

Business

As cocoa price soars, chocolate makers devour substitutes

By Lewa Pardomuan and Marcy Nicholson

September 5, 2014 1:50 AM EDT · Updated 9 years ago

Aa



Men pour out cocoa beans to dry in Niabe, at the border between Ivory Coast and Ghana, June 19, 2014. REUTERS/Thierry Gouegnon [Acquire Licensing Rights](#)

SINGAPORE/NEW YORK Sep 5 (Reuters) - Chocolate makers in the fast-growing Asian market are replacing a bigger proportion of cocoa butter, which gives confectionery its melt-in-the-mouth texture, with cheaper palm oil-based alternatives.

The move will help confectioners keep down prices in the price-sensitive region where chocolate sales are forecast to grow more than 5 percent this year to about 917,000 tonnes, according to market researcher Euromonitor International.

This is well ahead of growth of less than 1 percent in the United States and about 1.5 percent in western Europe.

Palm oil-based butter mimics the taste of cocoa butter but is much cheaper. Higher demand for butter alternatives, known as cocoa butter equivalent (CBE), has pushed prices up by about 10 percent to \$3,300 a tonne in the past year, but this is still more than \$4,000 below the price of butter from cocoa beans.

"We don't normally buy CBE, but now we use it because of requests from customers," said Richard Lee, chief executive officer of Aalst Chocolate, a Singapore-based firm that sells chocolate to bakeries, ice cream makers and food manufacturers.

"When butter prices were low, we didn't even use CBE at all," said Lee, who estimated that the firm's orders for substitutes were three to four times higher than last year.

Confectioners in Asia and Europe are allowed to add cocoa butter equivalent to chocolate, but hold the maximum amount at 5 percent since a higher content can alter the taste and put off customers. In the United States, products using butter alternatives cannot be labelled "chocolate".

COCOA BUTTER PRICES SURGE

Cocoa beans are processed into roughly equal parts butter and powder, which is used in cakes, biscuits and drinks.

Chocolate typically contains about 20 percent cocoa butter, so confectioners in Asia and Europe looking to save money can replace about a quarter of the cocoa butter with something else.

"The whole thing is about affordability - there's no point in paying so much," said Mohammad Jaaffar Ahmad, chief executive of the Palm Oil Refiners Association of Malaysia.

Cocoa butter prices jumped 28 percent this year to as high as \$8,200 a tonne on strong demand and tight supply after global grinders cut processing to reduce inventory.

The world's capacity for making cocoa butter substitutes of all grades is now about 150,000 tonnes per year, up by 25,000 to 30,000 tonnes since 2013, according to an industry source.

The rise in the price of palm oil-based cocoa butter substitutes has come even as palm oil prices have fallen to five-year lows, underlining the increased demand for the product.


The largest market for vegetable fats in chocolate is countlines, bitesize chocolate bars eaten as snacks, although some of this will be used in the fillings rather than the chocolate itself, according to Euromonitor International.

Nutritionists say both products may be equally bad for you.

"They are both high in saturated fat and will raise total cholesterol, and I would expect that there would not be a great difference from a health perspective," said Walter Willett, professor and chairman of the Department of Nutrition for Harvard School of Public Health in Boston.

Additional reporting by Anuradha Raghu in Kuala Lumpur; Editing by Ed Davies and Richard Pullin

Our Standards: [The Thomson Reuters Trust Principles.](#)

Acquire Licensing Rights 

Read Next



Future of Health
US consumer group seeks stronger warnings on Botox, similar treatments

Consumer advocacy group Public Citizen on Tuesday filed a petition with the U.S. Food...

Retail & Consumer
Zara regrets campaign 'misunderstanding' after Gaza boycott calls

Fashion brand Zara withdrew an ad campaign featuring statues wrapped in white that...

Health
US diabetes patients face delays as insurers tighten Ozempic coverage

Some patients with type 2 diabetes say they are having more difficulty getting...

Bankruptcy
Bankrupt trucking co Yellow approved for \$1.88 bln real estate sale

Bankrupt trucking company Yellow Corp received court approval on Tuesday to sell...

Retail & Consumer
Zara pulls advert from website front page after Gaza boycott calls

Zara pulled an advertising campaign featuring mannequins with missing lim...

Environment
Spain sees record December temperatures endangering ski season

Temperatures across Spain smashed records for December as a mass of hot air swirled...

More from Reuters

Business >



Exclusive: Infrastructure faces \$600 billion hit in worst-case climate shift - study

COP28 · December 12, 2023 · 11:29 AM EST

Infrastructure investors face losing nearly a third of their money, or around \$600 billion, if countries do not plan for an orderly shift to a greener economy by mid-century, a first-of-its-kind study shared with Reuters showed.

Aerospace & Defense

Avolon agrees \$18 bln deal for 140 Airbus, Boeing jets

9:18 AM EST

COP28

Countries push for COP28 deal on fossil fuels as talks spill into overtime

17 min ago

ANALYSIS

Big Oil's bid to woo ESG investors fails to impress

11:19 AM EST

COP28

As fossil fuel rift delays COP28, Arab energy leaders say oil here to stay

11:27 AM EST

[Latest](#)

[Home](#)

[Authors](#)

[Topic sitemap](#)

[Browse](#)

[World](#)

[Business](#)

[Markets](#)

[Sustainability](#)

[Media](#)

[Videos](#)

[Pictures](#)

[Graphics](#)

[About Reuters](#)

[About Reuters](#)

[Careers](#)

[Reuters News Agency](#)

[Legal](#)
[Breakingviews](#)
[Technology](#)
[Investigations](#)
[Sports](#)
[Science](#)
[Lifestyle](#)

[Brand Attribution Guidelines](#)
[Reuters Leadership](#)
[Reuters Fact Check](#)
[Reuters Diversity Report](#)

[Stay Informed](#)
[Download the App \(iOS\)](#)
[Download the App \(Android\)](#)
[Newsletters](#)

Information you can trust

Reuters, the news and media division of Thomson Reuters, is the world's largest multimedia news provider, reaching billions of people worldwide every day. Reuters provides business, financial, national and international news to professionals via desktop terminals, the world's media organizations, industry events and directly to consumers.

Follow Us



Thomson Reuters Products

Westlaw

Build the strongest argument relying on authoritative content, attorney-editor expertise, and industry defining technology.

Onesource

The most comprehensive solution to manage all your complex and ever-expanding tax and compliance needs.

Checkpoint

The industry leader for online information for tax, accounting and finance professionals.

LSEG Products

Workspace

Access unmatched financial data, news and content in a highly-customised workflow experience on desktop, web and mobile.

Data Catalogue

Browse an unrivalled portfolio of real-time and historical market data and insights from worldwide sources and experts.

Wor

Screening and analysis tools to help business networks

[Advertise With Us](#) [Advertising Guidelines](#) [Coupons](#) [Acquire Licensing Rights](#)

All quotes delayed a minimum of 15 minutes. See here for a complete list of exchanges and delays.

[Cookies](#) [Terms of Use](#) [Privacy](#) [Digital Accessibility](#) [Corrections](#) [Site Feedback](#)

© 2023 Reuters. All rights reserved

