

## CBI MARKET SURVEY

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

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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 Portugal. 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 Portugal, the organic market is of limited size.

**Coffee**

- With 2% of total EU coffee consumption, Portugal is a medium-sized coffee consumer (ICO, 2006).
- Total Portuguese coffee consumption shows some irregular sequence, although a small average increase of 0.5% between 2001 and 2005, amounting to 782 thousand (60 kg) bags in 2005.
- As for total consumption, per capita coffee consumption is erratic in Portugal with an annual average decrease of 1.1% between 2001 and 2005 amounting to 4.3 kg in 2005.

**Tea**

- After Cyprus and Malta, Portugal is the smallest tea consumer in the EU, with a market share of 0.3% (ITC, 2006).
- Portugal is the fastest growing market in the EU with an average annual growth in total consumption of 20% between 2001 and 2005, amounting to 650 tonnes in 2005.

**Cocoa**

- Portugal is a negligible cocoa consumer. In 2005, total EU grindings amounted to 0.1 thousand tonnes (ICCO, 2006).
- Per capita consumption of chocolate is, at 2.0 kilogram per year, after Spain the smallest in the EU.
- The best known chocolate brands in the Portuguese market are Regina and Jubileu, both produced by chocolate manufacturer Imperial.

**Production**

- Because of climatic conditions, no production of coffee, tea and cocoa beans takes place within the EU. Portugal is fully dependent on imports of these products from other countries.
- Portugal has, however, a number of grinders processing cocoa beans from developing countries. Tea and coffee processing predominately takes place in the EU, and Portugal itself has several players.

### Trends

- Despite being the smallest sector, accounting for just 6% of total hot drinks retail value sales, tea was the fastest growing sector in volume terms in 2005. Part of this can be explained by an increase in added-value products, with new ingredients boosting the varieties available in Portugal and tempting consumers away from more traditional coffee or chocolate-based hot drinks. Also, the increase in sales could be related to health trends as (herbal) tea is considered a healthy drink.

### Opportunities and threats

- Portugal's tea market is relatively the fastest growing in the EU, which could offer opportunities for developing country tea producers.
- The organic market share in Portugal is among the lowest in the EU, representing about 0.1% (Biofach, 2007). Furthermore, organic coffee, tea and cocoa is hardly sold in supermarkets, although in specialty stores and then mainly in the trend-setting city regions of Lisbon and Porto. Only supermarket chain Coop has a corner for organics.

### 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](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)
- Euromonitor [http://www.euromonitor.com/Hot\\_Drinks\\_in\\_Portugal](http://www.euromonitor.com/Hot_Drinks_in_Portugal)

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

## 2. Trade: imports and exports

### Imports

- Portugal is a medium importer of coffee, taking the 13<sup>th</sup> place in the EU, accounting for 1.4% of total EU imports. Imports amounted to € 73 million / 46 thousand tonnes in 2005, signifying an annual decrease of 3.2% in value and of 0.9% in volume between 2001 and 2005.
- Portugal predominately imports unroasted coffee. In 2005, about € 55 million consisted of unroasted coffee imports and € 19 million of roasted coffee imports.
- About two thirds of Portugal's coffee imports originate in developing countries. 88% of unroasted coffee imports is sourced in developing countries.
- Portugal is a small importer of tea accounting for 0.5% of total EU tea imports. However, imports by Portugal are increasing relatively the fastest of all EU countries concerned. Imports increased annually by 12%, totalling € 3.3 million / 651 tonnes in 2005.
- Portugal is a relatively large importer of green tea, accounting for 1.6% of total EU green tea imports. Green tea imports increased by 16% annually at a faster pace than total tea imports.
- Spain and Germany are the largest tea suppliers. Remarkable is the negligible market share of developing countries in Portugal's tea imports, as several EU countries re-export their tea imports to Portugal. Developing countries account for a market share of 2.9%, supplied by Sri Lanka at the expense of India and China.

- Portugal is among the smallest EU importers of cocoa products. Particularly its imports of cocoa beans are negligible. Imports of cocoa paste amounted to € 1.2 million / 0.7 thousand tonnes, and of powder to € 3.2 million / 2.3 thousand tonnes.
- Both imports of paste (+6%) and of powder (+3%) increased annually in value between 2001 and 2005.
- Whereas imports of cocoa paste are mostly supplied by developing countries (Côte d'Ivoire and Ghana), powder is supplied by EU countries. The importance of developing countries is increasing for cocoa paste.

### Exports

- Portugal exports limited quantities of coffee. In 2005, exports amounted to € 20 million.
- Portugal's tea exports are negligible but increasing by 8.8% annually, totalling € 500 thousand / 30 tonnes in 2005.
- Portugal does not export cocoa beans or cocoa paste. Cocoa powder exports are negligible.

### Opportunities and threats

- Based on the trade data, few opportunities exist for developing country producers for coffee, tea and cocoa. The best prospects will be in (unroasted) coffee and maybe in tea. However, this only applies if imports of the latter continue to increase for some years at the rate it is doing now and if developing countries are able to increase their presence in their tea supply to Portugal.

### 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 organic traders, mostly located in Germany and The Netherlands are, probably the most important trade channel.
- Key players in the coffee, tea and cocoa market in Portugal are:
- Nandi Cafes, roaster, distributor: <http://www.nandi.pt/en/index2.html>
- Delta Cafes, importer, roaster, distributor: <http://www.delta-cafes.pt/>
- Novo Dia Cafes, roaster, distributor <http://www.novodiacaferes.pt/>
- Imperial, leading Portuguese chocolate manufacturer and distributor, exporting about 25% of its produce: <http://imperial.rar.net.novis.pt/gca/index.php?id=28>
- 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.organictrades.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, Portuguese 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. For instance, typical for Portugal were the increased retail prices for coffee in 2005, driven by a sharp rise in the price of green coffee and the growing popularity of premium products among Portuguese consumers as key brands aggressively marketed their higher-priced products.

- 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 and well above the EU average price premium as well. The average price premium for organic products at retail level is 40-50% (Biofach, 2007).
- Fair Trade, with additional premiums above minimum prices for conventional and organic coffee, tea and cocoa also plays a role, particularly 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](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](http://europa.eu.int/comm/taxation_customs/common/publications/info_docs/taxation/index_en.htm)

## 6. Business practices

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

### *Trade Associations*

- Federation of Portuguese Agro-Industries / Federação das Industrias Portuguesas Agro-alimentares (FIPA): <http://www.fipa.pt>
- Portuguese Industry Association / Confederação da Industria Portuguesa (CIP): <http://www.cip.org.pt>
- Associação Industrial e Comercial do Café/Portuguese Coffee Roasters Association (AICC): [a.i.c.cafe@mail.telepac.pt](mailto:a.i.c.cafe@mail.telepac.pt)
- Associação dos Industriais de Chokolates E Confeiteira / Association of Chocolate and Confectionery Industries (ACHOC): <mailto:achoc@apan.pt>
- Agrobio - the first organic farming association in Portugal: <http://www.agrobio.pt>

### *Trade press*

- No trade press of interest was encountered in Portugal

*Trade fairs*

- Alimentaria Lisboa: <http://www.alimentaria-lisboa.com>
- Alimentacao <http://www.alimentacao.exponor.pt>
- Expo Chocolate - Chocolate Exhibition of Porto: <http://www.campisport.exponor.pt/>

This survey was compiled for CBI by ProFound – Advisers in Development  
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