CBI MARKET SURVEY

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

Publication date: May 2007

Introduction

This CBI market survey gives exporters in developing countries information on some main developments in the (organic) coffee, tea and cocoa market in Austria. 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 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. In Austria, the organic market is of specific importance.

Coffee

- Austria is a medium-sized consumer of coffee, taking the 13th place in the EU, with a market share of 2% (ICO Coffee Market Report, 2006).
- In 2005, total consumption of coffee was 810 thousand bags, which is equivalent to 49 thousand tonnes.
- Consumption fluctuated over the past 5 years, on average decreasing annually by 6.3%.
- Per capita consumption decreased since 2001, down to 6.0 kg in 2005 (European Coffee report 2005).

Tea

- Total Austrian tea consumption shows a relatively strong annual average decrease of 5.1% between 2001 and 2005, amounting to 1,362 tonnes in 2005. This represents only 0.6% of total EU tea consumption.
- Per capita consumption in Austria is second lowest in the EU at 0.18 kg per annum. International Tea Committee statistics (2006) show an average annual decline of 2.6%.

Cocoa

- Austria is a small cocoa bean grinder, with an EU market share of 1% (ICCO, 2006).
- Austrian cocoa grindings show the biggest decrease in the EU for the period 2001 and 2006 with an annual average decrease of 16%, amounting to 12 thousand tonnes in the period 2005/2006.
- Austrian per capita consumption of chocolate is quite high at 8.5 kg per year.

Production

- Because of climatic conditions, no production of coffee, tea and cocoa beans takes place within the EU. Austria is fully dependent on imports of these products from other countries.
- Austria has, however, some grinding activities, processing cocoa beans imported from developing countries. For information about grindings, please refer to the section consumption. Tea and coffee processing predominately takes place in the EU, and Austria itself has several players.

Trends
- Herbal tea and fruit flavoured teas are particularly popular among Austrian consumers. These teas together account for more than 60% of total tea consumption (Austrian Association for Coffee and Tea, 2007).
- The consumption of coffee is reviving, due to a positive change in the image of coffee. This is mainly caused by greater diversification in coffee pods (more varieties) and the introduction of new flavours
- In 2005, Austria accounted for a market share of 3% of the total European market for organic food. Per capita expenditure on organic food in Austria was a little les than € 60 per year in 2005. After Denmark and Switzerland, this is the highest in Europe (Fibl, 2007).
- Austrian consumers are very organic- and health-minded, which has resulted in a stronger demand for organic coffee, tea and cocoa.
- The increase of Fair-Trade-certified coffee, tea and cocoa also reflects the growing interest in sustainable products. Between 2004 and 2005, Austrian Fair-Trade-certified coffee increased by 10%, amounting to 571 tonnes. The totals for tea and cocoa were 10 tonnes (+25%) and 336 tonnes (+81%).

Opportunities and threats
- Tea consumption in Austria is increasing; particularly interesting are the developments in the segments of herbal teas and fruit flavoured teas.
- Austrian consumers are very oriented towards natural and organic products, which could offer good opportunities for developing country exporters.
- Austria has a relatively high consumption of chocolate confectionery.

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

→ 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
- Austria is medium-sized importer of coffee, taking the 8th place in the EU and accounting for 3% of total EU imports. Imports amounted to € 150 million / 78 thousand tonnes, signifying an annual increase of 1.8% in value and of 2.5% in volume.
- Austria is a small importer of unroasted coffee, accounting for 2% of total EU imports, but is the EU's 6th importer of roasted coffee, accounting for 4.5% of total imports. Roasted coffee was imported worth € 73 million and unroasted coffee worth € 75 million.
- Austria largely relies on its EU neighbours for coffee. Germany accounts for two thirds of Austrian imports. Developing countries account for 19% of coffee imports, but for 37% of unroasted coffee imports.
- Austria is a small-sized importer of tea, accounting for 1.4% of total EU tea imports. Imports increased annually by 2% amounting to € 9.9 million / 2.5 thousand tonnes.
- Green tea imports remained unchanged between 2001 and 2005, totalling € 2.4 million / 559 tonnes, whilst most EU countries showed increased growth of green tea imports. Black

tea imports increased annually by 2% amounting to 7.5 million / 2.0 thousand tonnes in 2005.
- Almost all tea is imported from Germany (73%) leaving a small, below EU average market share for developing countries (8.6%). Furthermore, imports from developing countries decreased annually by 7%. The leading developing country supplier is Sri Lanka, from which imports increased by 24% annually amounting to a market share of 3.6% in 2005.
- Austria is a small importer of cocoa products, taking between the eleventh and the fourteenth place in the EU. Only for cocoa powder do imports exceed 1% of the EU total.
- Imports of cocoa beans amounted to € 14 million / 9.9 thousand tonnes, of paste to € 2.9 million / 1.6 thousand tonnes, and of powder to € 4.5 million / 2.8 thousand tonnes.
- Whereas imports of cocoa beans (-18%) and paste (-6%) decreased between 2001 and 2005, imports of powder (6%) increased.
- Imports of cocoa beans and cocoa powder are almost completely supplied by EU countries (The Netherlands and Germany), while for cocoa paste, Malaysia also plays a role. Due to unpredictable imports it is difficult to determine trends in supplying countries.

Exports
- Austria is the EU's 4th exporter of coffee, but lags a great deal behind Germany, Italy and Belgium, accounting for 4.2% of total exports. Exports amounted to € 97 million / 41 thousand tonnes, almost exclusively unroasted coffee.
- As EU tea exports are dominated by the UK and Germany, Austria consequently plays a minor role in tea exports, accounting for 1.1% of total EU tea exports totalling € 4.8 million / 1.2 thousand tonnes in 2005. Nevertheless, Austria is one of the countries which faced the strongest growth in tea exports between 2001 and 2005 (16% annually). More than half of tea export is directed towards Germany and Switzerland.
- Austria does not export cocoa beans, and exports of cocoa paste are very small (€ 0.6 million). It does have limited exports of cocoa powder, amounting to € 2.9 million / 2.3 thousand tonnes. Exports halved between 2001 and 2005.

Opportunities and threats
Austria's trade ties with its neighbouring countries are very strong for the three commodities, especially trade with Germany, leaving little space for (new) developing country suppliers. Probably the best opportunities exist in coffee, because of the following reasons:
- Per capita consumption is stable and large;
- Austria is a medium-sized coffee importer and large exporter;
- The market share of developing countries is the largest for this commodity.

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, for all three products traders are the most important trade channel 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 the most important trade channel.

Key players in the coffee, tea and cocoa market in Austria are:

- Julius Meinl (http://www.meinl.com) is a leading Austrian coffee roaster.
- Karl Struppe's distribution network with its Tchibo and Eduscho brands: http://www.eduscho.at.
- Kraft Foods Austria (http://www.kraftfoods.at)

- *On-line company databases* for finding companies working in the coffee, tea and cocoa markets are: Food world: http://www.thefoodworld.com, and 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, Austrian 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.
- Retail prices for coffee are average in Austria, at € 6.70 per kilo in 2005 (ICO, 2006).
- 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.
- Fair Trade, with additional premiums above minimum prices for conventional and organic coffee, tea and cocoa also plays a role, especially for coffee.
- 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.liffecommodities.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 Austria, please refer to the following sources.

Trade Associations

- Austrian Federal Chamber of Commerce http://portal.wko.at/wk/startseite.wk.
- The Austrian Foreign Trade Promotion Organisation http://www.austriantrade.org.
- Fachverband Lebensmittelindustrie (FIAA): http://www.dielebensmittel.at /Kaffee und Teeverband (within FIAA): http://www.teeverband.at/cms/cms.php

Trade press

- Forum Ernährung Heute: http://www.forum-ernaehrung.at/
- Handelszeitung: http://www.handelszeitung.at/ireds-20146.html

Trade fairs

- Alles für den Gast Wien – Hotel and restaurant food trade: http://www.reedexpo.at
- http://www.worldwide-tax.com/austria/auspractice.asp information on the Austrian business culture.

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