

CBI MARKET SURVEY

THE COFFEE, TEA AND COCOA MARKET IN BELGIUM

Publication date: February 2010

Report summary

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

- Belgium has a relatively high per capita consumption of coffee (7.9 kg in 2008), with total consumption amounting to 39 thousand tonnes.
- Total tea consumption amounted to 2.4 thousand tonnes (0.2 kg per capita) in 2008, which was relatively low for West European standards.
- Cocoa grindings in Belgium accounted for 5.0% of total EU grindings, which is equivalent to 62 thousand tonnes in the cocoa year 2008/09.
- Belgium is an important trader of coffee and cocoa, with green coffee imports amounting to € 696 million in 2008, cocoa bean imports € 316 million, cocoa paste imports € 100 million, cocoa butter € 305 million and cocoa powder imports € 23 million.
- Belgium plays a less significant role for tea, with imports amounting to € 38 million.
- Developing countries play a significant role in the supply of coffee (accounting for 98% of supply) and cocoa beans, both of which are almost exclusively sourced directly. On the other hand, developing countries supply only 28% of Belgian tea imports and hardly play a role for processed cocoa products.

This survey provides exporters of coffee, tea and cocoa with sector-specific market information related to gaining access to Belgium. 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 Belgian organics market is relatively limited in size, compared to neighbouring countries. Only 1.9% of total food sales consists of organic food, with sales estimated at around € 283 million in 2007. This was an increase of 16% compared to the previous year. Per capita consumption of organic food was € 27 euro (FiBL, 2009).

The retail value of Fair Trade certified products increased by 31% between 2007 and 2008, amounting to € 41 million in the latter year (FLO, 2009).

Note that the consumption data for coffee and tea in this chapter concern the Belgian 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 as Belgium also imports processed products. Moreover,

imports are not necessarily sourced directly in developing countries. Regarding coffee, Belgium is among the principal importers and also has a large roasting industry. However, a large part of its tea imports is packed in other EU countries, especially The Netherlands, or tea intended for Belgium blenders is imported by companies in other EU countries.

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 large 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), Belgium is a medium-sized to big consumer of coffee, with a total EU market share of 1.6% (ICO, 2009). Total Belgian coffee consumption is quite erratic, showing wide fluctuations in the review period. Between 2004 and 2008, the consumption decreased considerably by on average 17% per year, amounting to 39 thousand tons in 2008. Per capita consumption amounted to 7.9 kg in 2008, which is far higher than the EU average of 5.0 kg. Per capita coffee consumption decreased marginally by 0.6% since 2004 (ICO, 2009). However, according to industry sources, consumption of coffee has decreased only marginally in Belgium. Therefore, it is likely that these figures show an underrepresentation of actual consumption.

Consumer trends in Belgium are largely related to convenience and ease-of-use of products. The penetration of Senseo coffee pods¹, machines and pod products still increases in the Belgian coffee sector. This trend, combined with the growing popularity of specialist instant coffee, new taste and coffee varieties characterises the consumption of coffee in Belgium. This highlights the strong coffee drinking culture that exists in Belgium (Euromonitor, 2009).

A typical coffee blend in Belgium consists of 75% of Arabica coffee and 25% of Robusta coffee.

In the face of growing interest in healthy and sustainable food in Belgium, sales of organic and other sustainable coffee increased in the past few years. In general, the Belgian coffee industry projected a positive outlook for organic and Fairtrade certified coffees, and it can therefore be expected that the market share of sustainable coffee has strengthened considerably. However, sales of certified coffee have, until recently, been curtailed by price competition between coffee brands in Belgian supermarkets.

The consumption of Fairtrade coffee in Belgium increased between 2003 and 2007 on average by 9.5% per year, amounting to 1,096 tonnes in 2007 (ITC Coffee Guide, 2009). During 2007, Fair Trade coffee sales increased by 4% (FLO 2009). Starbucks cafe in Belgium is planning to have exclusively Fairtrade espresso coffee by March 2010 (FLO, 2009). Delhaize, Belgium's major retailer, has its private label brand certified, while Sara Lee/DE and Rombouts are also working with Utz Certified for part of their coffee (Proliba-Unitrab, 2007). In 2009, Sara Lee's Utz coffee amounted to 27 thousand tonnes, a volume that is 10 times higher than the respective one in 2004 (Utz Certified, 2009). According to Utz, their market share in Belgium is around 10%.

Tea

According to the International Tea Committee (ITC), Belgium (including Luxemburg) has a medium-size share (0.9%) of the total EU tea consumption market (ITC, 2009). Total tea consumption in Belgium showed an increase of 2.9% between 2004 and 2008, amounting to 2.4 thousand tonnes in the latter year. Per capita tea consumption in Belgium is quite small (0.2 kg), compared to other West European countries and did not show any great change over the period 2004-2008. However, there are some noticeable improvements in the sales of tea

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

caused by the growing trend for health and wellness products, such as herbal teas and premium tea blends (Euromonitor, 2009). Increasing consumption of herbal tea could occur at the expense of black tea consumption.

According to industry sources, the organic tea market in Belgium is very small in terms of volume and did not show much change during the past few years.

Cocoa

According to the International Cocoa Organization (ICCO), Belgium is a medium-to-large grinder of cocoa beans, processing 5.0% of the total European grindings. Total grindings of beans increased strongly in the period 2004-2005 by 11% (ICCO, 2009). In 2008/2009, total grindings amounted to 62 thousand tonnes. This is comparable to much larger countries, such as Italy.

In 2007/2008, Belgian apparent consumption of cocoa² amounted to 60 thousand tonnes, an increase of 0.4% per year since 2003/2004 (ICCO, 2009). Belgian per capita cocoa consumption is the highest in the EU at 5.6 kg, while the EU average amounts to 2.8 kg. The highly developed Belgian market leaves little room for consumption increases. However, the demand for cocoa products is much higher than the apparent consumption, as the large Belgian chocolate industry requires great inputs of cocoa powder, butter and paste, which are for a significant part imported. Much of these chocolate products is then exported. Therefore, the total amount of cocoa used in Belgium does not show in the apparent consumption figures.

Belgian per capita chocolate confectionery consumption takes the 3rd position in Europe, at 9.8 kg in 2007.

In 2006, sales of Fairtrade certified cocoa amounted to 296 tonnes (0.5%), which was a 100% increase compared to the preceding year (FLO International, 2007).

Market segmentation

Market segmentation of coffee, tea and cocoa in Belgium should not differ from the overall EU market segmentation; therefore, no additional information on the Belgian 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

Further growth in the consumption of coffee, supported by coffee pod consumption, is expected for coming years. Further development of the home-espreso market is expected following the increasing trend of premiumisation, resulting from the introduction of specialised coffee machines such as Nespresso, which are aimed at more discerning consumers. Next to this, sales of premium specialties (black) tea are increasing fast in Belgium. The trend towards at-home consumption is expected to continue in the whole hot drinks sector (Euromonitor, 2009).

According to industrial sources, Belgian consumers are not willing to pay large premiums for organic products; this hampers the development of the market for organic coffee, tea and cocoa.

There is a growing trend for health and wellness products (i.e. herbal teas) in Belgium. Green tea is the fastest growing market segment in the Belgian tea market. Furthermore, herbal teas are still rapidly growing segments on the Belgian market. However, these offer no opportunities to tea exporters, as they do not contain actual tea.

According to industry sources, the Belgian chocolate market is quite saturated and diversification will more and more be a determining factor. Regarding the filled chocolate

² 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.

market, for example, original tastes and shapes will be very important in terms of diversifying, as well as milder tastes. This is especially important for attracting young consumers.

Production

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

Belgium does, however, have grinding activities, processing cocoa beans imported from developing countries into cocoa powder, butter and paste. In contrast to its large chocolate industry, Belgian cocoa processing capacity on EU level is limited and does not meet the large demand for cocoa products from the Belgian chocolate and confectionery industry. Grindings are increasing, however, and due to high cocoa butter prices, further increases can be expected.

Tea and coffee processing predominately takes place in the EU, and Belgium itself has several players, which are mentioned in section 2.

Opportunities and threats

- + Besides being a major trader of cocoa beans, Belgium also has the highest per capita consumption of chocolate confectionery in the EU, making it an interesting market for developing country exporters. Its relatively large domestic chocolate industry makes it an interesting market for exporters of processed cocoa products.
- ± According to industry sources, there is a trend in Belgium that young people are consuming less coffee in favour of more fashionable (tea based-) drinks, which are seen as more healthy. However, increasing consumption of herbal tea could occur at the expense of black tea consumption in particular.
- ± As in many other EU member states, green tea is becoming increasingly popular in Belgium, to the detriment of black tea varieties. However, while the total black tea market is showing a decrease, premium black teas are popular in Belgium.
- Belgium is also feeling the effects of the economic crisis and the Belgian 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 these market niches, most specifically certified markets.

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 Belgium 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 Belgian Coffee Bureau, CHOPRABISCO and FENACO offer particularly interesting information on the Belgian market. Information on the market for tea is very limited.
- Euromonitor offers information on the Belgian 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 three main products

of cocoa beans, paste 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 developing country suppliers, except for certain market niches.

Belgium has a large port function for cocoa and various traders are therefore present in the country. Next to this, Barry Callebaut and Belcolade, the first and second largest producers of high-quality chocolate, have producing facilities in the country. Belgium plays a limited role for tea in an EU perspective. Only the coffee re-exports are of real importance in Belgium, and Belgian traders play a significant role. 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 on 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 non-conventional products (high quality, specific origin), which might be interesting for developing country producers.

Traditionally, traders and dealers operate in ports where coffee is delivered, an important one being Antwerp in Belgium. Belgian coffee traders include Beyers Koffie nv, Braunschweig & C°, Efico nv, Phoenix Trading nv, and Supremo nv/sa. Apart from traders, coffee roasters also play a significant role as traders themselves and are discussed below.

Vertical integration between tea blenders and traders is considerable. However, Belgium's role in this trade is rather limited, because most needs are supplied by foreign companies, often directly supplying Belgian retailers and distributors. 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. However, no significant players were encountered in Belgium.

The largest cocoa processors also have their own import departments, but trading companies play a very large role in processor sourcing practices. No important cocoa traders are based in Belgium.

Processing

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

Roasting of the original green coffee almost exclusively takes place in consumption countries. The level of concentration in the coffee roasting sector Belgium is, with around 75% of the market controlled by the top five players, quite average in a European perspective. Both Kraft (under the conventional brand Café Hag, and premium brands such as Jacobs Carte Noir and Velours Noir) and Douwe Egberts (under its own brand, Jacqmotte and Zwarte Kat) have a very strong position on the Belgian market. Even though many of them have disappeared, Belgium still has smaller roasters producing under own brands or private labels, most of which are members of the Royal Association of Coffee Roasters. In fact, Belgium is one of the countries with the highest number of small coffee roasters. Important domestic companies include Rimbouts, Beijers Koffie (selling under brands such as Beijers, Kimbo and Fort) and Koffie Miko (producing under the Miko brand and private labels).

Blending and packing of tea takes place in the EU. Although less concentrated than the coffee trade, processing is strongly concentrated on a regional level. The leading 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. The market in Belgium is completely dominated by foreign players, such as Douwe Egberts and Twinings, and is supplied from abroad. Specialty brands, such as La Tisanerie (France) are also produced abroad. Unilever has production facilities for tea in the country.

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 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. Belgium has a very large number of (small and medium-sized) chocolate producers. Moreover, some large companies, such as Belcolade and Barry Callebaut, produce (industrial) chocolate in the country.

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 specialised 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 of organic products are still located in The Netherlands and Germany, and form an important trade channel for organics producers in developing countries. Belgium does not have any major organics trading companies. 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 and Rainforest Alliance), 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 Fair Trade-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 for their organic private labels, which does not necessarily have to be in Belgium. 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. However, the role of Belgian producers in organic production, especially for tea, is likely to be limited, as conventional production is also limited.

An interesting manufacturer of organic chocolate in Belgium is Devas. The company buys its chocolate from different sources (such as Ecuador) and markets region-specific products.

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. Especially for coffee, small roasters remain important in Belgium.
- 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 organics market increasingly interesting for conventional players. Their entrance in the market will have a profound influence on this niche. Belgian players are not yet very active in the organic sector.

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, is not transparent. In general, margins in Belgium 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 Belgium should not deviate from the general EU method. However, please note that, although Belgium plays an important role in the trade of cocoa and coffee, where cocoa is concerned many of the cocoa traders are not based in Belgium. The players are traders and grinders in other EU countries, who import through the port of Antwerp. There is a substantial coffee trade sector in the country, whereas for the other two commodities the number of traders is limited and buyers would mainly be processing companies.

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

- Efico nv, importer/trader - <http://www.efico.com>
- Supremo nv/sa., importer/trader - <http://www.supremo.be>
- Douwe Egberts SA, the leading producer and supplier of coffee in Belgium - <http://www.de.nl> .
- Koffie F. Rombouts NV, one of the leading roasters in Belgium - <http://www.rombouts.com>
- SAS NV, roaster of coffee - <http://www.sas-koffie.be/sas>
- Koffie Miko, important roaster - <http://www.miko.eu>
- Beijers Koffie, important roaster and importer - <http://www.beyerskoffie.be>
- Café Liègeois - <http://www.cafe-liegeois.com>

Tea

- Flaronis S.A., coffee roaster and tea distributor - <http://www.flaronis.com>

Cocoa

- Belcolade, one of the leading Belgian chocolate manufacturers - <http://www.belcolade.be>
- Niche Trading, trading of, amongst other, processed cocoa products - <http://www.nichefoods.com>
- Althaea NV, chocolate manufacturer - <http://www.althaea.be>
- Barry Callabaut, world leader in industrial chocolate - <http://www.barry-callebaut.com>
- Italo Suisse NV, chocolate manufacturer - <http://www.italosuisse.be>
- Chocolaterie Pralibel NV, manufacturer of chocolate, also active in Fair-Trade - <http://www.pralibel.be>
- Cargill Group - <http://www.cargill.com>
- Devas Belgian FairTrade & Organic Chocolate is an interesting chocolate manufacturer - <http://devas.be>

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

Belgium is the third largest importer of coffee in the EU, accounting for 12% of total coffee imports. In 2008, Belgian green coffee imports amounted to € 696 million / 356 thousand tonnes. This signifies an annual increase of 34% in value, and 16% in volume since 2004. This is much higher than the overall EU growth in imports. The figures also reflect the strong price fluctuations experienced until 2006, as imports increased greatly in value after 2004. The strong increase in the volume of imports also reflects the increasing importance of Belgium as a re-exporter to other EU countries, but Belgium also has its own roasters.

More than 98% of imports originated in developing countries of which Brazil is the leading supplier (27% market share). Of the main suppliers, especially Vietnam's supply is increasing fast (66% annual increase). Honduras and Peru also show an increasing importance as

supplying countries, with growth rates of over 50%. Part of the coffee is also imported from Germany, The Netherlands and France.

Most EU countries import part of their coffee needs as roasted coffee, a market in which DCs play a negligible role. Belgian imports are dominated by green coffee amounting to 93% of the total volume of coffee imports. Imports of roasted coffee are much smaller than the green coffee imports. Between 2004 and 2008, imports increased by 13% in value and by 0.9% in volume annually, amounting to € 121 million / 28 thousand tonnes in 2008. Roasted coffee was exclusively imported from European countries.

Organic coffee

According to ICO, Belgium was the third largest EU importer of organic coffee, after Germany and Sweden. Import volumes in 2007/2008 amounted to 1.1,965 tonnes.

Table 3.1 Imports of coffee, tea and cocoa by Belgium, 2004 - 2008, in € million/1,000 tonnes, average annual change in % of value

Product	2004		2006		2008		Average annual % change	
	value	volume	Value	volume	value	volume	value	volume
Green coffee	219	197	350	215	696	356	34%	16%
Tea	27	8.5	30	8.8	38	11	9.4%	6.2%
Black tea	18	6.2	21	6.0	27	7.7	9.9%	5.6%
Green tea	8.2	2.4	8.6	2.7	11	3.2	8.3%	7.7%
Cocoa beans	229	155	280	199	316	178	8.4%	3.6%
Cocoa paste	61	27	76	37	100	42	13%	11%
Cocoa butter	165	56	232	66	305	65	17%	3.9%
Cocoa powder	31	13	21	16	23	17	-6.6%	6.9%

Source: Eurostat (2009)

*Developing countries

Tea

Belgium is increasing in importance as a tea importer. Imports increased by 9.4% annually between 2004 and 2008, amounting to € 38 million / 11 thousand tonnes. In volume the increase amounted to 6.2% annually. Imports are increasing faster than in the EU (5.2% in value, 1.6% in volume). Currently, Belgium is the seventh largest importer of tea in the EU, accounting for 4.3% of total tea imports, 3.7% of black tea imports and 6.6% of green tea imports. The division within Belgian imports between the tea varieties is 71% for black tea and 29% for green tea. As such, green tea is relatively important in Belgium, compared to other EU countries.

Compared to other European countries, Belgium imports a large part of its tea from other EU countries. Between 2003 and 2007, imports sourced in EU countries increased annually by 7.2% but, as direct imports from developing countries are increasing faster, their share of imports is decreasing. Imports from developing countries increased annually by 19.5%, amounting to € 11 million in 2007 and representing a market share of 28%.

As shown in table 3.2, leading suppliers to Belgium are the United Kingdom, China, France and Poland. However, imports from the UK are decreasing by 1% annually, and those from France by 5.7%. In contrast, imports from China, mainly responsible for green tea imports, are increasing fast, and especially Poland and Turkey are rapidly gaining in importance. Developing countries play a much larger role for green tea than for black tea.

Table 3.2 Imports by origin and leading suppliers to Belgium 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	Germany (1.4%), The Netherlands (0.2%), France (0.1%),	1.8%	-23%
	Extra-EU, ex DC* DC*	- Brazil (27%), Vietnam (15%), Colombia (9.5%), Honduras (9.2%), Peru (8.2%), Uganda (6.3%), Ethiopia (3.0%), Guatemala (2.3%), Mexico (2.2%), Indonesia (2.0%)	n.a. 98%	n.a. 39%
Tea	Intra-EU	United Kingdom (19%), France (14%), Poland (14%), Netherlands (8.4%), Germany (8.3%)	69%	7.2%
	Extra-EU, ex DC* DC*	USA (2.4%), Switzerland (0.7%), Japan (0.5%) China (15%), Turkey (7.0%), Sri Lanka (4.1%), India (0.4%), Morocco (0.3%), Kenya (0.3%)	3.9% 28%	-2.8% 20%
Black tea	Intra-EU	United Kingdom (26%), Poland (17%), France (14%), Germany (10%), Netherlands (7.7%),	80%	5.9%
	Extra-EU, ex DC*	USA (1.9%), Switzerland (1.0%), U.A. Emirates (0.3%)	3.3%	33%
	DC*	Turkey (10%), Sri Lanka (4.7%), China (0.9%), India (0.3%)	17%	45%
Green tea	Intra-EU	France (16%), Netherlands (10%), Poland (7.2%), Germany (4.3%), United Kingdom (1.8%)	41%	15%
	Extra-EU, ex DC* DC*	USA (3.7%), Japan (1.5%) China (48%), Sri Lanka (2.6%), Morocco (1.0%), Kenya (0.9%), India (0.6%)	5.4% 54%	-19% 10%
Cocoa beans	Intra-EU	Bulgaria (1.1%), Netherlands (0.5%), France (0.1%), United Kingdom (0.1%)	1.8%	59%
	Extra-EU, ex DC* DC*	- Ivory Coast (29%), Ghana (18%), Nigeria (15%), Togo (10%), Dominican R. (5.7%), Sierra Leone (4.1%), Ecuador (3.8%), Papua N.G. (3.2%), Peru (1.8%), Nicaragua (1.6%)	n.a. 98%	n.a. 8.1%
Cocoa paste	Intra-EU	The Netherlands (58%), France (21%), Germany (20%), United Kingdom (0.6%), Italy (0.2%)	99%	13%
	Extra-EU, ex DC* DC*	- Cameroon (0.3%), Ghana (0.1%), Indonesia (0.1%), Costa Rica (0.1%)	n.a. 0.6%	n.a. 7.9%
Cocoa butter	Intra-EU	The Netherlands (58%), France (36%), United Kingdom (1.7%), Germany (0.5%), Spain (0.1%)	97%	17%
	Extra-EU, ex DC* DC*	- Malaysia (2.4%), Indonesia (0.6%), Ivory Coast (0.2%)	n.a. 3.2%	n.a. 19%
Cocoa powder	Intra-EU	The Netherlands (38%), France (28%), Germany (9.4%), Spain (7.7%), Sweden (5.1%)	93%	-5.3%
	Extra-EU, ex DC* DC*	- Indonesia (3.0%), Malaysia (2.0%), Brazil (1.4%), Turkey (0.2%), South Africa (0.1%)	0.0% 6.9%	-29% -18%

Source: Eurostat (2009)

*Developing countries

¹ Due to rounding off, shares might not add up to exactly 100%.

Cocoa

Belgium is the third largest EU importer of cocoa beans. It is also a principal importer of cocoa paste, butter and powder, taking the fourth, second and fifth places, respectively. An increase in import value can be noticed for all products except cocoa powder. Import volume increased for all products.

Between 2004 and 2008, imports of cocoa beans increased by 8.4% in value annually and in volume by 3.6%, amounting to € 316 million / 178 thousand tonnes in the latter year. Due to rapidly increasing imports and exports, Belgium has become a major re-exporter of cocoa beans, while the principal suppliers, African countries, increased their exports to Belgium. However, Ivory Coast (-6.9% annually) saw its import share fall, due to increases by Ghana (+16%), Nigeria (11%) and Togo (+63%).

Between 2004 and 2008, imports of cocoa paste increased by 13% annually in value, and by 11% annually in volume. Imports amounted to € 100 million / 42 thousand tonnes in 2008. Almost all cocoa paste was sourced in other EU countries, notably The Netherlands, Germany and France. Developing countries have seen their exports to Belgium decrease sharply in the past years resulting in their market share dropping from 6% in 2002 to almost zero in 2008. Cameroon, Costa Rica, Peru and Indonesia show a market share of 0.3% or less in 2007.

Between 2004 and 2008, imports of cocoa butter increased by 17% annually in terms of value and by 3.9% in volume. Imports amounted to € 305 million / 65 thousand tonnes in 2008. Almost all cocoa butter was sourced in other EU countries, notably The Netherlands and France. However, imports sourced in developing countries increased by 19% during the review period. Malaysia was the largest developing country supplier, accounting for 2.4% of the total Belgian import market and showing an increase of 64%.

Between 2004 and 2008, imports of cocoa powder decreased by 6.6% annually in terms of value, and increased by 6.9% in terms of volume. Imports amounted to € 23 million / 17 thousand tonnes. EU countries, most notably The Netherlands and France, dominated Belgian imports of cocoa powder. Imports from developing countries also decreased during the period analyzed (by 18% annually) while imports from European countries decreased by 5.3% annually.

Exports

Coffee

Belgium has become the largest re-exporter of green coffee in the EU, followed by Germany which was the leading exporter in 2007. The Belgian re-exports of green coffee in 2008 accounted for 59% of total EU exports. Furthermore, exports of green coffee increased on average by 61% in value and 43% in volume annually. The strongest growth was, however, in the last two years. Exports were mainly directed to The Netherlands and France.

Regarding roasted coffee, Belgium only accounts for 7.9% of total EU exports, as EU coffee exports are strongly dominated by Germany and Italy. The value of coffee exported by Belgium increased significantly in the review period. Between 2004 and 2008, exports increased by 6.6% annually in value terms but decreased by 7.0% annually in volume terms, amounting to € 221 million / 44 thousand tonnes in the latter year. Exports were mainly oriented to EU countries, especially France and, to a lesser extent, The Netherlands and the UK.

Tea

Belgium is a net tea exporter in terms of value. This possibly means that Belgian re-exports considerable amounts of value-added processed tea products. Belgium is the third largest EU exporter of tea, although accounting for only 8.8% of total EU exports, as EU tea exports are strongly dominated by France and Poland. Between 2003 and 2007, Belgian exports of black tea increased by 4.1% in value terms amounting to € 41 million / 5.8 thousand tonnes. The exports of green tea show a rapid growth and increased by 16% in value and volume per year in the review period resulting to € 12 million / 2.5 thousand tonnes

Cocoa

Belgium is a major important trader of cocoa beans in the EU. In 2008, the country accounted for 42% of total EU (re-)exports of cocoa beans. Between 2004 and 2008, exports of cocoa

beans increased by 7.7% annually in value terms, amounting to € 217 million / 119 thousand tonnes in the latter year. Exports were mainly oriented to EU countries, especially France, Germany and The Netherlands. In 2008, exports of cocoa paste were very limited. Exports of cocoa butter increased by 15% annually, amounting to € 15 million / 3.7 thousand tonnes in 2008. Exports of cocoa powder accounted for only 0.8% of total EU exports, amounting to € 4.5 million / 2.5 thousand tonnes in 2008. Although re-exports of cocoa butter by Belgium are on the rise, the high export of cocoa beans and the limited exports of other manufactured products demonstrate the limitations of the Belgian cocoa processing industry.

Opportunities and threats

- + Based on the trade data, Belgium seems an interesting market for developing country exporters of coffee, especially green coffee, because of the following reasons:
 - Belgium's trade role in green coffee is increasing in importance, since green coffee imports as well as exports increased in volume and value in the review period;
 - Belgium is a net importer of coffee;
 - Almost all coffee was sourced in developing countries.
- + Belgium is an interesting market for developing country producers of tea, because Belgium is still a considerable tea importer.
- +/-Although a large proportion of cocoa beans enters the EU through Antwerp, only a limited part is used domestically, while most is re-exported for processing elsewhere in the EU. Therefore, the opportunities for cocoa beans exporters in developing countries may be more limited than import figures suggest, as many trading companies are not located in Belgium itself. Moreover, the domestic processing industry is limited. However, the strong demand for cocoa paste, butter and powder, considering limited exports, is mostly used by companies located in Belgium. The country has a large chocolate manufacturing industry, which is, for a large part, constituted by smaller specialty producers (*chocolatiers*) but also by a couple of the world's largest industrial chocolate manufacturers.

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 prices for coffee, tea and cocoa are global market prices, Belgian prices should show limited deviation from those prices. Deviation should be especially limited due to the major port function of Antwerp as a first entry point in the EU for both coffee and cocoa.

There has been an overall increase in coffee prices in the global market. However, prices of coffee remain volatile. Retail level prices for coffee in Belgium are, at € 8.28, just below the

European average. Due to wide differences in quality, tea prices show a large variation, both at the aggregate and auction levels. The price for organic tea strictly follows the market rules, but is very volatile. Fair-Trade organic tea offers a differentiated premium, depending on the type of tea.

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 Belgium. The websites of large retailers like Colruyt (<http://www.colruyt.be>) 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 Belgium, you should be aware of the market access requirements of your trading partners and the Belgian 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 Belgium 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 Belgium 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. As mentioned in section 4, there are not many traders and blenders of tea in Belgium. The same holds for cocoa, as only a few smaller traders are located in the country. Nevertheless, Antwerp is a very important port and the importance of cocoa trading is increasing in Belgium. As for the coffee trade, Belgian traders are very important. Most inhabitants of Belgium speak French and

Dutch (usually English, and sometimes 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 Belgium are:

- Food Industry Federation / Fédération de l'Industrie Alimentaire - Federatie Voedingsindustrie (FEVIA) - <http://www.fevia.be>
- Koffiebureau België / Belgian Coffee Bureau - <http://www.koffiebureaucafe.be>
- Beroepsvereniging van de Antwerpse Koffie-Invoerhandel / Association of Antwerp Coffee Importers (BVDAKI) – e-mail: bvdaki-upcaic@skynet.be
- Koninklijk Verbond van Koffiebranders / Royal Association of Coffee Roasters - <http://www.koffiecafe.be>
- Koninklijke Belgische Vereniging van de Biscuit-, Chocolate-, Praline- en Suikergoedindustrie / Royal Belgian Association of Biscuit, Chocolate, Praline and Confectionery Industries (CHOPRABISCO) - <http://www.choprabisco.be>
- Royal Federation of Chocolate Makers (FENACO) - <http://www.fenaco.org>
- Bioforum – umbrella organisation for the organic sector - <http://www.bioforum.be>

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 Belgium is

- Horecamagazine – Focused on the catering sector - <http://www.horecamagazine.be>
- Please also refer to the CBI document 'From survey to success: guidelines for exporting coffee, tea and cocoa to the EU'.

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'. No trade fairs of interest were encountered in Belgium.

Internet provides many sources on business practices and culture, such as <http://www.kwintessential.co.uk/resources/global-etiquette/belgium-country-profile.html>. Please keep in mind that these pages only give general remarks. Therefore, when conducting business, use your intuition and an understanding attitude.

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

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