Emerging markets have led demand growth for CBEs and CBSs in recent years, but economic downturns in Brazil and Russia have dampened prospects for continued expansion.

However, changes in chocolate legislation – a key driver for CBE growth – have been drafted in India, remain on the table in the US, and are the subject of discussion in other markets.

- Cocoa butter prices remain high, encouraging CBE use; softening palm kernel stearin prices make CBSs attractive.
- Expansion in processing capacity in West Africa and South East Asia is transforming the market for exotic fats, especially shea. CBE processing capacity is also expanding in Malaysia, Russia and Turkey.

What’s next for the sector?

LMC forecasts demand for chocolate confectionery in all the major markets and compares future raw materials supply and prices to assess the direction of CBE, CBS and cocoa butter markets over the short, medium and longer term.
Key topics in LMC’s Alternatives to Cocoa Butter Report

Global chocolate confectionery market
- Current global market trends & determinants of demand
- Market size by end-use, by region and by country
- Analysis of trade flows of beans, butter, liquor and powder

CBE and CBS demand
- What is the outlook in emerging markets? Will Brazil and Russia recover?
- Will consumption in Latin America, Oceania and India compensate?
- Which markets are being supplied by increased capacity in South East Asia?
- Changes to legislation – what are the likely impacts?

CBE and CBS production
- Definitions and formulations of each product
- Raw materials, usage and market size
- What is the evidence of substitution of CBSs for CBEs?

Chocolate – a rare food item with a legal definition

Growth in emerging market demand for chocolate

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Exotic fats
Shea, illipe, sal, kokum and mango kernel
- Production volumes
- Sustainability
  - Consumer concerns
  - How sustainable are exotic fats?
  - What’s the future for certification?

Prices
- Exotic fats, palm kernel stearin and palm mid-fraction prices and the link to cocoa butter – we examine the key drivers

Forecasts to 2025
- Consumption of CBEs and CBSs by region to 2025
- Different regulatory scenarios – what ifs?
- Prices – raw material forecasts

LMC works in association with Dr Peter Lovett, one of the world’s foremost specialists in the shea sector.

With 25 years of experience, the majority of it spent in the growing regions of Africa, Dr Lovett is internationally recognised as an expert in all aspects of the shea industry. His insights ensure an authoritative, commercially-focused report for strategic planning.
What Alternatives to Cocoa Butter provides
Geographical coverage

The report covers the countries and regions below:

**Supply**

**Shea**
- Ghana
- Burkina Faso
- Côte d’Ivoire
- Mali

**Sal, Kokum & Mango Kernel**
- India

**Illipe & Palm Kernel Stearin**
- Indonesia & Malaysia

**Demand** (including processing)

- EU
- US
- Brazil
- China
- Russia
- India
- Indonesia
- Malaysia
1: The global chocolate confectionery market

Industry structure
• Describe collection methods and structure of the processing industry, profile of the major industry participants and identify where nuts are processed

Oil palm products
• Prospects for the supply and price of palm mid-fraction, palm kernel oil and palm kernel stearin

Trade
• Trade flows and drivers, distinguishing between domestic consumption and providing details of imports and exports by country, volume, value and unit prices

End-use demand
• Volume dedicated to confectionery and cosmetics and trends
• Update of market developments of major end-users in key markets

Outlook and forecasts
• The key issues facing supply and threats to demand along with production and demand of CBEs and CBS to 2025
Demand is growing at the fastest rate in emerging economies, especially in Asia, albeit from a small base.

Rising incomes and the growing appeal of western products are the main drivers of consumption growth; however, growth is limited by the fact that in much of Asia, people do not have a taste for chocolate.

This part of the report covers:

- Market size and break-down by end-use, by region and country
- Imports and exports for beans, butter, liquor, powder and cake
- Outlook for growth

### Cocoa demand growth by region

![Cocoa demand growth by region chart](chart.png)

### Permitted vegetable fats for chocolate in the EU

<table>
<thead>
<tr>
<th>Fat</th>
<th>Main regions of production</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shea butter</td>
<td>West Africa</td>
</tr>
<tr>
<td>Illipe fat</td>
<td>Borneo</td>
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<tr>
<td>Sal fat</td>
<td>India</td>
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<tr>
<td>Kokum gurgi oil</td>
<td>India</td>
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<tr>
<td>Mango kernel oil</td>
<td>India</td>
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<tr>
<td>Palm oil</td>
<td>South East Asia</td>
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</table>
2: CBE & CBS production and demand

The report examines global demand for CBEs and CBSs in the last decade and provides forecasts to 2025.

We break down demand by region with particular emphasis on markets with the greatest growth potential.

Analysis of the four main drivers of CBE and CBS demand growth:

- The price of cocoa butter (and price ratios)
- Legislation
- Consumer perceptions
- Increased consumption of chocolate products in emerging markets

Focusing on production, the report outlines product formulations by raw material and end-use and delivers profiles of the leading producers and processors along with market trends.
We analyse the supply position of the major exotic fats used in the production of CBEs. The focus is on shea nuts, but we also consider the Indian fats (sal, mango kernel and kokum) and illipe.
We describe the marketing chains, from collector to exporter, and examine trends in the expansion of processing capacity, at origin and in South East Asia.

The chocolate industry demands increasing levels of certification to counteract a range of consumer perceptions that encompass concerns over exotic fat production:

- **Social issues**
  Conditions for women harvesters and, historically, accusations of child labour

- **Economic issues**
  Is the growth of large-scale food production putting traditional family collection systems at risk?

- **Environmental concerns**
  New techniques offer prospects for shea trees coming into production in just five years (compared with the ten-fifteen years typical of seed-grown trees).

Could large-scale tree planting programmes impact engendered shea management traditions and parkland land-use systems?
We analyse the behaviour of raw materials prices and their drivers, in particular the link between exotic fats and cocoa butter prices and the impact of fluctuating demand for cocoa products on powder ratios.

We forecast consumption of CBEs and CBSs to 2025, with the inclusion of “what if” scenarios based on potential changes to legislation.

The report lays out key strategic conclusions and highlights the drivers that are most important in shaping the markets. We identify likely medium-term opportunities, focusing on those markets with the greatest potential for growth.
Executive Summary
• The report’s key findings and strategic recommendations

Main Report
• Detailed analysis, tables and diagrams

Data in Excel
• Historical production and consumption data by region and country
• Future shea, sal and illipe crops
• Forecasts of demand for CBEs and CBSs to 2025
• Price data: trends in exotic fats, palm kernel stearin and palm mid fraction

PowerPoint Presentation
• Key findings perfect for presentations in internal meetings

A day of consultation with one of LMC’s Senior Economists

Available in January 2017

Fee: USD $14,750
About LMC

LMC is the leading economic & business consulting company for global agribusiness

Commodities
- Cocoa
- Coffee
- Oils
- Grains
- Sugar
- Sweeteners
- Starch
- Ethanol
- Biodiesel
- Bio-based Chemicals
- Rubber
- Tyres
- Automotive

Expertise
- Feasibility & due diligence
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- Sustainability
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- Economic modelling
- Valuations
- Market opportunities

Services
- Off-the-shelf Reports
- Customised consulting

Independent
- We do not produce, trade or broker.
- LMC’s analysis and advice is entirely objective.

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LMC client list

LMC has a global client base for its cocoa analysis, reports and services. Companies that have used LMC’s services include:

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<td>PT Sampoerna</td>
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<td>Pacific Plantations</td>
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While LMC endeavours to ensure the accuracy of the data, estimates and forecasts contained in the study described in this brochure, any decisions based on them (including those involving investment and planning) are at the client’s own risk.

LMC International can accept no liability regarding information analysis and forecasts contained in the study described in this brochure.
Alternatives to Cocoa Butter
The outlook for CBEs, CBSs and exotic fats

I would like to buy the LMC report named above.

Fee: US$14,750

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