

# Cocoa and cocoa products in Finland



Finnpartnership  
2018

*Image: istockphoto*

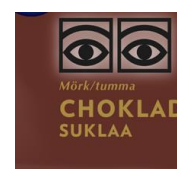
Finland (5.5 million inhabitants in 2018<sup>1</sup>) has a cocoa annual consumption level at 2.1kg per capita in 2016<sup>2</sup>. The market for raw materials, such as cocoa beans, butter, and powder, is not large. Chocolate products are usually sourced from other EU member states such as the Netherlands and Germany. Providing cocoa products to Finnish consumers is feasible for suppliers of high quality products who adhere to strict food safety requirements. This fact-sheet provides specifications for cocoa products in the Finnish market:

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## A. Product description

### 1. Language for cocoa in Finland

- Cocoa: Kaakao (in Finnish)/ Kakao (in Swedish)
- Chocolate: Suklaa (in Finnish)/ Choklad (in Swedish)



### 2. Types of cocoa imported to Finland

- **Cocoa beans: the international cocoa market distinguishes three types of cocoa beans**
  - Common grade: Forastero or bulk/ordinary cocoa beans, produced from Forastero trees. *Forastero* was originally grown in the upper Amazon region and is now the predominant cocoa variety, cultivated mainly in Africa. It accounts for around 80% of the global cocoa production. The beans have a flatter flavor than the fruity and citric *Criollo* and *Trinitario* beans.
  - High grade, *Criollo* (fine/flavor) cocoa beans, produced from *Criollo* cocoa trees. *Criollo* was originally grown in Venezuela, Central America and Mexico, but is now also grown in Ecuador, Colombia, Peru, Bolivia, Nicaragua, Honduras, Guatemala and Sri Lanka. *Criollo* makes up 5 to 10% of the global cocoa production. The beans have a bitter, aromatic flavor and can be easily processed.
  - High grade, *Trinitario* (fine/flavor) cocoa beans, originally grown in Trinidad, but now also cultivated in Venezuela, Ecuador, Honduras, Nicaragua, El Salvador, Costa Rica, Cameroon, Samoa, Sri Lanka, Indonesia and Papua New Guinea. *Trinitario* beans account for 10% to 15% of all global cocoa production. The beans are a hybrid between the *Criollo* and *Forastero* beans.

The [ICCO Fine or Flavor Panel Recommendations](#) provides a list of producing countries that

<sup>1</sup> According to [Statistics Finland February 2018](#)

<sup>2</sup> According to [Statista 2016](#)

are recognized as exporters of either exclusively or partially fine or flavor cocoa (updated 2016).

- **Cocoa products that are made exclusively from cocoa beans, including**
  - **Cocoa nibs:** after the shells of roasted cocoa beans are removed, there are pieces of pure cocoa beans called cocoa nibs. Although these nibs are sold separately in the niche market, they are mostly processed further into other cocoa products.
  - **Cocoa paste/mass/liquor:** produced from cocoa nibs by grounding. Cocoa paste is not sold separately on the consumer market. It is mainly used by manufacturers to make chocolate.
  - **Cocoa butter:** extracted from the cocoa paste with a hydraulic press. The butter is creamy, thick and pale yellow. It is mostly used to give chocolate a smoother texture. While some manufacturers replace the extra cocoa butter with cheaper vegetable fats, there are [European restrictions](#) on this process (the quantity of vegetable fats does not exceed 5% of the end product). Cocoa butter is used in chocolate products and cosmetics. It is also sold directly in specialty shops.
  - **Cocoa powder:** left after the extraction of the butter from the paste. There are two methods to make cocoa powder. The normal method is to pulverize roasted cocoa beans. The cocoa beans can also be washed with a potassium solution to neutralize their acidity. This is called [Dutch processing](#). Cocoa powder is used in chocolate products, but it can also be sold directly to consumers.
  - **Chocolate and chocolate products:** mainly made from cocoa paste and cocoa butter. Sugar and other ingredients can be added according to the specifications of manufacturers and end-market requirements. Chocolate can either be a finished product (consumer-packaged) or be used as industrial chocolate. Industrial chocolate can be subdivided into couverture and compound chocolate. Couverture chocolate is a very high-quality chocolate that contains a high percentage of cocoa butter (32–39%). Compound chocolate is a lower-cost product made from a combination of cocoa paste and butter, vegetable fat and sweeteners.

This report focuses on cocoa beans and chocolate.

## B. Finnish cocoa market

### 1. Finnish brands of cocoa products



[Fazer](#) accounts for 47%<sup>3</sup> of value share of chocolate confectionery in Finland in 2017. The company's products are very popular and enjoy excellent distribution, supported by active marketing and advertising. The company also regularly launches new products that tend to represent and create trends and offer consumers new kinds of flavor experiences, textures and package sizes.



[Panda](#) is another popular brand in Finland. It used to be a Finnish brand, but now belongs to Norwegian company Orkla Group. The company has a factory in Vaajakoski, Finland.

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<sup>3</sup>According to [Euromonitor July 2017](#)

Other smaller factories conduct direct trade with exporters in developing countries or produce specialty products: [Goodio](#), [Little Chocolate Factory](#), [Choco Deli](#), [Kultasuklaa](#), [Brunberg](#), [PetriS](#), [Leader](#), [Levy](#), [Dammenberg](#), Pirkka (K-Group brand), Stockmann Choco.

## 2. Imported cocoa products

There are several popular imported brands, e.g. Swiss brands ([Lindt](#), [Nestle](#)), Swedish brands ([Marabou](#), [Cloetta](#)), [Kalev](#) (Estonian), [Ferrero](#) (Italian), [Mars](#) (American), British brands ([Magnum](#), [Plamil](#)), Belgium brands ([Van Huoten](#), [Guylian](#), [Balance](#)), and German brands sold in Lidl.

## 3. Retailers



Three largest retailers in Finland are S-Group, K-Group and Lidl, supplying over 90% of the Finnish food and beverage market (in 2016)<sup>4</sup>. Many Finnish buyers supply cocoa products to these three retailers directly or indirectly.



Prisma (S-group)



Prisma (S-group)



K-supermarket

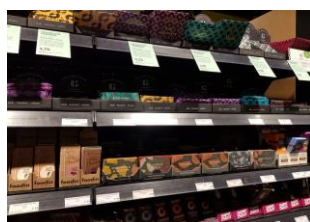


Lidl

Small-scale chocolate factories with their specialty segments sell their cocoa products through Internet shops, local food shops, Stockmann, or large retailers. Those specialty cocoa products represent a niche market.



Little Chocolate Factory



Goodio



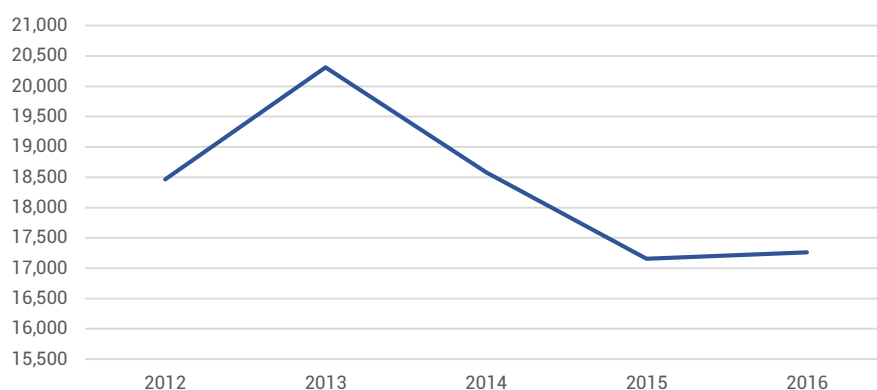
Stockmann



Kultasuklaa

<sup>4</sup> According to [Finnish Grocery Trade Association](#)

Figure 1: Apparent consumption<sup>5</sup> in Finland of cocoa and cocoa products (in tons)



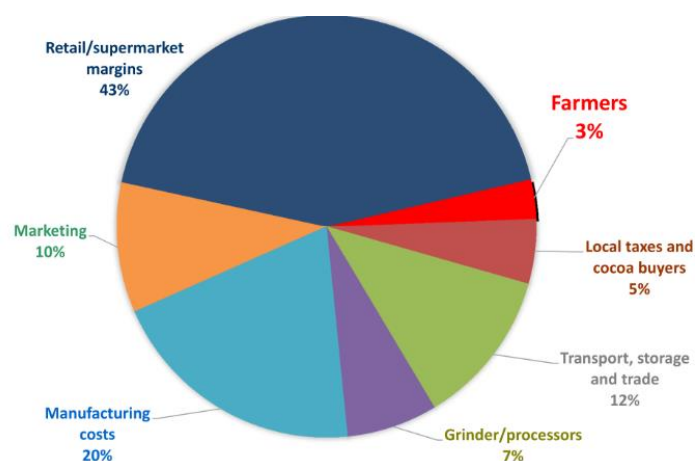
Source: [Intracen \(2017\)](#)

#### Additional information

- Sweet tax was removed at the beginning of 2017, resulting in a notable decline in unit prices and rise of volume sales of chocolate confectionery (source: [Library of Congress](#)). Retailers successfully campaigned to increase consumer awareness of lower prices and Finnish people could not resist, allowing themselves to indulge more chocolate confectionery.
- Chocolate accounts for 54% of the [confectionery market](#) in Finland in 2016.

## C. Retail price

Figure 2: Price proportion breakdown for a chocolate bar



Source: [International Cocoa Organization \(2014\)](#)

Price mark-ups in the supply chain: as figure 2 shows, only 3% of the final price of a chocolate bar goes to farmers. The below table of exemplary cocoa product's prices in Finnish retails provides indication of consumer prices.

<sup>5</sup>Apparent consumption is calculated as follows: Production plus imports minus exports. Note that variations in stock are not taken into 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.



Table 1: Example of consumer prices of cocoa products in Finland (based on retail price in 2018)

	Product	Price		Product	Price
	<b>Fazer</b> Milk chocolate	€16.41/ kg		<b>Fazer Geisha</b> - Milk chocolate with hazelnut	€15.00 / kg
	<b>Fazer</b> – Milk chocolate with orange truffle	€15.90/ kg		<b>Fazer</b> - White chocolate with raspberry and liquorice	€42.2/ kg
	<b>Panda</b> – Chocolate with raisin	€10.69/ kg		<b>Marabou</b> Milk chocolate	€10.50 / kg
	<b>Brunberg</b> - Dark chocolate, lactose free	€16.6/ kg		<b>Pirkka</b> – chocolate with strawberry yogurt	€8.8/ kg
	<b>Marabou</b> 86% cocoa cocoa life certified	€17.90/ kg		<b>Magnum</b> – Dark chocolate with cocoa nibs	€19.89 / kg
	<b>Stockmann Choco</b> Handmade dark chocolate 70% cocoa	€33.00/ kg		<b>Lovechok</b> Organic raw chocolate 86% cocoa, sweet nibs & sea salt	€67.00 / kg
	<b>Arctic Choc</b> Handmade dark chocolate, 70% Smoked paprika	€56.25/ kg		<b>Seed and Bean</b> Organic Extra Dark chocolate, 70% Cornish Sea Salt	€42.94 / kg
	<b>Pieni Suklaatehdas</b> Dark chocolate 55% cocoa With cocoa nibs	€41.58/ kg		<b>Goodio</b> Craft raw chocolate Wild blueberry	€123.9 / kg
	<b>Kultasuklaa</b> White chocolate with wheat and blueberry	€75.2/ kg		<b>Leader</b> Dark chocolate 85% premium cocoa, with raspberry, mint, nougat	€55.00 / kg

## D. Channels to bring cocoa products into the Finnish market

### 1. Direct contact with buyers through 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 and food. More information about the 2018 fair can be found [here](#) (in Finnish).



[e-Commerce and Shop Tech](#) is a major trade fair that offers two effective days full of innovations, inspiration, and information in the retail sector organized in Helsinki. It is a unique trade show combination that gathers retail professionals, decision makers, buyers and suppliers together for two effective days to meet face to face, find new products, services and attend to seminars.



[Gastro Helsinki](#) is the leading trade fair for the hotel, restaurant, and catering industries. It presents the sector's latest products, trends, and innovations.

- **Important international European trade fairs for cocoa and chocolate:**
  - [Salon du Chocolat](#) - The world's largest event dedicated to chocolate. Hosted in France.
  - [Intersuc](#) – Fair for chocolate, confectionery, biscuit, pastry and gourmet products. Hosted in France.
  - [Chocoo Trade Fair](#) – for cocoa producers, chocolate makers, producers of cocoa products, traders, service providers and equipment manufacturers. Hosted in the Netherlands.
  - [Eurochocolate](#) – Hosted in Italy (only available in Italian. [English version for 2016](#)).
  - [BioFach](#) – fair for organic and natural products. Hosted in Germany.
  - [Sial](#) – Various food and beverage products. Hosted in France.
  - Other cocoa events can be found [here](#).

### 2. Information channels

- **Finding buyers:**

The following company databases can be used when looking for buyers: [Finnish Food and Drink Industries' Federation](#), [Finnish Chocolate Society](#), [Cocoa Runners](#) (bar craft chocolate), [The Food World](#), and [Organic Bio](#).

There are over 100 cocoa groups in [LinkedIn](#); e.g. the [Cocoa Trading Network](#), [Organic – Fair Trade Cocoa Beans](#), and [Cacao Bean to Bar – Artisan Chocolate making](#) (readers should have a LinkedIn account in order to access these groups). Use these groups to find contacts and potential buyers. Being an active member in a LinkedIn group is a good way to engage in the global cocoa sector. Visit [CBI's document](#) about finding buyers for more information.

- **Premium markets for certification:**

Finland provides good opportunities for premium markets on, such as organic, fair trade, etc. For suppliers of organic cocoa or cocoa products to go into Finland or the EU, go to the website of

UTZ, Rainforest Alliance or FLO and Organic Bio (see [Chapter E](#), section 6). Having multiple certifications is a trend.

- **Premium markets for fine and flavor cocoa:**

Recently, demand for fine and flavor cocoa has been growing rapidly. Milk chocolate was traditionally the most popular kind, but dark chocolate has been gaining more popularity. This is mainly because dark chocolate is presumed to be healthier. Chocolate manufacturers currently use fine and flavor cocoa beans primarily for a limited number of expensive, upmarket finished products.

- **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 view the cover and the first few pages for free.

The International Cocoa Organization also provides data and analysis on the cocoa economy. Annual subscription (four issues of [Quarterly bulletin of Cocoa statistics](#)) costs from €420, postage and packing included.

#### [Additional information](#)

- **National cocoa/ chocolate culture**

It can be helpful to approach Finnish buyers with knowledge on local consumption customs. Chocolate is very popular in Finland, with consumption per capita at average 5.3kg annually ([forecast in 2018](#)).

- **Adapt to the Finnish business culture**

Finnish people consider punctuality as essential. Therefore, be consistent, punctual, reliable and honest. That means replying in time to inquiries (within 48 hours), being open and realistic, as well as not making promises that might not be fulfilled. Physical contacts such as backslapping or putting hands on shoulders are not generally done. Visit this [link](#) for more information.

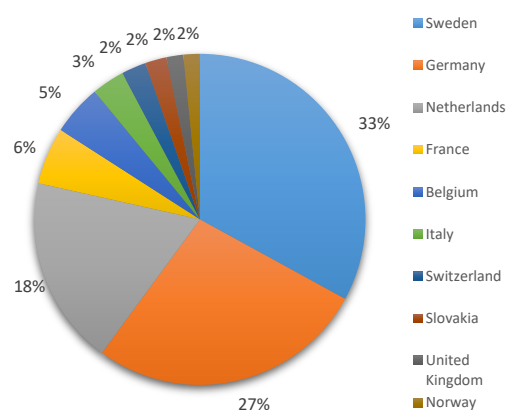
- **Invest in communication**

Finnish buyers will greatly appreciate if suppliers invest in professional communication, such as a good website, company brochure, product specifications and business cards. Modern (free of charge) methods of communication to stay in touch with their buyers, e.g. LinkedIn, Skype and Facebook, are widely known and increasingly accepted as (additional) promotional tools.

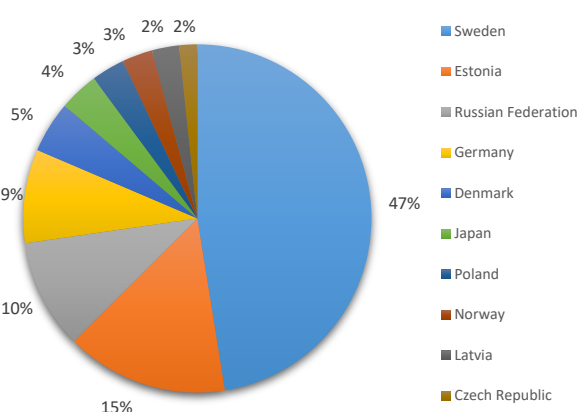


## E. Competitions in the Finnish cocoa product market

**Figure 3.1: Countries supplying cocoa to Finland (2016, in value)**

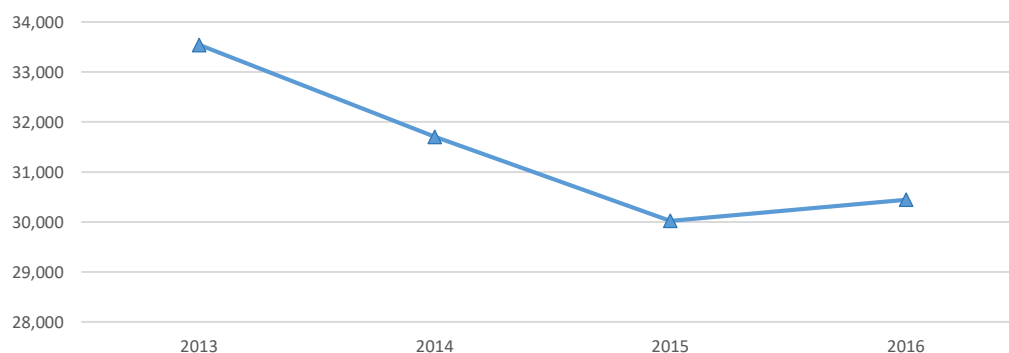


**Figure 3.2: Countries importing cocoa products from Finland (2016, in value)**



Source: [Intracen](#) (2017)

**Figure 4: Cocoa import quantities to Finland (in tons)**



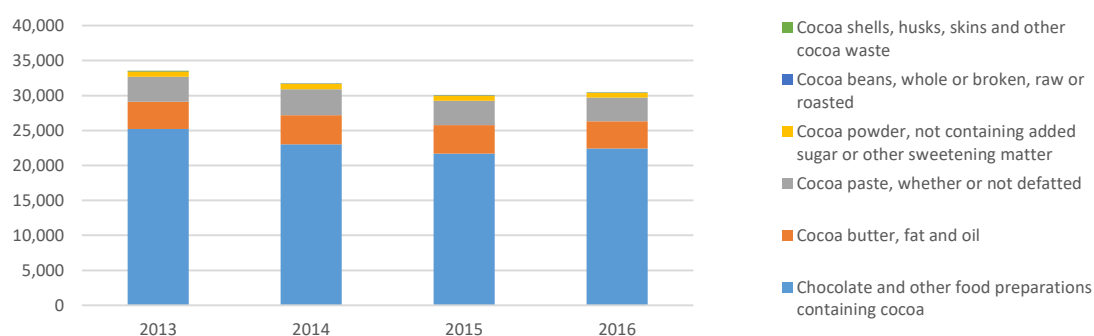
Source: [Intracen](#) (2017)

**Import:** Value of cocoa products imported into Finland relatively remained at about €150 million annually from 2013 to 2016, but quantity witnessed a slight decrease in 2015. Most of the cocoa product imports were from European countries. Very small portion of cocoa products imported into Finland was from countries of origin. Sweden, Germany, and the Netherlands accounted for a large share of the market.

In 2016, the cocoa beans that were directly exported from developing countries to Finland mainly came from Peru (€574,000), Indonesia (€40,000), Brazil (€19,000), and Côte d'Ivoire (€9,000). There has been a continuous increase of importing cocoa beans directly from countries of origin during the 2013-2016 period.

**Export:** Finland country ranks 19th place in the EU/EFTA region regarding export of cocoa and cocoa preparations (2013). Value of cocoa products exported from Finland also remained at around €67 million annually in the period of 2013-2016. The main markets were Europe, some Asian countries, and UAE regions. Total exports of raw cocoa products (excluding chocolate) from Finland decreased slightly.

**Figure 5: Import of various cocoa products into Finland (in tons)**



Source: [Intracen](#) (2017)

Figure 5 shows that about 73% of all cocoa products import from 2013 to 2016 was chocolate and other food preparations containing cocoa. The volume of cocoa paste and cocoa butter, fat and oil were the second popular import cocoa products.

#### Additional information

There are strong trends in chocolate confectionery, as innovative marketing and product launches continued to take place. For instance, ethical and environmental concerns were trends that were met with the launch of more Rainforest Alliance-certified products. This was the case with latest launched Magnum chocolate confectionery products. In addition, putting an emphasis on flavor experience was another trend. Retro flavors and combining popular confectionery flavors into a new product were successful strategies that appealed strongly to consumers. Visit [CBI's document](#) about trends of cocoa market in Europe for more information.

## F. Requirements for importing cocoa products in Finland

The [EU Directive 2000/36/EC](#) defines sales names, definitions, characteristics, and labeling requirements relating to cocoa and chocolate products intended for human consumption. For more information, go to [EU legislation for cocoa and chocolate](#), [Requirements for cacao on European market](#) or contact the [Finland Food Safety Authority](#) or the buyer.

### 1. Weight classes

A (jute) bag of cocoa beans weighs between (gross) 60-65kg (weight varies between countries, e.g. 64kg in Ghana).

### 2. Quality

Cocoa grading differs across producing and consuming countries. The [Federation of Cocoa Commerce Ltd](#) (FCC) distinguishes two grades:

- Good fermented cocoa beans: less than 5% mould, less than 5% slate and less than 1.5% foreign matter
- Fair fermented cocoa beans: less than 10% mould, less than 10% slate and less than 1.5% foreign matter

The product should be shipped shortly after harvest, as extended storage (> 6 months) may result in losses of quality due to the high relative humidity in the tropics. See [Codex Alimentarius](#) for the codex general standard for food additives.

### 3. Labeling

- Finland complies with the [EU general food labeling requirements](#) applicable to all foodstuffs. The label should include:
  - For cocoa beans: Quality, fermentation, color, moisture, beans count, %defect beans, %mould, %slate, net weight. Packing in jute bag. Optional: payment (e.g. irrevocable letter of credit confirmed by a prime bank), delivery time, origin, minimum order, inspection ([SGS](#) or equivalent at final load port).
  - For cocoa products: The EU Cocoa and chocolate directive defines labeling for cocoa butter: free fatty acid content and unsaponifiable matter. See section 5 (Legal requirements) below for more information.
  - For chocolate and chocolate products: Minimum percentages of cocoa butter, cocoa powder, dry non-fat cocoa, dry milk solids, milk fat, hazelnuts and flour or starch, if applicable. See section 5 (Legal requirements) below for more information.
- Finnish importers may ask for additional requirements. For sustainability labels, see section 6 (Non-legal requirements) below.



### 4. Packaging

#### 4.1. Common ways of shipping

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 tons of cocoa beans.

#### 4.2. European standards

- Minimum standards for packaging
 

The objective of this legislation is, on one hand, to provide environmental protection and, on the other hand, to ensure free trade within the single market of the European Union (EU). [The Alliance for Beverage Cartons and the Environment](#) has published a list of frequent Q&As.
- The EU has enacted rules for materials and articles coming into contact with food (including, e.g. packaging) in order to prevent any unacceptable change in the composition of the foodstuffs and to protect human health (see section 5 Legal requirements below). More information can be found in the [Practical Guide of the Commission on the EU Food Contact Directives](#).
- The [Finnish Waste Law](#) (2011, updated in October 2017) obliges Finnish companies to recycle the packaging of their cocoa products placed in 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 suppliers outside Finland. However, Finnish buyers might forward requirements regarding the type of material used for packaging to the supplier.

- Products which producers are responsible for include recyclable papers and other packaging materials. For more information, contact the [Finnish Ministry of Environment](#).

#### 4.3. Form and packaging illustration

Bulk  
cargo



General  
cargo



### 5. Legal requirements

#### General food law

Food safety is a 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.

#### Contaminants in food

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:

- mycotoxins - produced by fungi (which are usually orders of magnitude more toxic than pesticides and can therefore be regarded as a failure in pest management)
- poly-aromatic hydrocarbons (PAH) – which can result from cocoa beans coming into direct contact with smoke, e.g. during artificial drying using badly designed or poorly maintained driers
- heavy metals, e.g. cadmium

#### Food contact materials

The European Union has laid down rules for materials and articles brought into contact with food (including, e.g., packaging) in order to prevent any unacceptable change in the composition of the foodstuffs and to protect human health. More information can be found in the [EU legislation - Food Contact Materials](#).

#### Food control

All food products entering the EU are subject to [official controls](#) whether they are in compliance with the relevant food legislation.

#### Food labeling

The EU provides [general food labeling requirements](#) applicable to all foodstuffs. In addition, it outlines requirements related to nutrition and allergens labeling. [Guidelines](#) on how to describe the nutrition information on labels are published by the EU.

#### Good manufacturing practice (GMP) for food contact materials

The EU has developed [Good Manufacturing Practice \(GMP\)](#) for manufacturers of materials and articles intended to come into contact with foodstuffs. It is not directly applicable to producers outside the EU. However, it may be relevant since buyers can demand a quality system.

Common quality requirements of Finnish companies include:

- employee hygiene
- hand washing
- proper use and storage of clothing
- regulated traffic flow throughout the farm and/or fabric
- chemical usage (kept to a minimum), identification of allergens and related controls and procedures (where appropriate)

#### Hygiene of foodstuffs

The EU legislation on [hygiene of foodstuffs \(HACCP\)](#) is legally binding for food processors in the EU. If an exporter is from outside the EU, there is no direct bound 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 Non-legal Requirements below) to prove that they comply with the HACCP-requirements.

#### Maximum Residue Levels of pesticides in food

EU legislation has been enacted to regulate the presence of [pesticide residues \(MRLs\)](#) in food products. A [study](#) conducted in 2015 (published in 2017) by the European Food Safety Authority has shown that food produced in Finland is mostly free of quantifiable residues. Therefore, alternatives should be considered, including the use of non-chemical methods and implementing Integrated Pest Management (IPM). See more specific information on MRLS from [International Cocoa Organization](#).

#### Microbiological contamination of food

The EU has set [microbiological criteria](#) for foodborne bacteria, their toxins and metabolites. As for cocoa, special attention should be paid to salmonella; assuming that all raw cocoa beans are contaminated with pathogens.

#### Organic production and labeling

The EU has established [requirements](#) for an organic product of agricultural origin in order to be marketed in the EU as "organic".

#### EU Standards supporting EU legislation

The European Standardization Body (CEN) is presently working on the development of a standard for Traceable and Sustainable Cocoa, divided into [part 1](#), [part 2](#), [part 3](#), and [part 4](#). They are under approval. The aim is to develop European standards that help to eliminate intra-European trade barriers and to mainstream the concept of sustainable cocoa.

## 6. Non-legal requirements

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

### 6.1. Quality



The [ISO9000 family](#) provides guidance and tools for ensuring that products and services consistently meet customer's requirements, and that quality is consistently improved.



## 6.2. Health & safety

A large share of buyers in Finland has implemented a food safety management system and will ask suppliers to do the same. These systems often go beyond legal requirements. The below list could be important in the Finnish market. For more information, visit the [CBI's document Food Safety Management Systems](#).



The [ISO22000](#) addresses various aspects of environmental management. It provides practical tools to identify and control environmental impact and constantly improve their environmental performance.



The [Hazard Analysis Critical Control Point](#) 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.



The [IFS Food](#) 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.



The [GlobalG.A.P.](#) supports good agricultural practices that help to provide safe and traceable products. It has been becoming a minimum requirements demanded by Finnish retailers (as most European retailers).

## 6.3. Sustainability



The most relevant label on the Finnish market for chocolate is [UTZ](#), visible on products of international brands e.g. Mars and Nestlé (Kitkat and Balisto) and national brands, e.g. Fazer.

[Organic](#), [Rainforest Alliance](#), and [Fairtrade](#) certified products are also available on the Finnish market.

For more information, visit [European buyer requirements for cocoa](#)

### Sector initiatives

[International Cocoa Initiative \(ICI\)](#)

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. A sustainable cocoa economy is one of the aims of the [International Cocoa Agreement \(ICA\)](#). The [Round Table for a Sustainable Cocoa Economy \(RSCE\)](#) is an initiative for dialogue and sustainability amongst all stakeholders in the cocoa economy. In addition, [World Cocoa Foundation \(WCF\)](#) and ICCO initiated initiatives that facilitate sustainability and the implementation of agreements made in the RSCE and ICA.

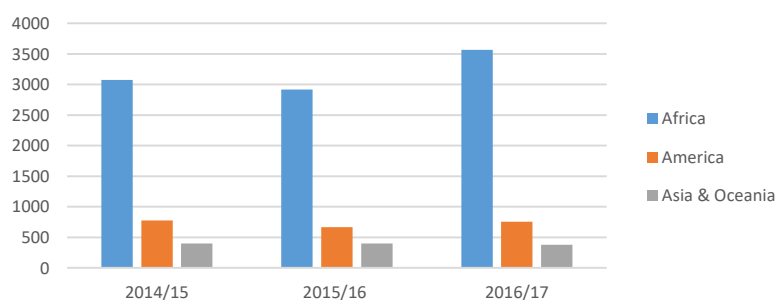
Fazer is a member of the WCF. Information about responsible sourcing of cocoa by Fazer can be found [here](#) and sustainability by Orkla (owning Panda brand) [here](#).

### Additional information

- 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.
- Sustainability policies of retailers in Finland: Three largest retailers, S-Group, K-Group, Lidl, often go beyond pure legislative requirements on food safety, quality and environmental issues. Most of the buyers will supply these retailers directly or indirectly and will therefore forward those stricter requirements on to their suppliers. They communicate to their consumers in policy statements. See their policy statements and criteria below for further information:
  - [S-Group responsibility policy](#)
  - [K-Group responsibility policy](#)
  - [Lidl Finland responsibility statement](#) (only available in Finnish)

## G. Key figures of cocoa products affecting Finnish market

Figure 6: Estimated global cocoa production by region (in thousand tons)



Source: [International Cocoa Organization](#) (2017)

### • Threat of global supply shortage

Many European importers, manufacturers and retailers have committed to buy 50-100% of cocoa as certified in the near future. This represents a considerable challenge for exporters to manage their position in the supply chain (from production to processing to retail industries in Europe). Also related to requirements of certification schemes, increasing yields and securing of supply would be a big challenge for farmers and exporters in the producing countries.

### • Shifts in producing countries

As of the end of March 2013, Europe has a limit for smoke traces present in imported cocoa beans (more information, visit [this document](#)). This will lead to tougher controls at the borders, but also to a significant decrease in imports of beans dried over a wood fire – a practice still used in certain regions of Cameroon (when drying the cocoa artificially, smoke comes in touch with cocoa beans, leading to risk higher levels of polycyclic aroma to hydrocarbons).

The EU also strengthens its control on the quality of cocoa imported with 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 regulation](#) is expected to come into force in 2019. 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 be a new opportunity for countries as Ghana or Madagascar, as merchandisers turn to their cocoa beans/ other cocoa

producing countries in order to be able to meet the requirements.

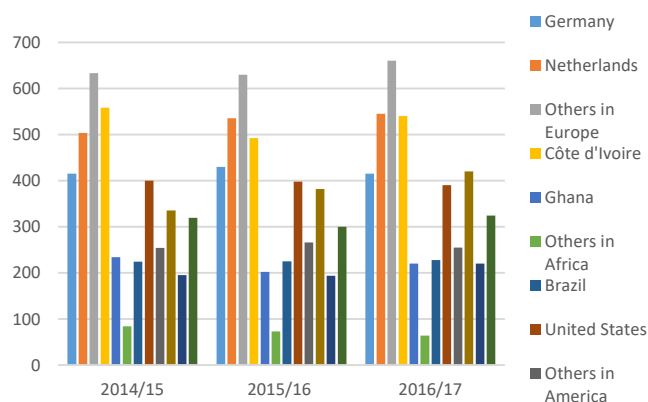
- **Yields vary between producing countries**

Stakeholders (companies and/or governments in importing and producing countries) are investing in Good Manufacturing Practices (GMP). This has led to variations in production yields. However, it does not necessarily mean that countries with higher yield are considered more reliable importing partners for Europe. Large-scale programs have been implemented in Ghana and Cameroon in order to increase yields. These practices are also incorporated in sustainability labels such as UTZ Certified. In case the supplier is not involved in a large-scale program by the government or an importer, sustainability certification may be an opportunity to receive support on GMP.

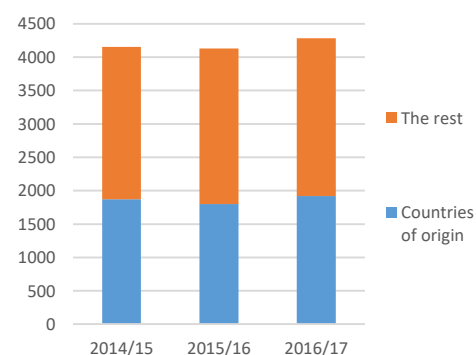
- **Fine and flavor regions**

The [Latin American and Caribbean region](#) supplied about 80% of the world fine or flavor cocoa in 2017. [Ecuador and Trinidad & Tobago](#) remain the major suppliers of fine or flavor cocoa. Eight other countries also play an important role in this market: Mexico, Panama, Dominican Republic, Colombia, Peru, Brazil, Costa Rica, and Bolivia.

**Figure 7.1: Estimated grinding of cocoa beans by country (in thousand ton)**



**Figure 7.2: Estimated grinding of cocoa beans by country of origin and the rest of the world (thousand ton)**



Source: [ICCO](#) (2017)

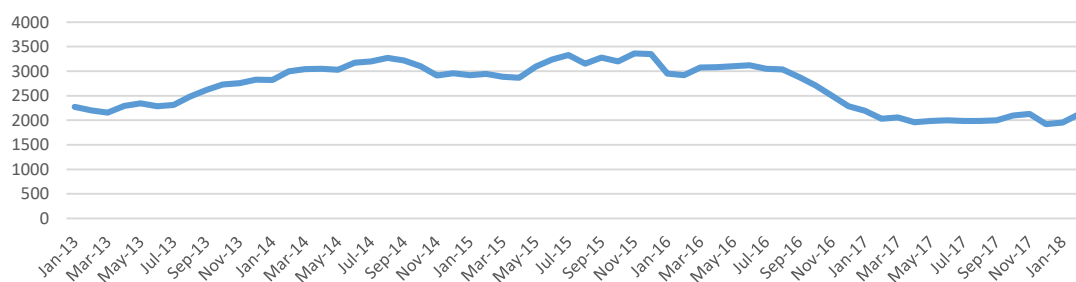
- **Grinding**

Figure 7.1 shows that grinding of cocoa beans has been mostly done in the Netherlands, Germany, and other European countries by European cocoa and cocoa products companies (e.g. ADM Cocoa, Barry-Callebaut, Delfi Cocoa Europe, Ecom-Dutch Cocoa, Gerkens Cacao (Cargill)). According to figure 7.2, about 45% of the cocoa beans have been grinded in the countries of origin during the period from 2014 to 2017.

- **Price trends to watch**

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). Visit [International Cocoa Organization](#) for more information.

**Figure 8: Monthly price of cocoa beans (euro per ton)**



Source: [ICCO](#) (2018)

- **Premiums for fair trade certified cocoa**

FLO guarantees a price premium, whereas Rainforest Alliance and UTZ Certified labels do not (instead, they focus on improving sustainable yields. Quality and output/yield increased by other factors may lead to indirect price increase). The Fairtrade Premium for cocoa is \$200 per ton. For more information, see the [Fairtrade Pricing Database](#). The premium is an added-value price that is supposedly transferred from consumers to producers.

- **Premiums for fine & flavor cocoa**

Short-term factors influence the offer and bids in this small market with a few participants, and hence the price obtained is highly variable. Nevertheless, fine or flavor cocoa normally commands a premium over London terminal markets. Over the past 15 years, the premiums for fine or flavor cocoa have declined, especially for cocoa originating from the Latin American and Caribbean region. In addition, the mixing of fine and flavor cocoa beans with bulk cocoa beans has dropped the price.

## References and useful sources

- [International Cocoa Organization](#)
- [CBI's market information on exporting cocoa to Europe](#)
- [CBI's cocoa export to Switzerland \(2017\)](#)
- [CBI's tips for finding buyers in European market](#)
- [CBI's tips for doing business with European cocoa buyers](#)
- [Statistics from Statista for cocoa products in Finland](#)
- [Cocoa Statistics Report 2016 - UTZ](#)
- [Cocoa Impact Report 2016](#)
- [The European Cocoa Association](#)
- [The Finnish Cocoa Society](#)
- [Finnish Food and Drink Industries' Federation](#) and [Finland business culture](#)
- [Finland Food Safety Authority](#)
- [World Cocoa Foundation](#)
- [EU Organic Farming](#)
- [Fairtrade Labeling Organizations International \(FLO\)](#)
- [UTZ certified](#)
- [Rainforest Alliance](#)
- Information on packaging can be found at the [website of ITC on export packaging](#)
- [The EU Trade Helpdesk](#)

This report was compiled and updated by Finnpartnership based on CBI's marketing reports.