

# CBI Product Factsheet: Cocoa and cocoa preparations in Finland

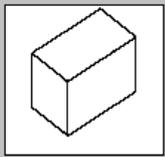
## 'Practical market insights on your product'

Finland has a chocolate consumption level that is well above average: 5.5 kg per person per year. The market for raw materials such as cocoa beans, butter, powder and fat is not large. More often, the chocolate products are sourced from other EU member states such as the Netherlands and Germany. Providing cocoa products to the Finnish consumer is only feasible for suppliers of high quality products who adhere to strict food safety requirements. This factsheet will provide you with the most important specifications of the Finnish market for cocoa products<sup>1</sup> by looking at the four P's of the marketing mix: product, price, promotion and place.

### Product: key requirements

Product specifications	
Language	Finnish: <i>Cocoa</i> - kaakao <i>Chocolate</i> - suklaa Swedish : <i>Cocoa</i> - kakao <i>Chocolate</i> - choklad (Swedish is the second official language in Finland)
Form of sale	<ol style="list-style-type: none"> <li>1. Cocoa: cocoa beans and cocoa products.</li> <li>2. Cocoa products: products made exclusively from cocoa beans, such as cocoa paste/liquor, cocoa butter, unsweetened cocoa powder, cocoa cake and cocoa nibs.</li> <li>3. Chocolate and chocolate products: products made from cocoa beans which comply with the Codex Alimentarius standard for chocolate and chocolate products. (see: <a href="http://www.codexalimentarius.org">www.codexalimentarius.org</a>).</li> </ol>
Bulk vs Fine & Flavour	<p>The world cocoa market distinguishes between two broad categories of cocoa beans: "fine or flavour" cocoa beans, and "bulk" or "ordinary" cocoa beans. As a generalization, fine or flavour cocoa beans are produced from Criollo or Trinitario cocoa-tree varieties, while bulk cocoa beans come from Forastero trees. The share of fine or flavour cocoa in the total world production of cocoa beans is just under 5% per annum. Annex "C" of the International Cocoa Agreement provides the list of producing countries that are recognised as exporting either exclusively or partially fine or flavour cocoa.</p> <p>Related Documents:</p> <ul style="list-style-type: none"> <li>• <a href="#">ICCO Fine or Flavour Panel Recommendations September 2010</a></li> <li>• <a href="#">Official Report made to the ICCO Ad Hoc Panel on Fine or Flavour Cocoa 2010 by Kamaldeo Maharaj, Agronomist, Ministry of Food Production, Land and Marine Affairs-September 2012.</a></li> </ul>
Weight classes	A (jute) bag of cocoa beans weighs between (gross) 60-65 kg (weight varies between countries, e.g. 64 kg in Ghana).
Quality	Cocoa grading differs across producing and consuming countries. The Federation of

<sup>1</sup> HS nomenclature 1801 - Cocoa beans, whole or broken, raw or roasted

	<p>Cocoa Commerce Ltd (FCC) distinguishes two grades:</p> <ol style="list-style-type: none"> <li>1. Good fermented cocoa beans: less than 5% mould, less than 5% slate and less than 1.5% foreign matter</li> <li>2. Fair fermented cocoa beans: less than 10% mould, less than 10% slate and less than 1.5% foreign matter.</li> </ol> <p>The product should be shipped shortly after harvest, as extended storage (&gt; 6 months) may result in losses due to the high relative humidities in the tropics. See <a href="#">Codex Alimentarius</a> for the codex general standard for food additives.</p>
<p><i>Labelling</i></p>	<ol style="list-style-type: none"> <li>1. Cocoa beans: Quality, fermentation, colour, moisture, beans count, % defect beans, moulds%, slaty%. Packing in jute bag and kgs net. Optional: payment (e.g. irrevocable letter of credit confirmed by a prime bank), delivery time, origin, minimum order, inspection (sgs or equivalent at load port final).</li> <li>2. Cocoa products: The EU Cocoa and chocolate directive defines labelling for cocoa butter: Free fatty acid content and unsaponifiable matter. See below under 'legislation'.</li> <li>3. Chocolate and chocolate products: Minimum percentages of cocoa butter, cocoa powder, dry non-fat cocoa, dry milk solids, milk fat, as well as of hazelnuts and flour or starch, as appropriate. See below under 'legislation' and/or <a href="http://www.codexalimentarius.org">www.codexalimentarius.org</a>.</li> <li>4. Your Finnish importer may ask additional requirements.</li> <li>5. Sustainability labels: see below non legal requirements</li> </ol>
<p><i>Packaging for shipping</i></p>	<p><b>Common ways of shipping:</b> Cocoa beans are traditionally packed in jute bags. A more recent development in the shipment of cocoa beans is towards bulk within the cargo holds of vessels/containers/barges (Bacoliners). The reasons for shipment in bulk are primarily economic e.g. a standard 20 foot container can carry approximately 13 tonnes of cocoa beans.</p>  <p><b>European standards:</b></p> <ul style="list-style-type: none"> <li>• Minimum standards for packaging (see legislation). The objective of this legislation is on the one hand to provide for environmental protection and on the other hand to ensure free trade within the single market of the European Union (EU). <a href="#">The Alliance for Beverage Cartons and the Environment</a> published a list of frequent Q&amp;A.</li> <li>• The EU has laid down rules for materials and articles coming into contact with food (including for example packaging) in order to prevent any unacceptable change in the composition of the foodstuffs and to protect human health (see legislation below). See this <a href="#">Practical Guide of the Commission on the EU Food Contact Directives</a>.</li> <li>• The <a href="#">Finnish New Waste Law</a> (May 2012) obliges Finnish companies to attend to the recycling of the packaging of their cocoa products they place on the Finnish market. It is largely based on the EU packaging legislation, but incorporates some stricter national requirements. This legislation is not directly applicable to you as a supplier outside of Finland. However, Finnish buyers might forward requirements regarding the type of material used for packaging on to you as a supplier. Products covered by producer responsibility include recyclable paper and other packaging materials. For more information, contact the Finnish <a href="#">Ministry of Environment</a>.</li> </ul>
<p><i>Forms and packaging illustration</i></p>	 <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>bulk cargo</p> </div> <div style="text-align: center;">  <p>general cargo</p> </div> </div>

Legal requirements		
Topic	Brief description	More information
<i>EU directive for cocoa and chocolate products</i>	The <a href="#">EU Directive 2000/36/EC</a> defines sales names, definitions, characteristics and labelling requirements relating to cocoa and chocolate products intended for human consumption. For more specific information contact the <a href="#">Finland Food Safety Authority</a> or your buyer.	<a href="#">EU legislation: Cocoa and chocolate products</a>
<i>General food law</i>	Food safety is the key issue in EU food legislation. The General Food Law is the framework regulation in EU food safety legislation. The legislation also introduces requirements on traceability.	<a href="#">EU legislation: General food law</a>
<i>Contaminants in food</i>	The EU food safety policy has set maximum levels for certain contaminants in specified products or product groups. In the past, the focus has been on contaminants associated with artificial drying of cocoa, but consideration is now being given to other sources that might be introduced at any stage along the supply chain. Beside pesticide residues, monitoring may take place for other contaminants, including presence of: <ul style="list-style-type: none"> <li>• mycotoxins - produced by fungi (which are usually orders of magnitude more toxic than pesticides and can therefore be treated as a failure in pest management),</li> <li>• poly-aromatic hydrocarbons (PAH) - which can result from cocoa beans coming into direct contact with smoke, for example during artificial drying using badly designed or poorly maintained driers.</li> <li>• heavy metals (such as cadmium).</li> </ul>	<a href="#">EU legislation: Contaminants in food</a>
<i>Food contact materials</i>	The European Union has laid down rules for materials and articles coming into contact with food (including for example packaging) in order to prevent any unacceptable change in the composition of the foodstuffs and to protect human health.	<a href="#">EU legislation: Food contact materials</a>
<i>Food control</i>	All food products entering the EU are subject to official controls to check whether they are in compliance with the relevant food legislation.	<a href="#">EU legislation: Food control</a>
<i>Food labelling</i>	The EU provides general food labelling requirements applicable to all foodstuffs. In addition, it outlines requirements related to nutrition and allergens labelling. Informal guidelines on how to describe the nutrition information are <a href="#">published by the EU</a> .	<a href="#">EU legislation: Food labelling</a>
<i>Good manufacturing practice (GMP) for food contact materials</i>	The EU has developed Good Manufacturing Practice (GMP) for manufacturers of materials and articles intended to come into contact with foodstuff. It is not directly applicable to producers outside the EU. However, it may be relevant, because buyers can demand a quality system.  Common quality requirements of Finnish companies include: <ul style="list-style-type: none"> <li>• employee hygiene</li> <li>• hand washing</li> <li>• proper use and storage of clothing</li> <li>• regulated traffic flow throughout the farm and/or fabric</li> <li>• chemical usage (kept to a minimum) identification of allergens and related controls and procedures (where appropriate)</li> </ul>	<a href="#">EU legislation: Good manufacturing practice (GMP) for food contact materials</a>
<i>Hygiene of foodstuffs (HACCP)</i>	The EU legislation on hygiene of foodstuffs (HACCP) is legally binding for food processors in the EU. As an exporter outside the EU, you are not bound	<a href="#">EU legislation: Hygiene of foodstuffs (HACCP)</a>

	directly by this legislation. However, Finnish companies will ask their suppliers to comply with the requirements set out in the HACCP legislation. Finnish buyers will therefore often ask you to implement a food safety management system (see under Non-legislative requirements) to prove that they comply with the HACCP-requirements.	
<i>Maximum Residue Levels (MRLs) of pesticides in food</i>	EU legislation has been laid down to regulate the presence of pesticide residues (MRLs) in food products.  A recent <a href="#">study</a> by the European Food Safety Authority has shown that food produced in Finland is the cleanest in Europe regarding pesticide residues. Therefore look for alternatives: the use of non-chemical methods and implementing Integrated Pest Management (IPM).	<a href="#">EU legislation: Maximum Residue Levels (MRLs) of pesticides in food</a>  Pesticide Use in Cocoa Guide by the ICCO: <a href="http://www.dropdata.org/cocoa/Cocoa_pesticides_manual_Ed2.pdf">http://www.dropdata.org/cocoa/Cocoa_pesticides_manual_Ed2.pdf</a>
<i>Microbiological contamination of food</i>	The EU has set microbiological criteria for food borne micro-organisms, their toxins and metabolites.  For cocoa, pay attention to especially salmonella; assume all raw cocoa beans are contaminated with pathogens	<a href="#">EU legislation: Microbiological contamination of food</a>
<i>Organic production and labelling</i>	The EU has established requirements on the production and labelling requirements with which an organic product of agricultural origin must comply, in order to be marketed in the EU as "organic".	<a href="#">EU legislation: Organic production and labelling</a>
<i>EU Standards supporting EU legislation</i>	The European Standardisation Body (CEN) is presently working on the development of a new standard for Traceable and Sustainable Cocoa. The aim is to develop European standards that help to eliminate intra European trade barriers and to mainstream the concept of sustainable cocoa.	<a href="http://www.cen.eu/cen/pages/default.aspx">http://www.cen.eu/cen/pages/default.aspx</a>

### Non-legal requirements

The responsibility policies of importers and retailers most often incorporate the following standards:

#### Quality

	<b>ISO9000</b> family provides guidance and tools for ensuring that products and services consistently meet customer's requirements, and that quality is consistently improved.	<a href="#">International Standard Organisation</a>
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#### Health & safety

A large share of buyers in Finland has implemented a food safety management system and will ask of you to do the same. These systems often go beyond legal requirements. Listed below are three systems that can be important in the Finnish market. For additional food safety systems and more information about the topic refer to CBI's document [Food Safety Management Systems](#).

	<b>ISO22000</b> addresses various aspects of environmental management. It provides practical tools to identify and control environmental impact and constantly improve their environmental performance.	<a href="#">International Standard Organisation</a>
	<b>Hazard Analysis Critical Control Point</b> is a methodology, based on seven principles, which food processors, packagers and distributors must use to identify the potential hazards that can be introduced while the food is under their care.	<a href="#">EU legislation: Hygiene of Food (HACCP)</a>
	The <b>IFS Food</b> is standard for auditing food safety and quality of processes and products of food manufacturers. It concerns food processing companies or companies that pack loose food products.	<a href="#">International Food Standard</a>
<b>GLOBALG.A.P.</b>	<b>GlobalG.A.P.</b> supports good agricultural practices that helps to provide safe and traceable products. It is becoming a minimum	<a href="#">GlobalG.A.P.</a>

	requirements demanded by Finnish retailers ( as most European retailers).	
<b>Sustainability</b>		
<p><b>Sustainability</b></p> 	<p>Sustainability is a trend in Finland and is expected to become more important in the future. It covers environmental, economic and social aspects, including health and safety issues. The most relevant label on the Finnish market for chocolate is UTZ, visible on products of international brands such as Mars and Nestlé (Kitkat and Balisto) and national brands such as Fazer and Panda. Organic and Fairtrade certified products are also available on the Finnish market.</p> <p>The main buyers are Fazer and Panda (both UTZ Certified).</p>	<p><a href="#">Labels and Standards: Sustainability in Coffee, Tea and Cocoa</a></p> <p><a href="#">Organic labelling of food products</a></p> <p><a href="#">European buyer requirements: coffee, tea and cocoa</a></p> <p><a href="#">Etiqueta Internacional de Sostenibilidad: Rainforest Alliance</a></p>
<p><b>Sector initiatives</b></p> <p>International Cocoa Agreement (ICA)</p> <p>International Cocoa Initiative (ICI)</p> <p>World Cocoa Foundation (WCF)</p> <p>Round Table for a Sustainable Cocoa Economy</p>	<p>Various sector initiatives aim for a sustainable base of cocoa production and trade. ICCO is a global organization, composed of cocoa producing and consuming countries with a membership. The latest International Cocoa Agreement (ICA) 2010 can be found <a href="#">here</a>. A sustainable cocoa economy is one of the aims of the ICA. The Roundtable for a Sustainable Cocoa Economy (RSCE) is an initiative for dialogue and sustainability amongst all stakeholders in the cocoa economy . Also WCF and ICCO initiated initiatives that facilitate sustainability and the implementation of agreements made in the RSCE and ICA.</p> <p>Fazer is a member of the WCF.</p>	<p><a href="http://www.icco.org/about-us/international-cocoa-agreements.html">http://www.icco.org/about-us/international-cocoa-agreements.html</a></p> <p><a href="http://www.cocoainitiative.org/">http://www.cocoainitiative.org/</a></p> <p><a href="http://worldcocoafoundation.org/">http://worldcocoafoundation.org/</a></p> <p><a href="http://www.roundtablecocoa.org/">http://www.roundtablecocoa.org/</a></p> <p><a href="#">Responsible cocoa sourcing by Fazer</a></p> <p><a href="#">Sustainability by Panda</a></p>

**Box 1. Example of sustainability policies of retailers**

In Finland the three largest import/wholesale groups (i.e. S-Group, K-Group, Suomen Lähikauppa) supply over 80% of the market. These groups often go beyond pure legislative requirements requirement on food safety, quality and environmental issues. Most of your buyers will supply these retailers directly or indirectly and will therefore forward those stricter requirements on to their suppliers. They communicate it to their consumers in policy statements. See their policy statements and criteria below:

- [S-Group responsibility policy](#)
- [K-Group responsibility policy](#)
- [Lähikauppa responsibility policy](#) (only available in Finnish language)

**Price: trends to watch**

**Figure 1: world and local cocoa prices**

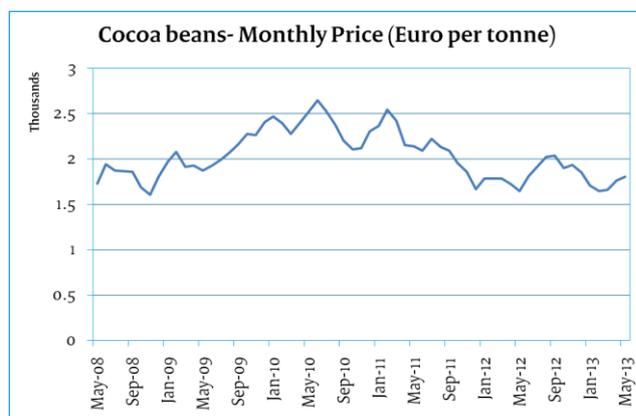


Table 1: Regional prices	Country Average yield	Farmers' price as% of the world market
Ivory Coast	450	40 – 45%
Ghana	400	65%
Indonesia	800	84%
Cameroon	425	79%
Nigeria	350	50%
Brazil	175	90%

Source: ICCO (2012)

- **Prices are dictated by the world market:** Cocoa beans have a world market price. The main indicator for world market prices is the ICCO daily price indicator. This

indicator is the average of the daily quotations for cocoa beans traded on the London market (NYSE Liffe) and on the New York market (ICE Futures US). See <http://www.icco.org/>

- **Price trends and indicators for fluctuations:** As you can see from figure 1, prices for cocoa usually remain high until January when most cocoa-producing regions start bringing their crops into the world market. The long term trend shows that prices declined since 2010. In the near future however, a rise in prices is expected due to market fundamentals: demand will pace out supply and supply will stay under pressure from worsened weather conditions and diseases (such as witches broom and black pod).

**Figure 2: Price breakdown for cocoa (excluding taxes)**



Source: Cocomanet (2012) [http://www.cocomanet.eu/fileadmin/data-pool/newsletter/01\\_EN\\_EFFAT\\_news\\_-\\_cocoa.pdf](http://www.cocomanet.eu/fileadmin/data-pool/newsletter/01_EN_EFFAT_news_-_cocoa.pdf)

- **Price mark-ups in the supply chain:** As figure 2 shows, 13-15% of the final price of chocolate goes to the production and export. To give you an indication of consumer prices, a table of exemplary chocolate prices in Finnish retail is shown below.
- **Excise tax on candy and chocolate:** In Finland, a consumer excise tax is levied on candies, chocolate, cocoa products, ice cream, and popsicles or ice lollies. Biscuits and sweet buns and pastries will be exempt from taxation. The tax has been implemented in 2011 and is now set at € 0.95 per kilo and € 0.11 per litre. The tax increased the prices of sweets by approximately 1 to 15%. The consumer tax is added at retail level.
- **Premiums for fairtrade certified cocoa:** FLO guarantees a price premium, whereas Rainforest Alliance and Utz Certified labels do not (in stead, they focus on increasing sustainable yields, by which quality and output/yield increases by other may lead to indirect price increases). The Fairtrade Premium for cocoa is \$ 200 per tonne (see [Pricing Database](#) of Fairtrade). The premium is an added value price that is supposedly transferred from the producer to the consumer.
- **Premiums for fine & flavour cocoa** Short-term factors influence the offer and bids in this small market with few participants, and hence the price obtained is highly variable. Nevertheless, fine or flavour cocoa normally commands a premium over London terminal markets. Over the past 10 to 15 years, the premiums for fine or flavour cocoa have declined, especially for cocoa originating from the Latin American and Caribbean region. Also, the the mixing of fine and flavour cocoa beans with bulk cocoa beans has caused prices to drop.

**Table 2: Consumer prices of (Specialty) chocolate in Finland**

Product	Price	Photo example
FAZER Milk chocolates 320 g Utz-Certified certificate At least 30% cocoa solids.	€ 6,01 (€ 18,78/kilo)	
PANDA Chocolate assortment 150 g Non-certified. Various fillings: Taffy, Crisp, Truffle, Zabaglione, Raspberry, Pineapple, Hazel nougat, Mint and Dark.	€ 3,99 (€ 26,60/kilo)	
Marabou Premium 170g Dark Chocolate & Mousse Suklaalevy Chocolate bar Rainforest Alliance certificate At least 12% cocoa solids.	€ 5,00 (29.41 €/kg/ kilo)	

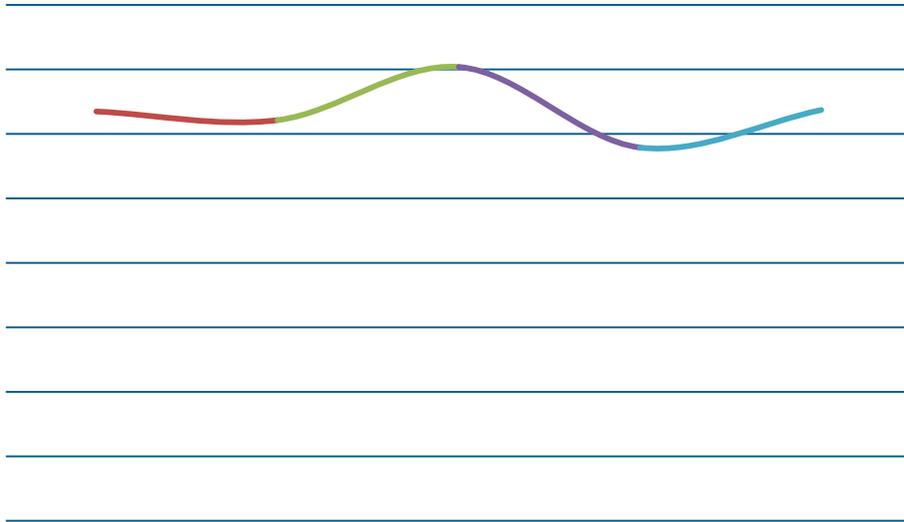
\*Based on retail prices in 2013

## Promotion: key assets and skills

- **Adapt to the Finnish business culture** : Finns consider punctuality as absolutely essential. Therefore, be consistent, punctual, reliable and honest. That means reply in time to enquiries by possible buyers (within 48 hours) and be open and realistic and do not make promises that you might not be able to fulfill. Physical contact such as back slapping or putting hands on shoulders is not generally done.
  - **Invest in communication**: Finnish buyers will greatly appreciate if you have invested in additional professional communication, such as a good website, company brochure, product specifications and business cards. Modern (free of cost) methods of communication to stay in touch with their buyers like LinkedIn, Skype and Facebook are widely known and increasingly accepted as (additional) promotional tools.
  - **National cocoa/chocolate culture**: It can be helpful to approach Finnish buyers with a little knowledge on local consumption customs. Did you know that chocolate is very popular in Finland? Per capita chocolate consumption is 13 kg on average annually while per capita confectionery sweet consumption is 6.6 kg.
  - **Direct contact with buyers through trade Fairs**: The best way to get in touch with Finnish buyers is to visit trade fairs:
    - Wine, Food & Good Living is the leading exhibition in the field of food and beverages sector in Finland. Although the emphasis is on wine, there are also stands for coffee, tea and other beverages.
    - Myymälä is the major trade event in Finland, dedicated to the retail sector. In 2013, Myymälä 2013 (Retail) was co-located with Fastfood & Café 2013 and Ravintola 2013 (Restaurant) at the Helsinki Exhibition Centre. Information on these fairs can be found at the website of [Easyfairs](#).
- International European trade fairs that are important for chocolate:
- [Salon du Chocolat](#) - Chocolate, France
  - [Intersuc](#) - Chocolate, Confectionery, Biscuit, Pastry and Gourmet Products, France
  - [Stal](#) - Various food and beverage products, France
  - [Eurochocolate](#) - Italy
- **Online/print information on trends**: Current consumer trends and industry developments can be found in the online magazine [Coffee & Cocoa International](#). An annual subscription costs € 215. Non-subscribers can see the cover and the first few pages online for free.
  - **Targeting your buyers**: Use the following company databases to find buyers: [Finnish Food and Drink Industries' Federation](#), [The Food World](#), [Europages](#) and [Organic Bio](#). Note that many traders do not have a website, but they are often listed in databases such as [Choco Guide](#).
  - **Premium markets, sustainability certificate**: Finland provides good opportunities for the premium market (e.g. organic, fair trade). The over-all market share of organic food in Finland is less than 2%, but has grown annually with approximately 40% in the last two years. For suppliers of organic cocoa and/or cocoa products in Finland, the EU or your own country go to the website of UTZ, Rainforest Alliance or FLO and Organic Bio (see non-legislation). Multiple certification is a trend as well.
  - **Premium markets, fine & flavour cocoa**: Only recently has the demand for fine and flavour cocoa started to grow very rapidly. Milk chocolate was traditionally the most well-liked kind of chocolate, but dark chocolate is gaining popularity. This is mainly because dark chocolate is presumed to be more healthy. Chocolate manufacturers currently use fine and flavour cocoa beans mainly for a limited number of expensive, up-market finished products.

**Place: trade statistics**

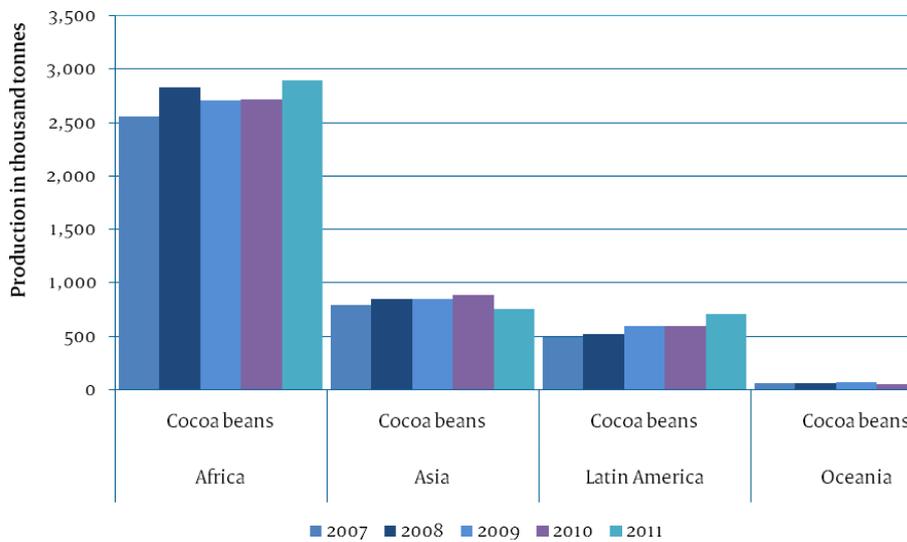
**Figure 1: Apparent consumption<sup>2</sup> in Finland of cocoa and cocoa products (in tonnes)**



Source: Intracen (2013)

**Figure 2: Production**

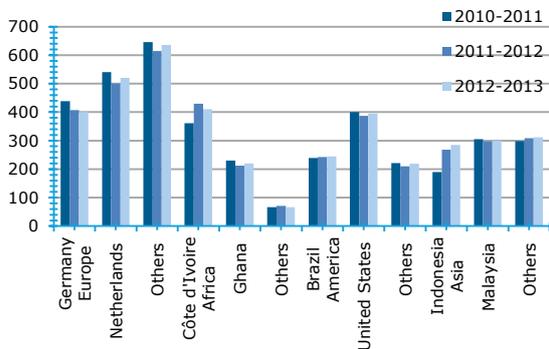
**A: Worldwide harvest of cocoa beans (in thousand tonnes)**



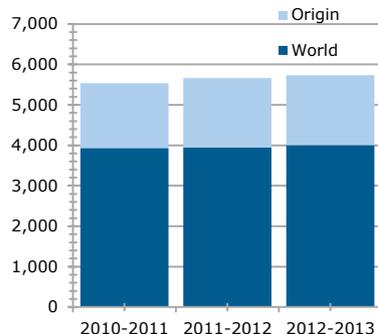
Source: FAOSTAT (2013)

<sup>2</sup> Apparent consumption is calculated as follows: Production plus imports minus exports. Note that Variations in stock are not taken into the account. It does not necessarily reflect the actual consumption, since importing countries may also export imported product again after an additional processing stage within another product group.

**B: grinding of cocoa beans per country (in thousand tonnes)**

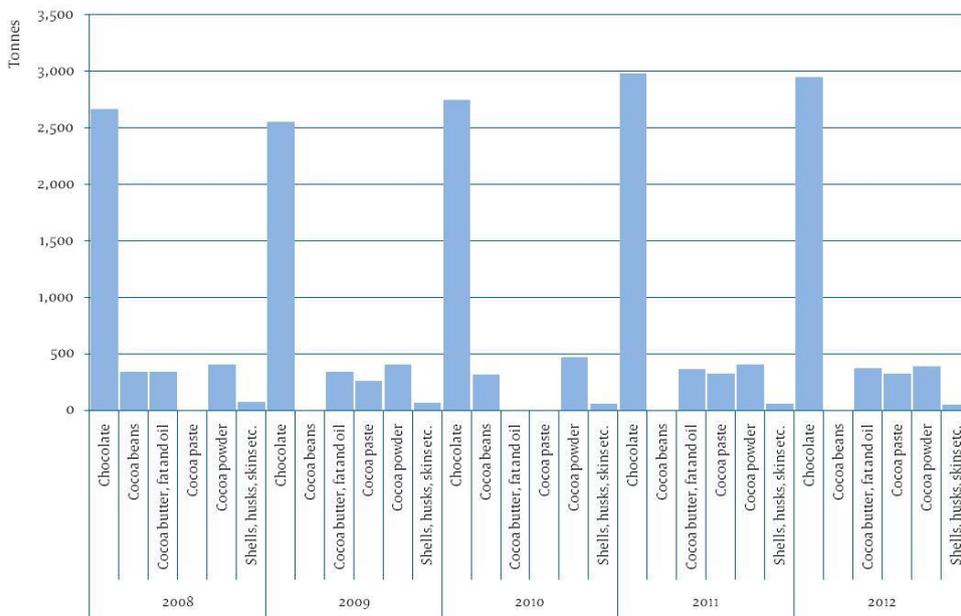


**C: grinding in countries of origin vs the rest of the world (in thousand tonnes)**



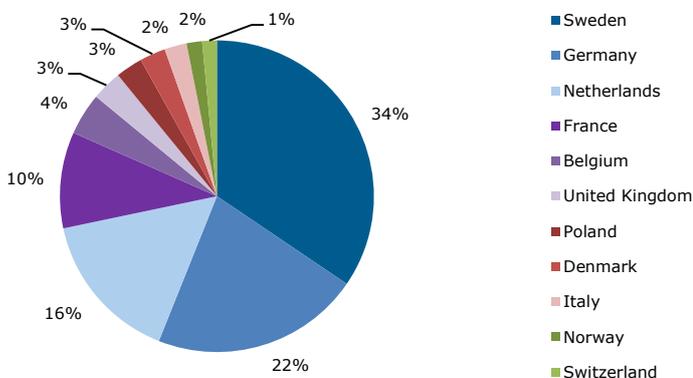
Source: ICCO (2013)

**Figure 3: Import of various cocoa products to Finland (in tonnes)**

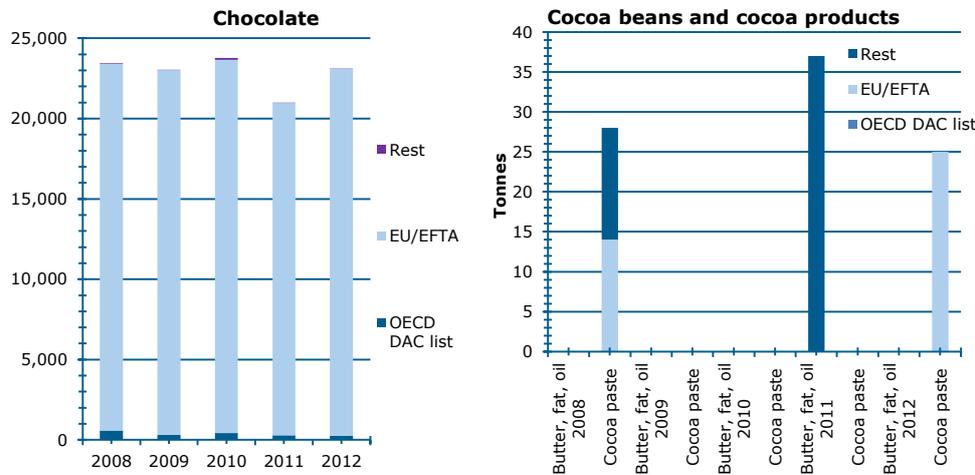


Source: Intracen (2013)

**Figure 4: Supplying countries of cocoa and cocoa products to Finland in 2012**



Source: Intracen (2013)

**Figure 5 Export of various cocoa products from Finland to other countries (in tonnes)**

Source: Intracen (2013)

- Consumption:** Finland a chocolate consumption level that is well above average: 5.5 kg per person per year (5.4 million inhabitants). Consumption rates are somewhat stable over the past years (risen 0.1% on average each year since 2008). The dip in 2009 and 2011 is allegedly explained by a decrease in consumer expenditure due to the economic recession.
- Imports:** Figure 3 shows that 73% of all cocoa products import is chocolate. Cocoa butter, fat and oil account for 13% of Finnish imports, cocoa paste (whether or not defatted) accounts for 12%, cocoa powder (without added sugar ) accounts for 2.4% . Cocoa shells, husks, skins and other cocoa waste accounts for 0.1% and cocoa beans (whole or broken, raw or roasted) are hardly imported (0.02%; or 6 tonnes in 2012). Imports of cocoa and cocoa products is pretty much stable over the past few years. The volume of chocolate and other food preparations containing cocoa has decreased by 0.3% each year since 2008, cocoa butter and fat have increased by 1.0% and 1.3% each year on average respectively. Virtually all import comes from other EU member states, who in turn, import their cocoa products from countries of origin.
- Grinding:** Figure 2B shows that grinding of cocoa beans is mostly done in the Netherlands and Germany by European cocoa and cocoa products companies (e.g. ADM Cocoa, Barry-Callebaut, Delfi Cocoa Europe, Ecom-Dutch Cocoa, Gerkens Cacao (Cargill)). The raw beans are imported from the producing countries (figure 2A). What is poignant in figure 2A is that although Africa is traditionally the largest producing continent by far, Latin America is increasing its production fast. For example, Ecuador and Peru (though still not in the top 5 of producing nations) have increased their production by 21% and 13% respectively.
- Fine & flavour regions:** The Latin American and Caribbean region supplies about 80% of the world fine or flavour cocoa, followed by Asia and Oceania (18%) and Africa (2%). Ecuador, the world's largest supplier of fine or flavour cocoa accounts for over half of the total world production of fine or flavour cocoa. Colombia, Indonesia, Venezuela and Papua New Guinea produce around 10 thousand tonnes each. Jamaica, Trinidad and Tobago, Costa Rica and Grenada, each producing between 1,000-3,000 tonnes per year, and are also important growers of fine or flavour cocoa in the Latin American and Caribbean region.
- Threat of global supply shortage:** With many European importers, manufacturers and retailers committing to source 50- 100% of cocoa as certified in the near future, this represents a considerable challenge for exporters to manage their position and supply in the chain of custody (from production to processing to retail industry in Europe). Also related to requirements of certification schemes, increasing yields and securing supply will be an important challenge for farmers and exporters in producing countries.
- Supplying countries:** The only cocoa beans that are directly exported from developing countries to Finland come from Indonesia (2 tonnes in 2012) and Peru (1 tonne in 2012). This means that up until now developing countries hardly have opportunities to export cocoa and/or cocoa products directly to Finland. If you want

to export to the Finnish market, your best chances are still to approach traders in especially those countries to deliver the Finnish consumers indirectly. The most important supplying country of cocoa and cocoa products to Finland is Sweden (33% of all imports), followed by Germany (20%) and the Netherlands (15%). France, Belgium and the UK are also supplying countries (9.4%, 4.1%, 3.0% respectively).

- **Shifts in supplying countries:** As of the end of March 2013, Europe has a limit for smoke traces present in imported cocoa beans. This will lead to tougher controls at the borders, but also as to a significant decrease in imports of beans dried over a wood fire – a practice still in use in certain regions of Cameroon<sup>3</sup>. Another step for the EU in strengthening its control on the quality of cocoa imported will be the setting of maximum allowed levels for cadmium – a heavy metal, which is to be found in volcanic soils, or on plantations treated with phosphate fertilizers. This new measure is expected to come into force in 2015. As a result, the chocolate industry predicts a decline in the trade of cocoa beans from volcanic countries as Venezuela, Ecuador, or Columbia. This could represent a new opportunity for countries as Ghana or Madagascar, as merchandisers turn to their cocoa beans in order to be able to meet their demands.
- **Yields vary between production countries:** Stakeholders (companies and/or governments in importing and production countries) are investing in Good Manufacturing Practices (GMP). This has led to variety in production yields. It does not necessarily mean that higher yield countries are more reliable importing partners for Europe, but it is good to know that yields can be improved. Large-scale programmes to increase yields are implemented in Ghana and Cameroon. Peru produces 670 kg/ha, Cote d'Ivoire produces 540 kg/ha, Ghana 4.20 kg/ha, Cameroon 390 kg/ha and Nicaragua 270 kg/ha. These practices are also incorporated in sustainability labels such as UTz Certified. In case you are not involved in a large-scale programme by your government or importer, sustainability certification may be an opportunity for you to receive support on GMP.
- **Exports:** Finland country ranks 19<sup>th</sup> place in the EU/EFTA region regarding the export of cocoa and cocoa preparations. Total exports of raw cocoa products (excl. chocolate) from Finland are growing slightly (+1.5% each year). It consists of cocoa paste and cocoa butter, oil and fat. Figure 5 shows that there was no export in 2009 and 2010. A probable explanation is the economic downfall. Finland mostly exports its cocoa to Sweden (45%). Estonia, Russia and Germany are also export destinations (13%, 11%, 6.3% respectively). Of all exported cocoa products, Finland mostly exports chocolate and other food preparations containing cocoa: 23 tonnes in 2012. Export has been stable more or less since 2008, as figure 5 shows.
- **Industry:** Finnish company Fazer leads the chocolate confectionery in 2012, accounting for a 39% share of retail value sales. The company has set a target to source 100% sustainable cocoa by 2017, raising the amount of certified cocoa by 10-15% each year from 2012 onwards. Next to Fazer ranks another domestic company, Panda, accounting for 11% of retail value sales. Smaller Finnish chocolate companies are Brunberg, Levy Chocolate (imports organic beans directly) and Kultasuklaa. Chocolate confectionery is expected to stagnate in constant value terms, while volume sales are predicted to decrease slightly. Consumers will be more cautious about sugar and calorie intake.

## Useful sources

- Finnish Food and Drink Industries' Federation - <http://www.etl.fi/www/en/index.php>;
- Finland business culture <http://www.kwintessential.co.uk/resources/global-etiquette/finland-country-profile.html>;
- EU Organic - <http://ec.europa.eu/agriculture/organic> ;
- Fairtrade Labelling Organisations International (FLO) - <http://www.fairtrade.net>;
- UTZ certified - <http://www.utzcertified.org>;
- Rainforest Alliance - <http://www.rainforest-alliance.org>;
- Information on packaging can be found at the website of ITC on export packaging: <http://www.intracen.org/itc/exporters/packaging/>.

This survey was compiled for CBI by CREM B.V.

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

<sup>3</sup> The main problem is drying the cocoa artificially. When smoke comes in touch with cocoa beans, then you risk higher levels of polycyclic aroma to hydrocarbons.