

CBI MARKET SURVEY

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

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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 Slovenia. 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 Slovenia, the organic market is of likely to be of limited size.

Coffee

- Slovenia is a rather small consumer of coffee, responsible for 1% of total EU consumption (ICO, 2006).
- ICO statistics show an average annual increase of total consumption of 0.9% between 2001 and 2005, with a stable increase over the years 2003-2005 amounting to 200 thousand (60 kg) bags in 2005.
- Per capita consumption increased slightly between 2001 and 2005 (+0.8%) amounting to 6.0 kg in 2005.

Tea

- According to FAO data, tea consumption decreased from 0.2 thousand tonnes in 2001 down to 0.15 thousand tonnes in 2005.
- Bearing in mind that Slovenia is the smallest tea importer in the EU while there are many lesser populated countries in the EU, the Slovenians are clearly not tea drinkers.

Cocoa

- According to FAO, cocoa beans consumption decreased from 8.6 thousand tonnes, falling to 5.3 thousand tonnes in 2005. No data is available on cocoa grinders in Slovenia.

Production

- Because of climatic conditions, no production of coffee, tea and cocoa beans takes place within the EU. Slovenia is fully dependent on imports of these products.
- Slovenia does not have cocoa grinders. Tea and coffee processing predominately takes place in the EU, and Slovenia has several players.

Trends

- Just as in most EU countries, Slovenians are also becoming more health conscious with regard to their eating, drinking and general lifestyles. Where coffee and tea are concerned, this led to an emphasis on herbal and green teas and decaffeinated coffee.
- The changing preferences of different generations have also affected the consumption of coffee and tea. While older consumers choose plant-based drinks, the younger generation

swears by strong Turkish coffee. Furthermore, young people tend to prefer instant coffee and tea (Euromonitor 2007).

Opportunities and threats

- As of January 2007, Slovenia adopted the Euro, joining the 12 European Union countries which already formed part of the Euro. Slovenia is the first country of the 2004 enlargement to adopt the Euro. Having the same currency may accelerate economic growth and narrow the gap in purchasing power between Slovenians and West-Europeans in the long run, also offering opportunities for developing country suppliers to enter the Slovenian market.

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)
- Euromonitor http://www.euromonitor.com/Hot_Drinks_in_Slovenia

→ 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

- Slovenia is the 3rd smallest importer of coffee in the EU, accounting for 0.3% of total EU imports. Imports amounted to € 18 million / 11 thousand tonnes in 2005, signifying an annual decrease of 0.9% in value and of 0.6% in volume between 2001 and 2005.
- Slovenia mainly imports unroasted coffee. In 2005, about € 12 million consisted of unroasted coffee imports and € 5.5 million of roasted coffee imports.
- Slovenia imports its coffee to a relatively large extent from developing countries. However, due to increasing imports of roasted coffee, in which developing countries play a limited role, the percentage of total coffee imports sourced in EU countries, especially Italy, is increasing.
- Slovenia is the smallest importer of tea in the EU. Nevertheless, tea imports are relatively increasing at a fast rate, by 29% annually between 2001 and 2005, totalling € 1.2 million / 125 tonnes in 2005. Just as in Slovakia, imports of green tea are increasing at a faster rate than black tea imports. Also, their share in EU green tea imports is larger than in total EU tea imports.
- The UK and Germany are the largest suppliers. Developing countries account for a market share of 12%. Imports from developing countries decreased annually by 14% between 2001 and 2005.
- Slovenia is among the smallest importers of cocoa products, and is among the bottom 10 countries in the EU for each product. No cocoa beans are imported. Imports of paste came to € 0.7 million / 0.6 thousand tonnes, and of powder to € 1.3 million / 0.8 thousand tonnes.
- Imports of both paste (+8%) and of powder (+12%) increased annually in value between 2001 and 2005.
- Both imports of paste and powder are mostly supplied by EU. However, Malaysia also plays a role for cocoa paste. Due to unpredictable imports it is difficult to determine trends in supplying countries.

Exports

- Slovenia's exports of coffee are limited, amounting to € 3.6 million in 2005, going mainly to East European countries.
- Slovenia's tea exports are negligible but increasing at a relatively fast rate by 49.4% annually, totalling € 348 thousand / 30 tonnes in 2005.
- Slovenia does not export cocoa beans or cocoa paste. Cocoa powder exports are negligible.

Opportunities and threats

- Slovenia is not an interesting country for developing country producers of coffee, tea and cocoa, as imports values and volumes are really small in EU perspective and because developing countries account for a small and decreasing import market share.

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.

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

- The Mercator Group is the leading retailing chain in Slovenia and also has a very strong market position in South Eastern Europe (<http://www.mercator.si>). Amongst others, they are the manufactures of Ben Quick, formerly known as Benko, the leading brand for cocoa drinks in Slovenia. The cocoa drink Benko had such a strong position in the former Yugoslavia that even today Benko is a synonym for cocoa in Yugoslavia.
- Droga Kolinska (<http://www.drogakolinska.si>) is a global company, which produces and markets food products under established brands to consumers all over the world. They dominate the Slovenian coffee and tea market with their brands Barcaffe and 1001 Cvet.
- Doncafé, new player in the Slovenian coffee market: <http://www.madeinserbia.co.yu>.
- Podravka, leading tea producer in South Eastern Europe: <http://www.podravka.hr>.
- Cedevita, leading tea producers with the brands Cedevita and Naturavita tea: <http://www.cedevita.hr/>

On-line company databases for finding companies working in the coffee, tea and cocoa markets are: Food world: <http://www.thefoodworld.com> and Europages (except for cocoa and chocolate): <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, Slovenian 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 Slovenia, at € 6.60 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 Slovenia, please refer to the following sources.

Trade Associations

- Chamber of Commerce and Industry of Slovenia / Gospodarska Zbornica Slovenije (GZS): <http://www.gzs.si/>, Affiliate Food Industries Association of Slovenia: zivilska.ind@gzs.si

Trade press

- No trade press of interest was encountered in Slovenia

Trade fairs

- No trade fairs of interest were encountered in Slovenia

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

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