

Exporting desiccated coconuts to Europe

The European Union is the world’s largest importer of desiccated coconuts, accounting for more than 30% of the global imports. Desiccated coconut is a traditional baking ingredient in many European countries which has been gaining more attention recently thanks to growing consumer interest in Asian cooking. Europe’s imports of desiccated coconuts have been growing, the leading importing countries being the Netherlands, Germany, the United Kingdom and Belgium.

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1. Product description

Desiccated coconuts have to be properly processed, undergoing the following processes:

- dehusking — removing the husk while leaving the shell intact;
- hatcheting — removing the shell from the kernel;
- paring — removing the brown outer layer from the kernel;
- splitting the white kernel to remove the water;
- washing;
- pasteurisation;
- comminution or disintegration;
- drying — to a humidity level below 3%;
- sifting or grading.

Desiccated coconuts can be produced without oil extraction or with partial oil extraction by appropriate physical means.

In leading production countries, the processing steps that happen before comminution are manually performed. This makes the selling price of desiccated coconuts closely linked to the cost of labour.

Preservatives are allowed in the production of desiccated coconuts, the most commonly used in practice being sulphur dioxide. Use of citric acid as antioxidant is also allowed.

Table 1: Combined Nomenclature code for desiccated coconuts

Number	Product
080111	Coconuts, desiccated

Quality

For detailed standard quality requirements please refer to the [Codex Alimentarius Standard for Desiccated](#)

Coconut.

The basic quality requirements for desiccated coconuts are:

- Colour: natural white to light creamy.
- Texture: free-flowing and free from yellow specks.
- Flavour: distinctive coconut flavour without off-flavours due to deterioration or absorption of extraneous substances.
- Odour: the characteristic odour of the product, not mouldy nor cheesy, smoky, fermented nor rancid and no undesirable odour.
- Oil content sorts desiccated coconut usually into two trade categories:
 1. High-fat desiccated coconut (sometimes referred to as 'full fat') has 60% m/m of oil or more. This is the dehydrated form of white coconut meat from freshly selected mature kernels.
 2. Low-fat desiccated coconut, which has less than 60% m/m of oil. This is the dehydrated form of white coconut meat after extraction of the coconut milk. The fat content of this product can vary, but is usually in the range of 45-55%.

Additional quality characteristics

Desiccated coconuts can be sized into several categories. Cut sizes of fine, medium and super fine are widely used in the confectionery and bakery trades as toppings for cakes and pastries, fillers for candy bars, chocolates, etc.

In addition to the regular cuts, desiccated coconut is also available in a variety of fancy cuts, such as chips, flakes, threads and shreds. Desiccated coconut fancy cuts are used as confectionery toppings and as breakfast cereal enhancers. The toasted and sweetened versions of desiccated coconut fancy cuts with their crunchy coconut flavour are also increasingly used as snacks.

Labelling

The name of the product should be 'desiccated coconut' preceded or followed by the common or ordinary name legally accepted in the country of retail sale. The name should indicate the oil content of the product. When applicable, the name may indicate the sizing of the product.

Information for non-retail containers shall be given either on the container or in accompanying documents, except that the name of the product, lot identification, and the name and address of the manufacturer, packer, distributor or importer, as well as storage instructions, shall appear on the container. However, lot identification, and the name and address of the manufacturer, packer, distributor or importer may be replaced by an identification mark, provided that such mark is clearly identifiable with the accompanying documents.

In the case of retail packaging, product labelling must comply with the European Union's [food labelling regulation](#).

Packaging

Packaging used for desiccated coconuts must protect the organoleptic and quality characteristics of the product, to protect the product from bacteriological and other contamination (including contamination from the packaging material itself) and not pass on to the product any odour, taste, colour or other foreign characteristics.

The most common types of packaging for desiccated coconuts in bulk are craft paper bags with inner sealed polythene to keep it away from the atmosphere's moisture. The most common standard bag size is 25 kg but bags of 8 kg, 10 kg and 50 kg are also used. Packed products should be stored in a clean, cool and dry place under room temperature of 26° C or below. In normal storage conditions, the product shelf life should be 12 months.

The bags are packed on Euro pallets (80 x 120 cm) and further transported on 20 ft (500 bags of 25 kg) or 40 ft

(1000 bags of 25 kg) containers.

Picture 1: Low-fat desiccated coconut bulk packaging



Picture 2: High-fat medium desiccated coconut



Picture 3: Desiccated coconut chips



Picture 4: Desiccated coconut threads



Tips:

For detailed standard quality requirements, please refer to the [Codex Alimentarius Standard for Desiccated Coconut](#).

Be aware that the United Nations Economic Commission for Europe (UNECE) is preparing a new standard for [dried coconut pieces](#). This standard should be adopted by the end of 2018. The purpose of the standard is to define the quality requirements of dried coconut pieces at the export control stage, after preparation and packaging.

2. Which European markets offer opportunities for exporters of desiccated coconuts?

The Netherlands, Germany and the United Kingdom are currently the largest European import markets for desiccated coconuts, offering good opportunities. The fast growing markets of France and Ireland also offer great opportunities.

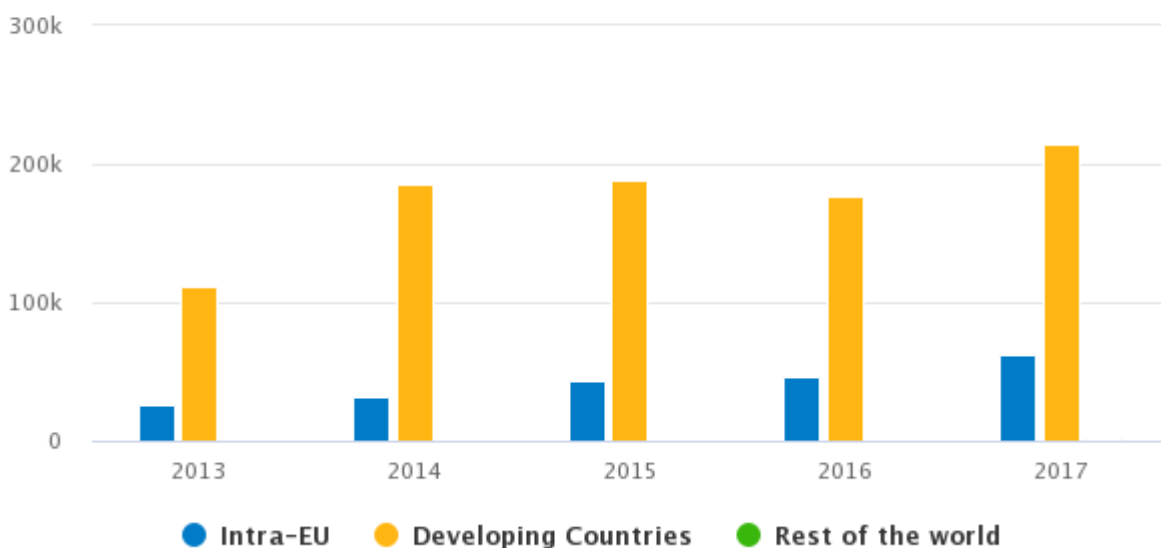
Imports

Imports of desiccated coconuts to Europe continue to grow

- In the long term, the European market for desiccated coconuts is expected to grow steadily, likely driven by the popularity of the coconut flavour and by the expected economic growth in Central and Eastern European countries.
- Over the last five years, European imports of desiccated coconuts have grown annually by 5% in quantity and by 20% in value, reaching €276 million and 127 thousand tonnes in 2017. The higher growth rate in value than in quantity indicates an increase of import prices.
- As desiccated coconut is not produced in Europe, all intra-European imports originate from countries outside Europe.

Figure 1: European imports of desiccated coconuts, by main origin

in € thousand



Source: ITC Trademap

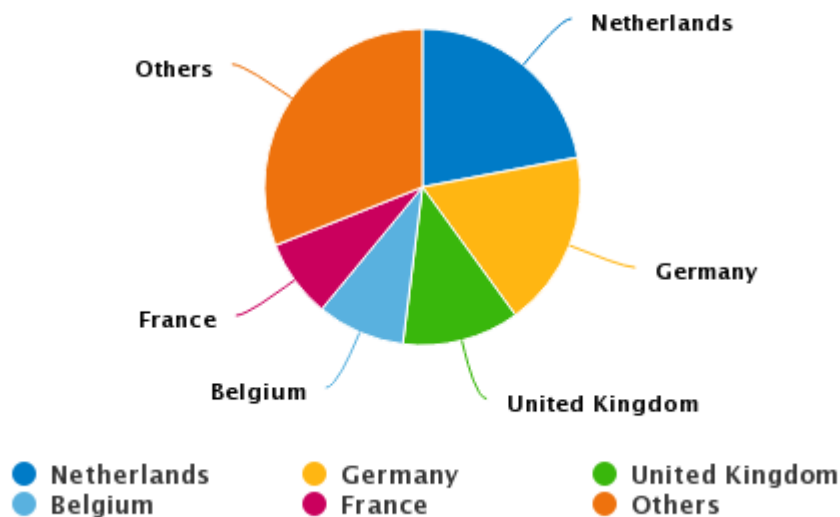
The Netherlands is the leading European importer of desiccated coconuts

- European imports of desiccated coconuts are diversified. The two largest importers, the Netherlands and Germany, account for less than 50% of total European imports.
- Over the last five years, Dutch imports of desiccated coconuts increased by more than 11 thousand tonnes, reaching almost 30 thousand tonnes in 2017. Due to this impressive increase, the Netherlands has now overtaken Germany to become the leading European importer of desiccated coconuts.
- Ireland showed the highest import growth rate in quantity over the last five years, tripling its imports from 0.3 thousand tonnes to 1.1 thousand tonnes. France also considerably increased its imports of desiccated coconuts, from 6 thousand tonnes in 2013 to more than 10 thousand tonnes in 2017.
- Imports of desiccated coconuts are very dependent on the development of the confectionery and bakery industry in Europe. As both industries have positive development forecasts, we can expect that the import of desiccated coconuts will have positive growth in the long term. Additionally, European buyers are looking for

new suppliers and new sourcing countries. This provides opportunities for developing country suppliers capable of meeting standardised quality requirements.

Figure 2: European Union imports of desiccated coconuts by country 2017

in %, share of imported quantity



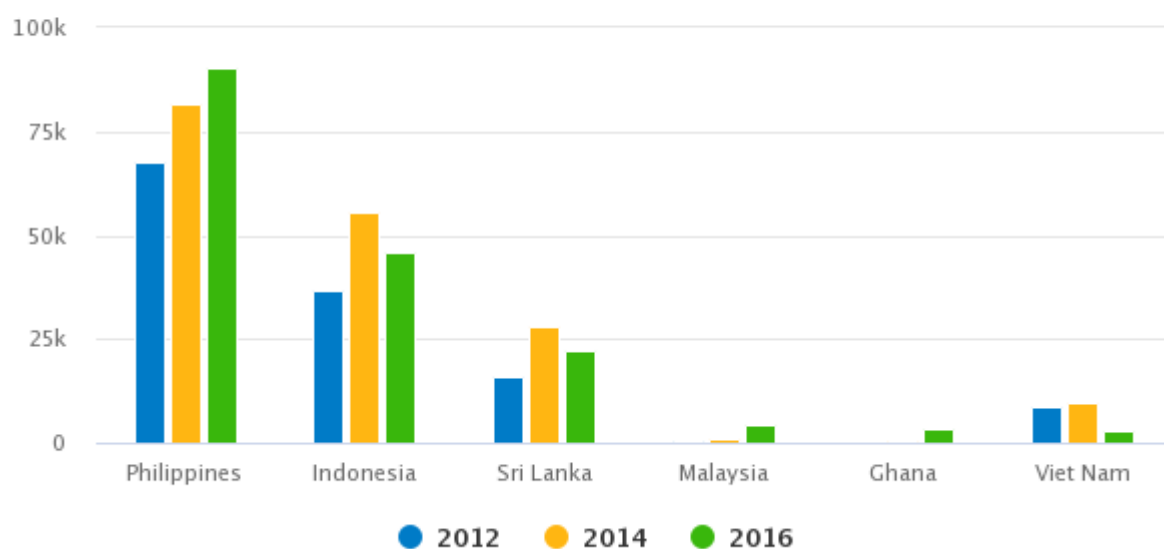
Source: ITC Trademap

Philippines by far the largest supplier of desiccated coconuts to Europe

- The largest share of imports of desiccated coconuts to Europe in 2017 came from the Philippines (54%), followed by Indonesia (30%) and Sri Lanka (8%).
- Out of the top 10 suppliers of desiccated coconuts to Europe, the largest annual import growth in the last five years was from Malaysia (130%), Ghana (89%) and India (23%). The import growth from Malaysia is especially significant: from just 161 tonnes in 2013 to more than 2 thousand tonnes in 2017.
- The supply of desiccated coconuts to Europe depends largely on the production volumes in the main production countries. In 2016-2017, for example, [typhoon Nock-Ten hit coconut growing areas in the Philippines](#) further disrupting an already tight supply of raw nuts, and hence of desiccated coconut.

Figure 3: Main external suppliers of desiccated coconuts to Europe

in € thousand



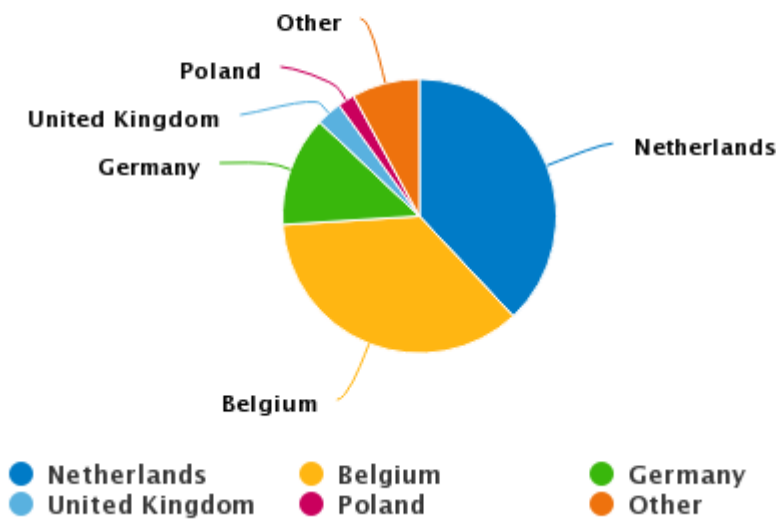
Source: ITC Trademap

The Netherlands and Belgium are the largest European re-exporters of desiccated coconuts

- Intra-European Union trade represents 90% of all European desiccated coconut exports. All exported quantities are re-exports of desiccated coconuts originally imported from countries outside Europe.
- Re-exports of desiccated coconuts in the European Union are very concentrated. The two largest exporters, Netherlands and Belgium, account for 74% of total exports. The highest average annual export growth in the last five years was from Poland (70%) and Slovakia (84%).
- The main external destination for European desiccated coconuts exports is Russia (35%), followed by Switzerland and Morocco. The highest annual export growth was to Morocco, with an increase from 10 tonnes in 2013 to 96 tonnes in 2017.

Figure 4: The European Union export of desiccated coconuts by country in 2017, share of exported quantity

Percentage of volume in %



Source: ITC Trademap

Tips:

In addition to targeting the main import hubs, consider diversifying your exports of desiccated coconuts to fast growing markets, such as France and Ireland.

Compare your company with competitors from market leading countries, such as Philippines, Indonesia and Sri Lanka, and from countries gaining market share in Europe, especially Malaysia and Ghana.

Although the leading importing countries (Netherlands, Germany, Belgium and United Kingdom) provide the most opportunities for you, be aware of strong competition from suppliers which have already established their places in those markets.

Production and consumption

Due to climate, coconut trees do not grow in Europe, except in minor quantities on small islands in the south of Italy. Overseas territories of European countries such as French Guyana will produce some coconuts too. Nonetheless, there is no production of desiccated coconuts in Europe and apparent consumption is calculated as the difference between imports from outside Europe and exports to non-European countries.

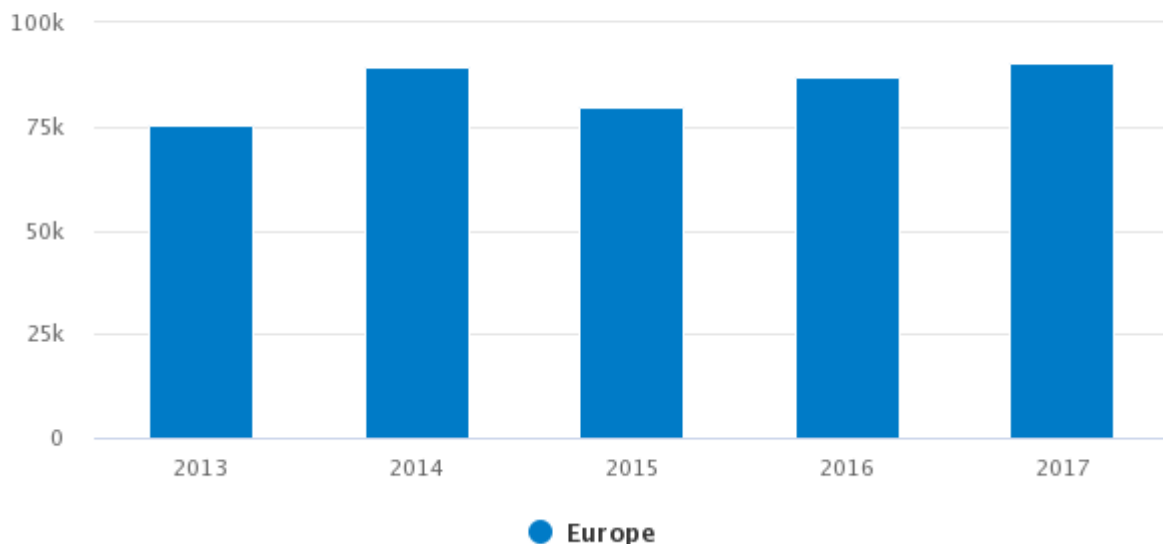
- Consumption of desiccated coconuts is directly connected to the world production of coconuts and closely related to climatic conditions which vary from year to year. Global production of desiccated coconuts is estimated to average between 180 and 290 thousand tonnes annually.
- The Philippines, Sri Lanka and Indonesia dominate the global production of desiccated coconuts. In years with high global production, prices decrease. In years when production is affected by typhoons, for example, supply is tighter. Producers in developing countries must work with these variations in world supply as much as possible to keep prices stable.
- The largest consuming countries within the European Union are the United Kingdom, Germany and Spain.
- The largest consumer of desiccated coconuts in Europe is the confectionery industry and a smaller quantity

goes to re-packing for retail sale. Consumption of desiccated coconuts in the majority of European countries reaches a peak towards the year-ending months and the festive season culminating in Christmas and New Year.

- Sales of organic desiccated coconuts as well as fair-trade products are increasing in the Western European markets.

Figure 5: Apparent consumption of desiccated coconuts in Europe

in tonnes



Source: EU Trade Helpdesk

Tips:

Closely monitor the production in the Philippines, as it determines the world supply. Producers from the Philippines commonly fetch higher prices for their product in the European market in comparison with other suppliers, such as Indonesia and Sri Lanka. Try to reach the same quality as leading suppliers from Philippines.

Instead of targeting the largest trading countries, such as the Netherlands and Belgium, exporters from developing countries can directly export to the largest consuming countries, such as the United Kingdom, Germany or Spain. However, this approach needs to be carefully considered, as many importers prefer to deal with already established European traders.

Find regular information about coconut crops, processing and market situation on [IEG Vu](#), the leading European information service for processed fruit and vegetables. [Price Watch](#) of the Philippine Coconut Authority, is an important source to monitor prices.

You can find information on international coconut production and processing on the website of the [International Coconut Community](#). You can find or purchase more specific information about coconut production, including daily price information for coconut products on the website of [United Coconut Association of the Philippines](#).

3. Which trends offer opportunities in the European market for desiccated coconuts?

Our study on [trends for processed fruits, vegetables and edible nuts](#) provides an overview of the most relevant market trends for exporters from developing countries. The following notes provide information on specific products.

- While still an exotic product in general, desiccated coconut has been used as a traditional bakery ingredient in many European countries. In the Netherlands, for example, 'kokosmakronen' are very popular, and so are coconut macaroons in the United Kingdom. Coconut is also widely used in other food products, such as breakfast cereals. More recently, the growing consumer interest in Asian cooking has been benefiting desiccated coconut.
- There is [controversy](#) about the 'healthiness' of desiccated coconut. Coconut oil contains a high percentage of saturated fatty acids, whose consumption health authorities generally discourage, since they are associated with cardiovascular and other diseases. On the other hand, proponents of coconut oil point to the high percentage of lauric acid in it, a medium-chain fatty acid that behaves differently in the body from long-chain fatty acids, which would make coconut oil more beneficial than other saturated fats. However, health authorities do not yet endorse any health claims for medium-chain fatty acids.
- There is a shift happening in the market from traditional desiccated coconuts towards value-added forms of the product, such as roasted coconut chips, which consumers eat on the go to fit into their busy lifestyles. Desiccated coconuts are also being used in an increasing number of applications, such as snack bars, fruit desserts and bread spreads.
- There is a growing demand for transparent information about the origin, nutrition and quality of the product. Besides basic quality requirements, European buyers search for desiccated coconuts with intensive coconut flavour and aroma.
- Sales of organic desiccated coconuts are also growing in Europe.

Tips:

The [Anuga](#) and [SIAL](#) trade fairs are the best places to monitor market trends and meet prospective buyers in Europe. They are held alternately each year in Cologne, Germany, and Paris.

Exporters of desiccated coconuts from developing countries can benefit from the current trend of marketing coconut's health benefits, including its high content of soluble dietary fibre, which has turned desiccated and toasted coconut into the ingredients of choice in many major food companies.

Try to introduce different possibilities of custom-made cuts, to broaden the pool of potential buyers.

Use the internet and social media to promote your company and market desiccated coconuts in European markets.

Consider using the trend towards healthy products to your advantage by selling organic desiccated coconuts.

4. Which are the requirements for desiccated coconuts to be allowed on the European market?

In addition to the quality requirements mentioned in the product description, please refer to our study on [buyer requirements for processed fruits and vegetables](#) for a general overview of the buyer requirements in the European Union.

Legal requirements

All foods sold in the European Union must be safe, including desiccated coconuts and imported products. Additives must be approved. Harmful residues in pesticides are banned. It should also be readily obvious from the labelling whether a food contains allergens.

In the event of repeated non-compliance by specific products originating from a particular country, stricter import conditions will be imposed, for example, requiring a health certificate and analytical test report. Products from countries that have shown repeated non-compliance are added to a list in the annex of the [European regulation on the increased level of official controls](#). As of December 2018, there were no increased controls for the import of desiccated coconuts.

The most common problems European Union importers face when importing desiccated coconuts from developing countries are the risk of contamination with microorganisms such as salmonella and the high content of preservatives, such as sulphites. In 2015 and 2017, the [European Rapid Alert System for Food and Feed](#) (RASFF) reported two cases of salmonella. One case of undeclared sulphite has also been registered. Common industry practice allows for a maximum 50 ppm content of SO₂.

Labelling requirements

[European food labelling legislation](#) forbids misleading consumers. Claims that a specific food can prevent, treat or cure a human disease may not be made. Allergens have to be highlighted in the list of ingredients on the retail packaging. Requirements regarding information on allergens also cover foods which are not pre-packed, including those sold in restaurants and cafés. Nutritional information is also mandatory for most products. However, coconuts and desiccated coconuts are not on the obligatory list of allergens.

Common and niche requirements

- Food safety certification is a common request by European Union importers. The most common certification schemes accepted in European markets are [IFS](#), [FSSC22000](#) and [BRC](#).
- Environmental protection, organic and fair-trade certification schemes are becoming more and more popular in the European Union. For organics, consider the [IFOAM standard](#). The European Union regulates organic food and drinks produced or processed in the European Union and abroad. [Commission Regulation \(EC\) No. 1235/2008](#) details the rules concerning importation of organic products from third countries.
- Organic products can readily be imported from non-European countries whose rules on organic production and control are equivalent to the European Union's. These countries currently include Argentina, Australia, Canada, Costa Rica, India, Israel, Japan, New Zealand, Tunisia, Switzerland and the USA. For all other non-European Union countries, importers can [have their organic products certified for import into the EU](#) by independent private control bodies approved by the European Commission.
- Sustainable and ethical production is one of the strongest trends in coconut product sourcing, including desiccated coconuts. An increasing number of European buyers are searching for companies that can prove they do not use monkeys to harvest coconuts.

Tips:

Consult the [EU Trade Helpdesk](#) for general requirements for desiccated coconuts. You can select desiccated coconuts under the specific HS code 08011100.

Check the International Trade Centre's [Sustainability Map](#) for information on commonly requested voluntary standards. This is an online tool that provides comprehensive information on around 250 voluntary sustainability standards and other similar initiatives covering issues such as food quality and safety.

Make sure you comply with good hygiene practices, good manufacturing practices and good agricultural practices. These are recommended and commonly requested by buyers for mills producing desiccated coconuts. For more information, check the Codex Alimentarius for the [Code of Hygienic Practice for Desiccated Coconut](#).

Consider pasteurisation as a method of avoiding contamination. Raw, unprocessed coconut supports the growth of salmonellae which is resistant to subsequent desiccation. Original contamination can happen because of contact with soil containing bacteria, followed by dispersion via infected coconut milk and shells. Pasteurisation of raw coconut meat in a water bath at 80° C for eight to 10 minutes effectively kills such bacteria, does not injure the product, and provides a prophylactic method now widely used by the coconut industry.

Find out about the maximum residue levels (MRLs) which are relevant for desiccated coconuts. You can use the European Union's [MRL database](#), which has all the harmonised MRLs. For desiccated coconuts, there are MRLs set for 457 different pesticides.

Check with importers and experts if the food safety certification company you used is approved by European buyers.

Refer to the [supply chain of Mars](#) for an overview of the independent certification programmes aimed at environmental protection and corporate social responsibility. Mars is one of the world's leading confectionery producers and a big consumer of desiccated coconuts.

5. What is the competition like in the European market for desiccated coconuts?

Product competition

Desiccated coconut is a common ingredient used in the European baking and confectionery industry, as well as in home baking and cooking in Europe, which does not have many direct competing ingredients. However, several competing coconut based products are growing in demand, such as coconut water, spray coconut oil, coconut milk, coconut vinegar and virgin coconut oil (VCO), and they can influence supply and demand for desiccated coconuts.

According to insights from [IEG Vu](#) and Rotterdam trader [Catz International](#), a direct competitor on the supply side is VCO, which is produced from the same white coconut meat as desiccated coconut. An estimated two tonnes of desiccated coconut production capacity is lost for every tonne of VCO being produced. With more desiccated coconut factories converting part of their capacity into VCO production, this will have an increasing impact on desiccated coconut output.

Company competition

Desiccated coconut exporters from developing countries should be aware of the main competitors from countries which are well-established producers, as well as countries gaining market share in Europe. Apart from the Philippines, Indonesia and Sri Lanka, other desiccated coconuts competitors come from Vietnam, Singapore, Thailand, Malaysia, and African countries, such as Ivory Coast. The offer from competing companies often includes other coconut products such as coconut oil, milk, cream, flour, water and water concentrate.

Examples of exporters from desiccated coconut producing countries include: [Superstar Coconut Products](#) (Philippines), [Pacific Royal Basic Foods](#) (Philippines), [Celebes Coconut Corporation](#) (Philippines), [Axelum Resources Corporation](#) (Philippines), [Global Coconut](#) (Indonesia), [Agrim](#) (Indonesia), [Unicoconut](#) (Indonesia), [Silver Mill](#) (Sri Lanka), [Eastern Merchants](#) (Sri Lanka), [Metshu Exports](#) (Sri Lanka), [Danh Tuong](#) (Vietnam), [Coconut Vietnam](#) (Vietnam), [Sambu Group](#) (Singapore), [Chatcha Foods](#) (Thailand), [Stancodex](#) (Malaysia), [Victory Coconut Industries](#) (Malaysia), [Zatwa Impex](#) (Ivory Coast).

Tips:

Increase your competitiveness by adding other coconut products in addition to desiccated coconuts to your product range.

Find data about competitors from other countries operating in the European market. You can searching for them on export promotion organisations from the competitors' countries. For example, you can find the members of the [Association of Philippine Coconut Desiccators \(APCD\)](#) on the site of the [United Coconut Association of the Philippines](#), or the [exporter directory](#) of the Sri Lankan [Coconut Development Authority \(CDA\)](#).

6. Which channels can you use to put desiccated coconuts on the European market?

Figure 6: Common trade channels for desiccated coconuts on the European Union market

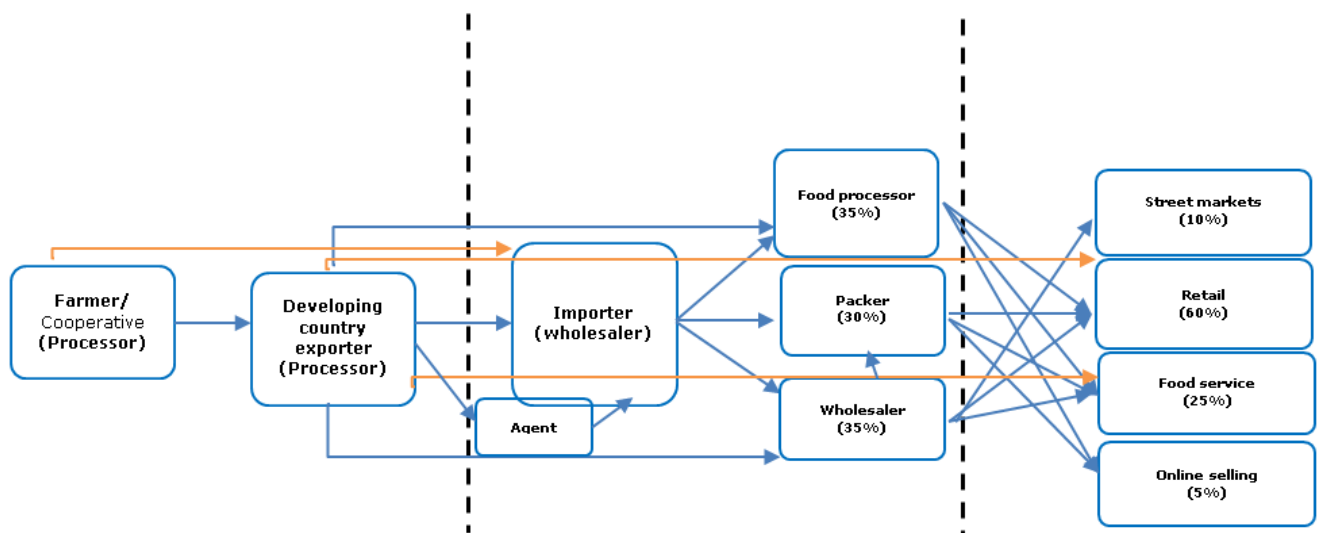
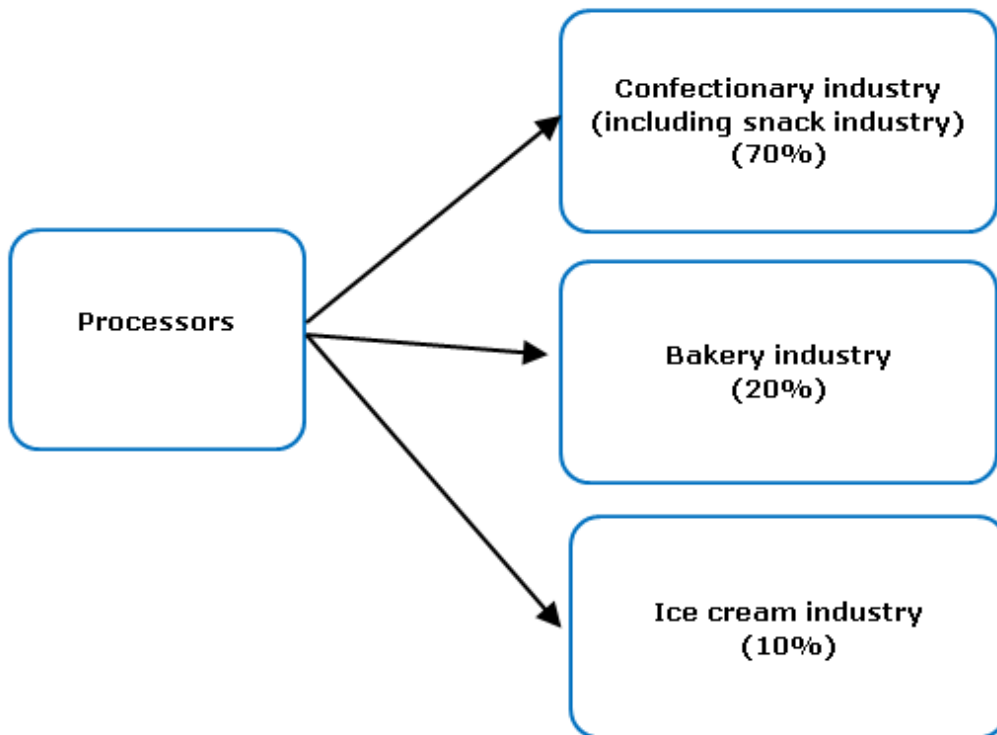


Figure 7: Use of desiccated coconuts by the food processing industry in the European Union



Approximately 60% of all desiccated coconut imported into Europe is re-packed and sold by retailers (Chart 1). Usually, low-fat products are used for re-packing. Final consumers are the food service sector and individual consumers in their households. Around 35% of imported desiccated coconuts are used by the food processing industry as an ingredient for final products.

Chart 2 shows the structure of the use of desiccated coconuts by the European processing industry. The largest share of desiccated coconuts is used by the confectionery industry as fillers inside chocolate bars, as an ingredient in biscuits, toffees and chocolates. Larger cuts are used as snacks sometimes sweetened and toasted. In the bakery industry, desiccated coconuts are used as ingredients and for cake decorations.

Examples of different trade channels for desiccated coconuts in the European Union include the following:

- Importer (wholesaler): [Catz International](#), [QFN Trading and Agency](#), [TM Duché & Sons](#);
- Packer: [Crazy Jack](#), [Whitworths](#), [East End](#);
- Processors: [Nestlé](#), [Mars](#), [Mondelēz International](#), [Ferrero](#).

Tips:

Diversify your offer to supply to different market segments. The snack segment, although very small, usually pays more for bigger toasted cuts as this is the only final product aimed for immediate consumption. Desiccated coconuts with high fat content will also fetch better prices with European importers.

Work on establishing long-term cooperation with well-established wholesalers. Dealing directly with European processors will bring added value as there will be no margin taken by connecting traders. Many confectionery companies, however, do not normally buy directly and they usually source desiccated coconuts from well-established traders.

7. What are the end-market prices for desiccated coconuts in the European market?

Indication of margins according to final retail prices for desiccated coconuts is not precise and developing country exporters can have only a very rough general overview of price development. A rough estimate pegs the CIF price at approximately 25% of the retail price of a retail pack of desiccated coconuts — usually 250 g and 300 g retail sizes. The retail price of desiccated coconuts in Europe generally varies around €1 per 100 g.

The best option to monitor prices is to compare your offer with the offer from the largest competitors. The prices also vary among producing countries. Desiccated coconuts from the Philippines, the leading world supplier, usually reach higher prices compared to other producing countries because most European buyers considered Philippine product as premium quality.

The highest price paid for a metric tonne of desiccated coconut in more than a decade was in February 2011: US\$3,128 (€2,784). This happened after a two-year tumble, dipping as low as US\$1,085 (€966) in July 2009.

Figure 8 below shows the average FOB price developments per tonne during 2017 for the leading supplier countries.


Figure 8: Export prices of desiccated coconuts from the largest producing countries (USD/tonne)





Source: IEG Vu

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