

## CBI MARKET SURVEY

## THE COFFEE, TEA AND COCOA MARKET IN DENMARK

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**Report summary**

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

- Denmark has the second-highest per capita coffee consumption in the EU (9.3 kg in 2008), with total consumption amounting to 42 thousand tonnes in 2008.
- Total tea consumption amounted to 1.4 thousand tonnes (0.25 kg per capita) in 2008, which is relatively low by West European standards.
- Cocoa grindings in Denmark amounted to 2.5 thousand tonnes in the year 2008/09. At 7.4 kg in 2007, per capita consumption of chocolate confectionery in Denmark is well above EU average.
- Denmark is a rather small importer of coffee, tea and cocoa, with green coffee imports amounting to € 69 million in 2008, tea imports € 11 million, cocoa beans imports € 12 million, cocoa paste imports € 3.5 million, cocoa butter imports € 9.1 million and cocoa powder imports € 5.4 million.
- Developing countries play a significant role in the supply of coffee (accounting for 78% of supply), tea (20%) and cocoa beans (25%).

This survey provides exporters of coffee, tea and cocoa with sector-specific market information related to gaining access to Denmark. 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 value of the Danish organic market expanded by 23% between 2006 and 2007. The organic turnover reached € 580 million in the latter year. In 2006, organic products worth an estimated € 78 million were imported, and products worth € 37 million were exported (Statistics Denmark 2007). Danish consumers spent € 106 per capita, which was the highest in the EU (FiBL 2009).

The retail value of Fair Trade-certified products in Denmark increased by 40% between 2007 and 2008, amounting to € 51 million in the latter year (FLO, 2009).

Note that the consumption data for coffee and tea in this chapter concern the Danish 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 Denmark also imports processed products. Moreover, imports are not necessarily

sourced directly in developing countries. This is the case for Danish coffee imports which, for a substantial part, are imported as roasted coffee, from other EU countries. A large part of tea imports is packed in other EU countries, especially Germany and Sweden, or tea intended for Danish 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), Denmark is a medium-sized coffee consumer, responsible for 1.8% of total EU consumption (ICO, 2009). Danish coffee consumption decreased at an annual average rate of 4.6% between 2004 and 2008, amounting to 42 thousand tonnes in the latter year. Per capita consumption in Denmark is among the highest in the EU, amounting to 9.3 kg annually in 2008.

Sales of premium coffees are rising as Danish consumers are increasingly consuming cappuccino and espresso coffees. In addition, sales of instant coffee are booming in Denmark, while sales of conventional coffee are decreasing. Nevertheless, health and wellness awareness tends to remove Danish consumers from coffee, which is being replaced by healthier products such as herbal tea (Euromonitor 2009).

According to the ITC coffee guide, in 2007, consumption of Fair-Trade-certified coffee amounted to 897 tonnes, showing an increase of 13% between 2003 and 2007. This increase signifies the interest from Danish consumers in socially-friendly and sustainable coffee sources (ITC, coffee guide 2009). The market share for Fairtrade coffee is estimated at 1.8% of the total market (Fair Trade Denmark, 2008). According to industrial sources, consumption of organic coffee in Denmark is still on the rise. Other certification schemes are becoming increasingly important in the Danish market, such as the role of Utz certified coffee with McDonalds serving its Merrild Utz certified coffee since June 2007 (Utz Certified, 2009).

### Tea

According to the International Tea Committee (ITC), Denmark is a medium to small tea consumer in the EU, with a share of 0.6% in total EU consumption (ITC, 2009). Total Danish tea consumption shows an average annual decrease of 1.4% between 2004 and 2008, with consumption amounting to 1.4 thousand tonnes in 2008. Per capita consumption was amounted to approximately 0.25 kg in 2008.

Green tea consumption is showing considerable increases each year and this development is expected to continue. This is also partly due to increased availability of green teas with added flavours in the Danish market. Furthermore, like green teas herbal infusions are increasingly popular within the scope of the health consciousness that is predominant in Denmark (Euromonitor, 2009).

### Cocoa

According to the International Cocoa Organization (ICCO), Denmark is a small grinder of cocoa beans. Total grindings of beans fluctuated strongly over the period 2004-2008. In 2008/2009 total grindings amounted to about 2.5 thousand tonnes, showing a substantial decrease of 36% since 2004/2005 (ICCO, 2009). The Danish grindings remain limited, are sporadic in nature, and probably take place in the small processing facilities of foreign and domestic chocolate producers in the country.

Danish industrial demand for processed cocoa products is not known. Danish apparent consumption of cocoa<sup>1</sup> amounted to 23 thousand tonnes in 2007/2008, comparable to Romania and the Czech Republic. This was an increase of 8.9% per year since 2003/2004 (ICCO, 2009). The Danish per capita cocoa consumption, at 4.1 kg, lies above the EU average (2.8 kg).

Danish per capita chocolate consumption takes a sixth position in Europe, at 7.4 kg in 2007. According to industry sources, chocolate consumption shows little development.

The sales of Fair-Trade-certified cocoa amounted to 64 tonnes in 2006, which was a substantial increase of 131% per year for the period 2004-2006 (FLO, 2007).

### **Market segmentation**

Market segmentation of coffee, tea and cocoa in Denmark should not differ from the overall EU market segmentation; no additional information on the Danish 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**

Increasing health and wellness concerns, in combination with the weakening of the Danish economy, have a negative impact on coffee consumption. However, Danish consumers are increasingly willing to pay a premium for high quality and certified products. Next to this single origin products, or 'products with a story' as they are called by industry sources, become more popular (Euromonitor 2009).

Although black tea remains the most consumed tea variety, fruit and green tea are becoming popular. Furthermore, herbal infusions are increasingly consumed. However, these often do not contain actual tea, therefore offering no opportunities to tea consumers.

As in other European countries, a slow trend is noticed towards more consumption of dark chocolate instead of milk chocolate. Chocolate in Denmark is moving away from gift consumption and is now becoming more a conventional product. Chocolate is increasingly consumed any time of the day as a snack, instead of being served only on special occasions.

### **Production**

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

Denmark has a very limited cocoa grinding industry, likely being incorporated into chocolate production. Tea and coffee processing predominately takes place in the EU, and Denmark itself also has several players; however, coffee and tea are often processed abroad.

### **Opportunities and threats**

- + Just as in other Nordic countries, coffee consumption is very high in Denmark, which could offer market opportunities for developing country coffee exporters. Please note, however, that consumption is only increasing for instant, premium and Fair-Trade coffee.
- + Consumption of chocolate confectionery in Denmark is far above the EU average. However a large part of the products consumed in the country is imported.
- Denmark is feeling the effects of the economic crisis and the Danish economy is facing a recession. Although this is not likely to impact on total sales of coffee, tea and cocoa, it can hit high-value varieties for some time. However, in the long term, opportunities will be best in those market niches.

It is important to note that an opportunity for a supplier in a developing country may sometimes be a threat to another. The information given should be assessed according to the

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<sup>1</sup> Apparent consumption of cocoa means grindings plus net imports (imports minus exports) of cocoa products and of chocolate products recalculated into the amount of beans, using conversion factors.

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 Denmark 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.
- Euromonitor offers information on the Danish 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 developing country suppliers, except for certain market niches.

Please keep in mind that the tea and cocoa trade is very limited in size in Denmark, and all three sectors depend mostly on other EU countries for their imports. 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. These brokers are located in the main trading countries in the EU. Agents representing importing companies in developing countries can play an important role but, except for coffee, direct imports from developing countries are very limited in Denmark.

#### *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, which are not located in Denmark. 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. Nordic countries such as Denmark largely lack main traders. Imports are conducted by (international) roasters and their agents, often from the main trading centres in the EU.

Vertical integration between tea blenders and traders is considerable. Next to the leading multinational corporations (i.e. Unilever), which have a huge influence on tea trade with their role in production, trade and processing, more local traders, and blenders also import considerable quantities. However, the Danish tea market appears to be almost exclusively supplied by international tea companies such as Sara Lee/DE, and Unilever. Smaller distributors are active on the Danish market for tea and they source tea in other (mostly EU) countries.

The largest cocoa processors also have their own import departments, but trading companies play a very large role in processor sourcing practices. Denmark does not have any major cocoa traders.

#### *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 usually takes place in consumption countries. In the EU, this often concerns multinationals supplying several EU countries from their production facilities. Denmark has one of the most concentrated coffee markets in the EU, with four companies dominating the market: Merrild (Sara Lee/DE), Gevalia (Kraft), Karat, and BKI. Even though many of them have disappeared, Denmark still has several smaller roasters producing under own brands or private labels. The most important ones are Eurogran and Peter Larsens Kaffe.

Although less concentrated than the coffee trade, national tea 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 or national players, as well as niche and specialty players. The Danish tea market is almost completely dominated by these foreign suppliers, apart from several smaller local distributors and premium tea distributors/retailers. Eurogran is also active on the Danish tea market.

Cocoa processing companies can be divided into two main segments: the grinding industry - producing cocoa paste, butter, and powder - and secondary processing companies, active in further processing of cocoa butter. The grinding industry is also concentrated, with several multinationals dominating the market. No major processors are located in Denmark, and the sporadic grinding probably takes place in the small processing facilities of foreign and domestic chocolate producers in the country. The highly concentrated end-industries use processed cocoa products in chocolate, cocoa confectionery, beverages and cosmetics (cocoa butter). Direct trade with these players is rather difficult. According to industry sources, international companies dominate the Danish chocolate market, for a large part importing products from abroad.

#### *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 from supermarkets and/or specialty chocolate shops. 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 specifically 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. However, these trading houses are not located in Denmark. Most organic traders are still located in The Netherlands and Germany, and form an important trade channel for organic producers in developing countries. UTZ-certified and Rainforest Alliance are mainly working with the larger mainstream players and are therefore traded through conventional channels.

In the EU, certified coffee, tea and cocoa (i.e., organic, Fair Trade, Utz Certified, Rainforest Alliance, etc.), is sold primarily through traditional channels (either mainstream retailers or organics 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. 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, it is likely that a considerable share of Danish domestic organic needs is supplied from abroad.

### **Trends**

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

- Continued concentration tendencies in EU 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 organics 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 for 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 Denmark 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 Denmark should not deviate from the general EU method. However, please note that Denmark plays a very limited role in the trade of coffee, tea and cocoa, and imports are to a considerable extent conducted by agents and processors, directly from other EU countries or are processed products imported from other EU countries by retailers, and in the case of cocoa, by chocolate and food manufacturers. Coffee is more often imported directly from developing countries.

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

- BKI Kaffee A/S, importer/roaster - <http://www.bki.dk>
- Eurogran A/S, major grinder and instant coffee producer, working under the Le Royal brand - <http://www.eurogran.com>
- Just Coffee, organic coffee roaster - <http://www.justcoffee.dk>
- Merrild Kaffe A/S, local brand of Douwe Egberts - <http://www.merrild.dk>
- Peter Larsens Kaffe A/S, coffee roaster and trader, tea distributor - <http://www.peterlarsenskaffe.dk>

#### Tea

- Fredsted The A/S, local distributor - <http://www.fredsted-the.dk>
- A.C. Perchs, tea distributor/premium tea retailer and internet shop - <http://www.perchs.dk>

#### Cocoa

- Toms Group A/S, producer of chocolate - <http://www.toms.dk>
- ABL Food, trader/wholesaler of amongst others (organic) cocoa - <http://www.ablfood.dk>

*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

Denmark is a rather small green coffee importer, ranked 13<sup>th</sup> among EU countries. This corresponds to 1.2% of total EU coffee imports, worth € 69 million / 33 thousand tonnes. Between 2004 and 2008, import increased by 3.1% in value, but decreased by 12% in volume. This probably signifies a substantial decrease in local processing.

The share of developing countries in Danish imports is somewhat below the EU average. Developing countries account for 78% of Danish coffee imports. In fact, imports from developing countries decreased in value by 1.1% and 15% in volume annually. Brazil is Denmark's main supplier. Other leading developing country suppliers are Colombia and

Honduras but imports from these countries are decreasing. In contrast, the imports from Germany and Belgium show respective annual growth rates of 41% and 37% in the review period.

Most EU countries import part of their coffee needs as roasted coffee, a market in which DCs play a negligible role. Denmark imports a relatively large part of its overall coffee volume in the form of roasted coffee, accounting for 69% of the total import volume. Danish imports of roasted coffee increased very fast by 41% annually in value and 39% in volume between 2004 and 2008. This increase in value was mostly due to the fact that a higher proportion of roasted coffee is imported by Denmark. Sweden has an increasing trade function in Nordic countries and already supplies 69% of the Danish market.

#### *Organic*

According to ICO, Denmark is a medium-sized importer of organic coffee, with an import volume of 709 tonnes in 2007/2008. In the review period the imports increased on average by 20% per year.

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

Product	2004		2006		2008		Average annual % change	
	value	volume	Value	volume	value	volume	value	volume
<b>Green coffee</b>	61	54	61	34	69	33	3.1%	-12%
<b>Tea</b>	9.8	1.5	9.9	1.6	11	1.9	3.3%	5.9%
Black tea	8.6	1.3	8.4	1.4	9.2	1.5	1.8%	2.7%
Green tea	1.2	0.2	1.6	0.2	1.9	0.4	12%	27%
<b>Cocoa beans</b>	8.9	6.3	5.5	3.6	12	5.3	6.8%	-4.4%
<b>Cocoa paste</b>	2.4	1.1	2.5	1.3	3.5	1.3	10%	3.8%
<b>Cocoa butter</b>	7.0	2.2	16	4.6	9.1	1.3	6.5%	-12%
<b>Cocoa powder</b>	9.5	3.2	5.0	3.1	5.4	3.0	-13%	-2.0%

Source: Eurostat (2009)

\*Developing Countries

#### **Tea**

Denmark is a small tea importer, for green as well as black tea, and accounts for 1.3% of total EU tea imports. The import value as well as the volume increased between 2004 and 2008, by 3.3% and 5.9% annually, respectively, amounting to € 11 million / 1.9 thousand tonnes. Green tea imports account for 21% of the tea imports, while black tea accounts for the remaining 79%. Green tea imports showed a large increase.

The share of developing countries in Danish tea imports was far below the EU average. Developing countries accounted for 20% of Danish tea imports. However, their share increased annually by 15%, while tea imports from EU countries increased by 1.1%. Imports from Hungary, Sri Lanka, India, China and the USA are increasing fast, while imports from Sweden and Germany are growing slowly.

#### **Cocoa**

Danish imports of cocoa products are limited, and vary considerably between consecutive years. In 2008, Denmark ranked as the 11th largest EU importer of cocoa beans with a market share of 0.4%. The role of Denmark in imports for cocoa paste, butter and powder is also very small, taking the 16th, 17<sup>th</sup> and 14th places, respectively.

Imports of cocoa beans increased between 2004 and 2008 by 6.8% in value annually but decreased in volume by 4.4%, amounting to € 12 million / 5.3 thousand tonnes in the latter year. Imports come almost exclusively from the United Kingdom and Ivory Coast of which the latter is showing a rapid increase.



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

Product	Origin	Leading suppliers in 2008(share in %)	Share <sup>1</sup> (%)	Average annual % change
<b>Green coffee</b>	Intra-EU	Germany (11%), Belgium (7.9%), Sweden (1.4%), The Netherlands (0.6%), United Kingdom (0.5%)	22%	35%
	Extra-EU, ex DC* DC*	Singapore (0.1%) Brazil (40%), Colombia (8.3%), Honduras (6.5%), Peru (6.1%), Vietnam (5.0%), Uganda (2.2%), Mexico (2.0%), Indonesia (1.5%), Kenya (1.3%), Papua N.G (0.8%)	0.1% 78%	-7.3% -1.1%
<b>Tea</b>	Intra-EU	Germany (25%), Hungary (24%), Sweden (21%), United Kingdom (3.6%), Poland (1.5%)	75%	1.1%
	Extra-EU, ex DC* DC*	USA (3.6%), Japan (0.4%) Sri Lanka (11%), India (4.5%), China (4.1%)	4.2% 20%	0.6% 15%
Black tea	Intra-EU	Germany (24%), Hungary (24%), Sweden (21%), United Kingdom (3.7%), Poland (1.8%)	76%	-0.4%
	Extra-EU, ex DC* DC*	USA (2.2%) Sri Lanka (12%), India (5.2%), China (3.7%), Vietnam (0.3%)	2.5% 22%	-11% 16%
Green tea	Intra-EU	Germany (26%), Hungary (24%), Sweden (20%), United Kingdom (2.7%), Netherlands (1.0%)	75%	11%
	Extra-EU, ex DC* DC*	USA (10%), Japan (2.0%) China (6.1%), Sri Lanka (5.4%), India (1.4%)	12% 13%	26% 10%
<b>Cocoa beans</b>	Intra-EU	United Kingdom (65%), The Netherlands (7.0%), France (3.2%), Belgium (0.1%)	75%	102%
	Extra-EU, ex DC* DC*	- Ivory Coast (25%), Ghana (0.1%)	n.a. 25%	n.a. -23%
<b>Cocoa paste</b>	Intra-EU	The Netherlands (89%), Belgium (9.7%)	99%	10%
	Extra-EU, ex DC* DC*	- Ghana (1.4%)	0.0% 1.4%	n.a. n.a.
<b>Cocoa butter</b>	Intra-EU	The Netherlands (99%), Belgium (0.9%), Germany (0.1%).	100%	6.5%
	Extra-EU, ex DC* DC*	- -	0% 0%	n.a. n.a.
<b>Cocoa powder</b>	Intra-EU	The Netherlands (42%), Germany (38%), France (13%), Belgium (3.8%), Spain (1.4%)	99%	-14%
	Extra-EU, ex DC* DC*	- Malaysia (1.4%), South Africa (0.1%)	0.0% 1.5%	n.a. 44%

Source: Eurostat (2009)

\*Developing countries

<sup>1</sup> Due to rounding off, shares might not add up to exactly 100%.

Between 2004 and 2008, imports of cocoa paste increased by 11% annually in value and increased by 3.8% annually in volume. Imports amounted to € 3.5 million / 1.3 thousand tonnes in 2008. Almost all cocoa paste was sourced in The Netherlands and Belgium, but small imports from Ghana also emerged.

Between 2004 and 2008, imports of cocoa butter increased by 6.5% annually in terms of value but decreased by 12% in terms of volume. Imports amounted to € 9.1 million / 1.3 thousand tonnes in 2008. The Netherlands was the largest source of cocoa butter, with 99% of total imports.

Between 2004 and 2008, imports of cocoa powder decreased by 13% annually in value, and by 2.0% in volume. Imports amounted to € 5.4 million / 3.0 thousand tonnes. EU countries, most notably The Netherlands and Germany, dominated Danish imports of cocoa powder. However, imports from European countries decreased by 14% annually. The role of developing countries was very limited, with a market share of 1.5%, but showed a large average annual increase of 44% in value and even 89% in volume. These imports came almost entirely from Malaysia.

## Exports

### Coffee

Denmark is a small coffee exporter, accounting for negligible exports of green coffee and small exports of roasted coffee. In 2008 Denmark accounted for 1.3% of roasted coffee exports, amounting to € 35 million / 6.9 thousand tonnes in 2008. Furthermore, the value of roasted coffee exports decreased by 1.7% annually between 2004 and 2008. The fact that exports consisted almost completely of roasted coffee again shows that Denmark plays hardly any role in the green coffee trade.

### Tea

Denmark is a small tea exporter, accounting for 1.0% of total EU tea exports, amounting to € 5.7 million / 485 tonnes in 2008. Exports increased by 22% annually between 2004 and 2008. Whereas exports of black tea increased by 21% to € 4.4 million, exports of green tea increased by 28% to almost € 1.3 million in 2008. Most tea was exported to Sweden and Latvia.

### Cocoa

Denmark does not export cocoa beans, butter or cocoa paste. Danish exports of cocoa powder and butter are negligible.

### Opportunities and threats

Denmark does not seem to be a very interesting market for developing country producers for either coffee or tea, because of the following reasons:

- The coffee and tea market is not large and consumption figures show a decrease between 2004 and 2008.
- Denmark does not play a notable role in the trade of any of the products discussed.
- Cocoa imports are very limited, and a relatively limited proportion of those imports is sourced in developing countries, compared to the EU in general.

The Danish market is increasingly supplied from neighbouring Sweden, which might offer more opportunities for DC exporters.

### Useful sources

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



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

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

## 4. Prices developments

As the prices for coffee, tea and cocoa are global market prices, Danish prices should show limited deviation from those prices. Interesting to note is that, except for cocoa, the products discussed are largely imported from other EU countries by Danish agents or directly by processors and retailers/distributors, and should therefore be somewhat higher than entry-point world market prices in the main trading/processing countries. This is reflected in import prices, which for coffee and tea are comparatively high. Moreover, Denmark imports a

comparatively large share of more expensive Arabica coffee. As for retail level prices for coffee in Denmark, prices are comparable to other EU, countries totalling € 8.22 per kilogram in 2008 (ICO, 2009).

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 Denmark. The websites of large retailers like Coop Denmark (<http://www.coop.dk/>) 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 Denmark, you should be aware of the market access requirements of your trading partners and the Danish 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 Denmark 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 Denmark 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 are extremely concentrated, because of different companies dominating the different product groups across and within national markets. Denmark has a very limited number of traders and processors, with imports mainly taking place through other EU countries, where processing has also often already been conducted. Most inhabitants of Denmark speak English (and sometimes German), 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 Denmark are:

- Foodstuff Industries / Foedevareindustrien - <http://www.fi.di.dk>
- Chokolade – og Konfekturindustrien / Chocolate and Confectionery Industry: <mailto:avk@skm.dk>
- The Danish Association for Coffee and Tea Importers – <mailto:ng@adv-nyhavn.dk>
- <http://www.organic-denmark.com> is also of interest.

Trade fairs offer companies from 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'. The trade fair of interest in Denmark is:

- Foodexpo (Foodstuffs Fair) - <http://www.foodexpo.dk>

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 Denmark is:

- Levnedsmiddel Avisen - [www.logfmagasinet.dk](http://www.logfmagasinet.dk)
- TechMedia - <http://www.techmedia.dk>

Internet provides many sources on business practices and culture, such as <http://www.cba.uni.edu/buscomm/InternationalBusComm/world/europe/scandinavia/scandinavia.html> and <http://www.kwintessential.co.uk/resources/global-etiquette/denmark-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  
in collaboration with Mr. Joost Pierrot

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