

# Market Update February 2025

- **Navigating the new U.S. Tariffs**
  - The United States has introduced significant changes to its tariff policies.
- **Cocoa shortage**
  - The global cocoa industry is experiencing a significant shortage of raw materials, leading to escalating prices and supply chain challenges.
- **2025 Trend: Chain Reaction**
  - Manufacturers innovate and find ways to overcome supply chain disruptions.



# Navigating the new U.S. Tariffs

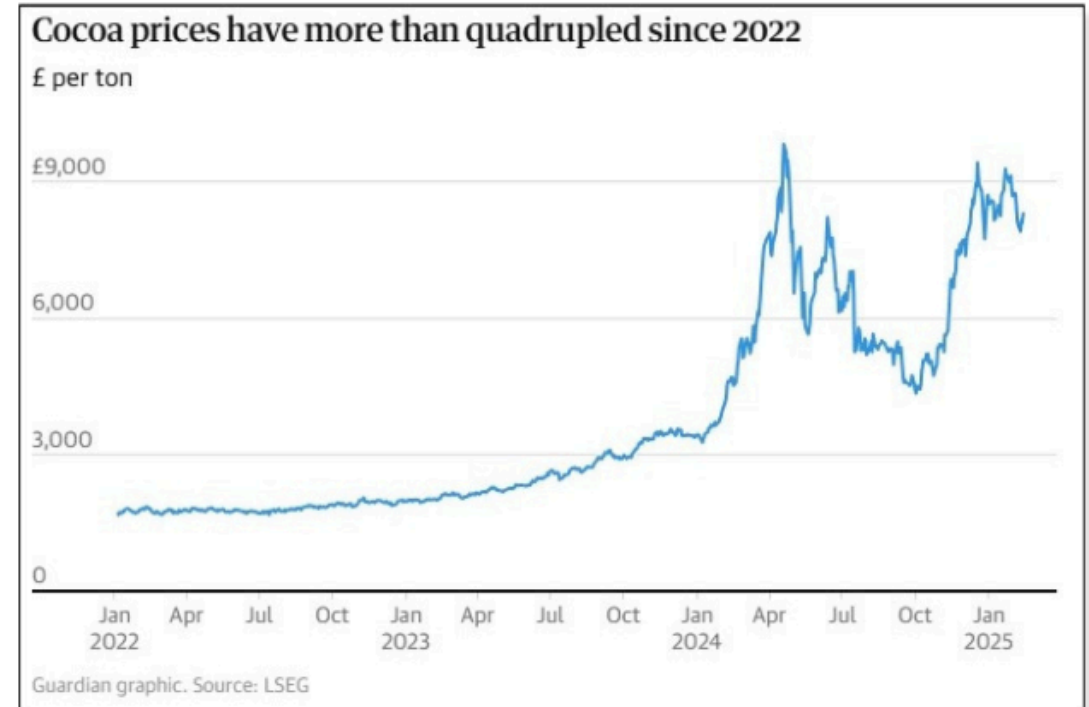


- On February 4, the U.S. tariff on all imports from China increased by 10%.
  - For example, a previous tariff of 25% is now 35%.
- The U.S. will implement a 25% additional tariff on all imports from Canada and Mexico beginning on March 4th.
  - Canadian energy resources, including oil, natural gas, and electricity will have a lower 10% tariff.
- The U.S. plans to match the tax rates other countries charge on imports.
  - These reciprocal tariffs are scheduled to start in April 2025, and will be customized for each country.

# Cocoa: understanding the global shortage

The global cocoa industry faces a raw material shortage, driving up prices and straining supply chains. Key factors include:

- **Adverse weather conditions:**
  - Extreme rain, droughts, and rising temperatures in the top producing regions of Côte d'Ivoire and Ghana.
- **Crop Diseases:**
  - The spread of the Cacao Swollen Shoot Virus (CSSV) has devastated cocoa plantations, especially in Ghana, where 81% of the region's cocoa farms have been affected.
- **Regulatory and Economic Factors:**
  - New regulations, such as the European Union's deforestation laws, have limited the expansion of cocoa plantations.



# 2025 Trend: Chain Reaction

## Adapting to disruptions: local sourcing, innovation, exploration

- With supply chain disruptions becoming more common, we see a shift toward sourcing ingredients locally to minimize risks and enhance sustainability.
- Innovation using plant-based or lab-grown ingredients offers solutions to supply shortages and diversifies product offerings.
- AI can streamline operations, enhance product development, and allow quick response to dynamic market demands.
- Consumers' growing interest in diverse global flavors and fragrances gives manufacturers more creative opportunities to utilize available materials.



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