

# The United Kingdom market potential for cocoa

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The United Kingdom is 1 of the main chocolate markets in Europe. Cocoa imports remained relatively stable until 2021, when there was a significant reduction due to Brexit and the impact of the global COVID-19 pandemic. The British chocolate market is increasingly focused on ethical consumption, and more and more consumers are demanding chocolate produced from fairly traded and/or organic cocoa.

## Contents of this page

1. [Product description](#)
2. [What makes the United Kingdom an interesting market for cocoa?](#)
3. [Which trends offer opportunities or pose threats on the British cocoa market?](#)

## 1. Product description

The focus of this document is on cocoa beans (whole or broken, raw or roasted), corresponding to HS code 1801. Harmonised System (HS) codes are used to classify products and calculate international trade statistics, such as imports and exports.

The cocoa tree (*Theobroma cacao*) grows in tropical areas between 15 and 20 degrees latitude north and south of the equator in Africa, Asia and Latin America. Cocoa pods grow directly from the trunk and thicker branches of the tree. After extraction from the pod, cocoa seeds (beans) are fermented and (sun) dried. A cocoa producing tree can deliver on average 7-9 kg of dry beans per year.

The 3 main varieties of the cocoa tree as distinguished by the international cocoa market are the following:

1. *Forastero* is the predominant cocoa variety. It is mainly cultivated in Africa, but also in Central and South America. It accounts for around 80% of global cocoa production. *Forastero* grows faster and gives a higher yield than other cocoa varieties. The beans have a strong, earthy flavour. Generally, bulk cocoa beans come from *Forastero* trees. Well-known *Forastero* subspecies are *Amelonado* and *Nacional*. *Nacional* trees in Ecuador produce fine flavour cocoa.
2. *Criollo* (original cocoa tree) is mainly grown in Central America, northern South America, the Caribbean and Sri Lanka. *Criollo* makes up around 5% of global cocoa production. The beans have a delicate and sweet flavour. *Criollo* is often mixed with other varieties when making chocolate, given that it is scarce and expensive. Fine flavour cocoa beans are produced from *Criollo* cocoa trees. Well-known varieties are *Chuao*, *Porcelana* and *Ocumare*.
3. *Trinitario* is mainly cultivated in Central and South America, the Caribbean and Asia. The beans are a hybrid of the *Criollo* and *Forastero* trees. This variety represents around 10-15% of global cocoa production. The beans have a floral, fruity flavour. The cocoa beans from *Trinitario* trees are classified as fine flavour cocoa. There are exceptions, however, as Cameroonian cocoa beans produced from *Trinitario* trees are classified as bulk cocoa beans. Well-known varieties are *Carenero*, *Rio Caribe* and *Sur del Lago*.

Cocoa bean derivatives (cocoa paste, cocoa butter and cocoa powder) are covered in [our study on semi-finished cocoa products in Europe](#).

## 2. What makes the United Kingdom an interesting market for cocoa?

The United Kingdom is the fifth-largest cocoa bean importer in Europe. Imports decreased in 2021 due to the effects of Brexit and COVID-19. The country's exports of chocolate products are also registering decline. On the other hand, the share of imports sourced directly from cocoa producing countries is increasing. This provides opportunities for cocoa bean exporters.

### The United Kingdom is 1 of the largest chocolate-consuming countries in Europe

It is estimated that the United Kingdom (UK) has the [seventh-highest chocolate consumption in the world](#) and the fourth-highest in Europe. Average per capita consumption reaches about [8.1 kg](#) per year. A survey conducted in 2019 showed that approximately [56%](#) of British adults eat chocolate more than once a week. Consumption has remained stable over the last few years. To put this into context: Europe's average consumption is about [5 kg per year per person](#), while the world's average chocolate consumption amounts to an estimated [0.9 kg per year per person](#). In terms of consumer preference, [chocolate bars and blocks remain the top choices](#) of British consumers.

### British imports of cocoa beans decreased in 2021 due to Brexit and COVID-19

The United Kingdom is the fifth-largest importer of cocoa beans in Europe. According to ITC Trade Map data, the country imported 116 thousand tonnes in 2020, which represented 5.5% of total European cocoa bean imports. In 2021, however, British imports amounted to just over 79 thousand tonnes of cocoa beans. Overall imports were down largely due to the changes to the UK's trading relationship with the EU arising from Brexit. Another factor contributing to the decreased imports is the impact of the global pandemic, especially related to the closure of trade borders and establishments within the country.

As illustrated in Figure 1, imports decreased in volume between 2017 and 2021 at an average annual rate of -7.1%. This decrease is mainly due to the low imported volume in 2021. Between 2017 and 2020, the import volume remained relatively stable around 110 thousand tonnes, showing a slight gradual increase.

Between 2017 and 2021, UK imports from other European countries decreased by over 14%. Over the same period, UK imports from cocoa producing countries registered a much smaller decline of -3.9%.

### Increasingly large share of UK imports supplied directly by cocoa producing countries

Between 2017 and 2021, the share of cocoa bean imports supplied directly by cocoa producing countries increased by 10%. In 2017, an estimated 65% of cocoa beans were sourced directly, growing to a share of 75% in 2021. The largest cocoa producing suppliers are Ivory Coast and Ghana, which accounted for 73% of total UK cocoa bean imports in 2021. France, a non-cocoa producing country, accounted for another 25% of British imports.

Cocoa beans enter the United Kingdom via different ports, most notably the [Ports of Liverpool](#) and [Hull](#). By 2018, more than [two-thirds](#) of total cocoa bean demand arrived via the Port of Liverpool. Thanks to its strategic location, this is 1 of the country's best-connected ports. In fact, the port's [proximity to cocoa manufacturing factories](#) established in Yorkshire and North Wales is an advantage that reduces transportation costs and the carbon footprint in the supply chain. The companies [CWT Commodity Logistics](#) and [Keystore](#) specialise in storage and handling of cocoa beans in the UK.

## The UK is a small re-exporter of cocoa beans

The United Kingdom is a relatively small re-exporter of cocoa beans. In 2021, the country re-exported only 221 tonnes, making up less than 1% of the country's total imports of cocoa beans. The UK's low re-export performance indicates that cocoa beans are mainly used by the national cocoa processing and chocolate industries.

UK re-exports decreased at an average annual rate of -15% in volume between 2017 and 2021. During the same period, Belgium was the most important destination country, but re-exports to Belgium have been continuously decreasing from 255 tonnes in 2017 to 25 tonnes in 2021. In 2021, the Netherlands was the largest export destination for the UK, with 113 tonnes.

## British chocolate exports declining due to Brexit

When it comes to the export of chocolate products, the United Kingdom is Europe's seventh-largest exporter. In 2021, chocolate was the UK's second-largest export in the food and drink category with a [market value of £755.6 million](#). The UK export volume reached 164 thousand tonnes in 2021. As illustrated in Figure 2, British export volumes of chocolate products showed a positive trend between 2017 and 2020, growing at an average annual rate of 4.0%. In 2021, exports decreased due to [the effects of Brexit on the cocoa and chocolate sector](#).

Ireland was the main destination for the UK's chocolate in 2021, receiving 37 thousand tonnes or 23% of total UK chocolate exports. The Netherlands followed as the second-largest destination, with 25 thousand tonnes or 15% of the exports' share. Overall, British chocolate exports to the EU have been significantly reduced after Brexit, while exports to non-EU countries like China, the USA and Australia have increased. Although exports to non-EU countries have powered the sector's recovery, they have not made up for the losses in exports to the EU.

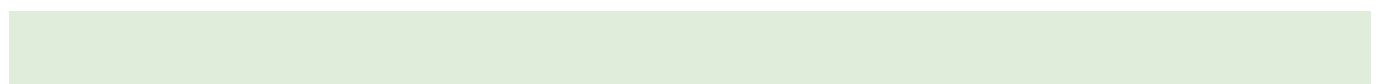
## British cocoa and chocolate industry is of considerable size

The UK processing and grinding industry is the fifth-largest in Europe. During 2020-2021, the UK processed around [80 thousand tonnes](#) of cocoa beans. This is far below countries such as the Netherlands ([610 thousand tonnes](#)), the USA (390 thousand tonnes), Brazil (240 thousand tonnes), Indonesia (490 thousand tonnes) and Ivory Coast (620 thousand tonnes).

The British manufacturing industry is slightly better positioned. According to data from the PRODCOM survey, the United Kingdom produced more than 289 thousand tonnes of chocolate products in 2019, including different types of chocolate bars, blocks and tablets, chocolate spreads and chocolate confectionery. This was 1 of the highest volumes in Europe, only behind Germany (1,159 thousand tonnes) and Italy (553 thousand tonnes). In fact, the chocolate and confectionery industry is the [35<sup>th</sup> ranked manufacturing industry](#) by market size in the UK.

The chocolate confectionery market in the United Kingdom is expected to increase at an average annual rate of [0.82%](#) during the period 2020-2024. [Driving factors of this market growth include the rising disposable income of emerging economies and the consumer interest in healthier snacks](#). In fact, single-origin, organic, high-cocoa and ethical chocolate options are now fast-growing categories in the confectionery industry.

The companies holding the largest market share in the British chocolate and confectionery industry include multinationals like [Mars](#), [Nestlé](#), [Barry Callebaut](#) and [Mondelez](#). [Pladis](#) and [Hotel Chocolat](#) are 2 British companies positioned in the [global top 100 candy companies](#) which have significant net sales values and report important employment numbers.



## Tips:

- Activate the “Translation” function of your browser to make the studies available in your native language.
- Access [ITC Trade Map](#) to analyse European and UK trade dynamics yourself and to build your export strategy. By entering the product code (1801) and selecting the UK, you will be able to follow developments such as trade flows with established suppliers, the emergence of new suppliers and changing patterns in direct and indirect imports.
- See our study of [trade statistics for cocoa](#) for more detailed information about the European trade in cocoa beans.
- Invest in long-term relationships. Whether you are working through an importer or directly with a chocolate maker in the UK, it is important to establish a strategic and sustainable relationship with them. This will help you manage market risks, improve the quality of your product and reach a fair price/quality balance. For more tips, read [our study on doing business with European cocoa buyers](#).

## 3. Which trends offer opportunities or pose threats on the British cocoa market?

The United Kingdom is 1 of the main chocolate markets in Europe. Growing health awareness is changing the UK chocolate market, as sugar-free and vegan chocolate options are becoming increasingly available to consumers. The British market is characterised by an increasingly strong focus on ethical consumption.

### Impact of Brexit on the UK chocolate market felt in export figures

The United Kingdom's decision to leave the European Union has had a relevant impact on the national cocoa and chocolate sectors. Trade relations with the European Union have weakened, and trade obstacles have emerged as British companies now face a series of [lengthy procedures, extra paperwork and administrative costs](#) before entry to the EU.

As a consequence, British exports of food and drinks to EU countries have declined. In 2021, all food and drink exports to EU decreased, -18.5% compared to 2019 and -12% compared to 2020. Specifically, in the case of chocolate, it was observed that exports of British chocolate were [down 18.5%](#) in the first half of 2021 in relation to 2019. Chocolate imports from EU countries to the United Kingdom have also been [affected](#), and it is expected that they [will deteriorate further](#) in 2022 after the UK's full customs procedures are in place. Additionally, [EU re-exports of cocoa beans to the UK will likely fall](#) due to the decline in chocolate manufacturing in the UK and the trade barriers caused by Brexit.

In response to this situation, UK companies are likely to consider sourcing directly from origin or exporting more to non-EU markets. This provides an opportunity for cocoa suppliers from producing countries to establish direct relations with UK-based buyers, especially regarding sustainable, ethical or high-quality cocoa.

### Growing and diverse market for healthier chocolate options in the United Kingdom

In many European markets, health and wellness have become a priority, resulting in consumers increasingly looking for healthier product alternatives. A [large number of consumers claim that chocolate needs to be tasty and healthy](#). As a result, there has been an [increasing demand for sugar-free options, vegan \(raw\) chocolate, dark chocolate and chocolate products with ingredients that are perceived as healthy](#), while some [consumers have also chosen to limit their consumption of traditional chocolate](#). Especially the growing demand for darker chocolates may be interesting for exporters of cocoa beans, as these products demand a larger percentage of cocoa. The trend for healthier chocolate will likely only develop further.

The UK government has set different [regulations and policies](#) on sugar reduction aiming to tackle high rates of diabetes and obesity. There are tentative [signs that the confectionery industry is slowly responding](#) to this trend by bringing out reduced-sugar and vegan alternatives to popular products. Some manufacturers and retailers have expanded their product ranges and are now working with different ingredients (stevia, maltitol, coconut sugar) to replace or lower sugar levels.

For example, [Barry Callebaut has created its own patented fibre blend](#) for sugar reduction up to 30%. Additionally, the United Kingdom has [led the vegan chocolate market](#) in terms of innovation, as a large array of vegan chocolate options have been launched in recent years. Some examples of UK companies producing vegan chocolate are [Hip Chocolate](#), [Fellow creatures](#) and [Plamil organic chocolate](#). Examples of UK companies offering sugar-free chocolates include [Free'ist](#) and [The Lite Chocolate Company](#).

## Preference for ethical consumption shapes the British chocolate market

In 2021, almost [a third of UK consumers chose brands with \(perceived\) ethical practices and values](#). Consumer spending on ethical food and drink has significantly increased as there is now [more consumer awareness of sustainability and commitment](#) to products that can have a positive influence on environmental and social concerns.

In this context, fair trade and organic products have outperformed the conventional market. It is anticipated that [fair trade and organic-certified products will perform particularly well](#) over the next 5 years. A [large percentage of people claim to be interested in purchasing fair trade and organic products](#) in the future. About 59% of fair trade consumers confirmed in 2021 that they were willing to pay more for a product that pays producers a fair price. A classic example of a chocolate brand that is both organic and Fairtrade-certified in the UK is [Green & Black's](#).


Regarding Fairtrade certification, the cocoa sales volume in the UK grew by [3%](#) in 2020. Note that 2020 was not an easy year for Fairtrade UK as, besides the effects of the COVID-19 pandemic, [Nestlé decided to stop sourcing cocoa on Fairtrade terms for their KitKat bars](#) which are largely produced in the UK. One of the main drivers behind the increased sales of Fairtrade cocoa in the UK is the fair trade commitments of retailers such as [Co-op](#), [Waitrose](#) and [Marks & Spencer](#).

Some examples of British chocolate makers and brands that sell fair trade chocolate and use ethically sourced cocoa are [Divine Chocolate](#), [Chocolate and love](#), [Montezuma's chocolates](#), [Forever cacao](#), [Kokoa Collection](#), [Green and Black's](#) and [Mr Chocolate Bean](#).

Many cocoa exporters handle offers of certified cocoa. An example is the [Entreprise Coopérative Kimbre](#) (ECOOKIM). This union of cooperatives from Ivory Coast is leading cocoa exports in the country. It offers cocoa certified with Fairtrade, UTZ and Rainforest Alliance labels.

### Tips:

- See [our study on trends for cocoa](#) to learn more about current trends and developments on the European market for cocoa and cocoa products.
- See [our study on doing business with European buyers of cocoa](#) for more tips on marketing and promotional aspects of your cocoa.
- Consider showing the sustainable and ethical aspects of your cocoa production with certification standards. Before engaging in a certification programme, make sure to check (in consultation with your potential buyer) that this label has sufficient demand in your target market and whether it will be cost beneficial for your product.
- Besides promoting your certification, you should also promote other sustainable and ethical aspects of your production process. Note that, in addition to certification, transparency of the supply chain has become increasingly important in the cocoa sector. This means you should be able to prove and communicate a traceable chain of your products.



This study was carried out on behalf of CBI by Gustavo Ferro and Lisanne Groothuis from [ProFound – Advisers In Development](#).

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