus on improving farmers’ living conditions, increasing yields and securing cocoa supply. There are also new production areas under development, for example Forastero cocoa in Vietnam and Trinitario cocoa in Central and South America. However, most farmers are still living below the poverty level. Even if they receive a premium price, for example when their cocoa is Fairtrade certified, this does not necessarily mean a direct improvement in their conditions of work (especially in respect of such matters as child labour and slavery).

Tip:
- Investigate the possibility of getting financial support from your country’s cocoa sector. Major players in the cocoa industry are eager to invest in this sector, if this is going to result in an increasingly efficient and effective cocoa supply chain, and hence better quality, greater productivity and increased farmers’ income. You should also inquire about the possibility of support from sector-related organisations such as the World Cocoa Foundation and the International Cocoa Organization, certifying bodies such as UTZ, the Rainforest Alliance and Fairtrade, agricultural institutes or universities in your country.
Grinding

"How much cocoa is ground in Europe?"

**Figure 3: Grinding of cocoa beans in the EU28, 2010-2014, in 1000 tonnes**

**Figure 4: Grinding shares of European countries, 2014, in %**

Grinding occurs in particular in the Netherlands and Germany

Europe comprises nearly 40% of the global cocoa-processing market. European cocoa grindings accounted for 1.3 million tonnes in 2014 (see Figure 3). European grindings decreased slightly, by an average of 0.8% per year, between 2010 and 2014. There was a significant drop in 2012, probably as a result of the economic crisis. The Netherlands and Germany are the two most important grinders in Europe (see Figure 4).

Grinding increasingly takes place in the country of origin

Grinding increasingly takes place in the country of origin, especially in Ivory Coast. However, grinders are often owned by Western multinationals interested in responding to increased cocoa consumption in emerging markets. Opportunities for local grinders are currently limited. They cannot generally achieve the economy of scale needed to compete with large Western processors.

**Tip:**
- The best opportunities for local grinders and processors can be found in niche markets such as premium/specialty/fine flavour cocoa and/or semi-finished cocoa products and chocolate products. Read more about the challenges and opportunities of local cocoa processing and other forms of value addition in the report ‘Cocoa Agri-Processing Opportunity in Africa’.

Consumption

"How much cocoa is consumed in Europe?"

**Chocolate consumption highest in Western Europe**

Chocolate consumption is highest in Western European countries, with Switzerland taking the lead (9.0 kg per capita). Other large consumers are Germany (7.9 kg per capita), Austria (7.8 kg per capita), Ireland and the United Kingdom (7.5 kg per capita) and Norway (6.6 kg per capita). Although chocolate consumption in Western European countries is expected to stabilise, these countries still provide excellent opportunities for developing country exporters. On the other hand, consumption and grindings are on the rise in Eastern European countries. This is however mainly in the mass-market segment where fewer opportunities can be found for smaller suppliers from developing countries.
"How much cocoa is imported into Europe?"

**Figure 5: Value EU28 imports of cocoa from developing countries, by product group, 2010-2014, in € million**

- Cocoa beans (1801)
- Cocoa paste (1803)
- Cocoa butter, fat and oil (1804)
- Cocoa powder (1805)
- Chocolate (1806)

*Source: ITC Trade Map, 2015*

**Figure 6: Value of EU28 imports of cocoa beans, 2010-2014, in € million**

- Developing Countries
- Intra-EU trade
- Rest of the world

*Cocoa beans represent the largest product group*

Total imports of cocoa and derived products by the European Union had a value of €19.3 billion in 2014. Twenty-seven per cent was imported directly from developing countries, representing a value of €5.2 billion (see Figure 5). Cocoa beans are the main product group imported from developing countries (64%), followed at a distance by cocoa butter, fat and oil (19%) and cocoa paste (14%). Cocoa butter, fat and oil was however the product group that saw the highest annual growth between 2010 and 2014 (14%).

**Most cocoa beans are imported directly from developing countries**

Total imports of cocoa beans by the European Union amounted to 1.7 million tons in 2014 with a value of almost €4.0 billion (see Figure 6). Eighty-four per cent of the beans were imported directly from developing countries. Once the beans are imported there is a substantial internal trade within the European Union (16%).

**Tips:**
- Focus on Western European countries, since chocolate consumption is highest there. In addition, these countries also offer the best opportunities for premium and specialty cocoa products.
- Also focus on exporting to emerging markets such as China. Although chocolate consumption in emerging countries is considerably lower than in Western Europe, consumption levels are rising (also in the higher end market) and the potential markets are huge. Use ITC’s Trademap to determine which countries are increasing their cocoa imports and how trade with your country is developing.

- Stay informed about price trends. Refer to the International Cocoa Organization and the Economist Intelligence Unit for price information.
- If you want to obtain better prices, try to bypass the commodity market and look for opportunities in the premium segment, preferably through direct trading relationships.
The Netherlands is the largest importer

Most European countries import cocoa beans for local grinding. The Netherlands is by far the largest direct importer of cocoa beans from developing countries (Figure 7). This can be explained by its large cocoa-processing industry and the presence of the largest cocoa port in the world, Amsterdam. Other important importers of cocoa beans are Belgium and Germany. The European countries that saw the highest annual growth rates in cocoa bean imports from developing countries between 2010 and 2014 are the Czech Republic (40%), Denmark (30%), Slovakia (30%) and Finland.

West African countries are the most important suppliers

The European Union imports more than 85% of its cocoa beans from Africa, consisting mainly of common-grade Forastero cocoa. The main supplying countries are Ivory Coast, Ghana, Cameroon and Nigeria (see Figure 8). Whereas Ivory Coast saw an annual growth of 1.4% in exports to the European Union between 2010 and 2014, the other main supplying African countries saw a decline (-2.5%, -6.6% and -9.0% respectively). This decline was due partly to new import regulations regarding the level of chemicals set by the European Union and partly to lower harvests.

Growth is highest in Latin American and Caribbean countries

Around 8% of EU cocoa imports comes from Latin American and Caribbean countries, which are mainly the high-grade Criollo-Trinitario cocoa varieties. Here the main suppliers are Ecuador, the Dominican Republic and Peru. Although the
market share of the Latin American and Caribbean countries is small compared with that of the West African countries, the percentage growth of import values is significantly higher. Imports from Peru in particular saw a significant annual growth between 2010 and 2014 (46%). This can partially be explained by the fact that demand for premium/specialty/fine flavour cocoa is increasing, in some cases combined with certification.

Tips:
- Focus on offering high-quality premium/specialty/fine flavour cocoa. Even with common-grade bulk beans you may be able to achieve the desired quality for the premium market, for example through tailor-made fermentation. Go to the Confectionarynews website for an example. Also discuss with your buyer possible ways of improving the quality of your beans.
- Focus on direct trade with smaller traders or chocolate makers, as this is the most widely used trade channel for premium/specialty/fine flavour cocoa. Refer to the CBI “Market Channels and Segments for Cocoa” for further information on trade channels.
- Stay updated on developments regarding legislative and non-legislative buyer requirements. If your products do not comply with (new) regulations, they will not be allowed on the European market. For further information on European buyer requirements, see the CBI “Buyer requirements for Cocoa”.

Exports

“How much cocoa is exported from Europe?”

Most EU cocoa bean exports are intra-European trade

Total exports of cocoa beans by the European Union amounted to almost 404 thousand tons in 2014 with a value of more than €958 million (see Figure 9). The value of cocoa bean exports by the European Union grew by an average of 3.7% per year between 2010 and 2014. Ninety per cent of the exports were intra-European trade, mainly trade between European cocoa-processing and chocolate-producing countries. The majority of the exports (55%) went to Germany, which is an important processing country. The Netherlands is the largest European exporter of cocoa beans, followed by Belgium (see Figure 10).

Belgium and the Netherlands are important traders/processors

European countries re-export on average 21% of their imported cocoa beans. Some countries have significantly higher percentages, such as Belgium (49%) and the Netherlands (34%). These countries are important traders of cocoa beans. The Netherlands and Belgium are also important processing countries for cocoa products and chocolate. Germany does not
re-export cocoa beans but uses all of its imports for local production of cocoa products and chocolate which are sold on the domestic as well as international markets.

**Tips:**
- Apart from looking at a country's imports, also look at its exports to determine if a country imports for its domestic market and/or is a trader.
- When supplying premium or specialty cocoa beans it can be interesting to supply buyers in European countries directly instead of going through the main cocoa ports in Europe such as Rotterdam (the Netherlands), Antwerp (Belgium) and Hamburg (Germany). However, you will face stiff competition from European traders if you focus on direct trade. Be aware that you could be asked to provide the same service as them, for example short supply times, small orders, further processing.
- For more statistical information, refer to [FAOSTAT](https://www.fao.org/faostat/en) (production) and the [ITC Trade Map](https://www.itc.int/en) (import/export).


The CBI "[Market Intelligence Platform for Cocoa](https://www.cbi-intelligence.com/market-intelligence-cocoa)" provides access to all CBI market intelligence documents relating to cocoa.
This survey was compiled for CBI by Globally Cool in collaboration with CBI sector expert Maurits de Koning.

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