

CBI MARKET SURVEY

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

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 France:

- France is a relatively big consumer of coffee, accounting for 14% of total EU coffee consumption.
- However, the French seem to be switching to a healthier alternative, tea. Although still limited compared to other EU member countries, tea consumption is becoming more popular.
- France is an important grinder of cocoa beans, accounting for more than 10% of total grindings in the EU.
- France is one of the leading EU importers of coffee, tea, as well as cocoa. In 2005, it was the second-leading EU importer of coffee, the third-leading importer of tea and the fourth leading EU importer of cocoa beans.
- Developing countries play an important role in the supply of unroasted coffee, cocoa beans and cocoa paste.

This survey provides exporters of (organic) coffee, tea and cocoa with sector-specific market information related to gaining access to France. 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 (organic) 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 manufactures 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**

- France is, after Germany and Italy the largest consumer in the EU, with a market share of 14% (ICO, 2006).
- Total coffee consumption in France fluctuated slightly between 2001 and 2005 and shows an annual average decrease of 0.9%, amounting to 5.1 million bags in 2005.
- Per capita consumption shows an annual average decrease of 1.3% between 2001 and 2005, amounting to 5.0 kg in 2005.

- Shade-grown or eco-friendly coffees are not sold on the French market.

Tea

- France is the fourth biggest tea consumer in the EU with a market share of 5.9% (ITC, 2006).
- Total French tea consumption grew slightly between 2001 and 2005 at an annual average increase of 0.7%, amounting to 14.1 thousand tonnes in 2005.
- Per capita tea consumption in France has been fixed at 0.2 kg per head between 2001 and 2005.

Cocoa

- France is the third largest cocoa consumer in the EU with an EU market share of 11.0% (Icco, 2006).
- Total French grindings of cocoa beans fluctuated slightly over the period 2001-2006 at an annual average increase of 1.4%, amounting to 147.0 thousand tonnes in 2005/2006.
- Per capita consumption of chocolate confectionery in France is moderate compared to other EU countries at 4.9 kg per head (Coabisco, 2007).

Organic and Fair-Trade

- The French market for organic food products accounted for 14% for the total EU market in 2005. Total sales amounted to € 2.2 billion. On a per capita basis, organic sales are more limited than in the UK, Italy and Germany at around € 37 (FiBL, 2007).
- However, the market has been showing a positive development the last couple of years, even though the French are not as interested in organic products as people in neighbouring countries. Although there are no particular data available on the consumption of organic coffee, tea and cocoa, it is expected that the organic (or sustainable) share of these product groups has also increased.
- Fair-Trade-certified coffee, tea and cocoa sales increased considerably between 2004 and 2005, as shown in table 1.1.

Table 1.1 Volume sales of fair-trade-certified coffee, tea and cocoa in France in 2004-2005, tonnes

	2004	2005	increase in %
coffee	2,784	5,342	92%
tea	109	181	66%
cocoa	398	723	82%

Source: <http://www.fairtrade.net> (December 2005)

Market segmentation

- Market segmentation of coffee, tea and cocoa in France 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. France is fully dependent on imports of these products from other countries.
- France is one of the more important grinding countries and, in this respect, does compete with developing countries in market for processed cocoa products. Relevant companies are mentioned in Section 3. Tea and coffee processing predominately takes place in the EU, but France itself has a large number of players.

Trends

- The French are gradually switching from coffee, to the 'healthier alternative' tea, which is also demonstrated by the decline in coffee consumption and the growth in tea consumption.
- Like in a number of other EU member countries, the market for coffee pods is the fastest growing market in France.

- Another important trend in France is the growing interest in single origin coffees; people require coffees with special origins like for example Ethiopia. This also holds for coffee blends like cappuccino made of coffee beans from specific countries.

Opportunities and threats

- Tea is becoming more popular among the French, at the expense of coffee.
- Opportunities for developing country coffee exporters can be found in the supply of single-origin coffee.
- Fair-Trade and organic coffee, tea and cocoa are increasingly successful on the French market, as demonstrated in Table 1.1.

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](http://www.fairtrade.net/tea.html) or [cocoa.html](http://www.fairtrade.net/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 France and leading suppliers to France, 2001 - 2005, share in % of value

Product	2001 € mln	2003 € mln	2005 € mln	Leading suppliers in 2005 Share in %	Share (%)
Coffee	553	498	606	Intra-EU: Belgium (23.2), Italy (11.7), Germany (10.9), Spain (2.4), The Netherlands (1.9) Extra-EU ex. DC: Switzerland 8.6 DC*: Brazil (15.3), Vietnam (3.6), Colombia (3.5), Ethiopia (3.0), Honduras (1.7)	51.3 8.9 39.8
Unroasted coffee	389	295	313	Intra-EU: Belgium (13.2), Germany (5.1), The Netherlands (2.3) Extra-EU ex. DC: - DC*: Brazil (29.8), Vietnam (6.9), Colombia (6.6), Ethiopia (5.8), Honduras (3.4)	22.4 0.4 77.2
Roasted coffee	164	202	293	Intra-EU: Belgium (34.2), Italy (23.3), Germany (16.7), Spain (3.6), The Netherlands (1.6) Extra-EU ex. DC: Switzerland (18.0) DC*: -	81.5 18.0 0.5
Tea	83	88	88	Intra-EU: United Kingdom (33.8), Belgium (16.3), Germany (13.4), Poland (2.9), The Netherlands (2.2) Extra-EU ex. DC: United Arab Emirates (3.7), Morocco (1.3) DC*: China (16.8), Sri Lanka (4.2), Morocco (1.3), India (1.0), Vietnam (0.9)	69.5 5.4 25.1
Black tea	60	61	55	Intra-EU: United Kingdom (42.1), Belgium (19.3), Germany (8.8), Poland (4.1), The Netherlands (2.5) Extra-EU ex. DC: United Arab Emirates (3.1) DC*: China (9.0), Sri Lanka (5.5), India (1.5),	77.4 3.5 19.1

				Vietnam (1.1), Morocco (1.0)	
Green tea	24	27	32	Intra-EU: Germany (21.3), United Kingdom (19.7), Belgium (11.2), The Netherlands (1.6) Extra-EU ex. DC: United Arab Emirates (4.7), Japan (3.3) DC*: China (30.3), Sri Lanka (1.8), Morocco (1.7)	55.9 8.8 35.3
Cocoa beans	199	294	198	Intra-EU: Belgium (18.6), The Netherlands (10.4) Extra-EU ex. DC: - DC*: Côte d'Ivoire (21.3), Ghana (19.9), Nigeria (16.3), Ecuador (10.4), Togo (2.7), Cameroon (2.1)	29.0 0.2 70.8
Cocoa paste	112	202	152	Intra-EU: The Netherlands (17.9), Spain (3.3), Italy (1.9), Germany (1.6), Belgium (1.0) Extra-EU ex. DC: Switzerland (0.5) DC*: Côte d'Ivoire (54.1), Cameroon (11.5), Ghana (6.6), Chile (1.0), Malaysia (0.6)	25.9 0.5 73.6
Cocoa powder	25	84	59	Intra-EU: The Netherlands (60.3), Germany (13.2), Italy (9.1), Belgium (3.2), Spain (1.9) Extra-EU ex. DC: - DC*: Côte d'Ivoire (10.5), Brazil (1.0)	88.3 0.1 11.6

Source: Eurostat (2004)

*Developing Countries

Coffee

France is the second largest EU importer of coffee and the largest importer of roasted coffee, accounting for 9.5% and 23% of EU coffee imports respectively. Coffee imports increased steadily between 2001 and 2005 by 2.5% (in value) annually, amounting to € 606 million / 292 thousand tonnes. Comparing roasted with unroasted coffee, the picture looks somewhat different. Imports of roasted coffee increased considerably - just as in most EU countries- by 16% annually, while imports of unroasted coffee decreased by 5% annually. The latter fall is not common among other EU countries.

More than three-quarters of unroasted coffee imports are sourced in developing countries. Between 2001 and 2005, their import share decreased by 6% annually. The number one supplier is Brazil (30%) followed at a distance by Belgium (13%). Imports from Vietnam and Colombia, the third and fourth largest suppliers, decreased considerably by 12 and 14% respectively.

Organic

According to ICO, France was the fourth largest importer of organic coffee in 2005 and can therefore be considered as a medium-sized importer. In 2005 import volume amounted to 690 tonnes and Ethiopia was the leading developing country supplier, accounting for 78% of import volume.

Tea

France is the third largest importer of tea and the largest importer of green tea in the EU accounting for 12% and 29% of EU imports respectively. Total tea import value as well as volume remained, in contrast to many other EU countries, unchanged between 2001 and 2005, amounting to € 88 million / 17 thousand tonnes. Interesting to note is that France mainly imports high value tea, considering the high price/volume ratio.

The share of developing countries in French tea imports is below the EU average. Developing countries account for 25% of French tea imports. Their share has been decreasing annually by 6%, mainly because of decreasing exports by China, previously France's leading developing country supplier. The three leading tea suppliers are the UK (34%), China (17%) and Belgium (16%). French imports from Poland jumped considerably, representing an import market share of 2.9% in 2005.

Cocoa

France is a large importer of cocoa products. It ranks fourth for beans, behind The Netherlands, Germany and Belgium, and first for powder and paste, as the country also has a very large confectionery, chocolate and beverage industry. Imports of paste and powder have shown a particularly good development. As in other EU countries, imports in value peaked in 2003, due to high prices paid for cocoa products. Considering the decreasing prices, even increasing volumes imported into France could not negate a decrease in import value.

Although imports in value of cocoa beans were the same in 2001 as in 2005, imports in volume decreased significantly, by 2.4% annually, amounting to € 198 million / 147 thousand tonnes. A relatively large part of imports is sourced in EU countries, mainly re-exports from Belgium and The Netherlands. However, direct sourcing in developing countries, and especially Ghana, is increasing. France is the largest importer of cocoa paste in the EU. Between 2001 and 2005, imports in value increased by 8% annually, and volumes by 5%. Imports amounted to € 153 million / 92 thousand tonnes in 2005. A relatively large and stable proportion of paste is imported from developing countries. Especially defatted paste, accounting for around 15%, is imported from developing countries. Among the top four suppliers, especially Ghana is increasing in importance, whereas imports from Cameroon are decreasing. France is also the largest importer of cocoa powder, with imports increasing by 23% annually in value and 15% in volume. Imports amounted to € 59 million / 34 thousand tonnes. High imports are due to the fact that the country has the EU's largest bakery, pastry, chocolate and confectionery products industry in Europe. The proportion imported from developing countries is 12%, which is higher than the EU average and double their share in 2001. Especially Côte d'Ivoire is rapidly increasing in significance as a supplier. All three top-suppliers are increasing in importance.

Exports

Coffee

France's significance in coffee exports is limited. The country is a small coffee exporter accounting for 4.2% of total EU coffee exports, which amounted to € 96 million / 31 thousand tonnes in 2005. Exports increased in value by 2% annually, while export volume decreased considerably by 10%. In accordance with import data, exports of unroasted coffee decreased sharply while exports of roasted coffee increased strongly between 2001 and 2005. Three-quarter of French coffee exports is destined to Belgium, Spain, USA and Italy.

Tea

France is a small to medium-sized tea exporter, accounting for 6.7% of total EU tea exports, which amounted to € 31 million / 4.5 thousand tonnes in 2005. Exports decreased by 5.6% annually between 2001 and 2005. France is the third largest exporter of green tea. This 'only' represents 13% of total EU exports, as green tea exports are dominated by the UK and Germany. Almost half of French tea exports is directed to Japan, Sweden and Belgium.

Cocoa

Between 2001 and 2005, exports of cocoa beans decreased by 21% annually. This amounted to € 6.3 million/3.6 thousand tonnes. Although it is the fourth exporter in the EU, France's role is very limited compared to The Netherlands and Belgium. The main destination countries are Spain and Switzerland. France is the second EU exporter of cocoa paste, but lags far behind the principal exporter, The Netherlands. Between 2001 and 2005, exports of paste decreased by 10% annually. This amounted to € 42 million / 21 thousand tonnes. 97% of exports is destined for other EU markets. France is the second exporter of powder, but also at a large distance from The Netherlands. Exports increased by 13% annually between 2001 and 2005, amounting to € 80 million / 44 thousand tonnes. The main markets are EU countries, especially Italy, and the USA.

Opportunities and threats

France is among the most interesting markets for coffee products, as the country is the third largest consumer of coffee in the EU. France is a strong net importer of coffee and imports

increased steadily between 2001 and 2005. Furthermore, a significant share is sourced from developing countries. However, their presence in French coffee imports is decreasing.

France seems to be an interesting country for developing country producers of tea as France is the fourth biggest tea consumer in the EU with no domestic production, so that the country completely depends on imports. Less favourable is that developing countries saw their limited market share decrease further, while total tea imports stayed unchanged between 2001 and 2005.

France is among the most interesting markets for cocoa products. A relatively high share of imports is sourced in developing countries, and this share is increasing overall. Moreover, total imports also showed a favourable development although, due to price decreases, imports were under pressure in value between 2003 and 2005.

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

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 of cocoa is becoming more common. However, this is often conducted by international processors such as ADM and Cargill. Considering the size of the French market it plays a role for all three commodities discussed, and all trade channels should be present in the country. 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 at tea auctions. Large multiple commodity brokers, as well as smaller specialised companies, are active in these markets. A large general broker in France is Calyon Financial SNC (previously Carr Futures). 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, such as Le

Havre and Marseilles in France. Please refer to the French Coffee Committee, National Syndicate of Coffee Industry and Commerce for contact details of these companies as they are not available on-line.

- Vertical integration between tea blenders and traders is considerable. These major companies are not French. 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 also blenders also import considerable quantities. Please refer to the Syndicate of Tea and Infusion Plants for contact details of these companies as they are not available on-line.
- The largest cocoa processors also have their own import departments, but trading companies play a very large role in processor sourcing practices. Major traders in France include. The most important French traders are Soeximex, Contango Trading, Orebi & Cie, and Touton.

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 multinational nationally-oriented roasters dominating the market, ranging from almost the entire market in Finland to around three quarters in Italy. In France, Kraft (under the brands Carte Noir, Jacques Vabre, Grand Mere, Maxwell House and Velour Noir), and Sara Lee/DE (under the brand Maison du Café) dominate a large portion of the market, while Nestlé is very dominant on the soluble market and Lavazza and Segafredo dominate the premium espresso market. Even though many small roasters disappeared, France still has a very large number of domestic roasters producing under own brands or private labels, some of which are quite large and have a considerable market share. In France, there is still more a tradition of smaller roasters, with their number still in the hundreds. An example of a local player is Cafés Malongos. Please refer to the French Coffee Committee, National Syndicate of Coffee Industry and Commerce for contact details of these companies as they are not available on-line.
- 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 either multinationals such as Unilever and in the French case Tetley, or national and niche and specialty players. Examples of French companies are Les Deux Marmottes and Indar SA. Please refer to the Syndicate of Tea and Infusion Plants for other companies' names and contact details of these companies as these are not available on-line.
- 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; several multinationals dominate the market. Most grinders in France, except for OCG Cocoa, are part of integrated (industrial) chocolate manufacturers such as Valrhona SA, Barry Callebaut France, Cadiot Badie, Chocoduc SARL, and Chocolat Weiss. Moreover, Cemoi is an integrated organic chocolate producer, which encompasses everything from imports to final marketing to retailers.

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. Because of 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. France has the EU's largest chocolate and confectionery sector.

- 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. For each product group an exemplary trader/processor already doing this is named below. Most general 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, Fairtrade, Utz Kapeh, Rainforest Alliance, etc.), is sold primarily through traditional channels (either mainstream retailers or organic 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 Fairtrade 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 which 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.

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 organic market increasingly interesting for conventional players. Their entrance in the market will have a profound influence in this niche.

Useful sources

Coffee

- Cafés Malongos, important trader and roaster, with an important Fair-Trade and organic focus: <http://www.malongo.com/>.
- Kraft - Jacobs Suchard, leading coffee processor: <http://www.kraftfoods.fr>
- Douwe Egberts France / Maison du Cafe, number two coffee processor: <http://www.maisonducafe.com>
- Nestlé France, large coffee processor: <http://www.nestle.fr>

Tea

- Thés George Cannon, tea importer: <http://www.georgecannon.fr>
- Le Palais des Thés, tea processor: <http://www.palaisdesthes.com>
- Les Deux Marmottes, blender of (herbal) teas: <http://www.les2marmottes.fr>
- Indar SA, premium and organic tea: <http://www.indar.fr>

Cocoa

- Soeximex, cocoa trader: Tel: + 33(0)148137474
- Contango Trading, cocoa trader: Tel: +33 (0)158193014
- Orebi & Cie, cocoa trader: Tel: +33 1 58710000

- Touton, trader of cocoa and coffee: <http://www.touton.fr/groupe.html>
- Cemoi, organic processor and trader: <http://www.cemoi.fr/>
- OCG Cocoa, cocoa processor, part of Cargill: <http://www.ocgcacao.com/uk/company/societe.htm>
- Valrhona SA, integrated premium chocolate producer: <http://www.valrhona.com/fr>
- Barry Callebaut France, manufacturer of chocolate: <http://www.callebaut.com>
- Cadiot Badie, manufacturer of chocolate: <http://cadiot-badie.com>
- Chocoduc SARL, chocolate producer: <http://www.chocoduc.com>
- Chocolat Weiss, manufacturer of chocolate: <http://www.weiss.fr>

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 (only for cocoa): <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, French prices should show limited deviation from those prices (except in case of transport costs for example). The important trading role of France in the coffee trade is not reflected in low prices, which are at a medium level in EU perspective. This is remarkable, as France consumes relatively much cheaper Robusta coffee; therefore, these higher prices are likely to be due to quality demands. Import prices of cocoa, which are among the lowest in the EU, do reflect France's important trade and port-of-entry function in this sector. Owing to specific preferences in the kind of products consumed, average import prices, especially for tea, will deviate between countries, as these products differ in price. Import prices of tea are relatively high, as France imports a high percentage of high-value tea.

Considering actual prices of coffee, tea and cocoa (products), prices provided in the market survey covering the EU should be used as a reference point only. Prices for coffee, tea and cocoa 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.

In general, exporters need to have detailed production costs/volume price breaks for the products that they supply. This will give them an important reference point for any negotiations with buyers.

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 Fair-Trade

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. On the retail level, French prices for coffee are medium high when compared to other EU countries, at a price of €7.20 per kilo.

Tea supply exceeds demand, and real prices have been declining since the 1980's. 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 France, you should be aware of the market access requirements of your trading partners and the French 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

For information on import tariffs please refer to the survey covering the EU. The general VAT rate in France is 19.6% as of February 2006. This standard rate or a reduced rate of 5.5% applies to foodstuffs.

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 France should not deviate from the general EU method. Due to its large size, and its role especially in the coffee and cocoa trade, all relevant trade channels are present in France, including traders, processing industries and a very large manufacturing sector using cocoa. 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. For 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 France. 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 picks 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 French 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 France is described below.

- French are formal, polite and not very direct.
- They like shaking hands, both at the beginning and the end of a meeting.
- French companies are very hierarchical; your counterpart is probably not empowered to make any decisions.
- Instead, they want to gather as much information as possible about your company and your products, so they can report back to their superiors.
- French are rather chauvinistic; they prefer you to conduct the conversation in French and expect you to be familiar with French culture.
- French buyers can be rather arrogant and can treat you as much lower in status than themselves.
- Do not expect to come to a business agreement during the first meeting; the building of a relationship between you and your French counterpart is essential before any business can be done.
- Patience is an important virtue in dealing with the French; it takes a rather long time to commence business; however, when the relationship is established they are basically loyal customers.
- Dress correctly and conservatively; no flashy and contrasting colours.
- French remain formal to their business partners; first names are not used.

Internet provides many sources on business practices and culture, such as <http://www.communicaid.com/france-business-culture.asp> and <http://www.kwintessential.co.uk/resources/global-etiquette/france-country-profile.html>. Please keep in mind that the above concerns general remarks. Therefore when conducting business, use your intuition and an understanding attitude.

Sales promotion

Common practices of trade promotion in France 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. English proficiency is limited among the French, although more common 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 France are:

- National Association of Food Industries / ANIA - Association Nationale des Industries Alimentaires: <http://www.ania.net>
- Comité Français du Café / French Coffee Committee, for roasted coffee: <mailto:cafe@cncafe.com>, for soluble coffee: <mailto:b-dufrene@wanadoo.fr>
- Syndicat National de l'Industrie et du Commerce du Café / National Syndicate of Coffee Industry and Commerce (SNICC): <mailto:sniccafe@wanadoo.fr>
- Syndicat du Thé et des Plantes à Infusion / Syndicate of Tea and Infusion Plants (STEPI) Tel: +33 (0)153423380
- Alliance 7, The Union of Industrial Syndicates of Biscuit, Chocolate and Confectionery, Breakfast cereals, Baby food and other food producers: <http://www.alliance7.com> / www.sweets-from-france.com
- National Chamber of Chocolatiers: <http://chocolats.org>
- National Confederation of Independent Chocolate Retailers and Artisanal Chocolate Producers: <http://www.chocolatiers.fr>
- Organic Agency / Agencebio <http://www.agencebio.com/default.asp>
- Ecocert - principal organic certifier: <http://www.ecocert.fr/?MIval=PageAccueil&lg=fr>

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 France is:

- Marchés Tropicaux: <http://www.marches-tropicaux.com>
- Frenchfoods.com: <http://www.journaldunet.com/0010/001020frenchfoods.shtml>
- Lineaires – Food Trade and Distribution: <http://www.lineaires.com/>
- 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 in 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'. *Trade fairs* of interest in France are:

- SIAL: <http://www.sial.fr/>
- Salon du Chocolat - Paris 2007 : <http://www.salonduchocolat.fr/>
- INTERSUC - International Chocolate, Confectionery, Biscuit, Pastry and Gourmet Products Exhibition : <http://www.europain.com/>

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

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