

1. Importance of Cocoa

Cocoa is a cash crop grown throughout the humid tropics with about 6.5 million hectares planted with the crop in 57 countries. Although cocoa has been cultivated for centuries in Central America, it is a relative newcomer to Africa, and even more recent in Asia. In 1998, world production reached 2.7 million tons of cocoa beans. Africa holds a dominant position with almost 70% of production volumes, 40% coming from the Côte d'Ivoire. Ghana (15%) and Indonesia (12%) are two other important producers. The average yield is approximately 400 kg of beans/ha/year.

Almost 90% of production come from smallholdings of under 5 hectares, where cultivation is generally extensive. But production structures differ depending on the continent. In Africa, most production comes from smallholdings, in Ecuador and Brazil, large estates predominate, and in Asia the two sectors are similar in size.

In total, more than 20 million people depend directly on cocoa for their livelihood. Once produced and processed into fermented dried merchantable cocoa, the beans are bought from farmers by one or more successive traders, transported then sold to grinders who make semi-manufactured products (liquor, butter, presscake, powder). These products are intended for chocolate makers or confectioners for the production of chocolate or chocolate-based products.

Approximately 90% of the production are exported in the form of beans or semi-manufactured cocoa products.

Three countries are exporting large volumes of cocoa beans or products: the Côte d'Ivoire (over 1 million tons), Ghana (over 0.4 million tons) and Indonesia (over 0.3 million tons). Most imports of cocoa and cocoa products are by Europe (over 1.2 million tons) and the USA (over 0.4 million tons).

Consumption is clearly on the up, with increased consumption of chocolate products and the emergence of new markets in Eastern Europe and Asia. Forecasts expect a production shortfall in the coming years.

Some facts about Cocoa

Production

Planted area 6.5 million hectares (FAO 1998)
 Production 2.7 million tons beans
 70 % from Africa
 Average yield 400 kg beans/ha/year (US\$ 370 – 09/2000)
 95 % produced on smallholdings under 4 hectares

Consumption

Grindings Europe: 1.3 million tons
 USA: 0.4 “ “
 Producing countries: 30 % (Africa: 0.3Mt,
 Asia: 0.4Mt, Latin America: 0.4Mt)

Trade

+ 88 % of production exported (beans or cocoa products)
 Côte d'Ivoire: 44% - Ghana: 15% - Indonesia: 12%
 + Imports Europe: 55% (Netherlands: 15%)
 USA: 20%

Prices

ICCO (UScents/lb) 97: 73 98: 76 99: 52 00: 42

Sources : ICCO - Annual Report 1997/1998

Despite that situation, the price of cocoa were around 0.75 US\$ in 1997 and 1998, went down to 0.5 US\$/lb in 1999 and still lost 20% in 2000.

2. Stakeholders

NARS	Around 15 producing countries have research facilities for cocoa in Africa, Asia and the Pacific, and Latin America. Research is conducted either in specific cocoa research institutes, sometimes driven by a Cocoa Board, or in universities or other structures, most of the time government institutions.
ARIs	Several research institutes or universities in the North work on cocoa, most of them in Europe and USA.
IARCs	IPGRI, for genetic resources, IITA for the sustainable production systems including cocoa in the humid tropics and ICRAF, for agroforestry with cocoa, are the main CGIAR institutes involved in cocoa research.
NGOs	Some NGOs work with other cocoa stakeholders and collaborate in development projects including cocoa, but none is cocoa specific, at least for cocoa research.
Farmers	The Cocoa Producers Alliance (CPA) represents most of the producing countries and organises regularly International Cocoa Research Conferences. Farmers are organised in cooperatives or associations, sometimes powerful, in Côte d'Ivoire, Ghana, Cameroon, Nigeria and Venezuela.
Private sector	Private companies in producing countries manage cocoa plantations (less than 10% of the total) or/and process cocoa beans to produce cocoa products for exportation. In the consuming countries, especially Europe and the USA, private companies grind cocoa beans or make chocolate or chocolate-based products. They do contribute in cocoa research activities, essentially through their associations (CAOBISCO, BCCCA and IOCCC), to a large extent for some of them.
Donors	Some donor agencies fund cocoa development projects and some research activities (linked or not with the projects). Among them: CFC, World Bank, Europe, African Development Bank, AFD, USAID etc. Many projects are integrated projects where cocoa is only one component, except for CFC that funds specific cocoa projects.

International & Regional Organisations

Apart from CPA, the following two organisations play a significant role in the cocoa community, and are key players in the setting up of a global programme:

ICCO – International Cocoa Organisation, an intergovernmental body with the objectives of the development and strengthening of international cooperation in all sectors on the world cocoa economy and the provision of an appropriate forum for the discussion of all cocoa related matters.

IOCCC – International Office of Cocoa, Chocolate and Sugar Confectionery, association of industries to encourage scientific research and further the development of the cocoa, chocolate and confectionery industry.

3. Main Challenges

In a context of increasing consumption, adapting supply to demand, in terms of volume and quality is a major question for the coming years. The production increase relied for a long time on an expansion of the planted areas. Limited forest availability imposes to promote intensified cocoa cultivation whilst maintaining the current areas. Thus, the competitiveness of cocoa cultivation becomes a decisive factor to stabilise the areas planted when cocoa is in competition with other crops.

The main challenges faced by the cocoa sector are the following:

- Improving production sustainability through adapted varieties and cost-effective crop management, including replanting;
- Limiting parasite pressure, a main limiting factor for cocoa production;
- Structuring the commodity chain, from a socio-economic point of view, especially in a context of liberalisation which leads to State withdrawal and greater involvement of private companies, and
- Controlling quality to meet more diversified customer requirements

4. Emerging Agenda at a Global level

At a special meeting held during the Kota Kinabalu International Cocoa Research Conference in October 2000, the cocoa community stakeholders identified the following components as a possible content for the proposed Global Cocoa Programme:

- ***Integrated Crop Management*** to improve profitability by increasing productivity, decreasing cost whilst maintaining farm viability/stability in times of fluctuating prices.
- ***Socio-Economics - The Farmers' Point of View*** - the growers of the crop must be able to make a living from their farm and will not change their practices if there is no economic benefit. Moreover, young people may not enter cocoa farming/will leave family farms in search of better employment opportunities if they perceive cocoa farming to be unattractive. They need stability against short-term disaster and sustainability in the longer term.
- ***Economic Stability at International Level*** - A study on price fluctuations is necessary to see a clear transparent picture allowing for correction activities.
- ***Economic Stability at Farm Level*** - Costs of production and marketing merit detailed study in a number of cocoa growing environments.
- ***Environmental Considerations*** - It was appreciated that cocoa can be, and is, grown in an environmentally friendly way in many situations. Opportunities may exist for improved resource management and income.

- *Consumers' Point of View* - consumers' choice of chocolate/cocoa products in preference to other snack foods is highly influenced by their perception of factors including health, social concern, environmental factors and quality.