

**MULTI-YEAR EXPERT MEETING ON COMMODITIES
AND DEVELOPMENT**

9-10 April 2014

**The World Cocoa Economy: Current Status,
Challenges and Prospects**

by

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International Cocoa Organization (ICCO)

The views expressed are those of the author and do not necessarily reflect the views of
UNCTAD.



INTERNATIONAL COCOA ORGANIZATION

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The World Cocoa Economy: Current Status, Challenges and Prospects





Background

Creation:

- Established in 1973 under the auspices of the United Nations as an inter-governmental organization to administer International Cocoa Agreements (ICA)
- Based in London; Awarded Diplomatic Status (as a Foreign Embassy) under Headquarters Agreement with the UK Government

Mission:

- To improve the functioning of the world cocoa economy through appropriate activities and coordinated actions among Member countries, in close cooperation with the private sector

Mandate:

- To achieve a sustainable world cocoa economy, encompassing social, economic and environmental dimensions in production, processing and consumption of cocoa



Membership (see map)

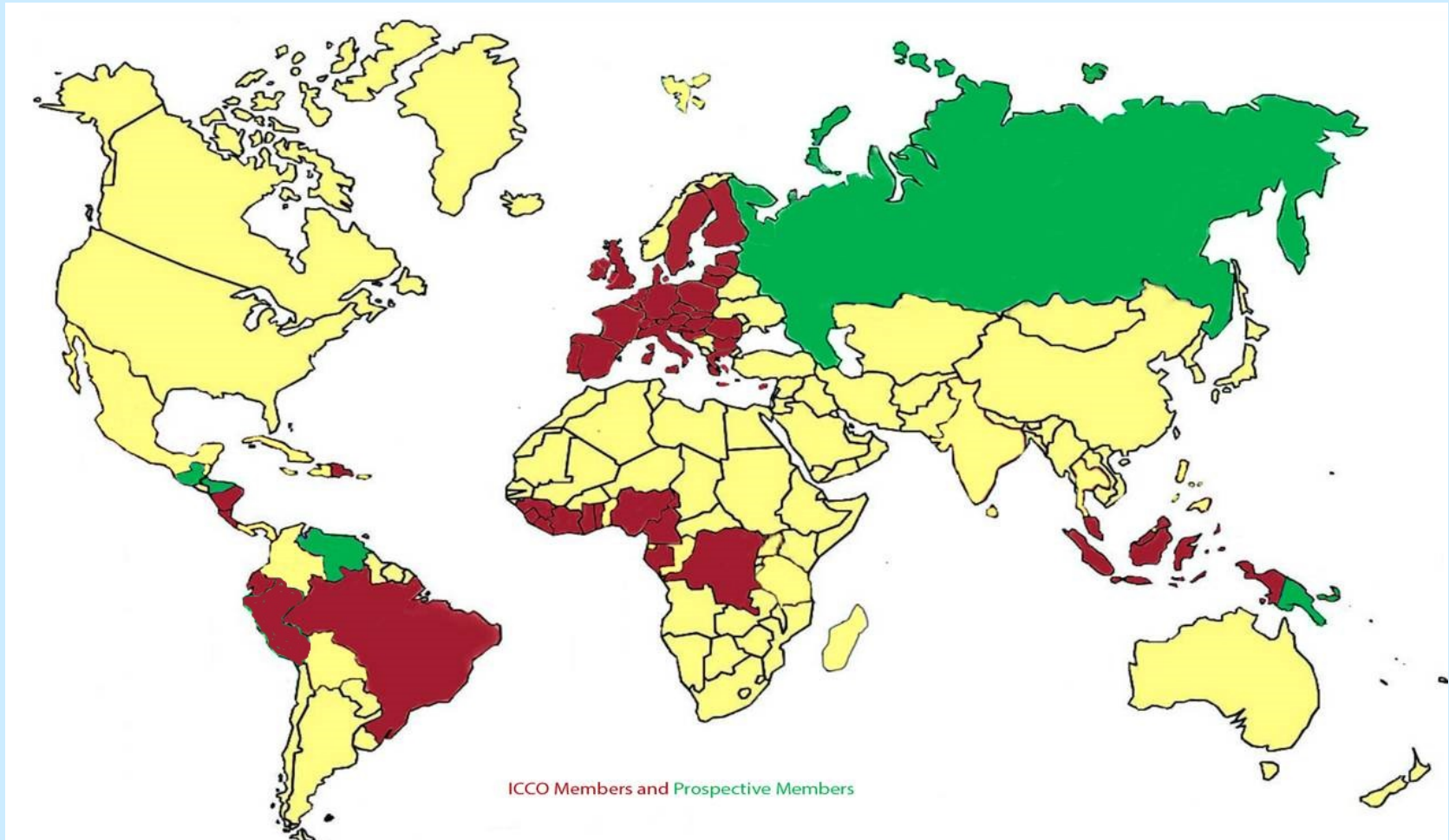
The International Cocoa Agreement (ICA) 2010 is signed by 47 countries, with another 5 (in red) in the pipeline, taking the anticipated total number to 52 by the end of this year. This would include 22 countries representing about 95% of global exports and 30 countries representing about 72% of global imports.

Exporting Member countries: Brazil, Cameroon, Democratic Republic of Congo , Costa Rica, Côte d'Ivoire, Dominican Republic, Ecuador, Honduras, Gabon, Ghana, Guatemala, Guinea, Indonesia, Malaysia, Nicaragua, Papua New Guinea, Peru, Sierra Leone, Togo, and Trinidad and Tobago and Venezuela.

Importing Member countries : All European Union Members (28 countries), Russia and Switzerland.



ICCO Members and Prospective Members





Main Activities

1. *Forum for discussions on policy/strategic issues* affecting the global cocoa economy. Done through meetings of the ICCO Council and Subsidiary bodies, including Private Sector (Consultative) Board and Expert Working Groups;
2. *Market transparency*: collection and dissemination of statistics and information on the cocoa market, regular analysis of cocoa market situation, market forecasts, etc. (publication of the ICCO *Quarterly Bulletin of Cocoa Statistics* and the *World Cocoa Directory*) and economic studies;
3. Development and supervision of *projects* aimed at solving specific problems and improving the functioning of the cocoa economy.



Examples of Specific Activities

1. Set up of **International Standard Specifications for Jute Bags** in the packing of cocoa beans ;
2. Developed a **Manual on Best Known practices** along the cocoa value chain,
3. Harmonization of cocoa-related **SPS legislations** (pesticides residues, heavy metals, etc.) to address food safety concerns,
4. Organize **workshops** and **seminars** to strengthen the capacity of Member countries to improve production, quality and trade of cocoa;
5. Organized 2 **Roundtables** (2007 & 2009) for a Sustainable Cocoa Economy, bringing together all stakeholders, public and private.
6. Organized the first **World Cocoa Conference** (Nov 2012); preparing for 2nd edition (9-13 June 2014 in Amsterdam, The Netherlands)



Structure of ICCO





The size of the global cocoa/chocolate market

Cocoa bean global value in 2011/12: US\$ 10 billion
Retail value of global chocolate sales in 2012: US\$ 107 billion

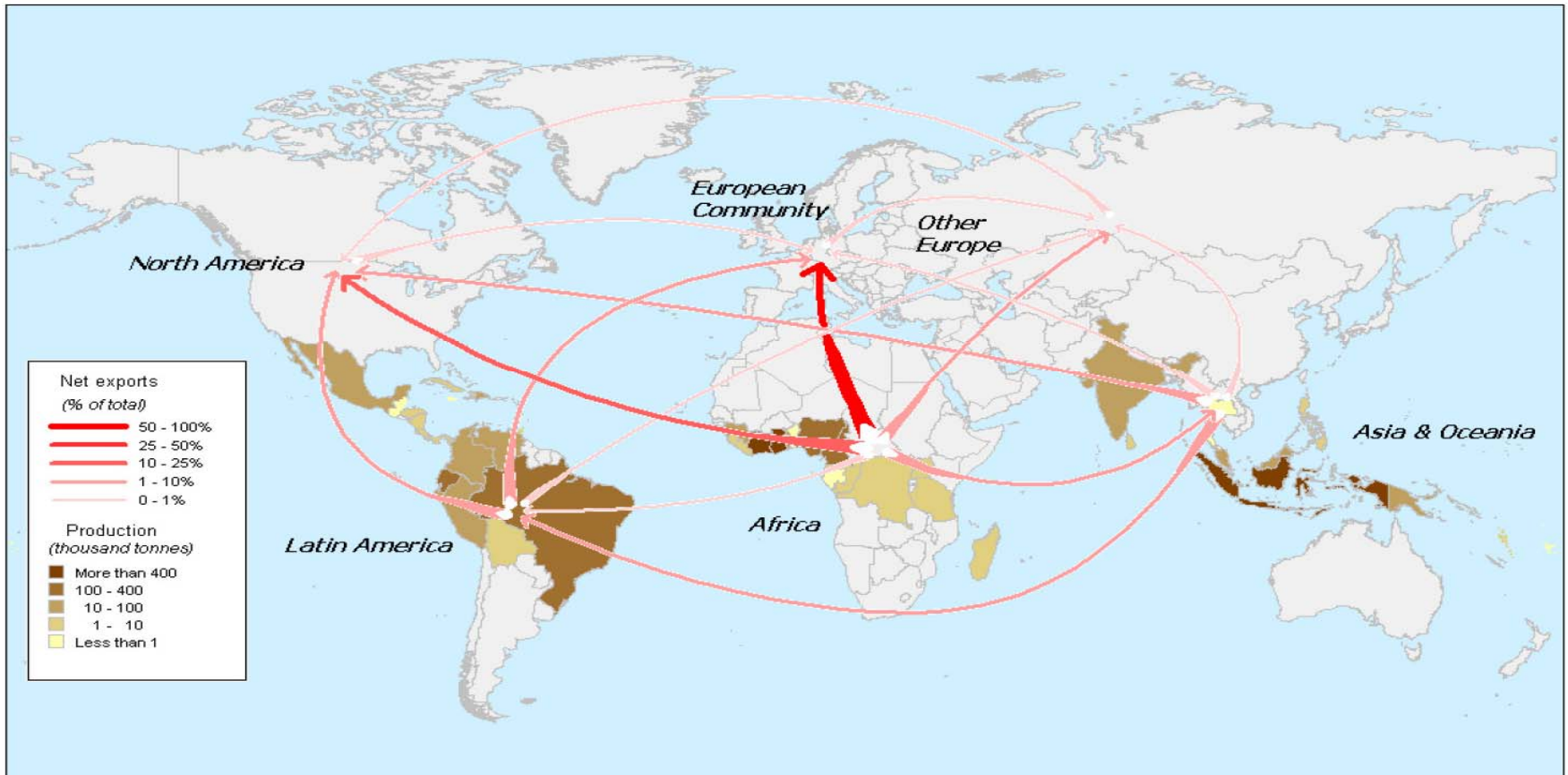
Sources: Euromonitor International, NCA, ICCO staff calculation

Top chocolate manufacturers, 2013, total sales in million US\$

Company	Net Sales 2013 (US\$ millions)
Mars Inc (USA)	17,640
Mondelēz International Inc (USA)	14,862
Nestlé SA (Switzerland)	11,760
Ferrero Group (Italy)	10,900
Hershey Foods Corp (USA)	7,043
Arcor (Argentina)	3,700
Chocoladenfabriken Lindt & Sprüngli AG (Switzerland)	3,149
Yildiz Holding (Turkey)	2,500

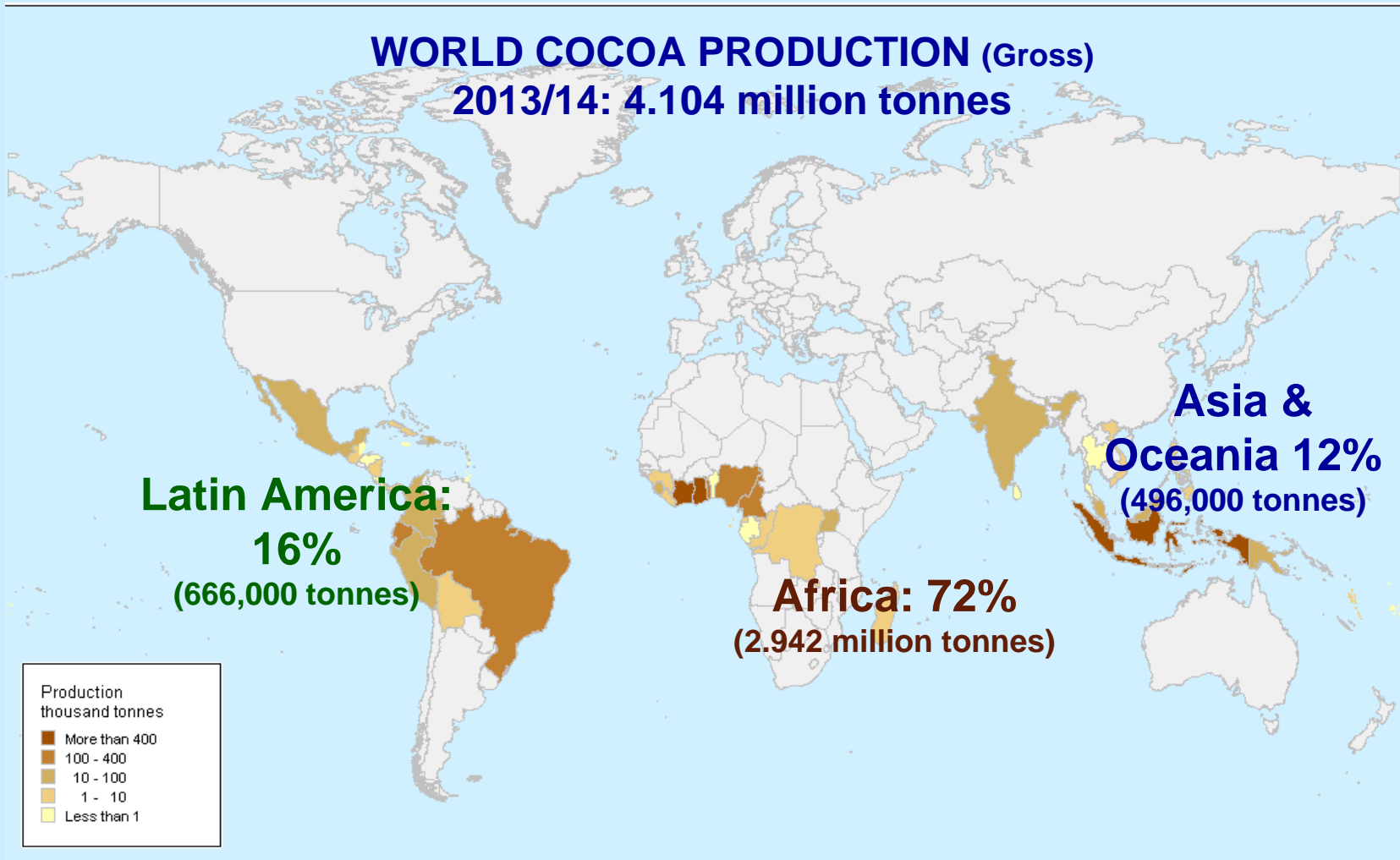
Top eight global confectionery companies that manufacture some chocolate by total confectionery sales value in 2013

Source: Candy Industry, January 2014





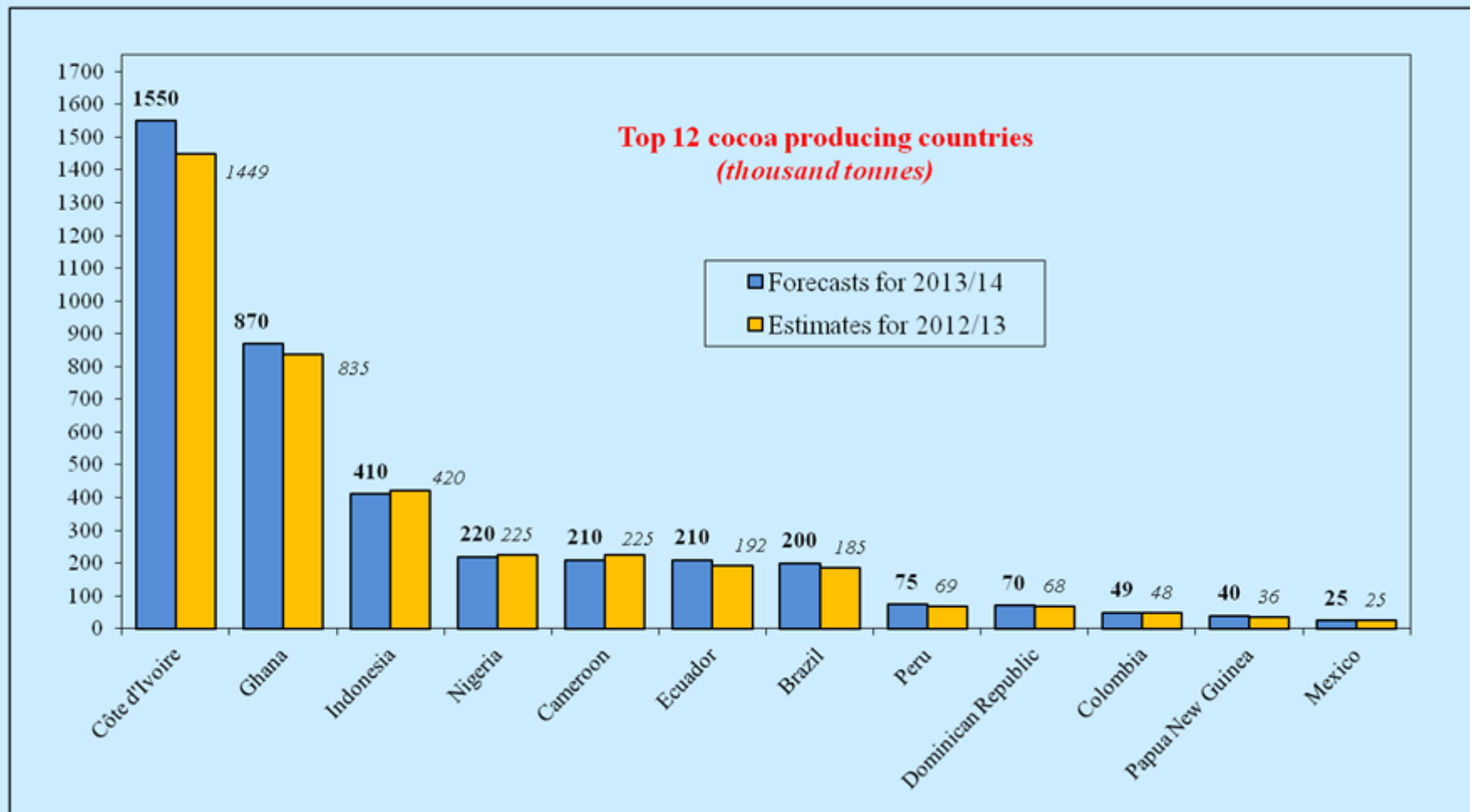
II. Current Status of the World Cocoa Economy



Source: ICCO, *Quarterly Bulletin of Cocoa Statistics*

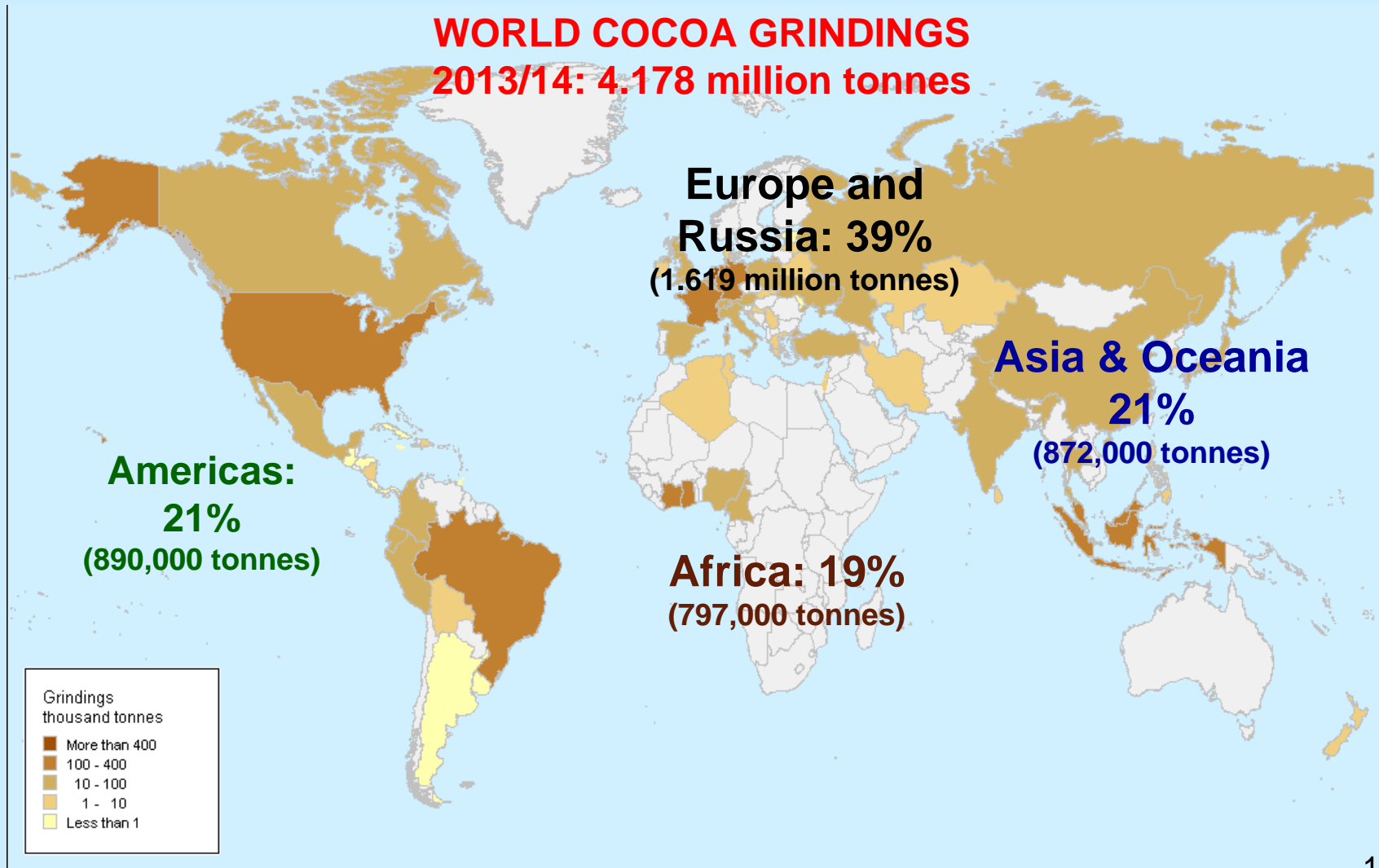


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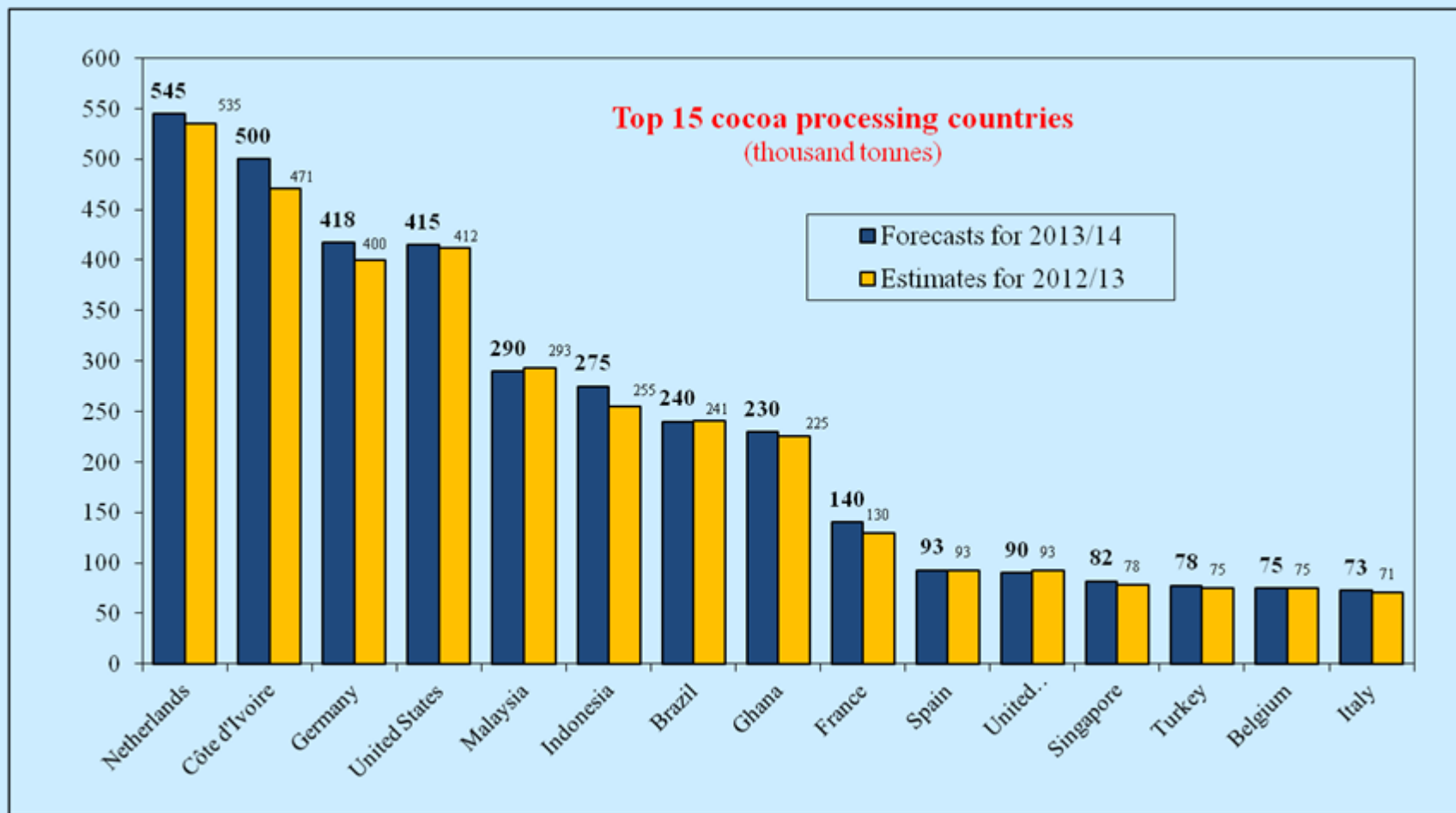


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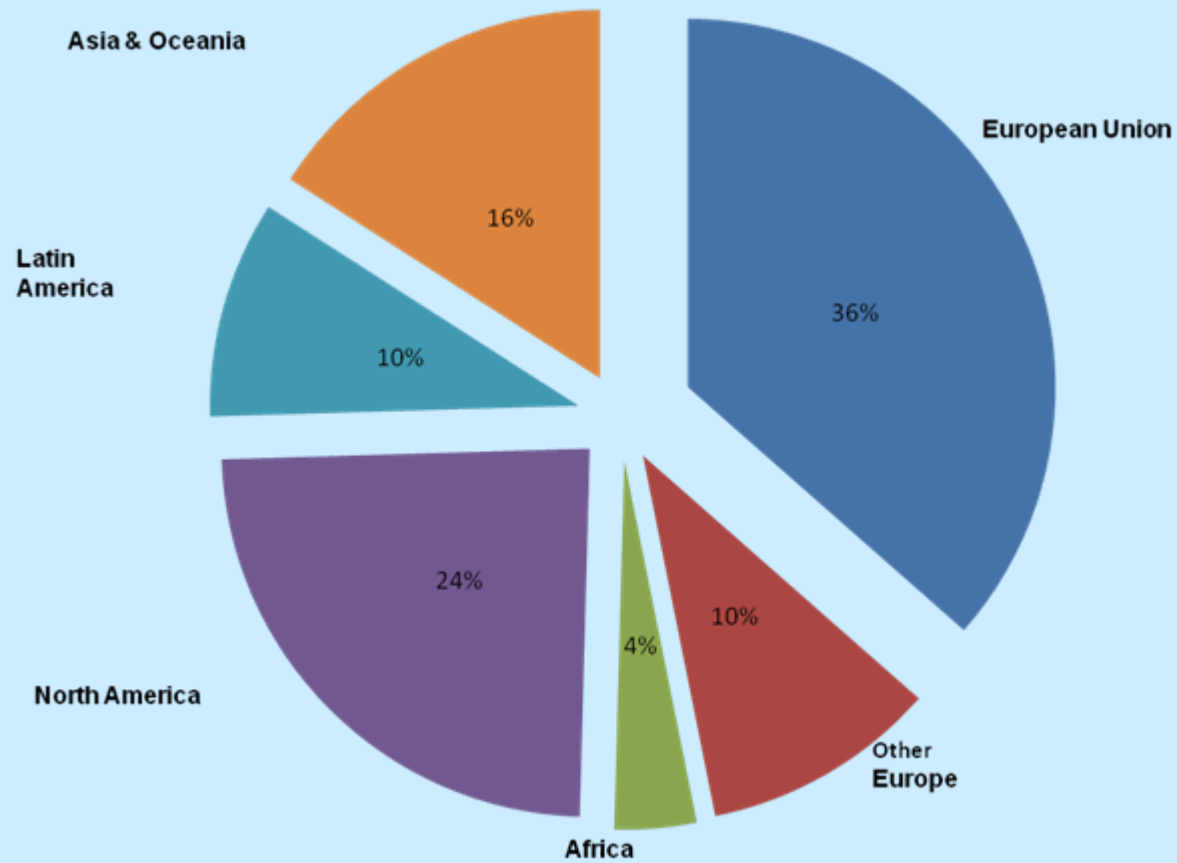
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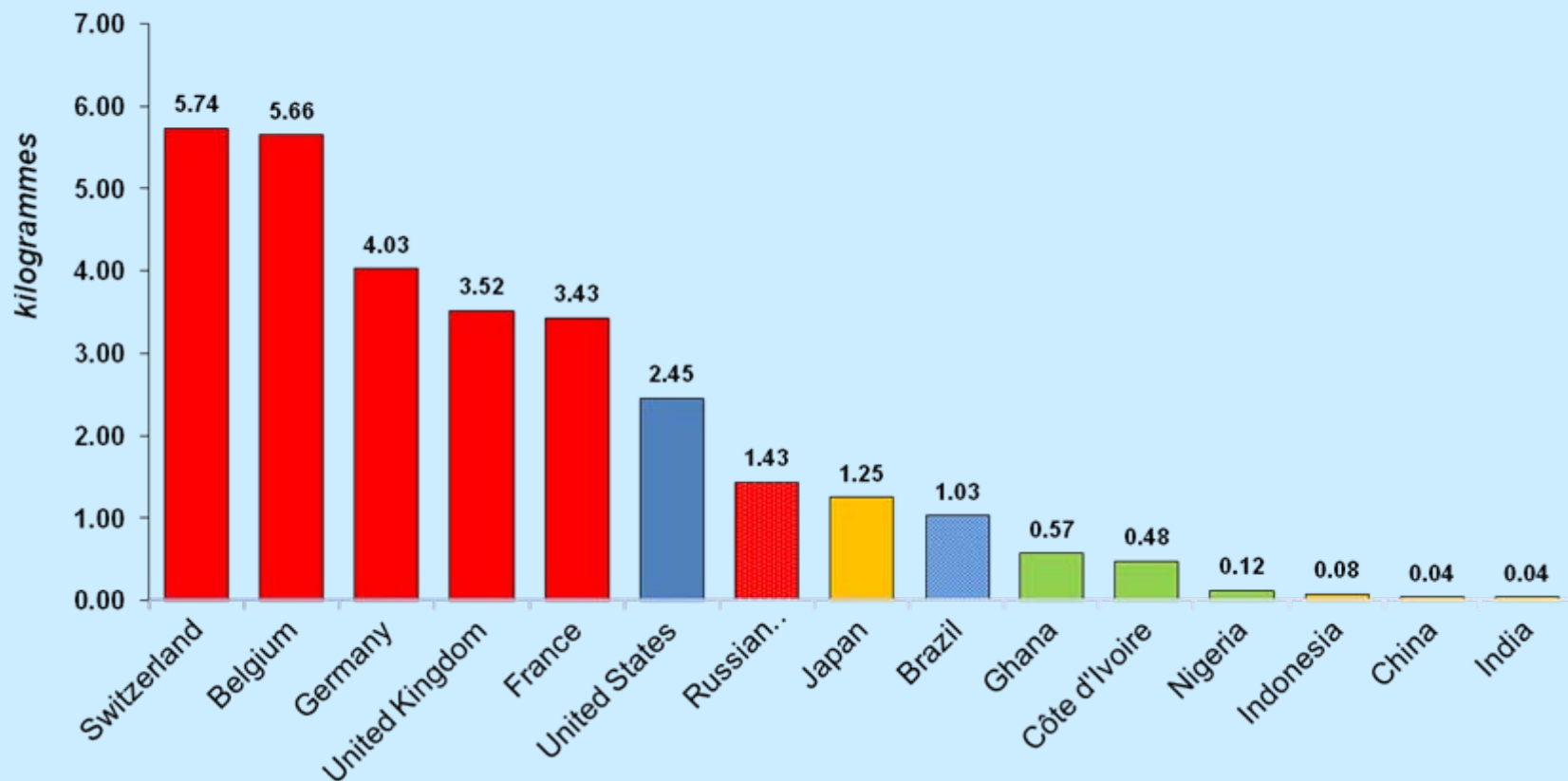
Apparent consumption of cocoa (in 2011/12)





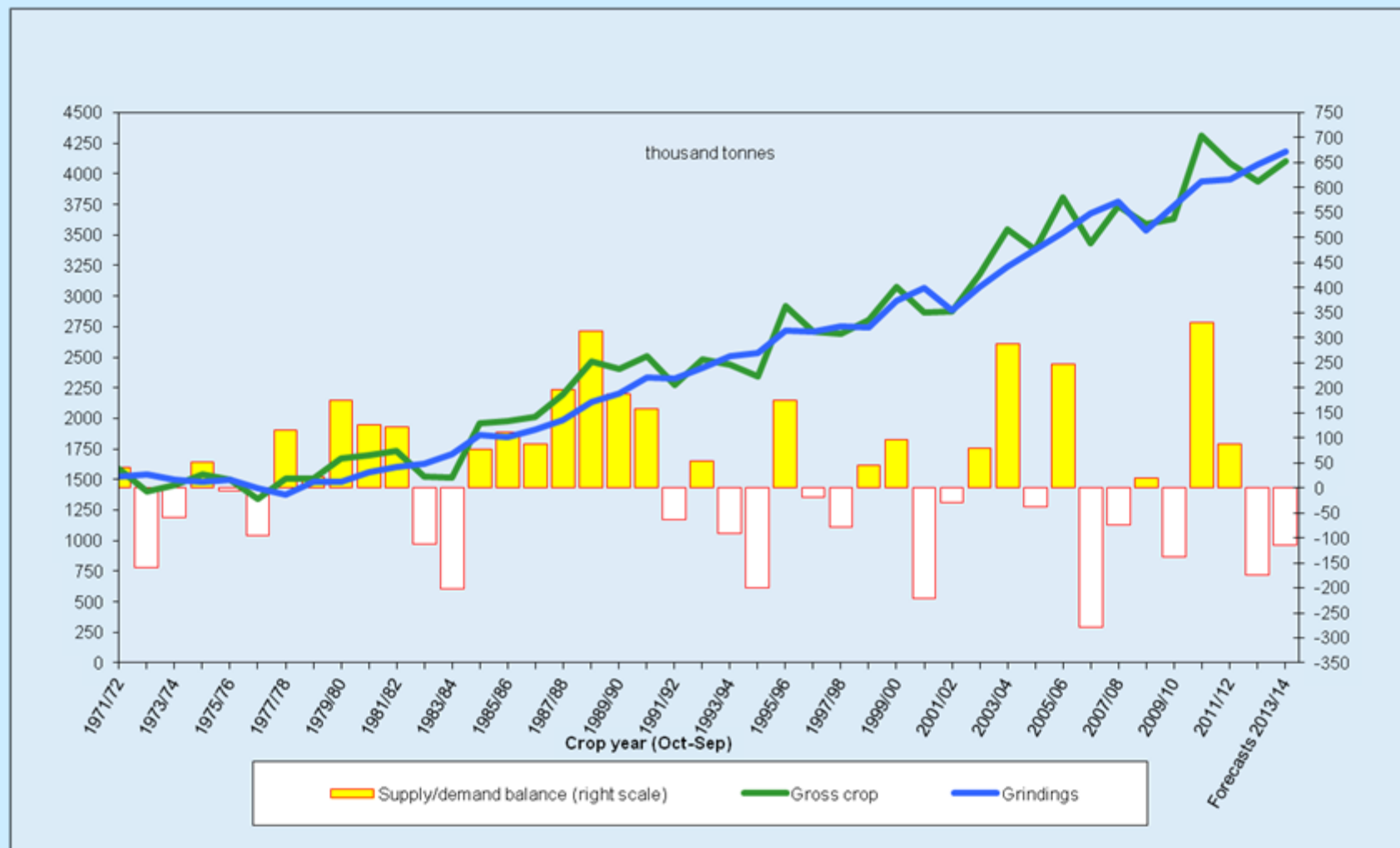
II. Current Status of the World Cocoa Economy

Apparent consumption of cocoa per caput (in 2011/12)



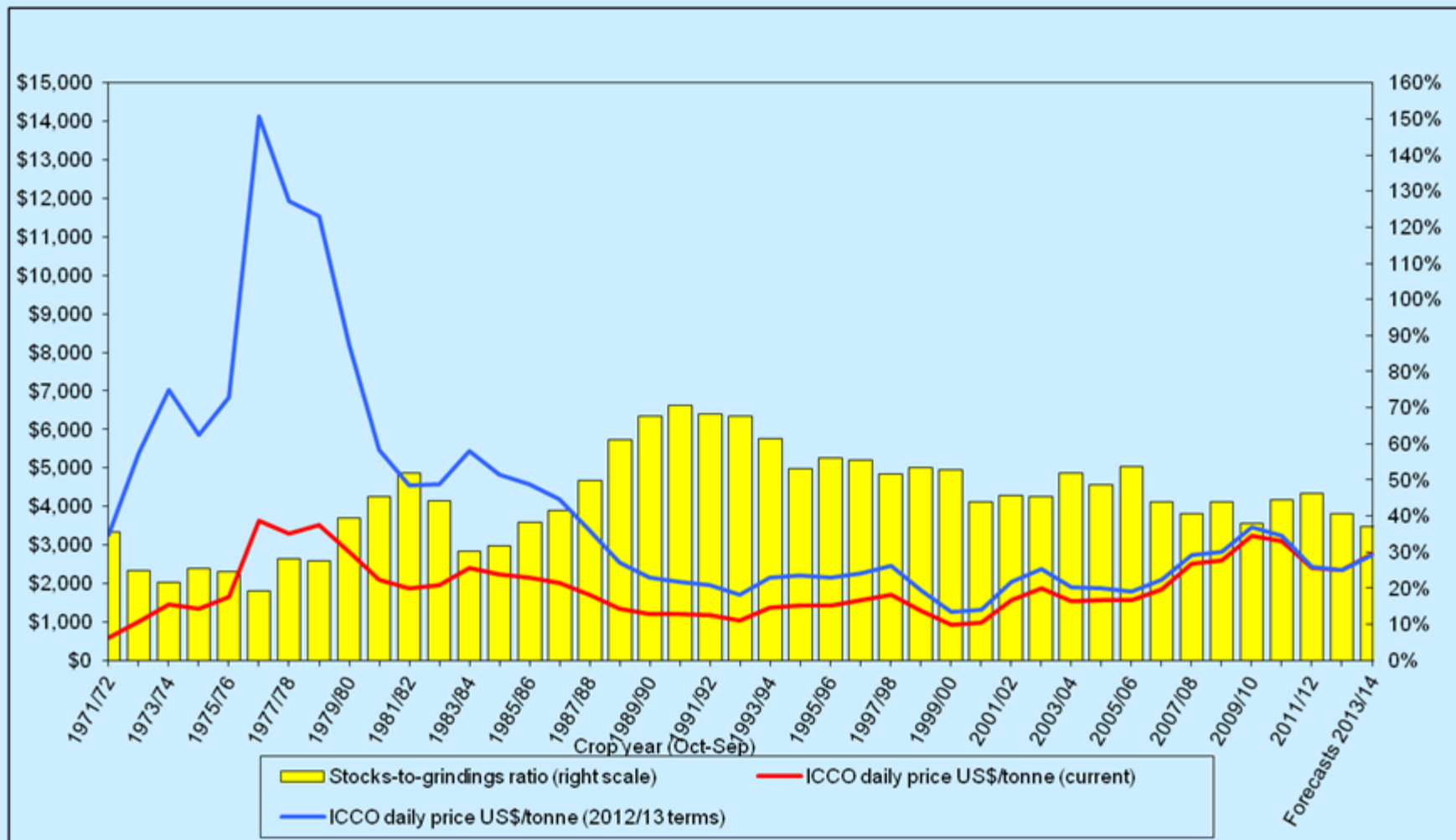


World cocoa bean production, grindings and supply/demand balance



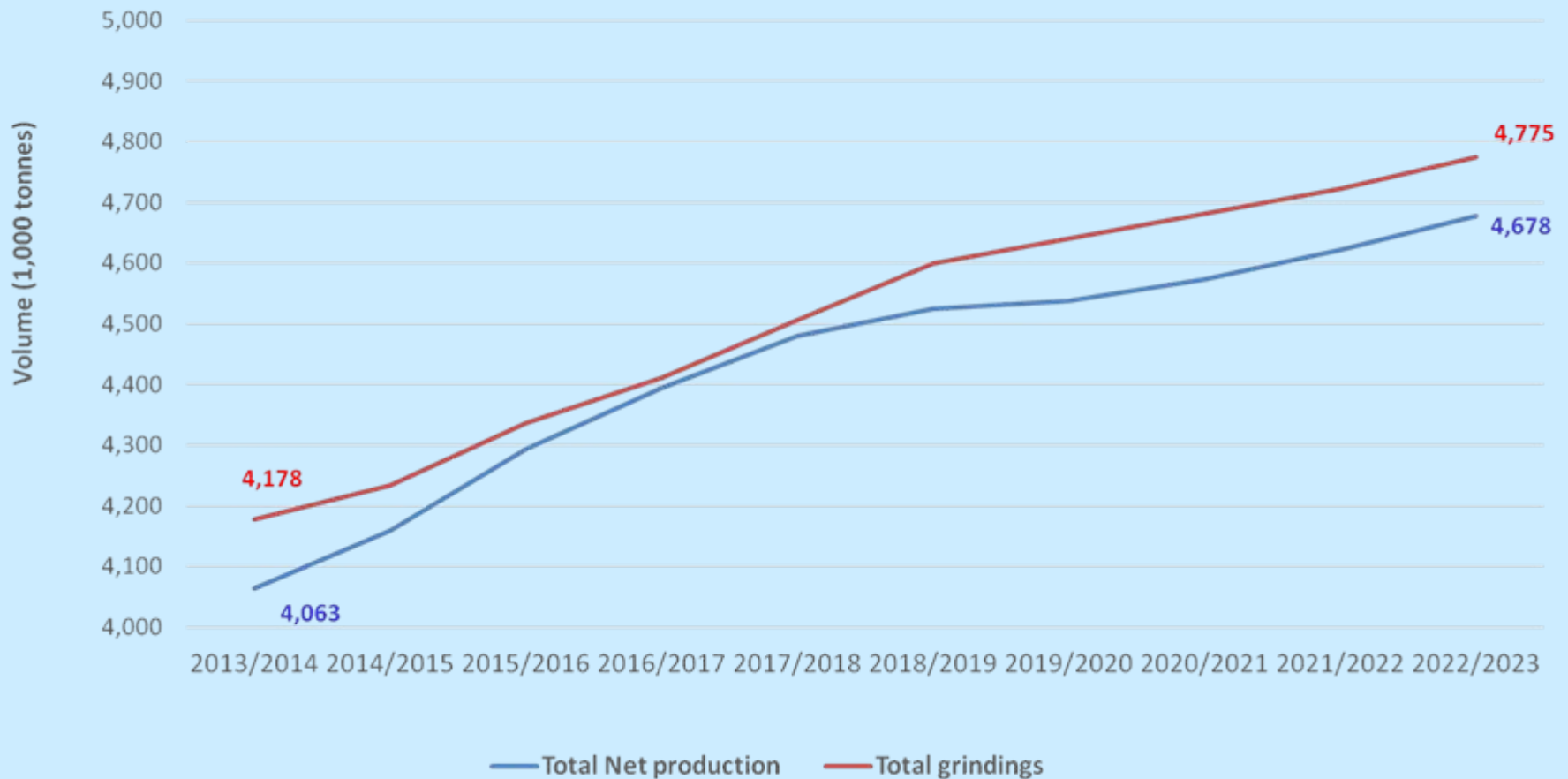


ICCO daily price of cocoa beans and stocks-to-grindings ratio



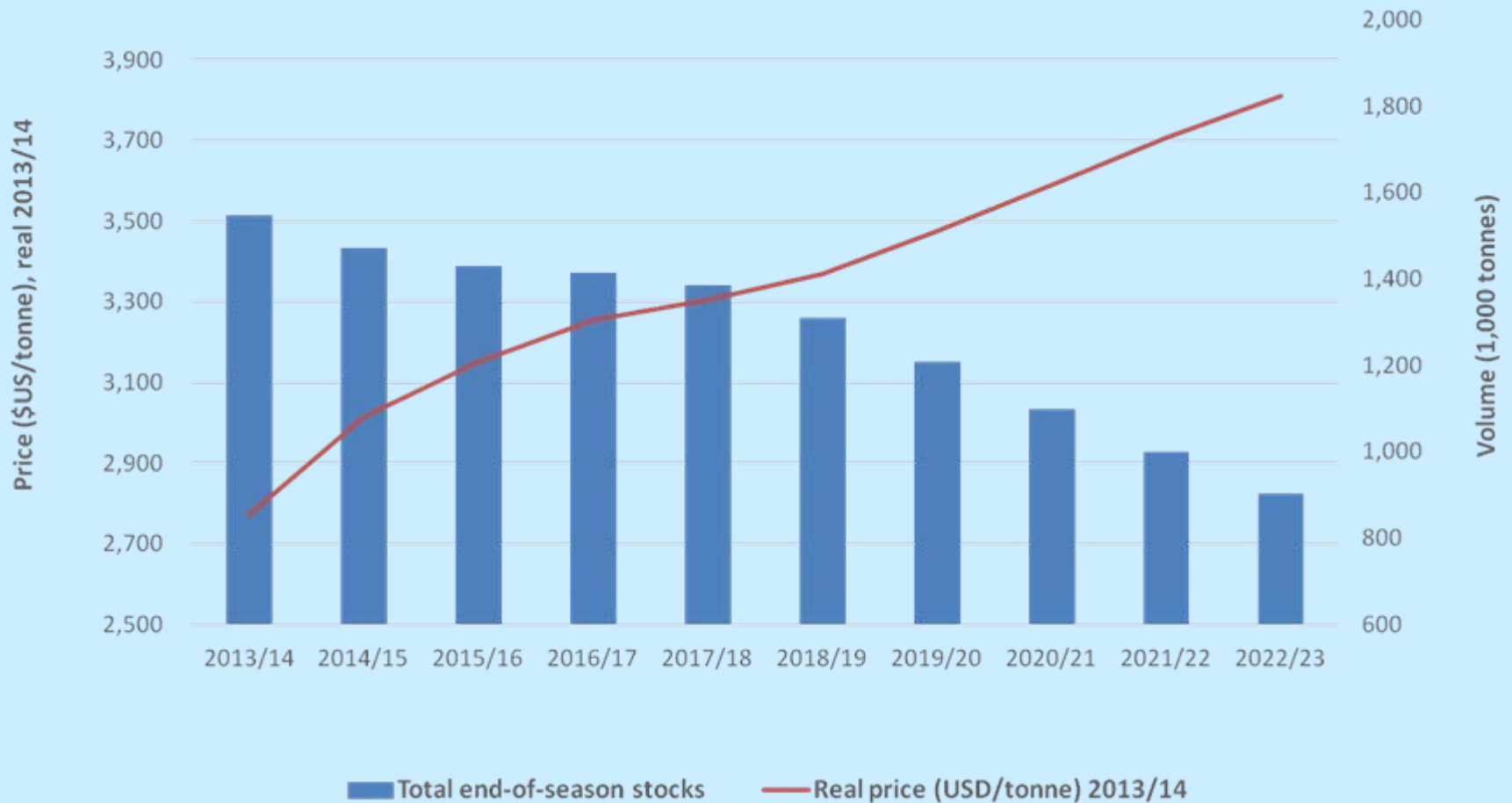


Forecast of the World Cocoa Supply and Demand





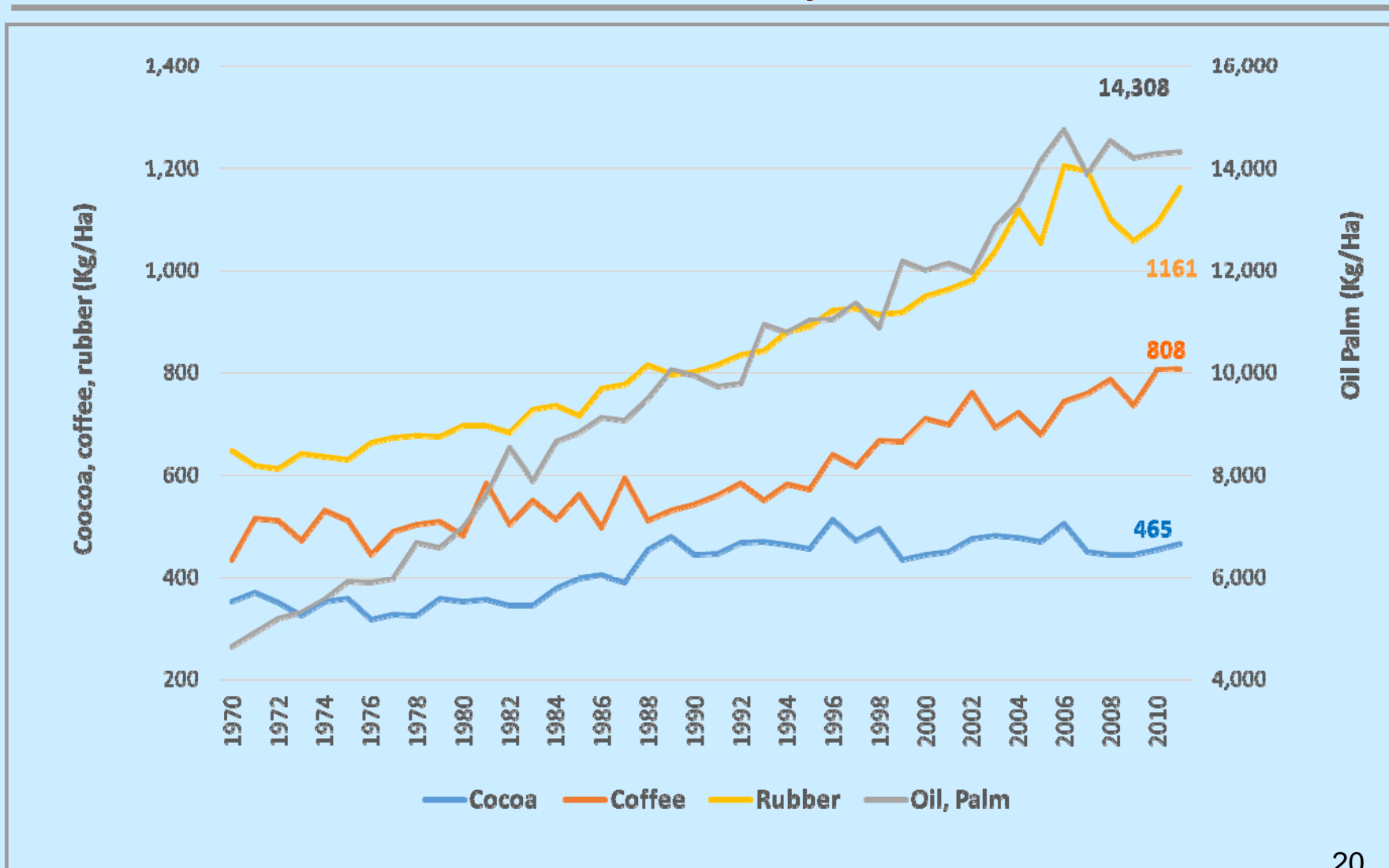
Outlook of the World Cocoa Economy from 2013/14 to 2022/23





World Cocoa Supply and Demand

Low yields



Source: FAO, Faostat, 31 January 2014, ICCO staff calculations



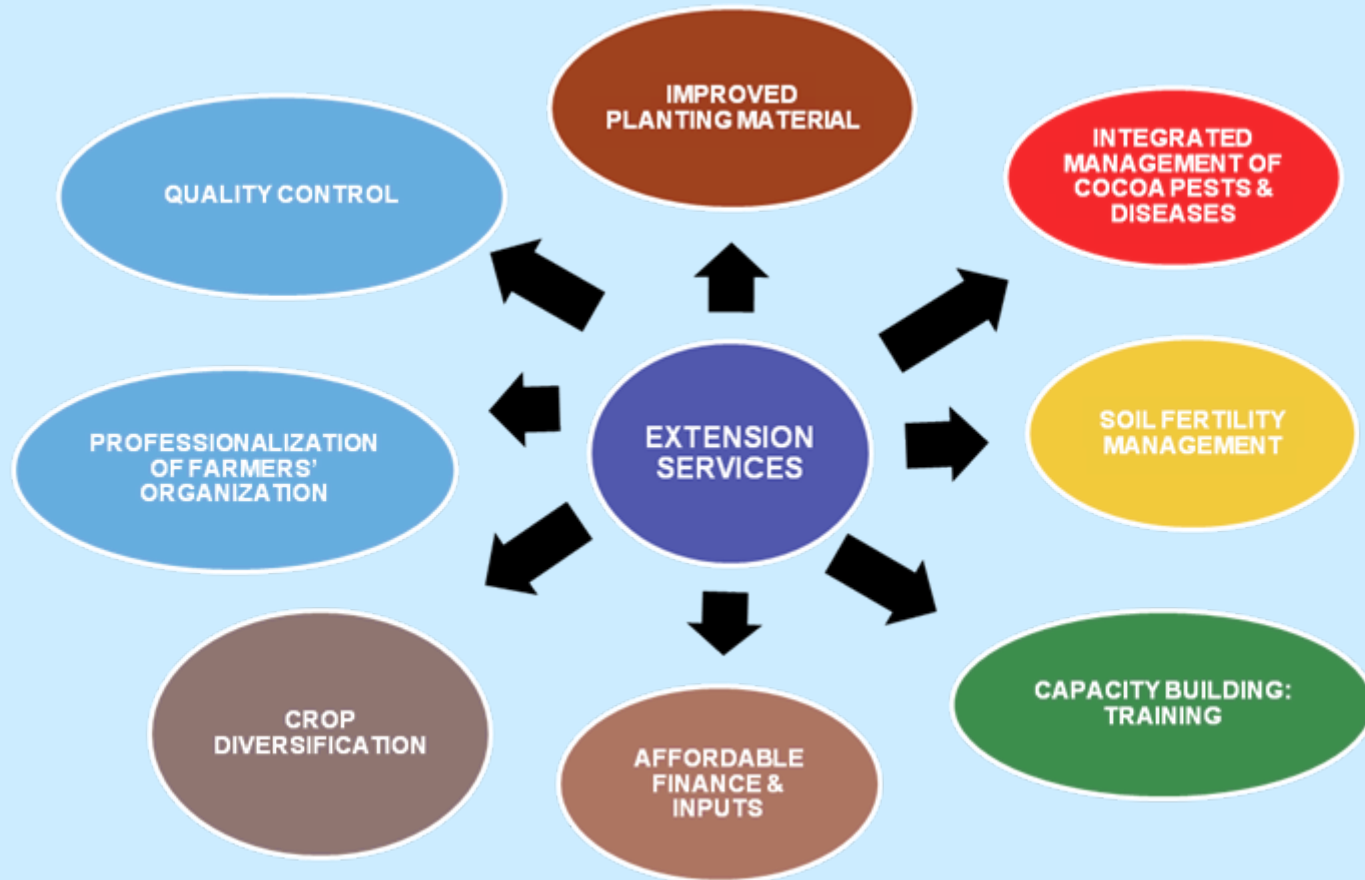
III. Challenges of the World Cocoa Economy

1. Low productivity
2. Pests and Diseases
3. Declining soil fertility
4. Availability and high costs of farm inputs
5. Outdated production systems and poor farm management practices
6. Weather, climate and environment effects
7. Inefficient marketing systems
8. Low intake of innovation, technology and knowledge transfer
9. Inadequate extension and advisory services



IV. ICCO's Strategy to Ensure Adequate Supply to meet Future Demand

INTEGRATED APPROACH TO IMPROVE PRODUCTIVITY & QUALITY: KEY COMPONENTS





IV. ICCO's Strategy to Ensure Adequate Supply to meet Future Demand

The 1st World Cocoa Conference: 19-23 November 2012, Abidjan, Côte d'Ivoire

- **Objective:** to critically review the strategic challenges facing the world cocoa economy and to agree on coordinated actions to be implemented
- **Outputs:** **Global Cocoa Agenda; Abidjan Cocoa Declaration.**
- **Main recommendations:**
 - **National Cocoa Development Plan**
 - **Increase transparency and coordination of development activities**
 - The ICCO **Private Sector (Consultative) Board** to be in charge of monitoring and coordination of the implementation of the Global Cocoa Agenda



IV. ICCO's Strategy to Ensure Adequate Supply to meet Future Demand

The 2nd World Cocoa Conference: 9 – 13 June, 2014, Amsterdam, the Netherlands

Objective:

- Review progress achieved by stakeholders in implementation of Global Cocoa Agenda adopted in Abidjan

Expected outputs:

- Special emphasis on development and implementation of National Cocoa Plans through a Public-Private Partnership (PPP) in ICCO member countries and on initiatives implemented by the cocoa and chocolate industry towards increasing sustainability across the entire cocoa value chain.
- List of recommendations to enhance implementation of Global Cocoa Agenda.

The logo for the World Cocoa Conference 2014, featuring the text 'WORLD COCOA CONFERENCE 2014' in green, a stylized cocoa pod and chocolate bars, and the date '9-13 JUNE 2014' and location 'AMSTERDAM, THE NETHERLANDS' in purple. Below the logo is the website address 'WWW.WORLDCOCOACONFERENCE.ORG' in white on a purple background.

**WORLD
COCOA
CONFERENCE 2014**

9-13 JUNE 2014
AMSTERDAM, THE NETHERLANDS

Ensuring a sustainable cocoa value chain to guarantee quality supply and enable future growth

WWW.WORLDCOCOACONFERENCE.ORG



Thank you



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