



Swedish Chambers



Market Brief

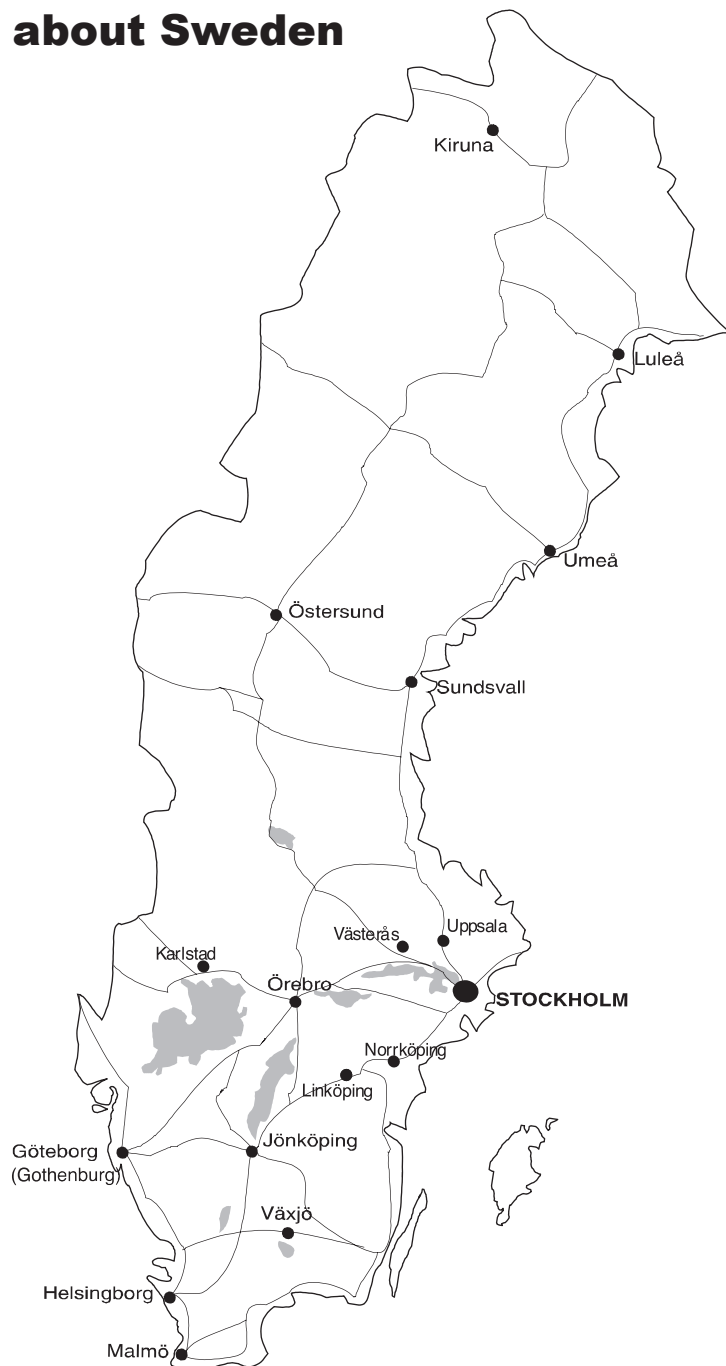
Focus on the Swedish Market



Coffee, Tea and Cocoa

June 2010

Facts about Sweden



Area: 449,964 sq.km
Population: 9.3 million

Capital: Stockholm.
Stockholm city: 810.100 inh.
Greater Stockholm: 2 mil. inh.

Business language:
Swedish, English

Religion:
Lutheran

Largest cities:
Stockholm city 810.100 inh.
Gothenburg 500.200 inh.
Malmö 286.500 inh.
Uppsala 190.700 inh.
Linköping 141.900 inh.
Västerås 134.700 inh.
Örebro 132.300 inh.
Norrköping 128.100 inh.
Helsingborg 126.700 inh.
Jönköping 125.200 inh.

Form of government:
Constitutional monarchy,
parliamentary democracy

Some distances:
Stockholm-Malmö 640 km
Stockholm-Gothenburg 490 km
Stockholm-Sundsvall 400 km
Stockholm-Kiruna 1310 km

Currency:
1 krona (SEK) = 100 öre

The European Union

- Austria
- Belgium
- Bulgaria
- Cyprus
- Czech Rep.
- Denmark
- Estonia
- Finland
- France
- Germany
- Great Britain
- Greece
- Hungary
- Ireland
- Italy
- Latvia
- Lithuania
- Luxemburg
- Malta
- Netherlands
- Poland
- Portugal
- Romania
- Slovak Rep.
- Slovenia
- Spain
- Sweden

The EES/EEA area
EU-countries, Iceland,
Liechtenstein and Norway

EFTA
Iceland, Liechtenstein,
Norway and Switzerland



List of Contents	Page
Report Summary	3
1 Market Description: Consumption and Production	3
1.1 Consumption	4
1.2 Production	6
1.3 Opportunities and Threats	6
1.4 Useful Sources	7
2 Trade Channels for Market Entry	7
2.1 Conventional Trade Channels	7
2.2 Channels for Certified Products	9
2.3 Trends	10
2.4 Price Structure	10
2.5 Selecting a Suitable Trading Partner	10
2.6 Useful Sources	11
3 Trade: Imports and Exports	11
3.1 Imports	11
3.2 Exports	14
3.3 Opportunities and Threats	14
3.4 Useful Sources	14
4 Price Developments	15
4.1 Useful Sources	15
5 Market Access Requirements	15
6 Doing Business	16
6.1 Sales Promotion	16
 Appendix 1 – List of Abbreviations	 18
Appendix 2 – Currency Conversion (Euro to USD)	18

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Report Summary

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

- Sweden is a medium-to-big coffee consumer and further growth is expected.
- Tea consumption is relatively limited, but showing a large increase. The green and fruit tea market is the most dynamic, but black tea remains by far the most important.
- Sweden plays no role in the cocoa trade and processing, but does have a considerable food industry using processed cocoa products.
- In Sweden, sustainability is important and therefore the certified market is among the most developed in the EU. It is the second largest importer of organic coffee in the EU.
- Sweden is a relatively large coffee importer. DCs account for a large and still increasing share of coffee imports. The Swedish exports increased and, as Swedish processors play a significant role on the Scandinavian market, there are opportunities for DCs. Sweden is therefore an interesting market for DC exporters of coffee.
- Tea import volumes are limited and only a small proportion is sourced in DCs. Imports from DCs are however increasing.
- Sweden only imports processed cocoa products, almost exclusively from EU countries, and seems of very limited interest for DC exporters of cocoa.

This survey provides exporters of coffee, tea and cocoa with sector-specific market information related to gaining access to Sweden. 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), Swedes have a relatively high awareness of environment, food quality and animal ethics, which is a part of the consumer demand for organic food. In 2007, the Swedish organic market amounted to around € 487 million at the retail level, which corresponds to € 53 for each Swede spent on organic products (FiBL, 2009).

The retail value of total Fair Trade certified products increased by 75% between 2007 and 2008, amounting to € 73 million in the latter year (FLO, 2009). This reflects the increasing importance the Swedish citizens attribute to certified markets.

Note that the consumption data for coffee and tea in this chapter concern the Swedish 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 interesting information about market developments, an increase or decrease in consumption does not necessarily translate into an increase in industrial demand from local roasters and blenders, because Sweden also imports processed products. Moreover, green coffee and/ or tea intended for Swedish blenders and roasters can be imported from traders in the main EU trade centres. This is not really the case in the Swedish coffee market, as Sweden is an important importer of green coffee. Its roasting industry supplies consumers across the Nordic countries. However, a lot of tea trade takes place through other EU countries.

Cocoa is a food ingredient which is further processed into chocolate, confectionery and beverages. Due to the fact that cocoa products are processed in a wide range of products the consumption of cocoa is not known. However, EU grindings, combined with the imports of processed cocoa products, offer a good indication of industrial demand.

1.1 Consumption

Coffee

According to the International Coffee Organization (ICO), Sweden is a medium-to-big coffee consumer in the EU, with a market share of 3.2% (ICO, 2009). Total coffee consumption marked an annual average increase of 0.8% between 2004 and 2008, amounting to 76 thousand tonnes in 2008. Per capita consumption in Sweden showed an average annual decrease of 0.6% between 2004 and 2008, amounting to 8.1 kg in 2008. This was significantly higher than the EU average of 5.0 kg. Swedes show a clear preference for coffee, which is the main driving force in the hot drinks sector. According to the Swedish National Coffee Association, this amount corresponds to 3.4 cups per person a day (Swedish National Coffee Association, 2009).

According to industry sources, Swedish consumption is following continental European trends, with increasing consumption of espresso and cappuccino, leading to increasing usage of stronger Robusta beans and increasing consumption of specialty beans. According to The Swedish National Coffee Association, the share of espresso coffee is climbing fast, from less than 0.5% in 1998, to more than 2% in 2008. Instant coffee's consumption share was around 12% while decaffeinated coffee consumption is negligible (Swedish National Coffee Association, 2009).

The Swedish coffee market is characterised by its strong ethical trend (Euromonitor, 2009). Certification schemes for coffee, such as Fairtrade, UTZ Certified and Rainforest Alliance, are increasingly popular covering more than 10% of the coffee market and are expected to grow even more (European Coffee Report, 2008).

Tea

According to the International Tea Committee (ITC), Sweden is a medium-to-small tea consumer, with an EU market share of 1.5% in 2008 (ITC, 2009). Nevertheless, the Swedish tea consumption showed one of the strongest developments with an average annual increase of 7.1% between 2004 and 2008, totalling 3.8 thousand tonnes in the latter year. The per capita consumption amounted to 0.4 kg in 2008.

Herbal, fruit and green tea are showing the most dynamic growth within the tea market (Euromonitor, 2009). Black tea, although its consumption is decreasing, remains by far the variety most consumed.

Swedish consumption of Fair-Trade-certified tea increased by 1% annually between 2002 and 2006, totalling 18 tonnes in the latter year (FLO, 2007). Considering the interest of Swedish consumers in sustainable products, it can be expected that this positive development is still ongoing and that the current consumption of Fair-Trade-certified tea is higher. Moreover, it is expected that organic principles also play a considerable role in the tea market.

Cocoa

Imports of cocoa beans in Sweden are almost non-existent, as no significant grinding activities of cocoa beans take place in Sweden.

No information on the domestic consumption of processed products is available for Sweden. However, according to the International Cocoa Organization (ICCO), in 2007/2008, Swedish apparent consumption¹ of cocoa amounted to 15 thousand tonnes, a decrease of 7.3% per year since 2003/2004 (ICCO, 2009). The Swedish per capita cocoa consumption was 1.6 kg which is small compared to the EU average of 2.8 kg per person. As such, total consumption is comparable to countries such as Slovakia.

In 2006, sales of Fair-Trade-certified cocoa amounted to 45 tonnes. This was an increase of 15% per year between 2004 -2006 (FLO, 2007).

Market Segmentation

Market segmentation of coffee, tea and cocoa in Sweden does not differ particularly from overall EU segmentation. For more information, please refer to the CBI survey covering the coffee, tea and cocoa market in the EU.

Trends

Coffee showed a favourable development in past years, mainly through increasing out-of-home consumption and demand for roasted coffee beans for at-home coffee systems. However, according to industry sources, the out-of-home segment is especially affected by the economic recession, thereby limiting growth.

The great majority of the coffee consumed in Sweden is Arabica coffee. The variety for espresso coffee, Robusta, is already very popular and increasing and is mainly imported from Italy.

Consumption of tea has been influenced by the health and wellness trend over the review period. Sales of healthy products, such as green and natural tea, increased at

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

a high pace. Health awareness and preference for more natural products is particularly popular amongst the young population (Euromonitor, 2009).

Consumption of certified products is increasing in Sweden, with the coffee sector being one of the most representative examples of this trend. More than 10% of the coffee market is under a certification programme and this share is expected to grow further.

For more information on trends, please also refer to the CBI survey covering the EU market for coffee, tea and cocoa.

1.2 Production

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

Sweden does not have significant cocoa-grinding activities. Tea and coffee processing predominately takes place in the EU, and Sweden itself has several large roasters, supplying to Scandinavian markets. Tea blending is more limited.

1.3 Opportunities and Threats

- + Just like in other Scandinavian countries, coffee consumption is very popular in Sweden.
- + Sweden is an important market for organic products, which offers interesting opportunities for exporters of such products. In addition, according to industrial sources, the market for organic coffee, tea and cocoa is still growing.
- + Certification is a plus in the Swedish market. Suppliers in DCs whose products are certified have better chances of accessing the market.
- ± The Swedish tea market remains small in size but shows a considerable growth, which is expected to remain the case in the coming years.
- ± Swedish consumers pay great attention to the quality of coffee. There is, however, intense competition on the high-quality market, so prices are under pressure. Domestic roasters need to sell at relatively low prices, in order to be able to maintain their position in the market. This could put great pressure on suppliers, but could offer opportunities for premium-quality suppliers in DCs, as Swedish companies are actively promoting high-quality coffees to increase their margins.
- The coffee market is very concentrated around four major companies. Besides normal coffee products, these companies supply high-quality and single-origin coffee. Therefore, there is not much room for small, specialised coffee traders and roasters in Sweden.
- The Swedish market for conventional coffee, tea and cocoa is rather saturated. Thus, opportunities for exporters of conventional products are limited, implying that suppliers in DCs will struggle to enter the Swedish market. Suppliers who want to target Sweden need a competitive advantage (for example, premium organic coffee of single origin).

- Sweden has also been affected by the economic crisis. Although the impact on total sales of coffee, tea and cocoa seems to be limited, consumers became more price-conscious high-value varieties. 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 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.

1.4 Useful Sources

- For useful sources on consumption and production of coffee, tea and cocoa in Sweden and the EU, please refer to the EU survey, Chapters 1 and 2.
- Furthermore, the associations and trade press mentioned in Chapter 6 of this survey are of interest. The Swedish National Coffee Association offers interesting information on the Swedish coffee market.
- Euromonitor offers information on the Swedish market for Hot Drinks, including coffee, tea and cocoa drinks - <http://www.euromonitor.com>

2 Trade Channels for Market Entry

2.1 Conventional Trade Channels

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 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 local 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 have limited possibilities for developing country suppliers, except for certain market niches.

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. Agents representing importing companies in developing countries can play an important role. According to ITC, agents play a relatively important role in the Swedish market, handling part of the imports for processors for both coffee and tea, as well as for industrial users of cocoa products.

Traders

Traders play a vital role for all three product groups. This channel offers good, if not the best, opportunities for market entry for all three product groups. However, trade is increasingly dominated by a limited number of trading companies. Nevertheless, prospects remain for smaller specialised traders which trade non-conventional products (high quality, specific origin), which might be interesting for DC producers.

Traditionally, traders operate in ports where coffee is delivered. As these are mostly outside of Scandinavia, Nordic countries lack main traders. Imports of coffee are conducted by roasters and agents, often from the main trading centres. However, Sweden does play a substantial role in direct trade and processing, also considering the substantial re-exports to other Scandinavian countries and the largely direct coffee imports from DCs. The main coffee roasters in Sweden (also multinationals) import green coffee directly from DCs, and process it for Nordic markets.

Vertical integration between tea blenders and traders is considerable. Sweden does not play a role in this trade and tea is mostly sourced in other EU countries directly by blenders. Part of these imports is likely to consist of tea processed by distributors and retailers.

The largest cocoa processors also have their own import departments, but trading companies play a very large role in processor sourcing practices. However, Sweden does not have any cocoa traders (except for a local sales and distribution branch of Barry Callebaut) or important cocoa grinders; it almost exclusively imports processed cocoa products. Imports are conducted by industrial users such as chocolate, confectionery and beverage manufacturers, usually sourced from EU processors, which are a difficult channel to supply for developing country exports.

Processing

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

In Sweden, at 92% for the top 6 roasters/ importers in 2008, this level of concentration is among the highest in the EU. These main players also dominate the organic market. Kraft (with the Gevalia and Blå mokka brands) accounts for 41% of the coffee market, Zoégas for 20% and Löfbergs Lila for 16%. The retailers ICA and COOP respectively account for 4% and 2% of the market (The Swedish National Coffee Association, 2009).

While blending and packing of tea predominately takes place in the EU and not in DCs, this happens only to a very limited extent in Sweden itself. Although less concentrated than the coffee trade, national markets can be highly concentrated. The leading three firms usually hold more than half of the market, with players either multinationals such as Unilever or national players, although niche and

specialty players also play a role. Tea processing and trade in Sweden is mostly conducted by coffee companies, such as Bergstrand & Bergstrand and Kahls. Cocoa processing companies can be divided into the grinding industry, producing cocoa paste, butter and powder and, secondly, secondary processing companies active in further processing of cocoa butter. Sweden does not have large processors. Cloetta, the oldest chocolate manufacturer in Scandinavia has two production units in Sweden. During the period from 1 September 2007 to 31 August 2008, Cloetta produced a total of 20,500 tonnes of confectionery. It also does limited volume of processing.

The highly concentrated end-industries use processed cocoa products in chocolate, cocoa confectionery, beverages, and cosmetics (cocoa butter). Although Sweden does have a considerable number of these companies, direct trade with them will be difficult.

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, as well as increasing private label sales, the coffee and tea industries are becoming further concentrated.

Consumers buy chocolate or cocoa beverages and confectionery directly through supermarkets and/or specialty chocolate shops, but these products are also consumed through the catering and institutional sector.

2.2 Channels for Certified Products

Importers of organic coffee, tea and cocoa are often not exclusively specialized in these products, but in organic products in general, and they are mostly dedicated to conventional (e.g. not specialty) products. Trading houses of coffee, tea and cocoa, play a more limited role in the trade in organic products, but due to further organic market development this situation is changing. Most traders of organic products are still located in The Netherlands and Germany, and form an important trade channel for organics producers in DCs. UTZ-certified and Rainforest Alliance are mainly working with the larger mainstream players and are therefore traded through conventional channels.

In the EU, certified coffee, tea and cocoa (i.e. organic, Fair-Trade, Utz certified, Rainforest Alliance, etc.), is sold primarily through traditional channels (either mainstream retailers or organic retailers, but not specialty coffee and tea stores). Supermarkets have become more important, especially for coffee. Many EU retail chains offer certified (private label) products. Both major retailers in Sweden, ICA and COOP have large assortments of certified coffee, tea and chocolate. Concerning tea, the focus is still more on Fairtrade (or Fairtrade-organic combinations) but it is expected that UTZ-certified as well as Rainforest alliance will gain market share quickly. Furthermore, there are also organic food supermarkets and stores, which sell organic coffee, tea and chocolate.

Swedish supermarkets hire the services of large-sized (though not mega-) roasters, blenders and chocolate/ food product producers for their organic private labels, which does not necessarily have to be in Sweden. In Sweden, both conventional and up-market tea and coffee processors (Löfbergs Lila for example) also have their own organic brands.

2.3 Trends

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

- Continued concentration tendencies in trade and processing of coffee, tea and cocoa.
- Due to increasing interest in premium products, there are also still, and perhaps even increasing, numbers of small processors on the EU market.
- Increasing sales and good expectations for certified coffee, tea and chocolate and other cocoa products, and especially increasing sales through supermarkets, have made the sustainable market increasingly interesting for conventional players. Especially their entrance in the organic market will have a profound influence on this niche.

2.4 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 achieved by for blenders/packers - which blend, pack and market tea, often under their own brand. A very large margin for cocoa is made during the 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 Sweden follow EU levels and trends.

Following consolidation and internationalisation in the coffee, tea and cocoa industry, prices and margins are under pressure.

2.5 Selecting a Suitable Trading Partner

Finding a trade partner in Sweden should not deviate from the general EU method. However, please note that Sweden plays a very limited role in the trade of the tea and cocoa, and imports are to a considerable extent conducted by agents and processors. These come directly from other EU countries, or concern processed products imported from other EU countries by retailers/distributors and, in the case of cocoa, by chocolate and food manufacturers. Coffee is more often imported directly from DCs and Sweden plays a considerable role in the regional market. Moreover, the country also has a significant roasting industry.

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.

2.6 Useful Sources

Coffee

- Gevalia, principal coffee brand of Kraft - <http://www.kraftfoodsnordic.com>
- Zoégas, principal coffee brand of Nestlé - <http://www.zoegas.se>
- Löfbergs Lila, important domestic roaster, also supplying Fair-Trade/organic coffee - <http://www.lofbergslila.se>
- Arvid Norquist, important domestic roaster - <http://www.arvid-nordquist.se>
- Lindvalls Kaffe AB, smaller Swedish roaster - <http://www.lindvallskaffe.se>
- Bergstrand & Bergstand AB, premium coffee producer - <http://www.bergstrands.se>
- ICA, major retailer with large organics assortment - <http://www.ica.se>
- COOP, major retailer with large organics assortment - <http://www.coop.se>

Tea

- Bergstrand & Bergstand AB is also a distributor of conventional and premium tea - <http://www.bergstrands.se>
- Kahls, tea importer and distributor (also coffee roasting) - <http://www.kahls.se>

Cocoa

- Cloetta Fazer, Scandinavia's largest chocolate and confectionery company - <http://www.cloettafazer.se>
- Leaf, Scandinavia's second largest chocolate and confectionery company with the Malaco brand. Production facilities in Sweden and Denmark - <http://www.leafsweden.se>

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

3.1 Imports

Coffee

Sweden is a medium-sized importer of green coffee, accounting for 4.2% of EU coffee imports. Coffee imports increased by 20% in value, and 4.9% in volume annually, amounting to € 241 million / 110 thousand tonnes. This large increase in import value was mainly due to the increasing prices of coffee on the international market since 2004. According to The Swedish National Coffee Association, instant coffee accounted for 12% of total coffee imports and is mainly imported from European countries.

DCs account for 95% of green coffee imports. The main suppliers are Brazil (37% market share), Colombia (16%) and Peru (12%). Peru greatly outperformed total

import growth with an average annual increase of 37% in value and 20% in volume. Other DCs with above average growth were Ethiopia (+23% annually) and Honduras (+27%). Kenya performed below average but still showed an increase of 15%. Germany, with a market share of 2.6%, was the largest EU supplier, showing a large increase in value (63%) as well as in volume (42%).

Most EU countries import part of their coffee needs as roasted coffee, a market in which DCs play a negligible role. Swedish imports are dominated by green coffee amounting to 93% of the total volume of coffee imports. The Swedish imports of roasted coffee increased on average in value by 5.6% per year, but showed a decrease in volume by 6.9%. Sweden's limited imports of roasted coffee indicate the large role of domestic roasters in the supply of both the domestic market and export to other Nordic countries.

Organic coffee

According to ICO, in 2007/2008 Sweden was the second largest importer of organic coffee, with its import volume amounting to 2.705 tonnes.

Tea

Sweden accounts for 3.8% of total EU tea imports. Imports increased by 7.6% in value between 2004 and 2008 and by 5.2% in volume, amounting to € 33 million / 4.7 thousand. Green tea imports increased by 35% annually (to € 5.8 million), which was a far stronger increase than the EU average. Still, green tea accounts for only 11% of total tea imports. Black tea imports also show a larger-than-average increase with, on average, 4.5%.

The main suppliers of tea to Sweden were EU countries such as Poland, Belgium, Germany and the UK. Remarkable was the strong growth in imports from Poland, which increased by 64% annually. The DCs' market share was small at only 9.5%. However, as imports from DCs are increasing at 10% annually, their share of imports is slowly increasing. The main developing country supplier was Sri Lanka, with a market share of 5.5%. However, imports from Sri Lanka are growing less strongly than overall imports. Imports from India (25%) and China (20%) increased strongly.

Table 3.1 Imports of coffee, tea and cocoa by Sweden, 2004 - 2008, average annual change in % of value state currency and volume metric

Product	2004		2006		2008		Average annual % change	
	value	volume	Value	volume	value	volume	value	volume
Green coffee	118	91	205	110	241	110	20%	4.9%
Tea	25	3.8	29	3.6	33	4.7	7.6%	5.2%
Black tea	23	3.6	24	3.2	28	4.2	4.5%	3.6%
Green tea	1.7	0.2	4.6	0.4	5.8	0.5	35%	28%
Cocoa beans	0.0	0.0	0.0	0.0	0.0	0.0	n.a.	n.a.
Cocoa paste	6.5	2.9	5.4	2.7	11	3.8	13 %	7.6%
Cocoa butter	20	6.7	21	5.8	18	4.0	-3.4%	-12%
Cocoa powder	15	6.1	6.7	4.4	9.6	5.8	-10%	-1.5%

Source: Eurostat (2009)

Cocoa

Sweden is a small importer of cocoa products. Imports of cocoa beans are negligible. Imports of cocoa paste, butter and powder are bigger, but still small in comparison to other smaller EU countries. Imports of cocoa paste increased in the review period by 13% in value and 7.6% in volume. Cocoa butter and powder show a decrease in imports by 3.4% and 10% respectively.

All suppliers of cocoa paste and butter are intra-EU. Regarding cocoa powder, there is a limited but increasing role for DCs. Only Ivory Coast is a supplier of any importance, with 1.9% market share. Imports from that country increased by 8.6% per year between 2004 and 2004.

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

Product	Origin	Leading suppliers in 2008 (share in %)	Share ¹ (%)	Average annual % change
Green coffee	Intra-EU	Germany (2.6%), Czech Rep. (1.2%), France (0.1%)	3.9%	41%
	Extra-EU, ex DC*	USA (0.5%), Singapore (0.2%), Australia (0.1%), Switzerland (0.1%)	0.8%	7.3%
	DC*	Brazil (37%), Colombia (16%), Peru (12%), Kenya (7.3%), Ethiopia (5.3%), Honduras (5.1%), Guatemala (2.4%), Nicaragua (2.1%), Vietnam (1.3%), Mexico (1.1%)	95%	19%
Tea	Intra-EU	Poland (26%), Belgium (19%), Germany (15%), United Kingdom (14%), France (8.6%)	89%	7.0%
	Extra-EU, ex DC*	Canada (0.5%), USA (0.5%)	1.5%	46%
	DC*	Sri Lanka (5.5%), India (1.6%), China (1.0%), South Africa (0.5%), Thailand (0.5%)	9.5%	10%
Black tea	Intra-EU	Poland (27%), Belgium (20%), Germany (14%), United Kingdom (13%), France (9.4%)	89%	3.7%
	Extra-EU, ex DC*	Canada (0.6%), USA (0.5%)	1.5%	53%
	DC*	Sri Lanka (6.5%), India (1.7%), China (0.8%), South Africa (0.6%)	10%	9%
Green tea	Intra-EU	Poland (21%), United Kingdom (20%), Germany (17%), Belgium (15%), Netherlands (14%)	92%	36%
	Extra-EU, ex DC*	Japan (0.9%)	1.7%	29%
	DC*	China (2.2%), Thailand (1.9%), India (1.4%), Sri Lanka (0.7%)	6.9%	27%
Cocoa beans	Intra-EU	-	-	n.a.
	Extra-EU, ex DC*	-	-	n.a.
	DC*	-	-	n.a.
Cocoa paste	Intra-EU	Belgium (57%), Lithuania (21%), The Netherlands (12%), Germany (10%), France (0.7%)	100.0%	13.5%
	Extra-EU, ex DC*	-	-	n.a.
	DC*	-	-	n.a.
Cocoa butter	Intra-EU	The Netherlands (99%), Germany (0.7%), France (0.1%)	100%	-3.3%
	Extra-EU, ex DC*	-	-	n.a.
	DC*	-	-	n.a.
Cocoa powder	Intra-EU	The Netherlands (57%), Germany (24%), France (9.4%), Spain (2.6%), Austria (2.6%)	98%	-11%
	Extra-EU, ex DC*	-	n.a.	n.a.
	DC*	Ivory Coast (1.9%),	2.0%	8.6%

Source: Eurostat (2009)

* Developing countries

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

3.2 Exports

Coffee

Sweden is a negligible exporter of green coffee, accounting for only 0.1% of EU green coffee exports. Sweden is a medium-important supplying country for roasted coffee, playing a considerable role in the Scandinavian market. Between 2004 and 2008, exports of roasted coffee increased by 21% annually in value and by 18% in volume. In 2008, this amounted to € 87 thousand / 25 thousand tonnes. The two main export destinations are Denmark and the USA, other destinations include Norway, the UK, Estonia, Germany and Lithuania.

Tea

Sweden is a small tea exporter, accounting for 1.2% of total EU tea exports. The value of exports increased in the review period by an average of 1.1% per year in value amounting to € 7.1 million / 0.9 thousand tonnes in 2008. Sweden's exports are directed to its Scandinavian neighbours.

Cocoa

Sweden exported only very limited amounts of cocoa beans, butter and paste in 2008. Exports of cocoa powder are more sizeable. Between 2004 and 2008, the exports amounted for € 565 thousand / 111 tonnes.

3.3 Opportunities and Threats

- + Sweden is a large coffee consumer. Moreover, DCs account for a large, and still increasing, share of coffee imports. Domestic consumption showed a continued increase between 2004 and 2008, but the volume of imports was still small compared to other large EU markets. However, considering the function of Sweden as a re-exporter to other Scandinavian countries, Sweden is an interesting market for DC suppliers. In addition, Sweden was the second largest importer of organic coffee in the EU in 2007/2008.
- + Although the Swedish domestic consumption is small, imports of tea are showing a stable increase. Next to this, the share of DCs is increasing, which provides opportunities for DC exporters.
- ± Almost all Swedish imports of cocoa products are sourced in other EU countries. Opportunities for suppliers in DCs therefore appear limited, especially for producers of cocoa beans. However, Sweden does have a large organics sector and opportunities might exist there.

It is important to note that an opportunity for a supplier in a DC may sometimes be a threat to another. The information given should be assessed according to the reality of each supplier. For more information on opportunities and threats, please refer to Chapter 7 of the CBI market survey covering the EU market.

3.4 Useful Sources

EU Expanding Exports Helpdesk

→ <http://exporthelp.europa.eu>

→ go to: trade statistics

Eurostat – official statistical office of the EU

→ <http://epp.eurostat.ec.europa.eu>;

→ go to 'themes' on the left side of the home page

- go to 'external trade'
- go to 'data – full view'
- go to 'external trade - detailed data'

Understanding Eurostat: Quick guide to easy Comext:

→

http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20090513.pdf

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

4 Price Developments

As prices for coffee, tea and cocoa are global market prices, Swedish prices should show limited deviation from those prices. Sweden's import prices for coffee are comparatively cheap, which is surprising considering the high percentage of more expensive Arabica coffee consumed in Sweden. However, Sweden plays a role as a trading country in Scandinavia, with substantial direct imports from DCs. This would mean closely corresponding to global market prices, which is reflected in import prices. Swedish retail prices for coffee are among the lowest in the EU, which is surprising, considering the high proportion of more expensive Arabica coffee in total coffee consumption. In 2008, the average retail price for roasted coffee amounted to € 5.71 per kilogram. This is likely to be due to the high consumption in other EU countries and the fierce competition prevailing on this mass market. Roasters often sell their products below production costs for extended periods.

As expected, import prices of tea are among the highest in the EU. Tea products are sourced in other EU countries and are likely to consist of processed products. Sweden imports no cocoa beans, just processed cocoa products.

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.

4.1 Useful Sources

The Swedish National Coffee Association (<http://www.kaffeinformation.se>) provides some information on retail prices. Next to this websites of large retailers like ICA (<http://www.ica.se>) can 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 DC preparing to access Sweden, you should be aware of the market access requirements of your trading partners and the Swedish 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 Sweden 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, please refer to the Swedish publication ‘From Contact to Contract’. 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.

6.1 Sales Promotion

Common practices of trade promotion in Sweden should not differ considerably from other European countries. However, please keep in mind that the trade of conventional cocoa and cocoa products, tea and coffee is extremely concentrated, because of different companies dominating the different product groups across and within national markets. Most inhabitants of Sweden speak English (and sometimes other Scandinavian languages and 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, Swedish Chambers and branch organisations focusing on coffee, tea and cocoa, or the (organic) food sector. Interesting *trade associations* in Sweden are:

- The Swedish National Coffee Association - <http://www.kaffeinformation.se>
- About Tea Sweden - <http://www.omte.se>
- KRAV – Organic Certification - <http://www.krav.se>
- Swedish Chocolate, Confectionery and Biscuit Association – special section under the Swedish Food Federation - <http://www.li.se>

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. There was, however, no trade press of interest found in Sweden. 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 fairs offer companies from DCs 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'. *Det Goda Köket* is a Food and Beverage Fair that takes place once a year in Stockholm. The next event will take place in November 2010 - www.detgodakoket.se. Search for trade fairs and exhibitions in Scandinavia via Fairlink – www.fairlink.se.

Please also refer to the CBI document 'From survey to success: guidelines for exporting coffee, tea and cocoa to the EU'.

Internet provides many sources on business practices and culture, such as <http://www.sverigeturism.se/smorgasbord/smorgasbord/industry/business/culture.html>. Please keep in mind that the above concerns general remarks. Therefore, when conducting business, use your intuition and an understanding attitude.

Appendix 1 - List of Abbreviations

CBI	Center for the Promotion of Imports from Developing Countries
DC / DCs	Development country(ies)
EU	European Union
Euromonitor	International market research company
FiBL	Research Institute of Organic Agriculture
FLO	Fairtrade Labelling Organisation
ICCO	International Cocoa Organisation
ICO	International Coffee Organisation
ITC	International Tea Committee
UK	United Kingdom
UTZ	UTZ Certified (worldwide certification program)

Appendix 2 - Currency Conversion

Average exchange rate

	<u>Average rate in USD</u>				
	2004	2006	2007	2008	2009
1 Euro	1.243	1.256	1.370	1.471	1.394

Source: www.oanda.com

The following sixteen EU-countries use the Euro as their daily currency:

- Austria
- Belgium
- Cyprus
- Finland
- France
- Germany
- Greece
- Ireland
- Italy
- Luxembourg
- Malta
- Portugal
- Slovak Republic
- Slovenia
- Spain
- The Netherlands

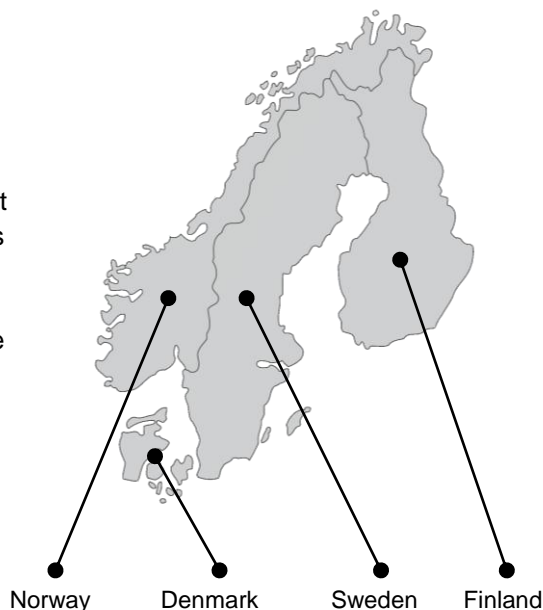
The Nordic Market

There are many similarities among the Nordic countries with regard to culture, language, political and social systems etc. Also when it comes to consumer behaviour and product preferences you find many similarities.

When entering one of the Nordic markets it therefore might be relevant to consider the possibilities in the other countries as well.

Three of the Nordic countries work with trade and import promotion activities. Below you will find contact details of the import promotion organisations in Finland, Norway and Sweden.

Population:	Denmark	5.5 million
	Finland	5.3 million
	Norway	4.8 million
	Sweden	9.3 million



Denmark

As from January 2010, Denmark has no trade promotion programme. The earlier programme (DIPP), which was financed by Danida (the Danish International Development Assistance), ended on 31 December 2009.

Norway

Department of international trade cooperation (DITC) is established according to an agreement between NORAD (Norwegian Agency for Development Cooperation) and HSH (Federation of Norwegian Commercial and Service Enterprises). DITC promotes imports from developing countries.

Contact details:

HSH – Department of International Trade Cooperation (DITC)
P.O. Box 2900 Solli,
NO-0230 Oslo, Norway
Phone: +47-2254 1700
Direct phone: +47-2254 1752
Fax: +47-2256 1700
E-mail: ellen.gjeruldsen@hsh-org.no
Internet: www.hsh-org.no

Finland

The Finnish business partnership programme, Finnpartnership, provides advisory services for business activities of Finnish companies in developing countries and financial support in the planning, development and implementation phases of a project.

Contact details:

Finnpartnership - Finnish Business Partnership Programme
c/o Finnfund
P.O. Box 391
FI-00121 Helsinki, Finland
Phone: +358-9-3484 3314
Fax +358-9-3484 3346
Internet: www.finnpartnership.fi

Sweden

The programme is carried out in cooperation with Sida (Swedish International Development Cooperation Agency). It focuses on business contacts, market information, training and extended contacts in order to promote export from developing countries.

Contact details:

Swedish Chambers of Commerce
Trade Promotion
P.O. Box 16050
SE-103 21 Stockholm, Sweden
Phone: +46-8-555 100 00
Fax: +46-8-566 316 30
E-mail: info@chambertrade.com
Internet: www.swedishchambers.se



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