

CBI MARKET SURVEY

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

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Introduction

This CBI market survey gives exporters in developing countries information on some main developments in the (organic) coffee, tea and cocoa market in Estonia. The information is complementary to the information provided in the CBI market survey 'The (organic) coffee, tea and cocoa market in the EU', which covers the EU 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**Consumption**

Due to the interesting perspectives offered 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. However, in Estonia, the organic market is likely to be of very limited size.

Coffee

- Estonia is the fourth smallest coffee consumer in the EU at 150 thousand bags in 2005 (ICO, 2006).
- Total coffee consumption increased annually by 8.1%.

Tea

- Tea consumption in the Baltic States (Estonia, Latvia and Lithuania) is medium-sized to large, with a total EU market share of 1.4% (ITC, 2006).
- The joint tea consumption in the Baltic States shows a rather stable increase, with an annual average increase of 2.5% between 2001 and 2005, amounting to 3,300 tonnes in 2005. No separate consumption data for Estonia is available.

Cocoa

- Cocoa grindings in Estonia are negligible (Icco, 2006).
- Total grindings of cocoa in Estonia remained fixed at 100 tonnes between 2001/02 and 2005/06.

Production

- Because of climatic conditions, no production of coffee, tea and cocoa beans takes place within the EU. Estonia is fully dependent on imports of these products from other countries.
- Estonia does not have any major grinders. Tea and coffee processing predominately takes place in the EU, but Estonia itself does have with any major companies.

Trends

- In order to boost the consumption of coffee, tea and cocoa, several new products have been launched on the market, particularly with regards to coffee and tea.
- Estonian consumers have also started to pick up the trend towards more convenience food like instant coffee and other easy-to-prepare, semi-prepared, and processed products.
- Limited organic sector development is taking place, although mainly limited to the capital city, Tallinn.

Opportunities and threats

- Estonia is a relatively small consumer of coffee, tea and cocoa, which does not make it a particularly interesting market for developing country exporters. Opportunities could lie in convenience products like instant coffee, although these are likely to be supplied by other EU member states.

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 for 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](http://www.fairtrade.net/tea.html) or [cocoa.html](http://www.fairtrade.net/cocoa.html)

→ 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

- Estonia is among the smallest importers of coffee, accounting for 0.5% of total EU imports. Imports amounted to € 25 million / 7.7 thousand tonnes in 2005, signifying an annual increase of 11% in value and of 9.4% in volume between 2001 and 2005.
- Estonia almost exclusively imports roasted coffee.
- Estonia relies exclusively on EU countries, notably Finland and Sweden.
- Tea imports remained stable in the period revised, totalling € 3.3 million / 621 tonnes in 2005. This constitutes an EU market share of 0.5% for green tea as well as black tea. This is relatively large, when bearing in mind that more populated countries such as Greece, Portugal and Slovenia, have the same market share.
- Developing countries account for a market share of 21%, which is below EU average. However, tea imports from developing countries decreased by 11% between 2001 and 2005. The main developing country supplier is Sri Lanka, with a market share of 19%.
- Estonia is a very small importer of cocoa products, usually among the bottom four EU importers. Imports of cocoa beans amounted to € 1.3 million / 0.9 thousand tonnes, and to € 0.3 million for powder. Estonia does not import cocoa paste. Whereas imports of beans decreased between 2001 and 2005, imports of powder are increasing.
- Imports of cocoa powder originate for a relatively large part in developing countries compared to the EU average, mainly Indonesia and Malaysia. Cocoa beans are sourced in Ghana. Due to unpredictable imports, it is difficult to determine trends in supplying countries.

Exports

- Estonia is a small exporter of coffee, but exports increased rapidly between 2001 and 2005, to € 11 million / 2.7 thousand tonnes. Most is destined for the other two Baltic States and Russia.
- Tea exports are limited, totalling € 96 thousand / 45 tonnes in 2005. Most is exported to Lithuania.
- Estonian re-exports of cocoa beans are negligible. Exports of cocoa paste and powder are very limited, totalling less than € 0.5 million. Exports figures show a large variation.

Opportunities and threats

- Estonia does not seem to be an interesting market for developing country producers, foremost because the domestic market for the three commodities is very small, but also because developing countries account for such a small market share.
- Best opportunities exist in the supply of tea- as tea imports are relatively large- and in cocoa powder, as developing countries account for an above EU average share of this (small) market.

Useful sources

- EU Expanding Exports Helpdesk - <http://export-help.cec.eu.int/>
- Eurostat – official statistical office of the EU - <http://epp.eurostat.cec.eu.int>

3. Trade structure

- 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.
- In general, traders are the most important trade channel for all three products for developing country producers, but in certain cases local agents of EU buyers, or EU processors can also be an interesting channel.
- Regarding organic products, the main organics traders, mostly located in Germany and The Netherlands are, probably the most important trade channel.
- Estonia does not have coffee roasters anymore, which makes it dependent on foreign supply. Important players with regard to cocoa are:
- AS Kalev, chocolate manufacturer (<http://www.kalev.ee>)
- Kraft Foods, chocolate manufacturer (<http://kraftfoods.com/kf>)
- *On-line company databases* for finding companies working in the coffee, tea and cocoa markets are: Europages: <http://www.europages.com>.
- *Business-to-business sources* include Agronetwork: <http://www.agronetwork.com/global> Organic Trade Services: <http://www.organicts.com> and IngridNet: <http://www.ingridnet.com>
- For additional sources, please refer to the EU survey.

4. Prices

- As the prices for coffee, tea and cocoa are world market prices, Estonian prices should show limited deviation from those prices (except in case of extra transport/re-export costs for example). However, prices of coffee, tea and cocoa (products) provided in the market survey covering the EU should be used as a reference point only, because prices are to a large degree dependent on origin, buyer preferences regarding quality, order size etc. established during contract negotiations.
- Prices for coffee, tea and cocoa are volatile, but where for cocoa and coffee a (more) favourable market price is predicted, tea prices have declined in real terms and the outlook is not as favourable.
- Premiums for organic coffee, tea and cocoa beans and cocoa products are still well above the conventional price. However, for coffee and tea they have been decreasing due to increasing supply. Furthermore, for tea, due to changes in tea consumption and trends, organic production is not always compatible with current demand.
- Important sources for price information are firstly the international commodity organisations such as 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.liffe.com/modities.com>) and New York Board of Trade (NYBT) (<http://www.csce.com/>) provide real-time future quotes.

5. Market access requirements

- Manufacturers in developing countries should be aware of the market access requirements of their trading partners and the country's 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.
- For more information go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>
- Information on import tariffs, please refer to the Taric Homepage at http://europa.eu.int/comm/taxation_customs/dds/en/tarhome.htm
- For more information on VAT rates please refer to the Directorate General XXI at http://europa.eu.int/comm/taxation_customs/common/publications/info_docs/taxation/index_en.htm

6. Business practices

For information on business practices in Estonia, please refer to the following sources.

Trade Associations

- Association of Estonian Food Industry / Eesti Toiduainetööstuse Liit (ETL): <http://toiduliit.ee/?pageLang=GB>

Trade press

- No trade press of interest was encountered in Estonia

Trade fairs

- No trade fairs of interest were encountered in Estonia

This survey was compiled for CBI by ProFound – Advisers in Development
in collaboration with Mr. Joost Pierrot.

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