CBI MARKET SURVEY

THE (ORGANIC) COFFEE, TEA AND COCOA MARKET IN BELGIUM

Publication date: May 2007

Report summary
This CBI market survey discusses, amongst others, the following highlights for the (organic) coffee, tea and cocoa market in Belgium:

- Belgium has a relatively high per capita consumption of coffee (7.21 kg in 2005), with total consumption amounting to 1,211 thousand (60 kg) bags.
- Total tea consumption amounted to 2,150 tonnes (0.2 kg per capita) which is relatively low by EU standards.
- Cocoa grindings in Belgium accounted for 4% of total EU grindings, which is equivalent to 48.5 thousand tonnes in the cocoa year 2005/06.
- Belgium is an important trader of coffee, tea and cocoa, with coffee imports amounting to € 387 million in 2005, tea imports € 23 million, cocoa bean imports € 255 million, cocoa paste import € 60 million and cocoa powder imports € 22 million.
- Developing countries play a significant role in the supply of coffee (accounting for almost 70% of supply) and cocoa beans, which are almost exclusively sourced directly. On the other hand, developing countries only supply 25% of Belgian tea imports.

This survey provides exporters of (organic) coffee, tea and cocoa with sector-specific market information related to gaining access to Belgium. By focusing on a specific country, the survey provides additional information, complementary to the more general information and data provided in the CBI market survey 'The coffee, tea and cocoa market in the EU', which covers the EU market in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used as well as information on other available documents for this sector. It can be downloaded from http://www.cbi.eu/marketinfo.

1. Market description: consumption and production

Due to the interesting perspectives offered to developing country exporters in organic and other certified markets for coffee, tea and cocoa, these are given a particular focus in this survey. These markets grow faster, offer a premium, and traded volumes are smaller than in the conventional market.

Moreover, whereas coffee and tea consumption is referred to simply as consumption, where cocoa is concerned it is referred to as industrial demand. Coffee and tea processors produce consumer products, while cocoa grinders produce ingredients for chocolate manufacturers and food processors. Data on final consumption of coffee and tea by EU citizens is available, while data on processing is not. In contrast, consumption of cocoa is unknown, due to the fact that cocoa products are processed in a large range of products. However, EU grindings, combined with the imports of processed cocoa products, offer a good indication of industrial demand.

Consumption

Coffee

- Belgium is a medium to big consumer of coffee, with a total EU market size of 3.0% (ICO, 2006).
- Total Belgium coffee consumption is quite erratic, with an annual average increase of 7.1% between 2001 and 2005, but showing a decrease between 2003 and 2005 amounting to 1,211 thousand (60 kg) bags in 2005. According to the European Coffee Federation (2005) Belgian consumption decreased by 63% between 2004 and 2005.

- With respect to per capita consumption, this amounted to 7.2 kg in 2005, representing an average annual increase similar to the total consumption increase of 7.1% since 2001 (ICO, 2006).
- In growing interest in healthy and sustainable food in Belgium (2003), sales of organic and other sustainable coffee could be ìncreased. In general, the Belgium coffee industry projected a positive outlook for organic and Fair Trade through 2004-2005, and therefore it can be expected that the market share of sustainable coffee has strenghtened considerably.

Tea
- Belgium and Luxemburg together have a medium-sized share of 0.9% of total EU consumption (ITC, 2006).
- Total tea consumption in Belgium and Luxembourg shows a slight increase between 2001 and 2005, with an annual average increase of 1.8% amounting to 2.2 thousand tonnes in 2005.
- Per capita tea consumption in Belgium and Luxembourg is quite small (0.2 kg) compared to other EU countries and does not show any change over the period 2001-2005.
- According to industry sources, the organic tea market in Belgium is very small in terms of volume and does not show much change so far. In 2005, Fair-Trade-certified tea sales amounted to 5 tonnes, compared to 4 tonnes in the preceding year (Fairtrade.net 2006).

Cocoa
- Belgium is a medium to big consumer of cocoa. Total grindings of cocoa beans fluctuates slightly over the period 2001-2006 with an annual average decrease of 0.6% (Icco: 2006) amounting to about 49 thousand tonnes in 2005/2006.
- Belgian per capita chocolate consumption is the highest in Europe at 9.1 kg per head. According to industry sources, there is a small increase in per capita consumption in Belgium.
- In 2005, sales of Fair-Trade-certified cocoa amounted to 336 tonnes (0.7%), which was an 80% increase compared to the preceding year (Fairtrade.net 2006).

Market segmentation
- Market segmentation of coffee, tea and cocoa in Belgium does not differ from overall EU segmentation. For more information, please refer to the CBI survey covering the coffee, tea and cocoa market in the EU.

Production
- Because of climatic conditions, no production of coffee, tea and cocoa beans takes place within the EU. Belgium is fully dependent on imports of these products from other countries.
- Belgium does, however, have grinding activities, processing cocoa beans imported from developing countries. Tea and coffee processing predominately takes place in the EU, and Belgium itself has several players, which are mentioned in section 4.

Trends
- Like in a number of other EU member countries, coffee pods are very popular and this might explain the decrease in total coffee consumption, since less coffee is wasted while preparing the coffee.
- Green tea is the fastest growing market segment in the Belgian tea market. Furthermore, aromatic teas and herbal teas are growing segments.
- The pyramid shaped tea bag is an upcoming trend in Belgium.
- According to industry sources, the Belgium chocolate market is quite saturated and diversification will more and more be a determining factor. For the filled chocolate market for example, original tastes and shapes will be very important in terms of diversifying as well as less strong tastes. This is especially important for attracting young consumers.
- In general, the Belgian organics market is relatively limited in size compared to neighbouring countries. Just over 1% of total food sales consists of organic food, with sales

estimated at around € 350 million (FiBL, 2007). However, consumption of organic coffee, tea and cocoa in Belgium is on the rise.

Opportunities and threats

- According to industry sources, there is a trend in Belgium that young people are consuming less coffee in favour of more fashionable drinks.
- Like in many other EU member states, green tea is becoming increasingly popular in Belgium, to the detriment of black tea varieties.
- Besides being a major trader of cocoa beans, Belgium also has the highest per capita consumption of chocolate confectionery in the EU, making it an interesting market for developing country exporters.

Useful sources

- International Trade Centre’s coffee guide http://www.thecoffeeguide.org.
- International Coffee Organization’s Coffee Market Reports, online available at http://www.ico.org/show_doc_category.asp?id=2
- International Tea Committee's Annual Bulletin of Statistics 2006, which can be purchased at http://www.inttea.com/publications.asp
- An interesting source for information on cocoa is http://r0.unctad.org/infocomm/anglais/cocoa/sitemap.htm
- International Cocoa Organization at http://www.icco.org
- Fairtrade Labelling Organizations International coffee, tea and cocoa information at http://www.fairtrade.net/coffee.html or tea.html or cocoa.html.
- Furthermore, national associations as mentioned in Section 6 also often offer very useful information.

→ For more useful sources on consumption and production of coffee, tea and cocoa, please refer to the EU survey, Chapters 4 and 5.

2. Trade: imports and exports

Imports

Table 2.1 Imports by Belgium and leading suppliers to Belgium, 2001 - 2005, share in % of value

Product	2001 € mln	2003 € mln	2005 € mln	Leading suppliers in 2005 Share in %	Share (%)
Coffee	317	272	387	Intra-EU: Germany (12.0), France (9.8), The Netherlands (5.9) Extra-EU ex. DC: - DC*: Brazil (17.2), Colombia (7.9), Honduras (5.5), Ethiopia (3.6), Vietnam (3.6)	30.6 0.6 68.6
Unroasted coffee	257	209	309	Intra-EU: France (8.0), Germany (4.9) Extra-EU ex. DC: - DC*: Brazil (21.6), Colombia (9.9), Honduras (6.9), Ethiopia (4.5), Vietnam (4.5), Guatemala (4.2), Peru (4.1)	14.1 0.0 85.9
Roasted coffee	59	62	77	Intra-EU: Germany (40.4), The Netherlands (26.1), France (16.2), Italy (5.8), Luxembourg (5.2) Extra-EU ex. DC: Switzerland (3.7) DC*: -	96.2 3.8 0.0
Tea	34	34	23	Intra-EU: France (20.6), United Kingdom (17.8), The Netherlands (12.1), Germany (10.6), Poland (5.3) Extra-EU ex. DC: United Arab Emirates (2.5), USA (1.3) DC*: China (18.6), Sri Lanka (4.3)	70.1 5.3 24.6
Black Tea	23	24	16	Intra-EU: United Kingdom (26.1), France (22.2), Germany (13.4), The Netherlands (13.2), Poland (7.9) Extra-EU ex. DC: United Arab Emirates (3.7) Switzerland (1.3) DC*:Sri Lanka (5.6), China (0.9)	86.7 5.4 7.9

Green Tea	11	10	8	Intra-EU: France (17.4), The Netherlands (9.8), Germany (4.9), Hungary (1.8) Extra-EU ex. DC: USA (3.4), Japan (1.2) DC*: China (54.8), Sri Lanka (1.8), Turkey (0.8), India (0.8)	35.9 2.3 58.8
Cocoa beans	115	235	255	Intra-EU: The Netherlands (0.3) Extra-EU ex. DC: - DC*: Côte d'Ivoire (30.3), Ghana (22.3), Nigeria (22.0), Cameroon (5.7), Sierra Leone (3.6)	0.5 0.0 99.5
Cocoa paste	50	86	60	Intra-EU: France (50.1), The Netherlands (28.1), Germany (17.3), Sweden (0.8), United Kingdom (0.8) Extra-EU ex. DC: - DC*: Turkey (2.5), Ghana (0.3)	96.6 0.0 3.1
Cocoa powder	18	35	22	Intra-EU: The Netherlands (44.4), France (32.8), German (6.6), United Kingdom (5.2), Italy (0.7) Extra-EU ex. DC: - DC*: Indonesia (5.1), Côte d'Ivoire (2.4), Brazil (2.2)	90.2 0.0 9.8

Source: Eurostat (2004)
*Developing Countries

Coffee

Belgium is the fourth largest importer of coffee in the EU, accounting for 7.4% of total coffee imports. In 2005, Belgian coffee imports amounted to € 387 million / 219 thousand tonnes. This signifies an increase of 5.1% in value, and 3.6% in volume. However, these figures do not reflect the strong price fluctuations experienced between 2001 and 2005, as imports decreased considerably in value in 2001. Volumes imported increased during the entire review period. More than two thirds of imports originate in developing countries. Of the three main suppliers, Brazil and France supply Belgium with increasing quantities of coffee, whilst imports from Germany are decreasing.

Belgium is a leading importer of unroasted coffee, taking a fourth place and accounting for 7.4 % of total EU imports. Between 2001 and 2005, imports increased by 4.7% in value and 2.6% in volume annually, amounting to € 308 million / 196 thousand tonnes. A good part of this is re-exported to other EU countries, but Belgium also has its own roasters. 85.9% of unroasted coffee comes directly from developing countries, mainly Brazil. A part is also imported from Germany. However, direct imports are somewhat giving way to imports through other EU countries, mainly Germany. Imports of roasted coffee are much smaller, but are growing faster. Between 2001 and 2005, imports increased 14% in value and 15% in volume annually, amounting to € 77 million / 22 thousand tonnes. Roasted coffees are exclusively imported from European countries.

Organic

Since no data are available for Belgium alone, the data presented concerns both Belgium and Luxembourg. According to ICO, Belgium and Luxembourg together were the second largest EU importer of organic coffee, after Germany, with import volume amounting to 1.4 thousand tonnes in 2005. The leading developing country supplier was Ethiopia, accounting for 71% of total import volume.

Tea

Belgium lost some of its position as a leading EU tea importer. Imports decreased by 9% annually between 2001 and 2005, amounting to € 23 million / 7.1 thousand tonnes. Currently, Belgium is the eighth largest importer of tea in the EU accounting for 3.3% of total tea imports, 2.6% of black tea imports and 6.9% of green tea imports.

The unit value of tea imported into Belgium decreased, as the value imported decreased considerably more (-32% annually) than the volume imported (-9%). This is not typical for Belgium, as the unit value of tea imported by the EU in general decreased also, although at a much slower pace.

Between 2001 and 2005, imports originating in intra-EU countries decreased annually by 12%, amounting to € 16 million in 2005. This still represents a market share of 70%. Compared to other European countries, Belgium imports a large part of its tea from other EU countries. Imports from developing countries increased annually by 2%, amounting to €5.7 million, representing a market share of 25%. The reminder is imported from extra-EU counties.

As shown in table 2.1, leading suppliers to Belgium are France (21%), China (19%) and the UK (18%). Between 2001 and 2005, Belgium imports from the UK decreased by 30% annually. Between 2001 and 2005, imports from Sri Lanka increased considerably by 27% annually, representing a market share of 4.3%. Sri Lanka's supply of green tea increased by 70% annually in the period reviewed.

Cocoa
Belgium is the third largest EU importer of cocoa beans. It is also a principal importer for paste and powder, taking the fourth and sixth place respectively. For all products an increase in imports can be distinguished. However, as in other EU countries, imports in value peaked in 2003, due to high prices paid for cocoa products, then decreased later as prices decreased. Volumes imported into Belgium also decreased for cocoa paste in the second half of the review period.

Between 2001 and 2005, imports of cocoa beans increased by 22% in value annually and in volume by 19%, amounting to € 255 million / 188 thousand tonnes. Belgium climbed from the 5th to the 3rd place among EU importers. Due to rapidly increasing imports and exports, Belgium has become an increasingly important re-exporter of cocoa beans. While the principal suppliers, all African countries, increased their exports to Belgium, Côte d'Ivoire (+8% annually between 2001 and 2005) saw its import share decrease due to much faster increases by Ghana (+69%), Nigeria (+20%) and Cameroon (+53%).

Between 2001 and 2005, imports of cocoa paste increased by 5% annually in value, and by 2% annually in volume. Imports amounted to € 60 million / 29 thousand tonnes. Most cocoa paste is sourced in other EU countries, notably France, which accounts for more than 50% of total Belgian imports. Moreover, imports from France (+16% annually) are growing faster than those from other principal suppliers like The Netherlands (+6%) and Germany (-10%). Developing countries have seen their exports to Belgium decrease by 14% annually, resulting in their market share dropping from 7% in 2001 to 3% in 2005.

Between 2001 and 2005, imports of cocoa powder increased by 5% annually in terms of value, and by 4% in terms of volume. Imports amounted to €22 million / 15 thousand tonnes. EU countries, most notably The Netherlands and France, dominate Belgian imports of cocoa powder. Moreover, imports from European countries are increasing by 6% annually, while imports from developing countries (-4%), and most notably Indonesia (-12%) decreased. Because of this, the share of developing countries decreased from 14.1% in 2001 to 9.8% in 2005.

Exports

Coffee
Belgium is the third largest exporter of coffee in the EU. Nevertheless, Belgium 'only' accounts for 15% of total EU exports, as EU coffee exports are strongly dominated by Germany and Italy. The value of coffee exported by Belgium increased substantially in the period revised. Between 2001 and 2005 exports, increased by 44% annually in value terms, but only 4% annually in volume terms, amounting to € 345 million / 144 thousand tonnes. Exports are mainly oriented to EU countries, especially France and, to a lesser extent, The Netherlands.

Belgium takes a particularly important position in the export of unroasted coffee, for which it is, after Germany, the second largest EU re-exporter accounting for 33% of total EU exports.

Furthermore, exports of unroasted coffee as well as roasted coffee, increased annually by 8% and 11% respectively.

Tea
Belgium is a net tea exporter in terms of value. This means that Belgium re-exports considerable amounts of value-added processed tea products. Belgium is the third largest EU exporter of tea, although only accounting for 7.6% of total EU exports, as EU tea exports are strongly dominated by the UK and Germany. Between 2001 and 2005, Belgium exports decreased by 10.2% annually in value terms, amounting to € 35 million / 5.2 thousand tonnes. The decrease in tea exports took place both for green and as black tea. Exports are mainly oriented to EU countries, especially France and, to a lesser extent, Sweden and Italy.

Cocoa
The important role of Belgium in the trade of cocoa beans is clearly shown in the high exports of this product. Between 2001 and 2005 exports increased by 38% annually in value terms, amounting to € 188 million / 142 thousand tonnes. The country accounts for 46% of total EU (re-)exports of cocoa beans. Exports are mainly oriented to EU countries, especially The Netherlands. Exports of cocoa paste are very limited. Exports of cocoa powder are also limited, amounting to € 4.6 million / 2.7 thousand tonnes. This shows the limited importance of the Belgian processing industry, beans being mainly re-exported for processing elsewhere in Europe and limited exports of paste and powder.

Opportunities and threats
Belgium seems, based on the trade data, an interesting market for developing country exporters of coffee, specially unroasted coffee because of the following reasons:

- Belgium's trade role in coffee is increasing in importance, since coffee imports as well as coffee exports increased in volume and value in the review period;
- Belgium is a net importer of coffee;
- More than two thirds of coffee imports originate in developing countries.

Belgium's importance in the trade of tea is decreasing somewhat as volume and value of imports and exports both decreased in the review period. Nevertheless, the country seems an interesting market for developing country producers of tea, because Belgium is still a considerable tea importer. These imports are not so much for domestic consumption but for re-export of value-added tea products.

Although a large proportion of cocoa beans enters the EU through Antwerp, only a limited part is used domestically and most is re-exported for processing elsewhere in the EU. Therefore, the opportunities for cocoa beans exporters in developing countries in Belgium may be more limited than import figures suggest, as many trading companies are not located in Belgium itself. Moreover, the domestic processing industry is limited. The strong demand for cocoa paste and powder, considering limited exports, is mostly used by companies located in Belgium. The country has a large chocolate manufacturing industry, which is for a large part constituted by smaller specialty producers (chocolatiers).

Useful sources

- EU Expanding Exports Helpdesk - http://export-help.cec.eu.int/ - Go to: trade statistics.
- Eurostat – official statistical office of the EU - http://epp.eurostat.cec.eu.int - Go to: 'themes' on the left side of the home page - 'external trade' - 'data – full view' - 'external trade - detailed data'.
- International Coffee Report: http://www.agra-net.com
- World Tea Markets: http://www.agra-net.com
- Chocolate & Confectionery International: http://www.agra-net.com

3. Trade structure

Conventional

The three product groups discussed are each distributed in a different manner. The trade structures for coffee and tea share important characteristics, but also differ in, for example, the role of warehouses and auctions. Particularly the cocoa trade, with its three main products of cocoa beans, paste and powder and its industrial focus, has an entirely different trade structure. Some initial processing takes place for coffee, tea and cocoa, before being exported to the EU, but local processing for cocoa is becoming more common.

Important to note is that Belgium plays mainly a port function for cocoa, with no main traders and only a very limited number of processors located in the country, while for tea it plays a limited role in an EU perspective. Only the coffee re-exports are of real importance in Belgium, with Belgian traders playing a significant role. For more information, please refer to the CBI survey covering the EU market for coffee, tea and cocoa.

Brokers and agents

- Brokers and agents play an important role in all three commodity chains, but especially for tea since they are prime actors on tea auctions. Large multiple commodity brokers, as well as smaller specialised companies are active in these markets. Agents representing importing companies in developing countries can play an important role.
- The auction trade is specific for tea and a considerable part is still traded through the main auction centres. These auctions are dominated by a very limited number of brokers and are difficult for outside parties to enter. More and more tea is traded outside the auction systems, especially by new entrants into the tea trade.

Traders

- Traders play a very important role for all three product groups. This level of the trade structure offers good, if not the best opportunities for market entry for all three product groups. However, for all three product groups trade is increasingly concentrated in a limited number of trading companies. Prospects remain for smaller specialised traders which trade in non-conventional products (high quality, specific origin), which might be interesting for developing country producers.
- Apart from traders, coffee roasters also play a considerable role as traders themselves. Traditionally, traders and dealers operate in ports where coffee is delivered, an important one being Antwerp. Here, the trading sector is organised in the European trade of unroasted coffee, for which Belgium accounts for 20%. Belgian coffee traders include Beyers Koffie nv, Braunschweig & C°, Efico nv, Phoenix Trading nv, and Supremo nv/sa.
- Vertical integration between tea blenders and traders is considerable. However, Belgium's role in this trade is rather limited, with most needs supplied by foreign companies, often directly supplying Belgian retailers and distributors. Next to the top internationals, which have a huge influence on the tea trade with their role in production, trade and processing, more local traders and blenders also import considerable quantities. However, no significant players were encountered in Belgium.
- The largest cocoa processors also have their own import departments, but trading companies play a very large role in processor sourcing practices. No important cocoa traders are based in Belgium.

Processing

- The level of concentration in processing (roasting of coffee, blending of tea, and grinding of cocoa) industries is also very large.
- Roasting of the original green coffee usually takes place in consumption countries. In the EU, this often concerns multinationals supplying several EU countries from their production facilities. The level of concentration in the roasting sector is very different per country, with different multinationals and nationally oriented roasters dominating the market. Market concentration in Belgium is, with around 75% of the market for the top five players, quite average in an European perspective. Both Kraft (under the conventional brand Café Hag,

and premium brands such as Jacobs Carte Noir and Velours Noir) and Douwe Egberts (under its own brand, Jacqmotte and Zwarte Kat) have a very strong position on the Belgian market. Even though many of them disappeared, Belgium still has smaller roasters producing under own brands or private labels, most of which are members of the Royal Association of Coffee Roasters. Important domestic companies include Rimbouts, Beijers Koffie (selling under brands such Beijers, Kimbo and Fort) and Koffie Miko (producing under the Miko brand and private labels).

- Blending and packing of tea takes place in the EU. Although less concentrated than the coffee trade, processing is strongly concentrated on a regional level. The top three firms usually hold more than half of the local market, with players being either multinationals such as Unilever or national players as well as niche and specialty players. The market in Belgium is completely dominated by foreign players such as Douwe Egberts and Twinings and is supplied from abroad. Specialty brands, such as La Tisanerie (French) are also produced abroad. Unilever does have production facilities for tea in the country.
- Cocoa processing companies can be divided into the grinding industry, producing cocoa paste, butter, and powder and secondly, secondary processing companies active in further processing of cocoa butter. The grinding industry is also concentrated, with several multinationals dominating the market. No important processing companies are based in Belgium.

Final users

- The next step for the coffee and tea trade is final sales by retailers and caterers. In most countries, the retail sales generally account for 70-80% of the market. With increasing retail concentration and buying power of retailers in the EU, and increasing private label sales, the coffee and tea industries are becoming further concentrated.
- The highly concentrated end-industries use processed cocoa products in chocolate, cocoa confectionery, beverages, and cosmetics (cocoa butter). Direct trade with these players will be difficult. Belgium has a very large number of (small and medium sized) chocolate producers.
- Consumers buy chocolate or cocoa beverages and confectionery directly through supermarkets and/or specialty chocolate shops, but these products are also consumed through the catering and institutional sector.

Organic

- Importers of organic coffee, tea and cocoa are often not specialized in these products, but in organic products in general, and they are mostly dedicated to conventional (e.g. not specialty) products. Trading houses of coffee, tea and cocoa, play a more limited role in the trade in organic products, but due to further organic market development this situation is changing. Most traders are still located in The Netherlands and Germany, and form the most important trade channel for organic producers in developing countries.
- In Europe, certified coffee, tea and cocoa (i.e., organic, Fair-Trade, Utz Kapeh, Rainforest Alliance, etc.), is sold primarily through traditional channels (either mainstream retailers or organics retailers, but not specialty coffee and tea stores). Supermarkets have become more important, especially for coffee. Many EU retail chains offer private label organic and Fair-Trade products, or sell under Fair-Trade brands. Regarding tea, the focus is more on Fair-Trade (or fair trade-organic combinations) and the market for certified tea is more limited in scope and more limited to the UK and Germany. Furthermore, there are also organic food supermarkets and stores that sell organic coffee, tea and chocolate.
- Supermarkets hire the services of large-sized (not mega-) roasters, blenders and chocolate/ food product producers. Cocoa processors will usually be involved on request of chocolate manufacturers working under private or Fair Trade label, or are part of integrated chocolate companies which have organic lines. Certain up-market tea and coffee processors also have their own organic brands. However, the role of Belgian producers in organic production, especially for tea is likely to be limited as conventional production is also limited.

Trends

Trends in trade structure have been described in the overall trade structure above, but the most important trends are:

- Continued concentration tendencies in the trade and processing of coffee, tea and cocoa.
- Due to increasing interest in organic and premium and single origin products, there are also still, and perhaps even increasing, numbers of small processors on the EU market.
- Increasing sales and good expectations of organic and Fair-Trade coffee, tea and chocolate and cocoa products, and especially increasing sales through supermarkets, have made the organics market increasingly interesting for conventional players. Their entrance in the market will have a profound influence in this niche.

Useful sources

Coffee

- Efico nv, importer/trader: http://www.efico.com/
- Supremo nv/sa., importer/trader: http://www.supremo.be/home.nsf/Supremo?OpenForm
- Douwe Egberts SA, the leading producer and supplier of coffee in Belgium: (http://www.douweegbertscoffeesystems.com/be/outofhome).
- Koffie F. Rombouts NV, one of the leading roasters in Belgium: (http://www.rombouts.com)
- SAS NV, roaster of coffee: (http://www.sas-koffie.be/sas/)
- Koffie Miko, important roaster: http://www.miko.be
- Beijers Koffie, important roaster and importer: http://www.beyerskoffie.be/

Tea

- Flaronis S.A., coffee roaster and packaged tea distributor: http://www.flaronis.com

Cocoa

- Niche Trading, trading of, amongst other processed cocoa, products: http://www.nichefoods.com/
- Althaea NV, chocolate manufacturer: (http://www.althaea.be)
- Italo Suisse NV, chocolate manufacturer: (http://www.italosuisse.be)
- Chocolaterie Pralibel NV, manufacturer of chocolate, also active in Fair-Trade: (http://www.pralibel.be)
- OCG Cacao Belgium NV, producer of cocoa powder and chocolate, is part of the Cargill Group: (http://www.ocgcacao.com)
- Belcolade, one of the leading Belgian chocolate manufacturers: (http://www.belcolade.be)

On-line company databases for finding companies working in the coffee, tea and cocoa markets are:

- National associations for the appropriate products as mentioned in Section 6
- Food world: http://www.thefoodworld.com (an extensive online food business directory, with full EU coverage. Coffee, tea and cocoa are a separate product group.)
- Europages (except for coffee and tea): http://www.europages.com (online business directory, with full EU coverage. Cocoa and chocolate, and coffee and tea are two separate product groups)

Business-to-business sources include the following;

- Agronetwork.com: http://www.agronetwork.com/global (coffee and tea are included under food)
- Organic Trade Services: http://www.organicts.com (also offering organic industry news. Cocoa products are included under food of the company database, coffee and tea under drinks)
- IngridNet: http://www.ingridnet.com (a marketing instrument for companies supplying ingredients to, among others, food industries. Cocoa and cocoa products, and tea and coffee products are two separate product groups)

For additional sources, please refer to the EU survey.

4. Prices and margins

As the prices for coffee, tea and cocoa are world market prices, Belgian prices should show limited deviation from those prices (except in the case of transport costs for example). Deviation should be especially limited due to the important port function of Antwerp as a first entry point in the EU for both coffee and cocoa,

The survey covering the EU provides more information on price (developments), but actual prices of coffee, tea and cocoa (products) provided in it should be used as a reference point only, as they are to a large degree dependent on origin, and buyer preferences regarding quality, order size etc. Therefore, actual prices are dependent on negotiation with partner companies, and expressed as differentials of future market prices in the case of coffee, or are dependent on developments at the auction level for tea. Owning to specific preferences in the kind of products consumed, average import prices for especially tea will deviate between countries, as these products differ in price.

On the global market, there has been an overall increase in world coffee prices from their lows in 2004. Prices of coffee remain volatile, but reasonable prices are expected to continue. Premiums for organic coffee in the EU are between 15% and 25%, but are decreasing as conventional roasters and retailers enter the organic market. A premium for Fairtrade certified coffee is paid above guaranteed minimum prices for conventional and organic coffee. Regarding premiums of other certification schemes, please refer to the survey covering the EU. ICO does not provide retail level prices for coffee in Belgium.

Tea supply exceeds demand, and real prices have been declining since the 1980s. Tea prices show a wide variation due to large differences in quality. Prices remain under pressure from over-supply. The price for organic tea strictly follows the market rules, but is very volatile. Due to increasing conversion of tea production to organic standards, prices have decreased substantially. Fair-Trade offers a differentiated premium depending on the type of tea.

World market prices for cocoa beans are readily available, as are prices for cocoa butter. Prices for other cocoa products such as powder, liquor and paste are more difficult to encounter. Prices for cocoa beans are volatile, but more stable compared to previous periods. Monthly prices now range between € 1,200 and € 1,400 per tonne. ICCO is expecting an annual increase in real prices of 2.2%. In 2007, more limited supply could push up prices. Organics prices fluctuate, but current premiums are high at around € 400 (25%). Fair-Trade offers an additional premium of € 120 above minimum prices.

Sources

- Important sources for price information are firstly the international commodity organisations: the International Coffee Organisation (http://www.ico.org), the International Tea Committee (http://www.inttea.com), and the International Cocoa Organisation (http://www.icco.org).
- Furthermore, publications such as Public Ledger, International Coffee Report, and World Tea Markets Monthly (http://www.agra-net.com) are of importance.
- Lastly, the future markets LIFFE (http://www.liffecommodities.com) and New York Board of Trade (NYBT) (http://www.csce.com/) provide real-time future quotes.

5. Market access requirements

As a manufacturer in a developing country preparing to access Belgium, you should be aware of the market access requirements of your trading partners and the Belgian government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns.

Legislative requirements
National legislation in EU countries is compulsory for all products traded within the country concerned. Therefore, as an exporter in a developing country you have to comply with the legislative requirements which are applicable to your products. For information on legislation go to 'Search CBI database' at http://www.cbi.eu/marketinfo, select your market sector, and the EU country of your interest in the category search, click on the search button and click on legislative requirements for an overview of all documents on legislation in your country of interest.

Non-legislative requirements
Social, environmental and quality-related market requirements are of growing importance in international trade and are often requested by European buyers through labels, codes of conduct and management systems. For information on non-legislative requirements, go to 'Search CBI database' at http://www.cbi.eu/marketinfo, select your market sector and the EU country of your interest in the category search, click on the search button and click on your subject of interest under non-legislative requirements for an overview of all documents on the subject concerned in your country of interest.

Packaging, marking and labelling
For general information on packaging, refer to the survey covering the EU. You can download information on requirements on packaging, marking and labelling in specific EU markets from http://www.cbi.eu/marketinfo.

Tariffs and quota
Tariffs and quota applicable in Belgium are the same as for the EU. Information regarding these market requirements can be found in the survey covering the EU market. The standard VAT rate in Belgium is 21% as of September 2006. The VAT rate applied to foodstuffs is 6, 12 or 21%, depending on the product.

Useful sources
- CBI Database — http://www.cbi.eu/marketinfo
- Taric Homepage — http://europa.eu.int/comm/taxation_customs/dds/en/tarhome.htm
- Directorate General XXI — http://europa.eu.int/comm/taxation_customs/common/publications/info_docs/taxation/index_en.htm

6. Business practices

For general information on business practices exporters should refer to the CBI document 'From survey to success: guidelines for exporting (organic) coffee, tea and cocoa to the EU', CBI's Export Planner and CBI's Image Builder manual.

Selecting a suitable trading partner
Finding a trade partner in Belgium should not deviate from the general EU method. However, please note that although Belgium plays an important role in the trade of the cocoa and coffee, for cocoa many of the cocoa traders are not based in Belgium; the players are traders and roasters in other EU countries who import through the port of Antwerp. There is a substantial coffee trade sector in the country, whereas for the other two commodities the number of traders is limited and the sector mainly concerns processors and chocolate and food manufacturers.

Buyers and suppliers often find each other at trade fairs. The BioFach trade fair is of particular importance for organic coffee, tea and cocoa, whereas Anuga, SIAL, FI Europe are of principal importance for conventional products. Moreover, for coffee and tea, the Tea and Coffee World Cup in Geneva is of importance. Participating in or visiting trade fairs is also important for price benchmarking, and making necessary product adaptations. Establishing contact through trade directories, or through directly contacting interesting companies you encounter, can also be useful. Concerning conventional products, company visits and sending samples, including elaborate technical data, are indicated as a method appreciated by importers. If positive responses are obtained, these efforts can be followed by country visit invitations. Brokers also fulfil an important function in market linking, while websites offer another opportunity to find trade partners. The first step after finding a trade partner, which is often requested by the buyer is to give a quotation and sometimes packaging details.

After obtaining contacts, evaluating potential trade partners should be done according to criteria such as information quality, the kind of trade relation the partner is interested in, the position of the partner and his financial status and credibility.

Reaching an agreement with your trade partner
As in the rest of Europe, both general and specific offers are common in Belgium. Therefore, common practices as detailed in the above-mentioned CBI documents apply. When establishing an overseas price for your products, factors involved are competition, costs such as production, packaging, transportation and handling, promotion and selling expenses, the demand for your product or service and the maximum price which the market is willing to pay regarding origin, quality and order size. How you price your product is worth a good deal of thought and effort since it directly affects your ability to make a profit.

The most commonly used terms of payment in the coffee, tea and cocoa trade are the *Letter of Credit* (L/C) and *Cash Against Documents* (CAD). When using L/C, risks are divided between buyer and supplier. The supplier only receives payment after the goods have been consigned to a carrier and the buyer only receives the goods after payment. CAD carries the greatest risk for the exporter as the exporter will only receive payment when the buyer pick- up the goods. In the case of co-operation agreements with overseas companies, payment terms could also include periodical payments. Once trading relationships are established, clean payments are often used.

Export terms of sale determine which costs are covered in the price of the cargo, at which point ownership transfers to the buyer and at which point responsibility for the cargo is transferred. The most commonly used terms of sale are FOB (Free on Board), and less often CFR (Cost and Freight) and CIF (Cost, Insurance, Freight). While coffee is generally sold FOB, some roasters prefer an ex-dock basis, and small roasters prefer to buy small lots on a delivered-in-store or ex-store basis. However, supplier and importer are free to negotiate and agree as to whether quotations and subsequent trade are based on CIF or FOB prices. Special attention should also be given to contract fulfilment in reference to contingencies that might occur while the sale order is being processed, shipped etc. Coffee trade is usually conducted according to European Coffee Federation contracts. Likewise, for cocoa, standard practices have been set out by the main international cocoa trade associations, which in the EU is the Federation of Cocoa Commerce Ltd (FCC).

Cultural differences
A profound knowledge of the Belgian business culture is one of the main keys to a durable relationship. In spite of all modern communication tools, the personal relationship with a trading partner often decides a durable co-operation. The general business culture of Belgium is described below.

- Belgians are careful, so they take time before they trust others.
- Greetings entail a degree of formality. A brief handshake is the common greeting among people who do not know each other.
- Business dealings tend to be bureaucratic. There are many procedures and a great deal of paperwork.
- Belgians are excellent linguistics and most of them are well able to conduct meetings in English.
- Belgians prefer subtlety to directness.
- Belgians often engage in long, critical discussions before reaching a decision, so that they can be certain that they have considered all the alternatives.

- They believe it is rude to be confrontational.
- Appointments are necessary and everyone is expected to arrive on time. Arriving late may brand you as unreliable.
- Meetings are formal and first names are not used.
- First appointments are more social than business-oriented, as Belgians prefer to do business with those they know.
- Dress correctly and conservatively.
- Business cards are exchanged without formal ritual. Have one side of your business card translated into French or Dutch, since both these languages are spoken in Belgium.

Internet provides many sources on business practices and culture, such as http://www.kwintessential.co.uk/resources/global-etiquette/belgium-country-profile.html. Please keep in mind that these pages only give general remarks. Therefore, when conducting business, use your intuition and an understanding attitude.

Sales promotion
Common practices of trade promotion in Belgium should not differ considerably from other European countries. However, please keep in mind that the trade of conventional cocoa and cocoa products, tea and coffee are extremely concentrated, with different companies dominating the different product groups across and within national markets. As mentioned above, the trading and processing channels are limited for tea and cocoa in Belgium, and are only of great importance for coffee. Most inhabitants of Belgium speak French (and usually English, and sometimes German and Spanish), especially when they are in the trade business. In general, good care should be taken of existing contacts, by using prompt, constant and reliable communication. Letters of inquiry should always be replied to. An essential tool used in sales is a detailed and up-to-date customer database.

Please refer to CBI's *Export planner* and *Your image builder* for more information on this subject.

Assistance with market entry can also be sought through local business support organisations, import promotion organisations such as CBI and branch organisations focusing on coffee, tea and cocoa, or the (organic) food sector. Interesting *trade associations* in Belgium are:
- Food Industry Federation / Fédération de l'Industrie Alimentaire - Federatie Voedingsindustrie (FEVIA): http://www.fevia.be
- Koffiebureau België / Belgian Coffee Bureau: http://www.koffiebureaucafe.be/
- Beroepsvereniging van de Antwerpse Koffie-Invoerhandel / Association of Antwerps Coffee Importers (BVDAKI): mailto:bvdaki-upcaic@skynet.be
- Koninklijk Verbond van Koffiebranders / Royal Association of Coffee Roasters: http://www.koffiecafe.be
- Comité Belge de Thè et des Infusions asbl / Belgian Commitee of Tea and Infusions, c/o Unilever Belgium S.A.: Tel +32 (0)23336546
- Koninklijke Belgische Vereniging van de Biscuit-, Chocolade-, Praline- en Suikergoedindustrie / Royal Belgian Association of Biscuit, Chocolate, Praline and Confectionery Industries (CHOPRABISCO): http://www.choprabisco.be
- Royal Federation of Chocolate Makers (FENACO): http://www.fenaco.org
- National Federation of Processors and Distributors of Organic Products (PROBILA-UNITRAB): http://www.probila-unitrab.be/
- Bioforum – umbrella organisation for the organic sector: http://www.bioforum.be/

Trade press can function as a means for gaining insight into market developments and competition, but can also have a promotional function. This concerns finding potentially interesting companies, as well as promotion of your own activities and products. Major trade press of EU-wide significance is mentioned in the CBI document 'From survey to success: guidelines for exporting coffee, tea and cocoa to the EU'. *Trade press* of interest in Belgium is
- Horecamagazine – Focused on the catering sector: http://www.horecamagazine.be/NL_default.htm

- Please also refer to the CBI document 'From survey to success: guidelines for exporting coffee, tea and cocoa to the EU'.

Trade fairs offer companies from developing countries the opportunity to establish contacts, promote their products and conduct EU market orientation. Major fairs of EU-wide significance are mentioned in the CBI document 'From survey to success: guidelines for exporting coffee, tea and cocoa to the EU'. No trade fairs of interest were encountered in Belgium.

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