

The surge in tropical commodity prices in 2024 is being passed on to consumer prices for chocolate and coffee in 2025

Since 2019, the price index for food commodities imported into France has almost doubled as a result of two separate inflationary episodes. The first was in 2021 and 2022, and was triggered by the recovery of the global economy after the pandemic, followed by the energy shock caused by the invasion of Ukraine, and mainly affected the price of cereals and oilseeds. The second, in 2024, was almost entirely driven by tropical commodities, particularly cocoa and coffee, whose prices have quadrupled in just a few years to hit historic highs. However, these two episodes did not have the same impact on consumer prices for non-fresh food products, which rose by 20% between early 2022 and mid-2023, but by less than 2% between mid-2023 and May 2025.

This difference reflects the low proportion of tropical products (coffee, cocoa and tea) in the household non-fresh food basket, which is around 5% (7% using the broadest definition). Furthermore, while world prices pass through quickly and almost entirely to import prices in France for cocoa, this is much less the case for coffee. This contrast is evident in recent consumer price trends. The consumer price index (CPI) for cocoa-based products rose sharply between mid-2023 and May 2025 (+22.0%), while the increase was slightly more moderate for coffee (+12.4%), although it was still more dynamic than for other non-fresh food products.

The recent price surge in these products echoes those for other non-fresh food products over the period 2022 to 2023, during which the dynamics were roughly similar, with the CPI rising 17.4% for cocoa products and 21.1% for tea and coffee. These figures are close to the rise in the CPI for all non-fresh food products (+19.9%).

Finally, according to the modelling used in this report, just over two thirds of the increases in tropical commodity prices in 2024 have already passed through to consumer prices, predominantly through price hikes in April and May 2025. Assuming prices remain high, the cost of these products is likely to rise further between now and the end of the year. Lastly, soaring tropical commodity prices have a very limited impact on the price of hot drinks served in bars and cafés, due to the predominance of labour costs in their cost structure.

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In 2024, the surge in imported food commodity prices was driven by tropical commodities

Prices of food commodities imported into France rose sharply in 2021 and 2022, by more than 50% in cumulative terms, linked first to the global economic recovery after the pandemic and then to the effects of the invasion of Ukraine. These increases mainly affected cereals and oilseeds, given that Russia and Ukraine are major producers of these commodities. Prices of food commodities imported into France then experienced a relative lull in 2023 (down 4.5%), before rising again in 2024 (up 14.1%). However, this trend was driven by distinct developments across different products. Energy, cereals and oilseeds prices remained relatively stable or even fell over the course of 2024. The sharp rise in prices of imported food commodities in 2024 is therefore almost entirely due to tropical foodstuffs, particularly cocoa and coffee, where prices have soared to levels 4 to 5 times higher than in 2019 (► [Figure 1](#)). This is due to climatic factors specific to these sectors, such as poor cocoa harvests in West Africa, Arabica harvests in Brazil and Robusta harvests in Vietnam. As a result of these various episodes, imported food commodity prices rose by 70% in April 2025 compared with their average in 2019, after peaking at almost 90% higher in February 2025.

This price shock on imported tropical commodities has a relatively weak impact on food inflation

In May 2025, non-fresh food prices, as measured in the Consumer Price Index (CPI), were up 25% on their 2019 average (► [Figure 2](#)). Increases in world prices for imported food commodities in 2021 and 2022 passed through fairly quickly to consumer prices, from the start of 2022 until mid-2023. Over this period, consumer prices for non-fresh products rose by 20%. Prices slowed significantly thereafter and rose very moderately in May 2025, by 1.1% year on year. The rise in the price of imported food commodities in 2024 did not therefore translate into a further marked acceleration in consumer prices.

This divergence can be explained partly by the structure of the indices in question and, more specifically, by the different weights that tropical commodities carry in import statistics versus domestic consumption. In 2024, tropical commodities (coffee, cocoa and tea) represented more than 20% of the imported food commodity price index, while they made up only around 5% to 7%¹ of the basket of food products excluding fresh fruit and vegetables. This difference in weighting helps to explain why the sharp rises in cocoa and coffee prices had a major impact on the imported food commodity price index, but a relatively small effect on the trend in the food CPI.

¹ 5% if limited to coffee, cocoa powder and chocolate bars, and 7% if we include chocolate-based confectionery such as spreads and chocolate bars (even though cocoa is only one of the ingredients in these products).

Changes in tropical commodity prices pass through to import prices rapidly and completely for cocoa, but more slowly for coffee

Before passing through to consumer prices, the prices of imported commodities first pass through to import prices, which are the prices actually paid by importers. In the case of cocoa, import prices are particularly sensitive to price fluctuations, and the pass-through is rapid and almost one-to-one (► Figure 3a). Furthermore, as the surge in cocoa prices began earlier than that in coffee, almost all the increase seems to have already passed through to import prices. Conversely, the pass-through of coffee prices to import prices is slower, and the elasticity seems to be well below unity. In the past, import prices for unroasted beans (around a third of coffee imports) have been the most sensitive to world prices, but react with a lag. For example,

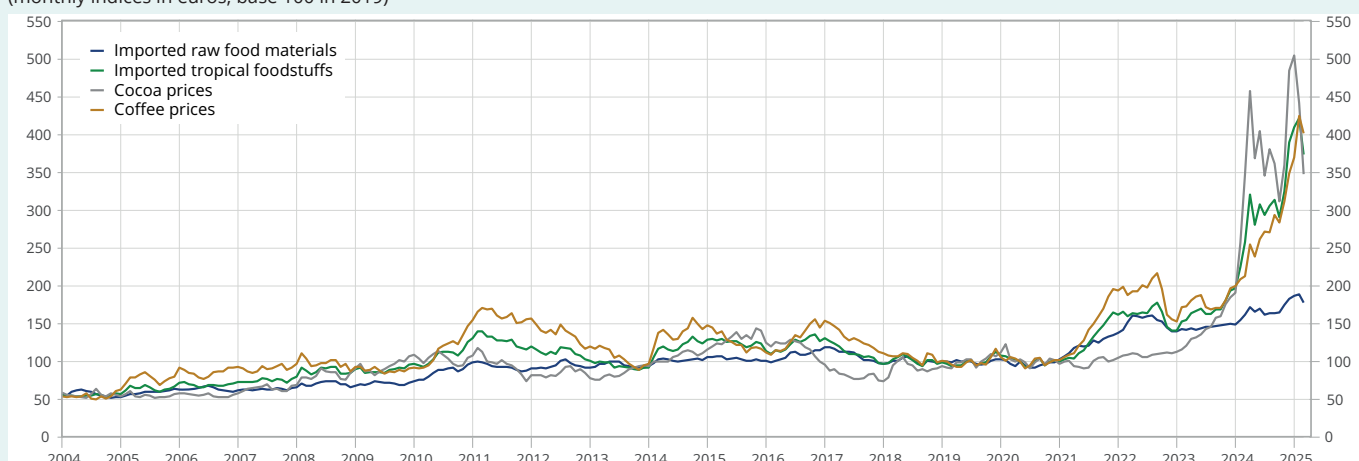
the recent rise in prices does not yet seem to have fully fed through. However, prices for roasted beans (around two thirds of imports) are more weakly coupled to world prices (► Figure 3b), probably because they include production costs linked, for example, to the industrial processes involved in roasting. Import prices for roasted coffee have not risen significantly since the beginning of 2024, while world prices have more than doubled.

Lag between import price increases and consumer price increases for coffee and cocoa products

Import prices then pass through to consumer prices for coffee and cocoa products. However, this is not immediate, and, moreover, factors other than international commodity prices alone come into play in setting the prices ultimately charged to consumers.

► 1. Prices of imported food commodities, tropical foodstuffs, cocoa and coffee

(monthly indices in euros; base 100 in 2019)



Last point: April 2025.

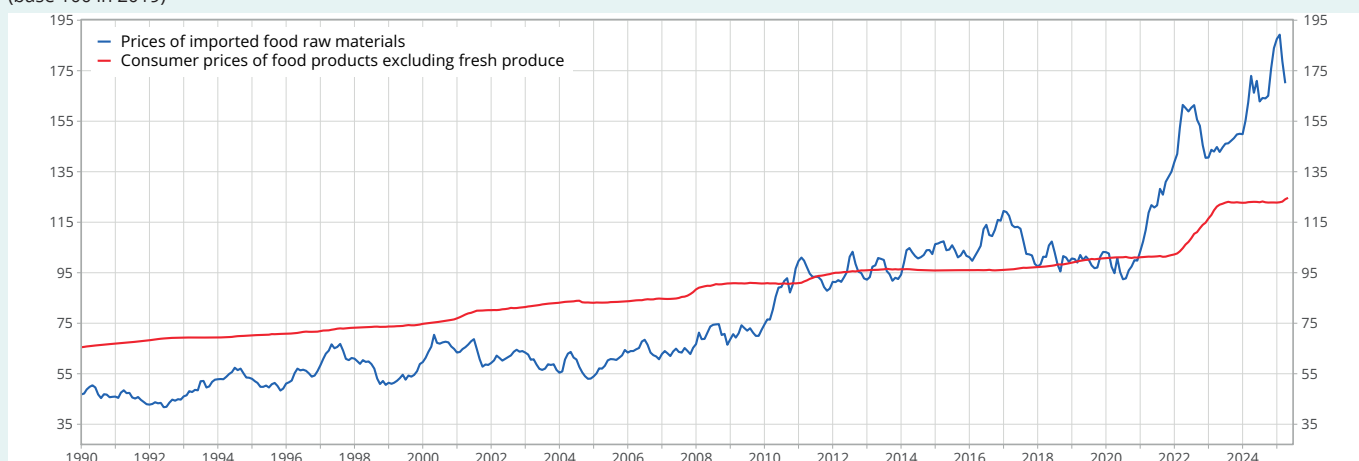
Note: the imported tropical commodities index includes cocoa, coffee and tea prices.

How to read it: in April 2025, imported food commodity prices in euros are 70.0% above their average level in 2019.

Source: INSEE, ICE Futures US, International Coffee Organization, INSEE calculations.

► 2. Prices of imported food commodities and consumer prices of non-fresh food products

(base 100 in 2019)



Last point: May 2025 for CPI; April 2025 for food commodities.

How to read it: in April 2025, the consumer price of the "other food products" group is 24.1% higher than its average level in 2019, while the price of imported food commodities has risen by 70.0% over the same period.

Source: INSEE.

French economic outlook

In the retail sector in particular, commercial negotiations between manufacturers and distributors mainly take place at the beginning of the year, typically until the end of February. These annual discussions determine the conditions for the purchase and sale of food products for the coming year, thereby directly influencing consumer prices. In addition to the cost of agricultural commodities, manufacturers also factor in variations in production costs, such as energy and logistics, into their calculations.

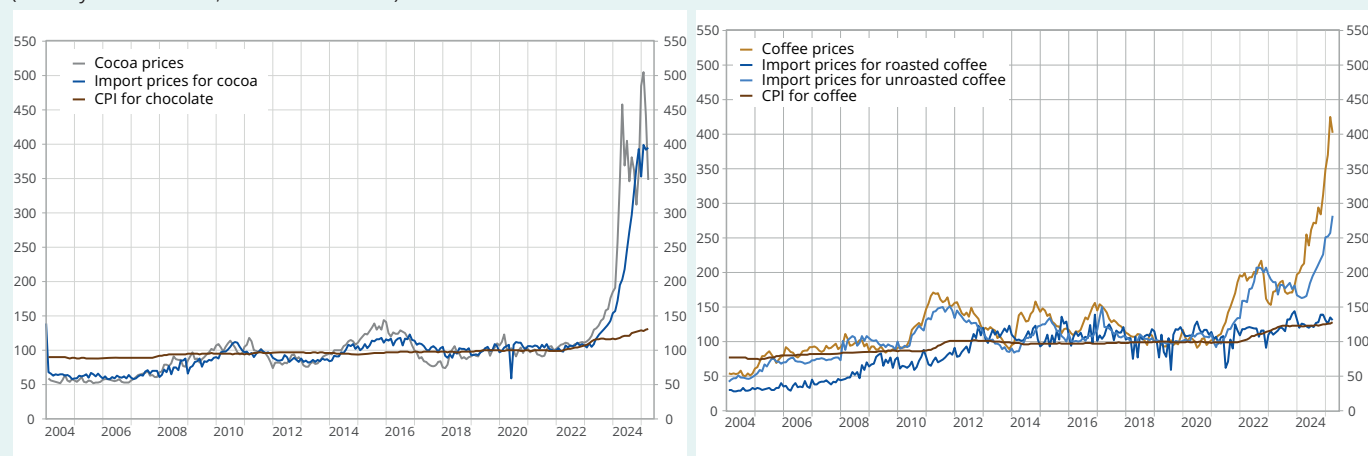
This mechanism means that fluctuations in commodity prices are unlikely to be immediately reflected in shelf prices. Thus, a rise in world prices occurring after the conclusion of the annual negotiations may not be immediately added to consumer prices, creating a lag in passing on these variations to consumers.

Between the start of 2022 and mid-2023, consumer prices for coffee and cocoa-based products followed a similar pattern to that of other non-fresh food products. Over this period, the CPI for cocoa-based products (including chocolate-based confectionery) rose by 17.4% and the CPI for tea and coffee by 21.1%. These figures are close to the rise in the CPI for all non-fresh food products (+19.9%). Between mid-2023 and May 2025, however, the price dynamics of these products stood out, reflecting the distinctive movements in world prices for these commodities. The CPI for cocoa-based products (including chocolate-based confectionery) rose sharply again over this period (+22.0%), as did that for coffee and tea (+12.4%), much sharper increases than for all non-fresh food products (+1.9%). These rises, which were very pronounced over a one-month period in April and May 2025, demonstrate the influence that annual retail price-setting negotiations can have on the relatively long lag in the pass-through of commodity price fluctuations.

² This does not include chocolate confectionery and represents 5.4% of all non-fresh food products.

► 3. Prices, import prices and CPI for cocoa (left) and coffee (right)

(monthly index in euros; in base 100 in 2019)



Last point: April 2025.

Note: for cocoa, all imports are taken into account, whether roasted or not.

How to read it: in April 2025, coffee prices in euros are 270.2% above their average level in 2019.

Source: INSEE, Customs.

Just over two thirds of the price rises in coffee and cocoa have already passed through to consumers

To forecast coffee and cocoa prices through to the end of 2025, it is possible to model the speed at which past increases in tropical food commodities pass through to consumer prices (► [Box Methodology](#)). The prices of chocolate bars and powders, coffee and tea are modelled jointly using an index aggregating the prices of tropical commodities.

In the model adopted, the consumer price index for coffee, tea and cocoa² is determined, both in the long and short term, by the price of tropical commodities (coffee, tea and cocoa) but also by the consumer food price index excluding fresh produce and coffee, tea and cocoa (which reflects other costs common to the both the agrifood industry and mass retailing, as well as negotiation schedules and catalogue changes).

According to this model, a permanent 10% rise in world prices for tropical commodities will result in a long-term increase in consumer prices for tropical foodstuffs of around 2.2%. The model simulation suggests that one year after a shock to the price of imported tropical commodities, just over half of this long-term effect has already passed through to the consumer price of tropical foodstuffs.

In May 2025, consumer prices for chocolate and coffee had risen by 16% compared with the end of 2023, in other words, compared with the period before the surge in tropical commodity prices in 2024. However, according to the model, if the price of imported tropical commodities remains at its current level throughout the year, that is, around twice as high as at the end of 2023, consumer prices are ultimately expected to rise by 23%. Thus, unless

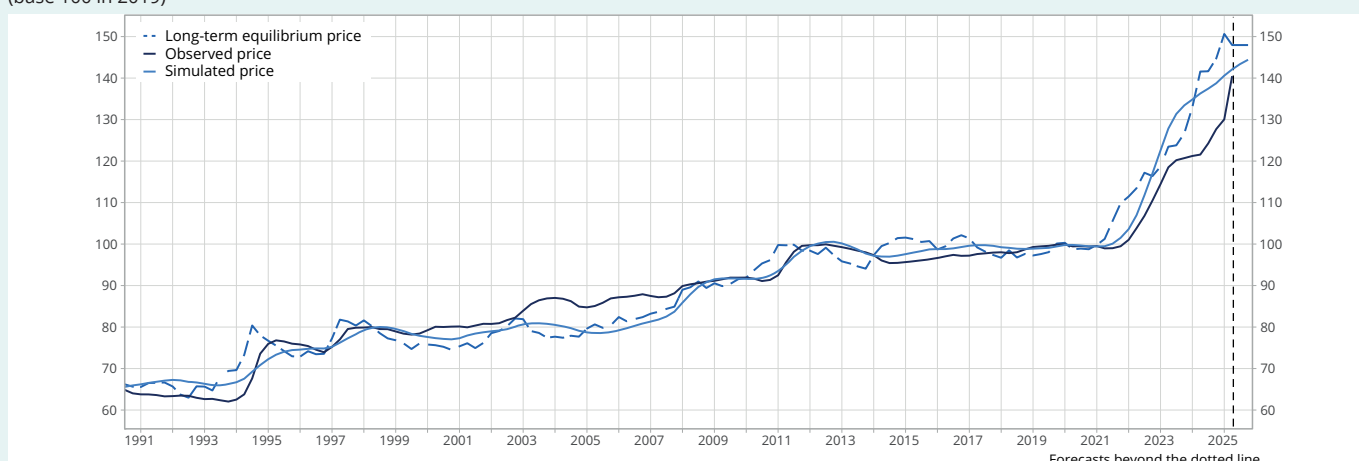
prices ease significantly, only two thirds of the expected price rises for cocoa- and coffee-based products have passed through to consumers; prices for these products will therefore continue to rise over the next few quarters (► Figure 4).

The surge in tropical commodity prices could also affect prices in some food service establishments

The surge in the price of tropical foodstuffs could also be reflected in the price of hot drinks served in bars and cafés, which are included in the price of services in the

CPI. However, the rise in the price of coffee and other hot drinks served in these establishments appears to be much steadier and more linear than the rise in the price of coffee in the food basket. It does not appear to have experienced any significant shift, either during the period of high inflation between 2022 and 2023 or more recently (► Figure 5). This relatively linear increase can be explained in part by the cost structure specific to the food service industry, as the price of coffee in restaurants, bars and cafés is driven mainly by labour costs, rather than by commodity prices, which are much more volatile. ●

► 4. Simulated and observed prices of coffee, tea and cocoa-based consumer products (base 100 in 2019)

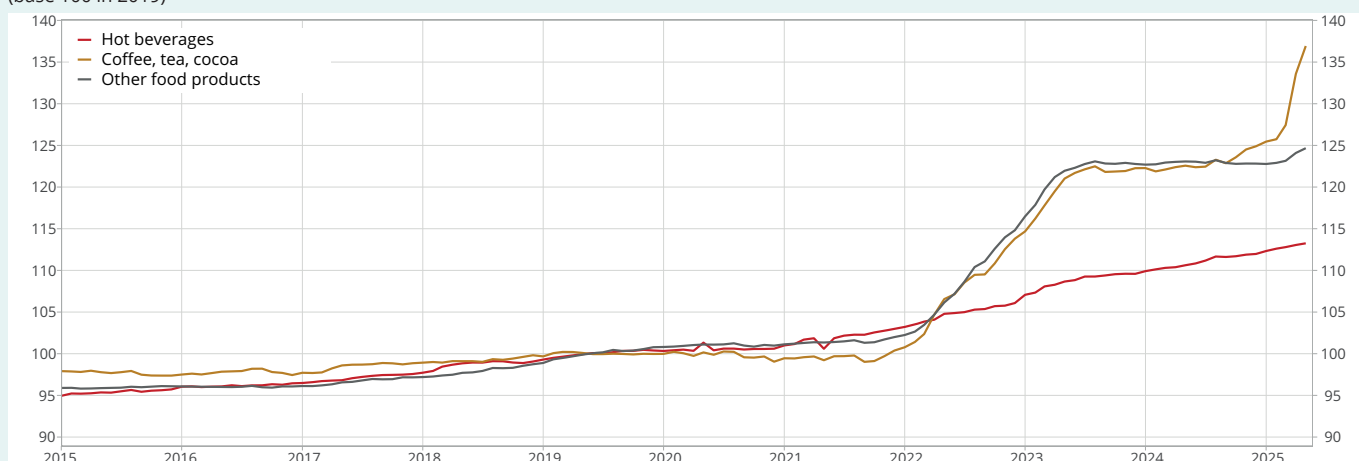


Last point: Q4 2025 for the equilibrium price and the simulated price; Q2 2025 for the observed price.

How to read it: compared with the average price in 2019, the observed price of coffee, cocoa and tea rises by 40.5% in Q2 2025, while the expected theoretical long-term price rises by 48.0% and the model-simulated price rises by 42.1%.

Source: INSEE.

► 5. Consumer prices for food, tropical commodities (coffee, tea, cocoa) and hot drinks served in cafés (base 100 in 2019)



Last point: May 2025.

How to read it: in May 2025, the consumer price of hot drinks consumed in cafés was 13% higher than its average level in 2019, while the price of the coffee/tea/cocoa combination rose by 33.6% over the same period.

Source: INSEE.

Methodology: Modelling consumer prices for tropical commodities

The model used for the consumer price of coffee, cocoa and tea (excluding chocolate-based confectionery) is a single-step error correction model (ECM) estimated using the Ericsson and MacKinnon method, which captures both the short-term dynamics (speed of pass-through of a shock) and the long-term determinants of the equilibrium price. The equation is estimated at quarterly intervals over the period 1990 to 2019.

In the long term, the CPI for tropical foodstuffs adjusts by 22% to changes in the index of imported tropical food commodities and by 58% to price movements in other non-fresh food products, both relationships being significant. This latter variable captures the other costs (e.g. distribution and processing) assumed to be common to all food products. The adjustment towards equilibrium is accompanied by a moderate pull-back of 8% per quarter, reflecting a certain inertia in the pass-through process.

In the short term, contemporaneous changes in the price of imported tropical food commodities (tropical FC) have a significant positive effect on changes in consumer prices of tropical foodstuffs, although the effect is moderate in intensity. The model also incorporates contemporaneous changes in the price index for other non-fresh food products. In the short term, including this variable captures the calendar effects of negotiations and catalogue changes. Finally, the short-term relationship takes account of the immediate lag of the dependent variable.

$$\begin{aligned} \Delta(CPI_{coffee/tea/cocoa}_t) &= \underset{(0,00)}{0,07} + \underset{(0,01)}{0,03} \times \Delta(Tropical\ FC)_t^* + \underset{(0,27)}{0,50} \times \Delta(CPI_{others\ food\ excl.\ coffee/tea/cocoa}_t)^{**} \\ &+ \underset{(0,06)}{0,63} \times \Delta(CPI_{coffee/tea/cocoa}_{t-1})^{**} - \underset{(0,02)}{0,08} \times [CPI_{coffee/tea/cocoa}_{t-1} - \underset{(0,02)}{0,22} \times Tropical\ FC_{t-1}^*] \\ &- \underset{(0,04)}{0,58} \times CPI_{others\ food\ excl.\ coffee/tea/cocoa}_{t-1}^{**} + \epsilon_t \end{aligned}$$

$$R_2=0.63; \text{ estimation period: 1990-Q1: 2019-Q4; } *p\text{-value}<0.05; **\text{: } p\text{-value}<0.001$$

Where all the variables used in the modelling are expressed in logarithms:

- *CPI coffee/tea/cocoa* represents the grouping of coffee, tea, and cocoa, which corresponds to 5.4% of the non-fresh food basket (this grouping includes chocolate bars and cocoa powder but does not include chocolate-based confectionery);
- *Tropical FC* represents the price index for tropical food commodities;
- *CPI other food excluding coffee/tea/cocoa* represents all non-fresh food products, excluding coffee, tea and cocoa. ●