

## CBI MARKET SURVEY

# THE COFFEE, TEA AND COCOA MARKET IN THE NETHERLANDS

**Publication date: February 2010**

### Report summary

This CBI market survey discusses, amongst others, the following highlights for the coffee, tea and cocoa market in The Netherlands:

- The Netherlands is a fairly large coffee consumer, with consumption amounting to 79 thousand tonnes in 2008.
- Tea consumption is slightly more limited than coffee, but shows a favourable outlook with an interesting shift from plain black tea to herbal, fruit and green teas. Please note that increasing herbal tea consumption can occur at the expense of 'normal' tea consumption and offers no opportunities to tea exporters in developing countries.
- The Netherlands is an important market for developing country producers of coffee as well as tea. The country occupies a leading position in EU trade of coffee and, to a lesser extent, for tea (imports as well as re-exports). Developing countries account for a considerable share of imports, especially coffee.
- The Netherlands is the largest cocoa grinder in the world, and grindings are increasing by 2.0% annually. The demand for cocoa beans for local processing and re-exports is very high.
- As the principal entry point and processing location for cocoa beans from developing countries, and an important entry point for cocoa paste, butter and powder, The Netherlands is among the most interesting countries for developing country producers. Imports are increasing, and the proportion of imports coming from developing countries is significantly above the EU average.

This survey provides exporters of coffee, tea and cocoa with sector-specific market information related to gaining access to The Netherlands. 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 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 DC exporters in organic and other certified markets for coffee, tea and cocoa, they 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, which makes it more interesting for DC exporters. Although these markets are still relatively small compared to the conventional market, having certification in place improves your market access in the EU. According to the Research Institute of Organic Agriculture (FiBL), the organic market in The Netherlands is limited in size, with annual per capita consumption of organic food products € 30 in 2007. Between 2005 and 2006, the total consumption in the organic food market increased by 9%. In 2007, organic food market amounted to € 496 million. General expectations on further developments are favourable (FiBL, 2009).

The retail value of Fairtrade certified products increased by 28% between 2007 and 2008, amounting to € 61 million in the latter year.

Note that the consumption data for coffee and tea in this chapter concern the Dutch consumer market. Information on industrial demand for green coffee and tea for blending/packing, the form in which most coffee and tea is shipped to Europe, is not available. Although consumption offers much information about market developments, an increase or decrease in consumption does not necessarily translate into an increase in industrial demand from local roasters and blenders, because The Netherlands also imports processed products. Moreover, imports are not necessarily sourced directly in developing countries. This is also the case in The Netherlands. Although it is a significant importer of coffee and tea from developing countries, a substantial part is imported through other EU countries and, in the case of coffee, often in processed form.

Cocoa is a food ingredient which is further processed into chocolate, confectionery and beverages. In contrast, consumption of cocoa is not known, due to the fact that cocoa products are processed in a wide range of products. However, EU grindings, combined with the imports of processed cocoa products, offer a good indication of industrial demand.

## Consumption

### Coffee

According to the International Coffee Organization (ICO), The Netherlands is a fairly big coffee consumer, with a 3.3% EU market share (ICO, 2009). Total coffee consumption in The Netherlands decreased between 2004 and 2008, by an average annual rate of 9.6%, amounting to 79 thousand tons in 2008. Per capita coffee consumption decreased between 2004 and 2008 by 0.2% annually, amounting to 7.2 kg in 2008. Still, this was much higher than the EU average of 5.0 kg.

Since the recent introduction of coffee pods<sup>1</sup> in the country, consumers clearly show their preference for single-serve facilities at the expense of filter coffee, which used to be the most common form of coffee in The Netherlands (Euromonitor, 2009). Due to higher prices for the products used in at-home pod, espresso and cappuccino systems, value sales at the retail level are showing a positive development (Vereniging Nederlandse Koffiebranders en Theepakkers, 2008). This increase in value sales is also supported by the strongly developing demand for premium coffee.

The Dutch coffee market consists for 25% of certified coffee (Tropical Commodity Coalition, 2009). The Netherlands is one of the leading EU markets for Fair-Trade-certified coffee (in The Netherlands under the Max Havelaar label), with volume sales amounting to 3.0 thousand tonnes in 2007. However, between 2003 and 2007, sales of Fair-Trade-certified coffee decreased by 0.5% (ITC Coffee Guide, 2009). Utz Certification is of an increasing importance in The Netherlands, as it has been adopted by many big coffee suppliers such as Ahold Coffee Company. Since 2008, Sara Lee Douwe Egberts joined the Utz scheme and bought 20 thousand tons of certified coffee of which 40% was consumed in The Netherlands (Tropical Commodity Coalition, 2009).

### Tea

According to the International Tea Committee (ITC), The Netherlands is a substantial tea consumer, accounting for an EU market share of 3.3% in 2008 (International Tea Committee, 2009). Total tea consumption in The Netherlands is growing steadily, is now approaching the consumption level in Ireland and is considerable larger than in Italy. The annual average increase was 2.2% between 2004 and 2008, amounting to 8.4 thousand tonnes in the latter year. Per capita consumption of tea shows a slight increase between 2004 and 2008, amounting to 0.51 kg in 2008 ranking at the same level as the respective EU average.

In 2008, pure black tea covered the largest market share in the Dutch tea market (59%). Nevertheless, its consumption has been declining in favour of fruit/herbal and green teas.

---

<sup>1</sup> Coffee pods are pre-packaged coffee beans in their own filter. For more information, please refer to the EU market survey.

Black tea varieties, such as those with added fruit flavours, have a market share of 17%. The consumption of herbal infusions also accounted for 17% of the market as they are gradually becoming a part of the mainstream tea market, and many different kinds are sold at supermarkets. In 2008, green tea accounted for 7% as opposed to 2007 when its share was 5%. Therefore it remains the smallest product group, but enjoys a rapid development (VNKT, 2009).

The vast majority of the Dutch population consumes tea. Moreover, at home consumption is outnumbering consumption out of home. Apart from cafes, tea is being consumed in offices as an alternative to coffee (VNKT, 2009).

According to Euromonitor, an international market research group, consumers in The Netherlands are also increasingly consuming more expensive teas; this is increasing the average unit prices at the retail level. This in turn reflects the demand for high quality, specialty and individual tea drinking experience (Euromonitor, 2009). Consumption of Fair-Trade-certified tea in The Netherlands amounted to 57 tonnes in 2006 (FLO, 2007).

### **Cocoa**

According to the International Cocoa Organisation (ICCO), The Netherlands is the biggest industrial user of cocoa beans in the EU, with a market share of 33% (ICCO, 2009). Total cocoa beans grinding showed an annual average decrease of 2.0% since 2004/2005, amounting to 435 thousand tonnes in 2008/2009.

No information on the domestic consumption of processed products is available for The Netherlands. The Dutch apparent consumption of cocoa<sup>2</sup> in 2007/2008 amounted to 37 thousand tonnes, much smaller than in Belgium, and comparable to Austria. This was an increase of 2.9% per year since 2003/2004 (ICCO, 2009).

In 2007, per capita chocolate confectionery consumption in The Netherlands was 3.0 kg, which was below EU average of 5.4 kg. Considering its domestic chocolate, beverage and confectionery industry, industrial demand for processed cocoa products should be considerably higher than this.

In 2006, sales of Fair-Trade-certified cocoa amounted to 224 tonnes, which was a substantial increase of 12% per year for the period 2004-2006 (FLO, 2007). According to industrial sources, the organic market for chocolate is increasing in The Netherlands.

### **Market segmentation**

Market segmentation of coffee, tea and cocoa in The Netherlands 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.

### **Trends**

- The single-portion revolution is a change which is already underway, but is picking up speed, and will be with us for the coming years. This applies to instant coffee, as well as filter and espresso. In the instant market, there is an increasing variety of single-portion coffee sachets, including recipes such as Viennese coffee, Cappuccino and Latte Macchiato.
- The outlook for coffee and tea remains reasonably favourable. Coffee consumption is increasing in volume terms. While in recent years a shift to premium specialty coffees was seen, it is expected that this trend will slow down under the influence of the economic crisis.
- Consumption of tea shows a further shift to herbal and green tea. Consumption of Rooibos 'tea' maintains a particularly strong growth. However, as a competing product, herbal tea offers no opportunities to developing country producers of tea. Green tea's popularity increases rapidly.

---

<sup>2</sup> Apparent consumption of cocoa means grindings plus net imports (imports minus exports) of cocoa products and of chocolate products recalculated into the amount of beans, using conversion factors.

- According to industrial sources, consumption of dark chocolate is a growing trend in The Netherlands. Dark chocolate with fruit taste (i.e. orange) is increasingly popular.
- The availability of organic chocolate at the retail level is increasing. As a result, an increasing number of companies enter the market in The Netherlands with, for example, organic chocolate spreads (i.e. Brinkers).

### Production

Because of climatic conditions, no production of coffee, tea and cocoa beans takes place within the EU. The Netherlands is fully dependent on imports of these products from other countries.

The Netherlands is, however, the largest grinder of cocoa beans in the EU. The Netherlands is very strongly competitive for processed cocoa products. It is competitive due both to the huge volumes (scales of production allowing for very efficient processes) and high quality. Cocoa powder and butter produced in The Netherlands, and in EU countries in general, is preferred above products from developing countries as regards quality. Tea and coffee processing predominately takes place in the EU, and The Netherlands has several major players. These companies are mentioned under section 2 of this survey.

### Opportunities and threats

- + Coffee consumption in The Netherlands lies at a high level, and will continue to increase. Therefore, there are many interesting opportunities for coffee suppliers in developing countries, especially for those producing coffee to be used in the coffee pods.
- + Opportunities for developing country exporters of tea exist in the supply of green tea. Moreover, although not actually considered here as tea, the market for herbal infusions also remains buoyant. However, increases in herbal tea consumption could occur at the expense of black tea consumption.
- + Although the market showed some decrease during the review period, organic and Fair-Trade products are an interesting segment in the market in The Netherlands. Utz Certified and Max Havelaar products are widely accepted and consumed in the country.
- + The Netherlands is the leading EU grinder of cocoa beans in the EU. These cocoa beans come from developing countries, which makes The Netherlands an interesting market for exporters of cocoa beans.
- The Netherlands is also facing the effects of the economic crisis and the Dutch economy is facing a recession. Although this is not likely to impact on total sales of coffee, tea and cocoa, it can hit high-value varieties for some time. However, in the long term, opportunities will be best in those market niches.

It is important to note that an opportunity for a supplier in a developing country may sometimes be a threat to another. The information given should be assessed according to the reality of each supplier. For more information on opportunities and threats, please refer to Chapter 7 of the CBI market survey covering the EU market.

### Useful sources

For useful sources on consumption and production of coffee, tea and cocoa in The Netherlands and the EU, please refer to the EU survey, Chapters 1 and 2. Furthermore, the associations and trade press mentioned in Chapter 6 of this survey are of interest. The Netherlands Association of Coffee Roasters and Tea Packers offer interesting information on the market in The Netherlands.

Euromonitor offers information on the market in The Netherlands for Hot Drinks, including coffee, tea and cocoa drinks - <http://www.euromonitor.com>

## 2. Trade channels for market entry

### Trade channels

#### ***Conventional***

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 cocoa beans, paste, butter 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 processing of cocoa in the country of origin is becoming more common. However, this is often conducted by international processors such as ADM and Cargill. On the other hand, the trade structures also have common features:

- Processing takes place in a limited number of EU countries, although the extent of concentration varies between the three products.
- Developing countries play a limited role in processed products except for cocoa products. However, powder, butter and paste are also still mostly sourced from EU processors.
- As such, imports into the EU take place mostly through EU countries or other countries with an important trading role.
- Countries with smaller processing industries also source (part of) their needs from traders and processors in these countries. Countries with a small or no processing industry for one of the products will offer limited opportunities to developing country suppliers, except for certain market niches.

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 for all three commodity chains, but especially for tea since they are prime actors at tea auctions, although increasing amounts of tea are traded outside these systems. Large multiple commodity brokers, as well as smaller specialised companies, are active in these markets. Agents representing importing companies in developing countries can play an important role.

#### *Traders*

Traders play a vital role for all three product groups. This channel offers good, if not the best, opportunities for market entry for all three product groups. However, trade is increasingly dominated by a limited number of trading companies. Nevertheless, 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. Coffee traders operate from ports where coffee is delivered, such as Rotterdam in The Netherlands. Therefore, the Netherlands has several important traders.

Vertical integration between tea blenders and traders is considerable. The Netherlands plays a considerable role in the tea trade. Van Rees, one of the main international trading companies is located in the country, but The Netherlands also has several smaller trading companies.

The largest cocoa processors also have their own import departments, but trading companies play a very strong role in processor sourcing practices. Many traders are located in The Netherlands and include Theobroma, Huyser Moller & Co., Daarnhouwer, Eurobras Trading, Bendsorp (part of Unilever) and Unicom (part of Armajaro), supplying local processors as well as trading cocoa products across the EU.



### *Storage companies*

Storage companies play a role in the cocoa trade, where they perform additional functions, such as grading. Important ones are mostly located in the principal entry-point locations for the different products, such as Amsterdam.

### *Processing*

The level of concentration in processing (roasting of coffee, blending of tea, and grinding of cocoa) industries is also very large.

The level of concentration in the roasting sector is, with almost 80% for the top 5 roasters, rather average in The Netherlands. Even though many roasters have disappeared, The Netherlands, like other EU countries, still has national roasters producing under own brands or private labels. Moreover, de Drie Mollen, the EU's largest private label producer, is in The Netherlands.

Although less concentrated than the coffee trade, tea processing is strongly concentrated on a regional level. The top three firms usually hold more than half of the local market, with players being either multinationals such as Unilever or national players, as well as niche and specialty players. Local players in The Netherlands include C Steinweg, and de Drie Mollen.

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, with several multinationals dominating the market. The Netherlands, as the principal player on the cocoa market in Europe and also worldwide, contains some of the leading players in the business, among which Gerkens (owned by Cargill), ADM, and Dutch Cocoa.

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.

### *Retailing and consumption*

The next step for the coffee and tea trade is retailers and caterers. In most countries, retail sales account for 70-80% of the market. Because of increasing retail concentration and buying power of retailers in the EU, as well as increasing private label sales, the coffee and tea industries are becoming further concentrated.

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.

### ***Channels for certified products***

Importers of organic coffee, tea and cocoa are often not exclusively 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. Most traders are still located in The Netherlands (Tradin, Do-It, Doens) and Germany, and form the most important trade channel for organics producers in developing countries. UTZ-certified and Rainforest Alliance are mainly working with the larger mainstream players and are therefore traded through conventional channels.

In the EU, certified coffee, tea and cocoa (i.e., organic, Fair-Trade, Utz Certified, Rainforest Alliance, etc.), is sold primarily through traditional channels (either mainstream retailers or organic retailers, but not specialty coffee and tea stores). Supermarkets are an increasingly important sales channel, especially for coffee. In 2007, supermarkets accounted for just over 45% of the market (HBD, 2008). Major retail chains in The Netherlands offer private label organic and Fair-Trade products, or sell under Fair-Trade brands. The market leader in organic

products is Albert Heijn. Concerning tea, the focus is more on Fair-Trade (or Fair Trade-organic combinations) and the market for certified tea is more limited in scope in The Netherlands. Furthermore, there are also organic food supermarkets and stores, which sell organic coffee, tea and chocolate. This channel is nevertheless important in The Netherlands.

Supermarkets hire the services of large-sized (though not mega-) roasters, blenders and chocolate/ food product producers. Cocoa processors will usually be involved on request of chocolate manufactures working under private or Fair-Trade label, or are part of integrated chocolate companies with organic lines. Certain up-market tea and coffee processors also have their own organic brands.

Organic chocolate spreads are also entering the market in The Netherlands. Two interesting products are Bubble Choq, from Brinkers (<http://brinkers.com>) and Chocoreale from Natudis (<http://www.natudis.nl>).

### **Trends**

Trends in trade structure have been described in the overall trade structure above, but the most important trends are:

- Continued concentration tendencies in trade and processing of coffee, tea and cocoa.
- Due to increasing interest in premium products, there are also still, and perhaps even increasing, numbers of small processors on the EU market.
- Increasing sales and good expectations for 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 on this niche.

### **Price structure**

Different prices and margins apply throughout the various trade channels. Moreover, the products under discussion, coffee, tea and cocoa, each have their own pricing structure. For example, for tea, the largest margins are achieved by blenders/packers - which blend, pack and market tea, often under their own brand. A very large margin for cocoa is made during the processing of cocoa beans into butter, paste and powder. The high demand for cocoa butter and powder has allowed processors to increase their margins. Margins further on in the cocoa trade channel, when cocoa products are used in chocolate and other final products, are not transparent. In general, margins in The Netherlands follow EU levels and trends.

Following consolidation and internationalisation in the coffee, tea and cocoa industry, prices and margins are under pressure.

### **Selecting a suitable trading partner**

Finding a trade partner in The Netherlands should not deviate from the general EU method. Due to its important trading role, especially in cocoa, but to a lesser extent also in tea and coffee, all relevant trade channels are present in The Netherlands, including traders, processing industries and a very large manufacturing sector using cocoa. Moreover, several of the EU's principal organics trading houses are located in The Netherlands.

Buyers and suppliers often find each other at trade fairs. The Anuga, SIAL, FI Europe are of principal importance for conventional food products and ingredients. The COTECA trade fair 2010 in Hamburg is the first specialist trade fair for coffee, tea and cocoa. The BioFach trade fair is of particular importance for organic coffee, tea and cocoa. Moreover, for coffee and tea, the Tea and Coffee World Cup in Vienna is of importance. Participating in or visiting trade fairs is also valuable 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. Concerning conventional products, company visits and sending samples, including elaborate technical data, are indicated as a method appreciated by importers. If positive responses are obtained, you could invite prospective buyers to your country. 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.

## Useful sources

### Coffee

- Douwe Egberts Nederland B.V, roaster, market leader in The Netherlands' coffee market - <http://www.de.nl>
- Algra Mocca D'Or Breda B.V., roaster of premium, organic and Fair-Trade coffee, tea blender also organic and Fair Trade- <http://www.moccador.com>
- Cook & Boon Koffie, roaster supplying the Benelux market- <http://www.cookboon.com>
- De Drie Mollen" BV, coffee roaster and tea trader, largest European private label coffee roaster - <http://www.driemollen.nl>
- Smit & Dorlas koffiebranders BV, roaster - <http://www.smitdorlas.nl>
- Neuteboom, Fair-Trade and supplier of organic coffee and tea - <http://www.neuteboom.nl>

### Tea

- L. Elink Schuurman Tea BV, broker - <mailto:elinktea@euronet.nl>
- Broektea Rotterdam BV, importer/exporters - <http://www.broektea.com>
- C Steinweg - Handelsveem BV, blender/packer - <http://www.steinweg.com>
- Van Rees BV, importers/exporters - <http://www.vanrees.com>

### Cocoa

- Theobroma, trader in cocoa butter (company's core business) and cocoa beans, cake, powder, also green coffee - <http://www.theobroma.nl>
- Daarnhouwer & Co B.V, commodity trader in, amongst others, cocoa and green coffee. Since 1996 part of Amtrada Holding BV in Amsterdam. Group of companies engaged in the worldwide procurement, trade and distribution of raw materials, ingredients and capital goods - <http://www.daarnhouwer.nl>.
- Cargill BV, cocoa processor and leading trader in agricultural commodities including cocoa - <http://www.cargillcocoachocolate.com>
- ADM, owner of "De Zaan", a principal brand name in the cocoa world - <http://www.admworld.com>
- Jan Schoemaker B.V., a cocoa butter producer - <http://www.janschoemaker.com>
- Dutch Cocoa, producer of cocoa liquors, cocoa butters and powders. The company is part of Ecom, a leading international company involved in the production and trade of agricultural commodities - <http://www.dutchcocoa.com>

### Organic

- Tradin, is one of the EU's largest organics trading houses - <http://www.tradinorganic.com>
- Do-It is an important trader in organic products - <http://www.organic.nl>
- Doens is an interesting trader in organic products - <http://www.doensfood.com>

*On-line company databases* for finding companies working in the coffee, tea and cocoa markets can be very useful. National associations for the appropriate products are mentioned in Section 6. Furthermore, several sector-specific EU-wide associations are included in Chapter 3 of the EU survey.



### 3. Trade: imports and exports

#### Imports

##### **Coffee**

The Netherlands is the 9<sup>th</sup> largest EU importer of green coffee, accounting for 2.3% of EU coffee imports. The green coffee imports decreased by 7.5% in value and 17% in volume annually, amounting to € 129 million / 65 thousand tonnes in 2008

The share of developing countries is below the European average, at 81% of total imports. However, several developing countries outperform the growth in total imports. Of the leading DC suppliers only Vietnam showed an increase in supplies (5.1%). Imports from Brazil (-3.8%) and Colombia (-10%), Guatemala (-5.4%) and Honduras (-20%) decreased considerably. Apart from this, Belgian supplies increased by 42% in the review period.

Most EU countries import part of their coffee needs as roasted coffee, a market in which DCs play a negligible role. Although the country has some large roasters, The Netherlands is a relatively large importer of roasted coffee with only 58% of the import volume being green coffee and 42% roasted. Due to these large imports of roasted coffee, The Netherlands has the fifth position among EU countries, accounting for 7.2% of EU imports. The Netherlands imports of roasted coffee increased on average in value by 17% per year and by 16% in volume. Germany and Switzerland are the main suppliers of roasted coffee.

##### *Organic coffee*

According to ICO, The Netherlands was the fifth largest importer of organic coffee in 2007/2008. Therefore, The Netherlands can be considered as a medium-sized importer of organic coffee. Compared to the other EU countries The Netherlands imports of organic coffee show a limited growth, increasing by only 11% in the review period.

**Table 3.1 Imports of coffee, tea and cocoa by The Netherlands, 2004 - 2008, average annual change in % of value**

Product	2004		2006		2008		Average annual % change	
	value	volume	Value	volume	value	Volume	value	volume
<b>Green coffee</b>	176	139	260	146	129	65	-7.5%	-17%
<b>Tea</b>	56	29	62	32	73	32	7.2%	2.8%
Black tea	49	27	54	30	65	30	7.2%	2.5%
Green tea	6.2	2.0	8.0	2.4	8.3	2.7	7.5%	7.1%
<b>Cocoa beans</b>	825	594	707	552	1,080	681	7.0%	3.5%
<b>Cocoa paste</b>	82	43	84	53	117	54	9.5%	5.8%
<b>Cocoa butter</b>	145	50	191	62	303	73	20%	9.8%
<b>Cocoa powder</b>	63	35	34	27	22	20	-23%	-14%

Source: Eurostat (2009)

\*Developing countries

##### **Tea**

The Netherlands is the 3<sup>rd</sup> largest importer of tea in the EU, with a market share of 8.2%. Imports increased significantly between 2004 and 2008, totalling € 73 million / 32 thousand tonnes in the latter year. Imports of black tea account for 92% of total tea imports and increased by 7.2% annually, while green tea imports increased slightly faster and are performing less well than overall EU imports of green tea, which increased by 14%. However, black tea imports increased much faster than in the EU in general.

**Table 3.2 Imports by origin and leading suppliers to The Netherlands 2004 - 2008, share in % of value, average annual growth in % of value**

Product	Origin	Leading suppliers in 2008 (share in %)	Share <sup>2</sup> (%)	Average annual % change
<b>Green coffee</b>	Intra-EU	Belgium (15%), Germany (2.7%), France (0.9%)	19%	47%
	Extra-EU, ex DC* DC*	USA (0.1%) Brazil (27%), Vietnam (11%), Colombia (8.8%), Guatemala (7.5%), Honduras (4.5%), Peru (3.7%), Costa Rica (3.5%), Uganda (3.2%), India (2.8%), Indonesia (2.4%)	0.3% 81%	26% -12%
<b>Tea</b>	Intra-EU	Germany (19%), Belgium (8.3%), Poland (1.9%), France (1.8%), United Kingdom (1.3%)	32%	0.6%
	Extra-EU, ex DC* DC*	Japan (1.4%), USA (1.3%), U.A. Emirates (0.9%), Switzerland (0.5%) Sri Lanka (18%), India (15%), China (6.9%), Indonesia (6.8%), Malawi (5.3%), Argentina (2.7%), Vietnam (1.8%), Kenya (1.5%), Turkey (1.2%), South Africa (0.9%)	4.5% 63%	0.1% 12%
Black tea	Intra-EU	Germany (19%), Belgium (8.8%), Poland (1.7%), France (1.4%), United Kingdom (1.3%)	33%	0.1%
	Extra-EU, ex DC* DC*	U.A. Emirates (1.0%), USA (0.8%), Switzerland (0.5%) Sri Lanka (20%), India (16%), Indonesia (7.0%), Malawi (5.9%), China (4.5%), Argentina (3.0%), Vietnam (1.6%), Kenya (1.3%), Turkey (1.3%), Iran (0.9%)	2.9% 65%	-9.2% 13%
Green tea	Intra-EU	Germany (15%), France (5.0%), Belgium (4.7%), Poland (3.3%)	29%	5.3%
	Extra-EU, ex DC* DC*	Japan (12%), USA (4.9%) China (26%), India (9.8%), Indonesia (4.7%), Vietnam (3.6%), Kenya (2.7%), Thailand (2.3%), South Africa (1.5%), Sri Lanka (1.2%)	18% 53%	26% 4.7%
<b>Cocoa beans</b>	Intra-EU	Belgium (0.7%), Germany (0.4%), France (0.3%), Italy (0.2%)	1.7%	70%
	Extra-EU, ex DC* DC*	- Ghana (34%), Ivory Coast (33%), Cameroon (18%), Nigeria (9.0%), Togo (1.7%), Ecuador (1.2%), Dominican R. (0.5%), Uganda (0.5%), Haiti (0.2%), Venezuela (0.2%)	0.0% 98%	n.a. 6.6%
<b>Cocoa paste</b>	Intra-EU	France (3.1%), Germany (3.0%), United Kingdom (0.2%), Belgium (0.2%), Austria (0.1%)	6.7%	23%
	Extra-EU, ex DC* DC*	Switzerland (0.2%) Ivory Coast (86%), Ghana (5.3%), Cameroon (0.9%), Ecuador (0.7%), Dominican R. (0.2%), Peru (0.1%), Nigeria (0.1%), Indonesia (0.1%)	0.2% 93%	2.9% 8.8%
<b>Cocoa butter</b>	Intra-EU	France (7.0%), Germany (6.4%), United Kingdom (1.0%), Spain (0.2%), Denmark (0.1%)	15%	78%
	Extra-EU, ex DC* DC*	USA (0.3%), Switzerland (0.1%) Ivory Coast (44%), Indonesia (11%), Malaysia (9.7%), Ghana (5.8%), Nigeria (4.0%), Cameroon (3.0%), Ecuador (2.5%), Peru (1.9%), China (1.3%), Colombia (0.6%)	0.4% 85%	14% 17%
<b>Cocoa powder</b>	Intra-EU	France (18%), Germany (5.7%), Belgium (3.7%), Spain (3.2%), United Kingdom (1.0%)	32%	-28%
	Extra-EU, ex DC* DC*	USA (1.9%), Singapore (0.1%), Switzerland (0.1%) Ivory Coast (54%), Brazil (8.3%), Ghana (1.5%), Malaysia (1.3%), Dominican R. (0.2%), Indonesia (0.1%), Thailand (0.1%), China (0.1%)	2.1% 66%	7.1% -20%

Source: Eurostat (2009)

\*Developing countries

<sup>2</sup> Due to rounding off, shares might not add up to exactly 100%.

Developing countries had a market share of 63%, which was above the EU average. Moreover, imports from developing countries are increasing strongly, by 12% in value and by 4.8% in volume. As such, their share in imports is increasing. Germany remains the main supplier, but imports from that country decreased. In contrast, the other main suppliers, Sri Lanka (19% increase annually), India (18%), Belgium (31%) and China (10%) are increasing strongly. Poland is also becoming a more important supplier, although it is still marginal compared to the leading suppliers.

### **Cocoa**

The Netherlands is the largest EU importer of cocoa beans, and the 3<sup>rd</sup> largest importer of cocoa paste, and butter and the 7<sup>th</sup> for powder. Between 2004 and 2008, imports of cocoa beans increased by 7.0% annually in value and by 3.5% in volume, amounting to € 1.1 billion / 681 thousand tonnes. Since The Netherlands is the principal entry-point and re-exporter of cocoa beans into the EU, it is logical that the share of developing countries in total supply is very high compared to other EU countries. Among developing countries, especially Ghana (+16% annually between 2003 and 2007), Cameroon (+18%) and Ecuador (40%) saw their exports to The Netherlands increase rapidly. Imports from Ivory Coast and Nigeria showed a decrease during the review period.

The Netherlands is also an important entry-point for cocoa paste from developing countries, which account for 86% of cocoa paste imported. The value of the imports of cocoa paste increased by 9.5%, while the volume increased on average by 5.8%. In 2008, imports amounted to € 118 million / 54 thousand tonnes. Côte d'Ivoire is by far the principal supplier.

Imports of cocoa butter are growing rapidly in The Netherlands. Between 2004 and 2008, the value of imports increased by 20% annually and the volume by 9.8%. In 2008, the imports of cocoa butter totalled € 303 million / 73 thousand tonnes. Developing countries had a market share of 85% in imports of cocoa butter. The most important suppliers were Ivory Coast (44% of total imports), Indonesia (11%) and Malaysia (9.7%). All the larger suppliers had high growth rates, with Indonesia (54%) experiencing the highest growth.

Imports of cocoa powder decreased between 2004 and 2008 by 23% annually in value, while the import volume decreased by 14%. In 2008, imports of cocoa powder totalled € 22 million / 20 thousand tonnes. The share of developing countries was high (66%) compared to other EU countries (9.5%). Ivory Coast was the largest supplier of cocoa powder to The Netherlands, although its imports decreased (-19% annually between 2003 and 2007). All major suppliers show a decrease in exports with the exception of Belgium, which quickly gained in importance with 5.3%.

### **Exports**

#### **Coffee**

The Netherlands is the 10<sup>th</sup> largest re-exporter of green coffee in the EU accounting for 0.5% of the EU exports. In 2008, the exports of green coffee amounted to € 4.6 million / 2.7 thousand tonnes. The exports of roasted coffee are more sizable, accounting for 6.3% of the EU exports. Between 2004 and 2008, the exports of roasted coffee increased by 26% in value and by 24% in volume amounting to € 176 million / 43 thousand tonnes in the latter year. The main export destinations are Germany, France and Belgium.

#### **Tea**

The Netherlands is the fourth largest tea exporter, accounting for 7.3% of EU tea exports. Exports increased by 8.2% annually between 2004 and 2008, outperforming EU exports, and totalling € 44 million / 19 tonnes. The Netherlands occupies a relatively more important position in black tea exports, while it is the sixth exporter of green tea. Almost half of total tea exports is destined for Germany.

### **Cocoa**

The Netherlands always has been the principal entry point of cocoa beans into the European Union and apart from its large processing industry, also re-exports large quantities of cocoa beans to other EU countries. Between 2004 and 2008, exports of cocoa beans increased by 2.6% annually, amounting to € 269 million / 156 thousand tonnes. The Netherlands accounts for 52% of EU exports of cocoa beans, which are mainly exported to other EU countries.

The Netherlands is the largest exporter of cocoa paste and is increasing its leading role, now accounting for 57% of total EU exports. This is mainly due to its large processing industry but, considering the high imports of the product group, it is also likely that a part concerns re-exports. Exports increased by 8.3% in value annually, amounting to € 269 million / 112 thousand tonnes. While The Netherlands is still by far the largest exporter of cocoa paste, it is worth noticing that Germany has been catching up.

The Netherlands is also the dominant exporter of cocoa butter in Europe, with a market share of 65%. Between 2004 and 2008, exports increased by 14% annually to € 949 million / 206 thousand tonnes.

The Netherlands is also the largest exporter of cocoa powder in Europe, accounting for 60% of total EU exports. This is also mainly attributed to local cocoa processing capacity, but could also partly concern re-exports. Between 2004 and 2008, exports decreased by 9.2% annually in value terms but increased by 1.8% in volume, amounting to € 319 million / 216 thousand tonnes. Exports are mainly oriented towards the USA and other EU countries.

### **Opportunities and threats**

- + The Netherlands is an important market for developing country producers of coffee and tea. Domestic consumption of, and demand for, both products is fairly substantial. The country occupies an important position in EU trade of coffee and tea (imports as well as re-exports) and developing countries account for a considerable share of imports, thereby equalling the EU average.
- + Being the principal entry point for cocoa beans from developing countries and an important entry point for cocoa paste, butter and powder, The Netherlands is among the most interesting countries for developing country suppliers of cocoa products. Moreover, the country has the most important processing industry in the European Union. During the review period, imports of cocoa beans and butter increased and the proportion of imports coming from developing countries was significantly above the EU average. The Netherlands was also an important entry point for organic products, with several major organic traders located in the country.

It is important to note that an opportunity for a supplier in a developing country may sometimes be a threat to another. The information given should be assessed according to the reality of each supplier. For more information on opportunities and threats, please refer to Chapter 7 of the CBI market survey covering the EU market.

### **Useful sources**

- EU Expanding Exports Helpdesk
  - <http://exporthelp.europa.eu>
  - go to: trade statistics
- Eurostat – official statistical office of the EU
  - <http://epp.eurostat.ec.europa.eu>;
  - go to 'themes' on the left side of the home page
  - go to 'external trade'
  - go to 'data – full view'
  - go to 'external trade - detailed data'
- Understanding Eurostat: Quick guide to easy Comext

→ [http://epp.eurostat.ec.europa.eu/newxtweb/assets/User\\_guide\\_Easy\\_Comext\\_20090513.pdf](http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20090513.pdf)

- International Coffee Report, World Tea Markets, Chocolate & Confectionery International - <http://www.agra-net.com>

#### 4. Price developments

As prices for coffee, tea and cocoa are global market prices, Dutch prices should show limited deviation from those prices. The Netherlands plays a principal role in the trade of cocoa. This is also reflected in import prices, which are substantially below the EU average, as the country is the principal entry point. This is also partly the case for tea, with import prices about 10% below the EU average. Tea retail prices in the Netherlands are quite low. Retail prices for coffee in The Netherlands are at an average-to-low level, compared to other EU countries. In December 2007, the average price of coffee amounted to € 6.70 per kilogram. No new information was available (ICO, 2009). These prices reflect the tough competition in the coffee retail sector, even though Dutch coffee consumption is to a comparatively large extent constituted by pad-system coffee, which is relatively more expensive.

The survey covering the EU provides more information on price developments. However, prices of coffee, tea and cocoa provided should be used only as a reference point, as they depend on origin and buyer preferences. 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. 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.

#### Useful sources

There are no country-specific sources of price information available for The Netherlands. The websites of large retailers like Albert Heijn (<http://www.ah.nl>) can however provide some information on retail prices. Please, refer to Chapter 5 of the survey covering the EU for useful sources.

#### 5. Market access requirements

As a manufacturer in a developing country preparing to access The Netherlands, you should be aware of the market access requirements of your trading partners and the government of The Netherlands. 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. You need to comply with EU legislation and have to be aware of the additional non-legislative requirements that your trading partners in the EU might request.

For information on legislative and non-legislative requirements, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select food ingredients and The Netherlands in the category search, click on the search button and click on market access requirements.

Additional information on packaging can be found at the website of ITC on export packaging: <http://www.intracen.org/ep/packaging/packit.htm>.

Information on tariffs and quota can be found at <http://exporthelp.europa.eu>. No quotas apply to coffee, tea and cocoa. However, import tariffs apply to processed products. More information is available in the EU survey.

#### 6. Doing business

General information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) can be found in CBI's export manuals 'Export Planner' and 'Your image builder'. Furthermore, cultural awareness is a critical skill in securing success as an exporter.



Information on cultural differences in the EU can be found in chapter 3 of CBI's export manual 'Exporting to the EU'. These manuals can be downloaded from <http://www.cbi.eu/marketinfo> - go to search publications.

### Sales promotion

Common practices of trade promotion in The Netherlands 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 is extremely concentrated, because of different companies dominating the different product groups across and within national markets. Most inhabitants of The Netherlands speak English (and sometimes French, German and Spanish), especially when they are in the trade business.

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 The Netherlands are:

- Federatie Nederlandse Levensmiddelen Industrie (FNLI) / The Netherlands Federation of Foodstuff Industries - <http://www.fnli.nl>
- Vereniging van Nederlandse Koffiebranders en Theepakkers / The Netherlands Association of Coffee Roasters and Tea Packers - <http://www.vnkt.nl>
- Nederlandse Vereniging van Thee- Importeurs en Thee Exporteurs - <http://www.koffiethee.nl>
- Vereniging voor de Bakkerij- en Zoetwarenindustrie / Dutch Bisquit, Chocolate and Confectionery Association (VBZ) - <http://www.vbz.nl>
- Association of organic production and trading companies / Vereniging van Biologische Productie- en handelsbedrijven (VBP) - <http://www.vbpbiologisch.nl>

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'. A *trade fairs* of interest in The Netherlands is:

- Beleef koffie en Beleef thee - Trade fair for coffee and tea - <http://www.beleefkoffie.nl> May 15 -17 2010Utrecht.

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 The Netherlands is:

- De Levensmiddelenkrant - <http://www.levensmiddelenkrant.com/supermarkt.html>
- Distrifood is a magazine for food distributors - <http://www.distrifood.nl>

Internet provides many sources on business practices and culture, such as <http://www.cba.uni.edu/buscomm/InternationalBusComm/world/europe/netherlands/netherlands.html> and <http://www.kwintessential.co.uk/resources/global-etiquette/netherlands.html>. Please keep in mind that the above concerns general remarks. Therefore, when conducting business, use you intuition and an understanding attitude.

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

Disclaimer CBI market information tools: <http://www.cbi.eu/disclaimer>