

CBI MARKET SURVEY

THE COFFEE, TEA AND COCOA MARKET IN FRANCE

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Report summary

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

- France is a relatively big consumer of coffee, accounting for 13% of total EU coffee consumption.
- French consumers are drinking less tea. Although France is the fourth largest tea consumer in the EU, tea consumption nevertheless increased by 3.7% annually between 2004 and 2008.
- France is an important grinder of cocoa beans, accounting for 12% of total grindings in the EU.
- France is one of the leading EU importers of coffee, tea and cocoa. In 2008, it was the fifth-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 green coffee, cocoa beans, cocoa butter and cocoa paste to France. Brazil and Ivory Coast are two leading developing country suppliers.

This survey provides exporters of 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 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), French retail sales of organic food were estimated to be € 1,900 million in 2007 and growing. On a per-capita basis, organic sales amounted to € 30 in 2007. The number of consumers purchasing organic products shows an increase. In addition, government canteens are expected to have 20% organic products by the end of 2012 within the scope of the same Action Plan. This reflects the increasing importance of the organic sector in France (FiBL, 2009).

The retail value of Fair Trade-certified products increased by 22% between 2007 and 2008 amounting to € 256 million in the latter year. In 2008/2009, of all Fair Trade products sold coffee accounted for 33%, cocoa 10% and tea 9%, all included in the top-5 products sold (FLO, 2009).

Note that the consumption data for coffee and tea in this chapter concern the French 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 France also imports processed products. Moreover, imports are not necessarily sourced directly in developing countries. This is not the case for coffee. Most coffee is imported green and also mostly directly from developing countries. Regarding tea, however, a large part of tea imports comes from the UK.

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), France is, after Germany and Italy, the largest coffee consumer in the EU with a market share of 13% (ICO, 2009). Total coffee consumption in France showed an annual average increase of 1.1% between 2004 and 2008, amounting to 309 thousand tons in 2008. Per capita consumption showed an annual average decrease of 0.7% between 2004 and 2008, amounting to 4.6 kg in the latter year.

There is an ongoing trend in France towards healthy and ethical products. This trend can partially explain the decrease in the per capita coffee consumption. At the same time, the health awareness and trend are eminently visible in the French's preference for specialized, premium products, such as low caffeine coffee, which is promoted for consumption in the later hours of the day (Euromonitor, 2009).

Consumption of Fair-Trade-certified coffee in France increased by 29% between 2003 and 2007, amounting to 6.6 thousand tonnes in the latter year. (ITC Coffee Guide, 2009).

Tea

According to the International Tea Committee (ITC), France is the fourth biggest tea consumer in the EU with a market share of 6.0% (ITC, 2009). However, consumption is much smaller than in Germany, Poland, and especially the UK. Total French tea consumption increased between 2004 and 2008 at an annual average of 3.7%, amounting to 15 thousand tonnes in 2008. Per-capita tea consumption in France was 0.24 kg in 2008, almost half of the respective EU average.

Tea is especially benefitting from the health trend, leading to higher per capita consumption as well as to the introduction of a wide variety of specialised teas. Women and children are the types of consumers mostly targeted by the newly introduced health-oriented products (Euromonitor 2009).

Consumption of Fair-Trade-certified tea in France increased by 73% between 2002 and 2006, amounting to 279 tonnes in the latter year. This increase was amongst the highest in the EU (FLO, 2007).

Cocoa

According to the International Cocoa Organization (ICCO), France is the 3rd largest cocoa grinder in the EU, with a share of 12% in EU grindings (ICCO, 2009). However, grindings are much smaller than in The Netherlands and Germany. Since 2004/2005, total French grindings of cocoa beans increased at an annual average increase of 1.1%, amounting to 155 thousand tonnes in 2008/2009.

French industrial demand for processed cocoa products is not known. The French cocoa consumption is second only to Germany. French apparent consumption of cocoa¹ amounted to 235 thousand tonnes in 2007/2008. This is an increase of 0.6% per year since 2003/2004 (ICCO, 2009). Considering its large chocolate, beverage and confectionery industry, as well as the large imports of these products, industrial demand for processed cocoa products should be much higher than this.

Per capita consumption of chocolate confectionery in France was 4.5 kg in 2007, below the European average of 5.4 kg.

The sales of Fair-Trade-certified cocoa amounted to 1.088 tonnes in 2006, signifying an increase of 65% per year for the period 2004-2006 (FLO, 2007).

Market segmentation

Market segmentation of coffee, tea and cocoa in France should not differ from the overall EU market segmentation; no additional information on the French market was found. For more information on the EU market for coffee, tea and cocoa, please refer to the CBI survey covering the EU.

Trends in consumption

- Premiumisation and the growing interest in healthy products is one of the strongest trends in the French market and the main reason why current value of retail sales continued to grow, even as retail volume sales declined.
- New and more convenient packaging formats were introduced to increase the attraction of individual products and brands. French consumers proved willing to spend a little extra on higher priced and premium products, provided they could see that they were gaining more in terms of quality, flavor, health benefits and convenience. This trend can, however, slow down because of the economic crisis or even decline.
- The French show very considerable interest in Fair-Trade products. While multinationals hold a strong position on the coffee and tea market, a number of domestic players developed a strong position in niche offerings, such as Fair Trade and organic products. Local companies like Cie Méditerranéenne des Cafés Malongo and Lobodis were able to gain some ground with ethical and natural or health positioned products, despite the strong position of their multinational rivals (Euromonitor, 2008).

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. However, France is the 3rd largest grinding country in the EU and, in this respect, does compete with developing countries in the market for processed cocoa products.

Tea and coffee processing predominately takes place in the EU, but France itself has a large number of players. Relevant companies are mentioned in section 2.

Opportunities and threats

- + The French market is among the largest in the EU for the product groups discussed.
- + Substantial opportunities for developing country coffee exporters can be found in the supply of single-origin coffee to France.
- + Fair-Trade (organic) coffee, tea and cocoa are increasingly successful on the French market.
- France is also feeling the effects of the economic crisis and the French economy has been 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, including Fair Trade, organic and single origin coffee. However, in the long term, opportunities will be best in those market niches.

¹ 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.

It is important to note that an opportunity for one 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 France 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 National Association of Food Industries (ANIA) and the National Chamber of Chocolatiers offer interesting information on the French market.
- Euromonitor, an international market research group, offers information on the French market 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 its four main products of 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. 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 for developing country suppliers, except for certain market niches.

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 for all three commodities, 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. A large general broker in France is Newedge (previously Calyon Financial SNC). 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 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; however, these major companies are not French. Next to the leading multinational corporations (i.e. Unilever), which have a huge influence on the tea trade with their role in production, trade and processing, more local traders and 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. 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.

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. Nestlé is very dominant on the soluble market and Lavazza and Segafredo dominate the premium espresso market. Even though many small roasters have 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. France, maintains a tradition of smaller roasters, their number being 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, national markets can be highly concentrated. The leading three firms usually hold more than half of the local market, with players being 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 marketing to retailers. 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.

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, and 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. An exemplary trader/processor already doing this is named below for each product group under 'Useful sources'. Most general traders are still located in The Netherlands and Germany, and form the most important trade channel for organics producers in developing countries. However, next to this, Fair Trade is becoming of particular importance in France. 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 have become more important, especially for coffee. Many EU retail chains offer private label organic and Fair Trade products, or sell under Fair Trade brands. Regarding tea, the focus is more on Fair Trade (or Fairtrade-organic combinations) and the market for certified tea is more limited in scope and more confined 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 (though 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 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 processing of cocoa beans into butter, paste and powder. 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 France 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 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 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

- Cafés Malongos, important trader and roaster, with a strong Fair-Trade and organic focus - <http://www.malongo.com>
- Kraft - Jacobs Suchard, leading coffee processor - <http://www.kraftfoods.fr>
- Douwe Egberts France / Maison du Café, 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>
- Mariage Frères - <http://www.mariagefreres.com>

Cocoa

- Soeximex, cocoa trader: <mailto:m.fils@soeximex.com>
- Touton, trader of cocoa and coffee - <http://www.touton.fr>
- Cemoi, organic processor and trader - <http://www.cemoi.fr>
- Cargill, large cocoa processor - <http://www.cargill.fr>
- Valrhona SA, integrated premium chocolate producer - <http://www.valrhona.com>
- 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 can 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

France is the fifth largest EU importer of coffee, accounting for 7.1% of EU imports. The coffee imports value increased between 2004 and 2008 by 13% annually, which is below the EU average of 18%, amounting to € 405 million. However, coffee imports decreased in volume by 1.8% annually, to 219 thousand tonnes.

French green coffee imports are sourced for 70% in DCs. Between 2004 and 2008, however, the share of developing countries decreased somewhat, while imports from Belgium, Germany and especially The Netherlands increased rapidly by respectively 23%, 20% and 41% annually. While all imports from the leading DCs increased in value, they all show a decrease in volume. For the leading supplier Brazil, the increase in value was 8.6% per year while the volume of imports decreased by 4.8% per year. Imports from Vietnam and Colombia also increased (respectively 18% and 11% annually) in value with a decrease in volume (5.0% and 0.6%).

Most EU countries import part of their coffee needs as roasted coffee, a market in which DCs play a negligible role. In France, imports of roasted coffee are, at 31% of the total volume of coffee imports, more important than in the EU average of 15%. France is the leading roasted coffee importer in the EU and imports are increasing by 22% in value and 8.7% in volume. Roasted coffee is almost exclusively imported from EU countries and Switzerland.

Organic

According to ICO, France was a medium-sized importer of organic coffee in 2007/2008. In the review period the import volumes increased on average by 72% per year amounting to 405 tonnes in 2007/2008.

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

Product	2004		2006		2008		Average annual % change	
	Value	volume	Value	volume	value	volume	value	volume
Green coffee	246	235	349	220	405	219	13%	-1.8%
Tea	83	16	93	16	102	19	5.3%	3.1%
Black tea	59	10	63	9.8	62	10	1.5%	-0.2%
Green tea	24	6.1	30	6.5	40	8.4	13%	8.1%
Cocoa beans	242	158	220	160	282	156	3.9%	-0.3%
Cocoa paste	154	84	151	89	145	68	-1.6%	-5.0%
Cocoa butter	166	62	213	70	287	69	15%	2.9%
Cocoa powder	78	33	43	32	50	36	-10%	2.1%

Source: Eurostat (2009)

*Developing countries

Tea

France is the third largest importer of tea in the EU, with a share of 12%. Regarding black tea, France takes a fourth position, while for green tea it is the leading importer, with 8.7% and 23% of EU imports respectively. French imports consisted for 45% of green tea and for 55% of black tea. Green tea is extremely popular in France and consumption is increasing fast. Between 2004 and 2008, total tea imports increased by 5.3% annually in value and increased by 3.1% in volume. In 2006, tea imports amounted to € 102 million / 19 thousand tonnes. Imports of green tea increased particularly strongly, while imports of black tea were stagnant in volume. Interesting to note is that France mainly imports high-value tea, considering the high price/volume ratio.

The three leading tea suppliers to France are the United Kingdom, China and Germany. However, imports from the United Kingdom have been decreasing. Imports from Germany and

Poland showed a particularly favourable development, while imports from the United Arab Emirates decreased. The share of developing countries in French tea imports is below the EU average. Developing countries account for 27% of French tea imports and as imports from developing countries increase less quickly than overall EU imports, their share in French imports is decreasing.

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

Product	Origin	Leading suppliers in 2008 (share in %)	Share ¹ (%)	Average annual % change
Green coffee	Intra-EU	Belgium (15%), Germany (6.9%), The Netherlands (5.4%), United Kingdom (1.2%), Spain (0.7%),	30%	24%
	Extra-EU, ex DC* DC*	- Brazil (22%), Vietnam (11%), Colombia (6.8%), Ethiopia (4.0%), Honduras (3.0%), Indonesia (2.7%), Peru (2.7%), Uganda (2.3%), Guatemala (2.0%), India (1.8%)	n.a. 70%	n.a. 10%
Tea	Intra-EU	United Kingdom (26%), Germany (15%), Belgium (12%), Poland (9.7%), Netherlands (1.5%)	55%	15%
	Extra-EU, ex DC* DC*	U.A. Emirates (3.0%), Japan (1.6%), USA (0.8%), Taiwan (0.3%), Hong Kong (0.2%) China (17%), Sri Lanka (4.4%), Morocco (2.2%), India (1.5%), Vietnam (0.5%), Lao (Peoples Democratic Republic) (0.3%), Mauritius (0.2%), Thailand (0.1%), Tunisia (0.1%)	5.8% 39%	31% 9.6%
Black tea	Intra-EU	United Kingdom (33%), Belgium (14%), Poland (14%), Germany (12%), Netherlands (1.3%)	75%	0.1%
	Extra-EU, ex DC* DC*	U.A. Emirates (4.1%), USA (1.1%), Taiwan (0.3%), Hong Kong (0.2%) China (7.7%), Sri Lanka (5.6%), Morocco (2.0%), India (2.0%), Vietnam (0.7%), Mauritius (0.3%), Lao Peoples Democratic Republic (0.3%), Thailand (0.2%)	6.0% 19%	6.3% -2.0%
Green tea	Intra-EU	Germany (20%), United Kingdom (15%), Belgium (9.4%), Poland (3.2%), Italy (2.9%)	55%	15%
	Extra-EU, ex DC* DC*	Japan (3.8%), U.A. Emirates (1.2%), USA (0.2%), Taiwan (0.2%), Hong Kong (0.2%), China (32%), Sri Lanka (2.5%), Morocco (2.5%), India (0.8%), Vietnam (0.3%), Lao (People s Democratic Republic) (0.3%)	5.8% 39%	31% 9.6%
Cocoa beans	Intra-EU	Belgium (20%), The Netherlands (11%), Germany (0.1%)	31%	6.1%
	Extra-EU, ex DC* DC*	Switzerland (0.1%) Ghana (33%), Ivory Coast (20%), Nigeria (9.0%), , Cameroon (1.5%), Ecuador (1.4%), Madagascar (1.1%), Venezuela (0.9%), Togo (0.5%), Dominican R. (0.5%), Mexico (0.2%)	0.1% 69%	16% 3.0%
Cocoa paste	Intra-EU	The Netherlands (25%), Spain (6.3%), Germany (3.4%), Italy (2.9%), Belgium (2.0%)	41%	18%
	Extra-EU, ex DC* DC*	Switzerland (0.9%) Ivory Coast (49%), Cameroon (7.7%), Ghana (0.6%), Malaysia (0.5%), Dominican R. (0.3%)	0.9% 58%	20% -9.1%

Product	Origin	Leading suppliers in 2008 (share in %)	Share2(%)	Average annual % change
Cocoa butter	Intra-EU	The Netherlands (16%), Spain (4.3%), United Kingdom (0.8%), Belgium (0.6%), Germany (0.3%), USA (0.1%)	22%	6%
	Extra-EU, ex DC* DC*	Ivory Coast (16%), Malaysia (15%), Indonesia (14%), China (11%), Thailand (4.7%), Peru (4.3%), Cameroon (3.6%), Nigeria (3.5%), Ecuador (1.4%), Brazil (1.2%)	78%	14%
Cocoa powder	Intra-EU	The Netherlands (50%), Germany (12%), Italy (11%), Belgium (6.1%) Spain (4.8%)	88%	-11%
	Extra-EU, ex DC* DC*	- Ivory Coast (11%), Brazil (0.7%), Thailand (0.4%), Indonesia (0.1%)	0.1% 12%	-38% -9.8%

Source: Eurostat (2009)

*Developing countries

² Due to rounding off, shares might not add up to exactly 100%.

Cocoa

France is a large importer of cocoa products. It is the fourth biggest importer of cocoa beans in the EU. Regarding cocoa paste, France is the biggest importer in Europe, for butter the fourth largest and for cocoa powder the second largest. These large imports can be explained by its extensive confectionery, chocolate and beverage industry.

France has a market share of 10% in cocoa bean imports in the EU. Imports increased by 3.9% in value per annum, but decreased by 0.3% in value annually between 2004 and 2008, indicating a increase in import prices. In 2008, imports amounted to € 282 million / 156 thousand tonnes. Around 69% originated in developing countries, which was less than the European average (86%). Next to this, the value of imports from developing countries increased by 3.0%, while imports from the EU decreased in value by 3.9% annually.

France is the largest importer of cocoa paste in the EU with a market share of 19%. Between 2004 and 2008, imports in value decreased by 1.6% annually, while imports in volume decreased by 5.0%, amounting to € 145 million / 68 thousand tonnes in 2008. A relatively large, but slightly decreasing, share of cocoa paste is imported from developing countries. Ivory Coast (49% of total imports) and Cameroon (7.7%) were important sources of cocoa paste, although decreasing. Ghana is still a source of cocoa paste, with a 0.6% market share in 2008 but experienced a decline of 49% per annum between 2004 and 2008.

France accounts for 16% of cocoa butter imports into the EU. The import value increased by 15% and the value by 2.9% annually to € 287 million / 69 thousand tonnes in 2008. Developing countries are a relatively important source of cocoa butter with a market share of 78%, more than twice the EU average. Ivory Coast (16% of imports), Malaysia (15%), Indonesia (14%) and China (11%) are the principal DC suppliers of cocoa butter. Imports from Malaysia, Indonesia and China increased by 24%, 13% and 162% annually, while imports from Ivory Coast decreased by 0.3% per annum. The Netherlands was the largest source of cocoa butter, accounting for 16% of imports.

Between 2004 and 2008, imports of cocoa powder decreased by 10% annually in value, but increased by 2.1% in volume. In 2008, imports amounted to € 50 million / 36 thousand tonnes. The proportion imported from developing countries was 12%, which was slightly higher than the EU average. Imports from developing countries decreased annually by 9.8% during the review period.

Exports

Coffee

Exports of green coffee are very limited, accounting for only 0.5% of the EU exports. Exports of green coffee concern mainly re-exports to the Netherlands, Switzerland and Poland. France's role in roasted coffee exports is also limited, accounting for 5.1% of total EU roasted coffee exports, amounting to € 143 million / 21 thousand tonnes in 2008. Between 2004 and 2008, exports of roasted coffee increased by 17% in value annually, while volumes decreased considerably by 6.4%. Three-quarters of the French roasted coffee exports is destined to Spain, Belgium, Italy.

Tea

France is a small to medium-sized tea exporter, accounting for 5.9% of total EU tea exports, which amounted to € 35 million / 3.6 thousand tonnes in 2008. Exports increased by 1.0% annually between 2004 and 2008. France was the third largest exporter of green tea and the sixth of black tea. This represents only respectively 10.5% and 4.5% of total EU exports, as tea exports are dominated by the UK and Germany. Almost half of French tea exports was directed to Japan, Italy and Belgium.

Re-exports play an important role in French exports, although French blenders also export packaged tea.

Cocoa

Between 2004 and 2008, exports of cocoa beans decreased by 17% annually. They amounted to € 4.4 million/ 3.1 thousand tonnes, mainly to EU destinations. Although it is the fifth exporter in the EU, France's role is very limited compared to The Netherlands and Belgium.

France is the third EU exporter of cocoa paste after The Netherlands and Germany. Between 2004 and 2008, exports of paste decreased by 4.6% annually resulting in exports of € 64 million / 26 thousand tonnes in 2008. It should be noted however, that compared to 2006 there is an annual increase of 13% in the French exports visible for 2008. The majority of exports is destined to other EU markets.

France is the second largest exporter of cocoa butter in Europe, with a market share of 21% and an annual increase in exports of 12% between 2004 and 2008. This amounted to € 302 million / 79 thousand tonnes in 2008, mainly to EU destinations.

France is the second exporter of cocoa powder, but at a far distance from The Netherlands. Exports decreased by 7.2% annually between 2004 and 2008, amounting to € 71 million / 46 thousand tonnes. The main markets were EU countries and the USA.

Opportunities and threats

- + France is among the most interesting EU markets for coffee products, as the country is a major EU consumer of coffee. Imports increased steadily between 2004 and 2008. The share which is sourced in developing countries, however, decreased.
- +/- France is an interesting country for developing country producers of tea, as it is the third largest tea importer in the EU. However, the market share of the developing countries decreased.
- +/- France is among the most interesting markets for cocoa butter. Imports of cocoa butter showed a favourable development.
- +/- A relatively high share of cocoa products imports is sourced in developing countries. This share is, however, decreasing for paste and powder. The imports of cocoa butter from DCs showed a considerable increase.

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

4. Prices developments

As the prices for coffee, tea and cocoa are global market prices, French prices should show limited deviation from those prices. The important trading role of France in the coffee trade is not reflected in low prices. Prices for coffee are at a medium level in the EU perspective. This is remarkable, as France mainly consumes relatively cheap Robusta coffee. Therefore, the high prices for coffee are likely to be due to more specific demands (i.e. premium or Fair-Trade). 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. French retail level prices for coffee are quite low compared to other EU countries. In 2007 the average retail price was € 5.71 per kilogram. (ICO, 2008).

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. Import prices of tea are relatively high, as France imports a high percentage of high-value tea.

Useful sources

There are no country-specific sources of price information available for France. The websites of large retailers like Carrefour (<http://www.carrefour.fr>) 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 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. 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 France 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 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 is extremely concentrated, because of different companies dominating the different product groups across and within national markets. English language proficiency is limited among the French, although more common 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 France are:

- National Association of Food Industries / ANIA - Association Nationale des Industries Alimentaires - <http://www.ania.net>
- Syndicat National de l'Industrie et du Commerce du Café / National Syndicate of Coffee Industry and Commerce (SNICC)- <mailto:sniccaffe@wanadoo.fr>
- Syndicat du Thé et des Plantes à Infusion / Syndicate of Tea and Infusion Plants (STEPI) – [mailto: stepi@wanadoo.fr](mailto:stepi@wanadoo.fr)
- 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>
- Ecocert - principal organic certifier - <http://www.ecocert.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>
- Lineaires – Food Trade and Distribution - <http://www.lineaires.com>

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 - <http://www.salonduchocolat.fr>
- INTERSUC - International Chocolate, Confectionery, Biscuit, Pastry and Gourmet Products Exhibition - <http://www.europain.com>

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.

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