



## ***INTERNATIONAL COCOA ORGANIZATION***

### ***Indonesian Cocoa Workshop 2013***

**Laurent Pipitone**

***Director of Economics  
& Statistics Division***

***International Cocoa Organization  
(ICCO)***

### **Global grindings versus production**





## ***Structure of the presentation***

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**Characteristics of the world cocoa economy**

**Cocoa prices**

**Market outlook**

**Strategic challenges facing the cocoa sector**

**The World Cocoa Conference**



## *Structure of the presentation*

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# **Characteristics of the World Cocoa Economy**



## *The size of the market*

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

*Sources: Euromonitor International, NCA, ICCO staff calculation*

### *Top chocolate manufacturers, 2012, total sales in million US\$*

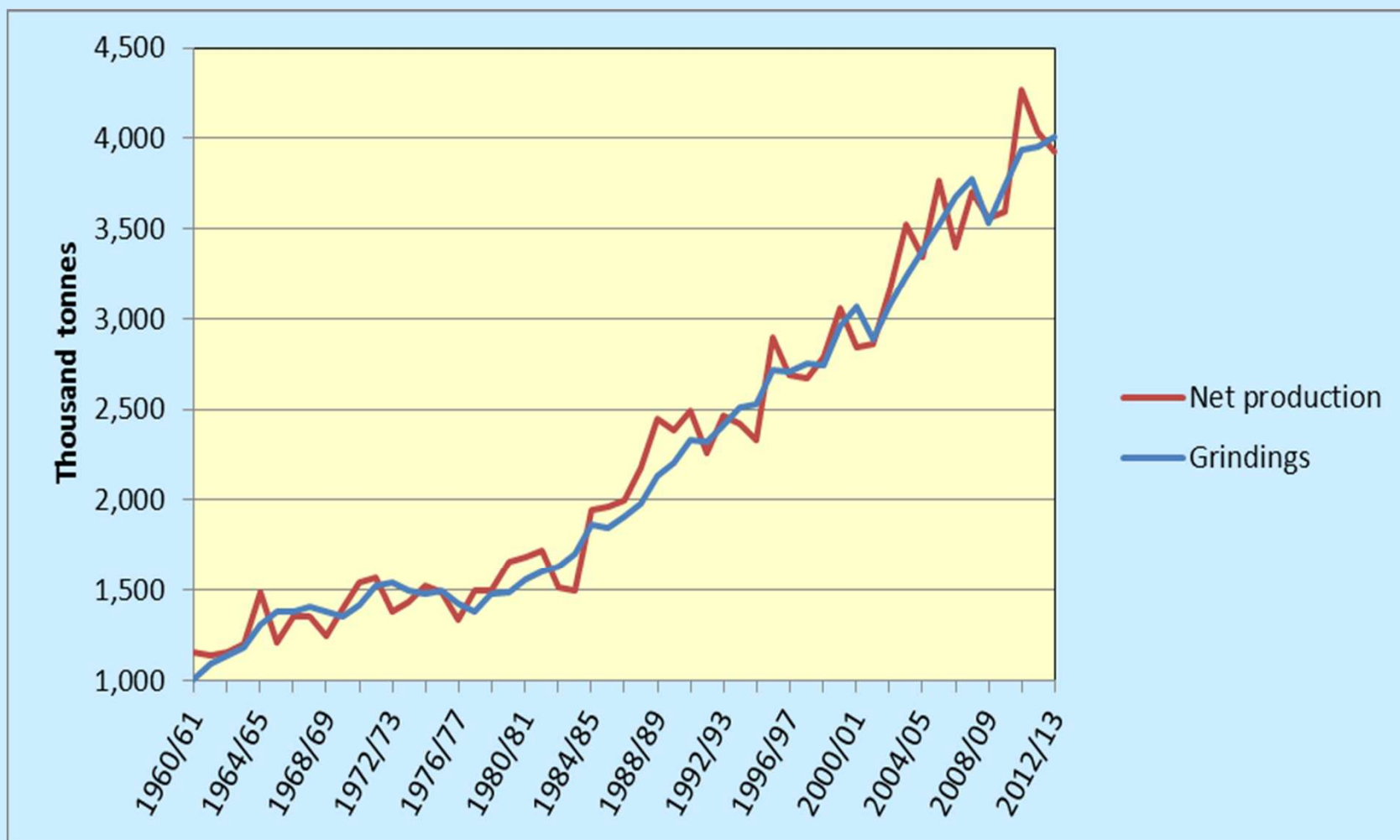
Company	Net Sales 2012 (US\$ millions)
Mars Inc (USA)	16,800
Mondelēz International Inc (USA)	15,480
Nestlé SA (Switzerland)	12,808
Hershey Foods Corp (USA)	6,460
Ferrero Group (Italy)	5,627
Chocoladenfabriken Lindt & Sprüngli AG (Switzerland)	2,791

*Top six global confectionery companies  
that manufacture some chocolate  
by total confectionery sales value in  
2012*

*Source: Candy Industry, January 2013*



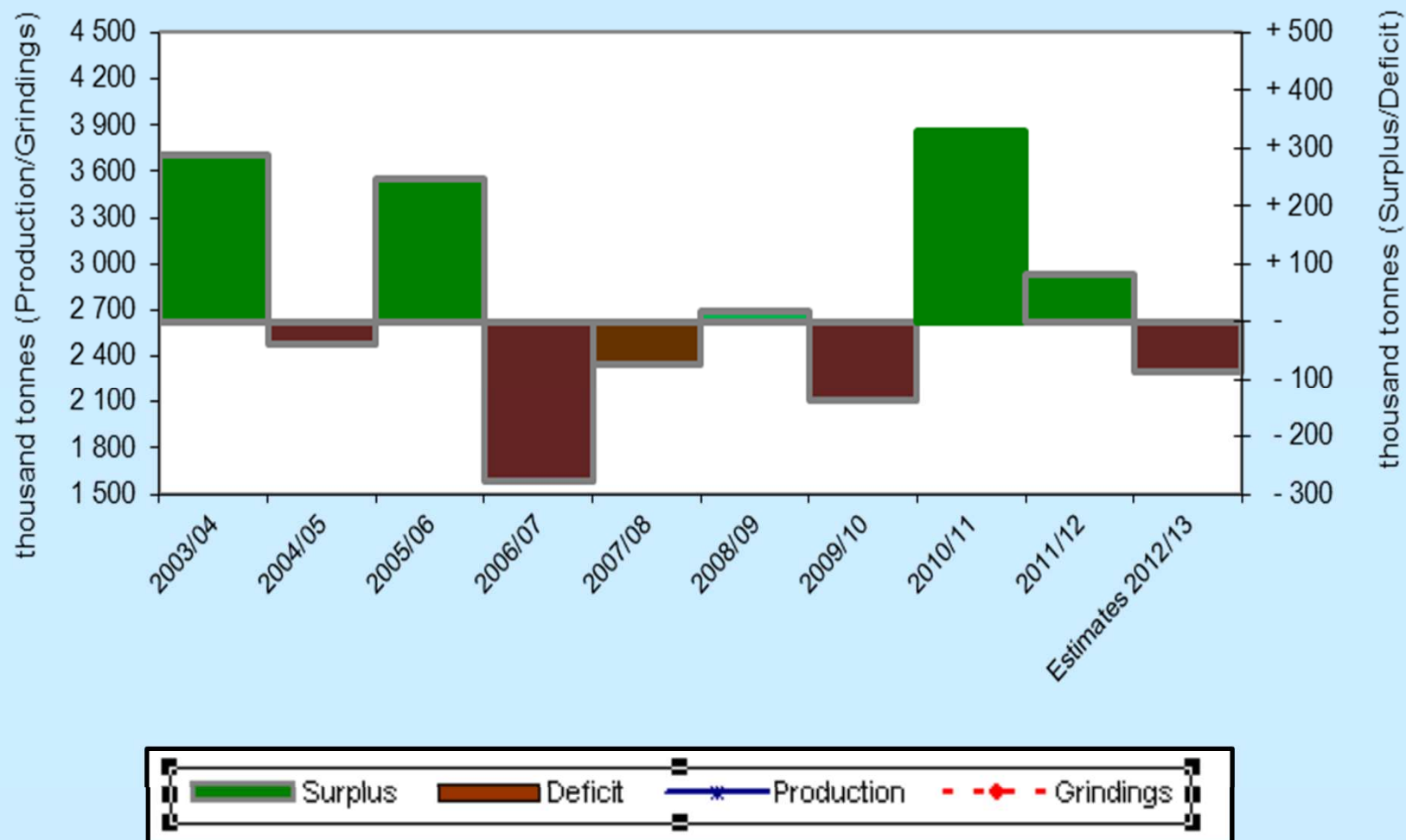
## *Historical cocoa supply & demand*



*Source: ICCO, Quarterly Bulletin of Cocoa Statistics*

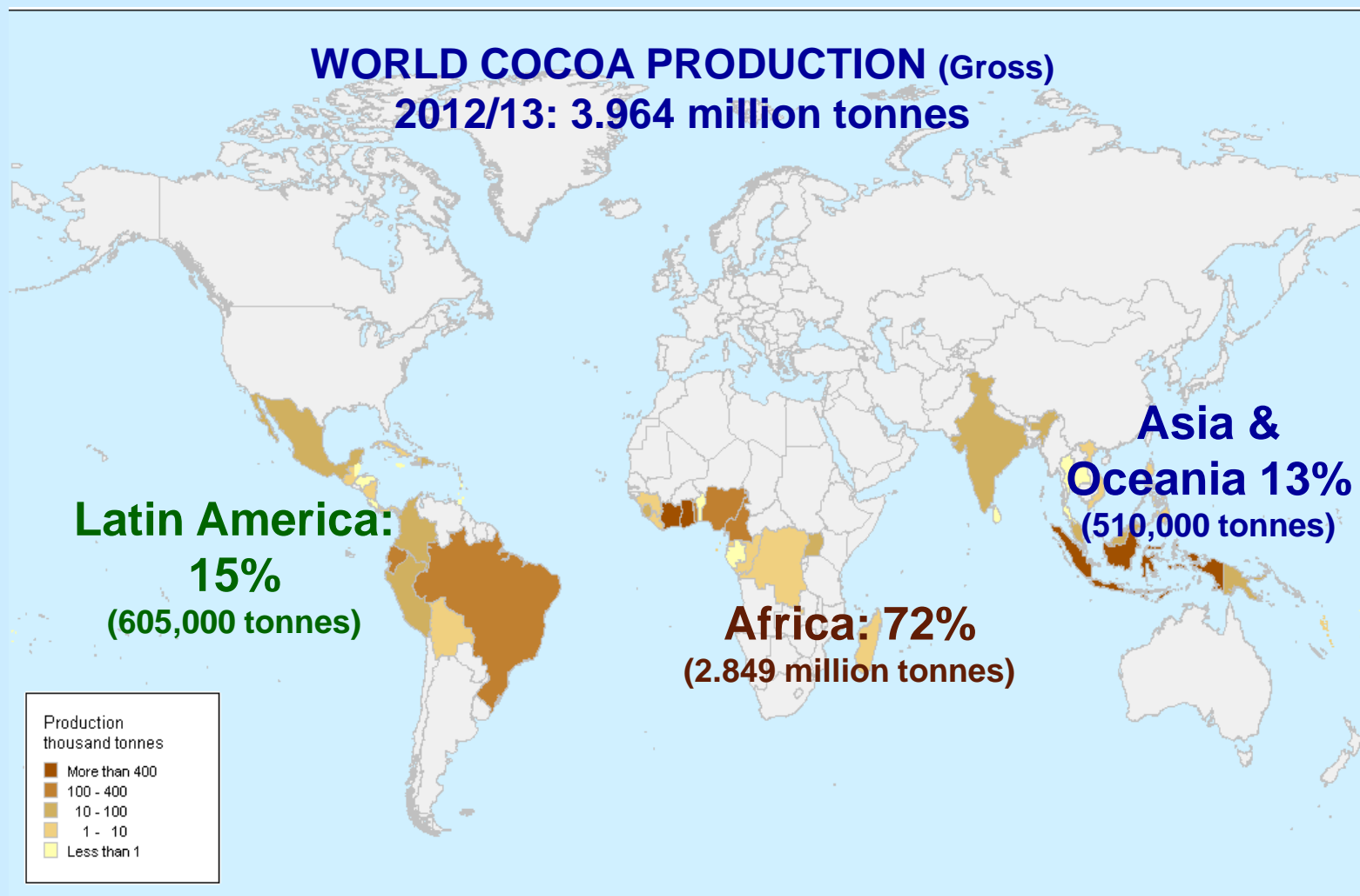


## World cocoa bean production, grindings and surplus/deficit (thousand tonnes)





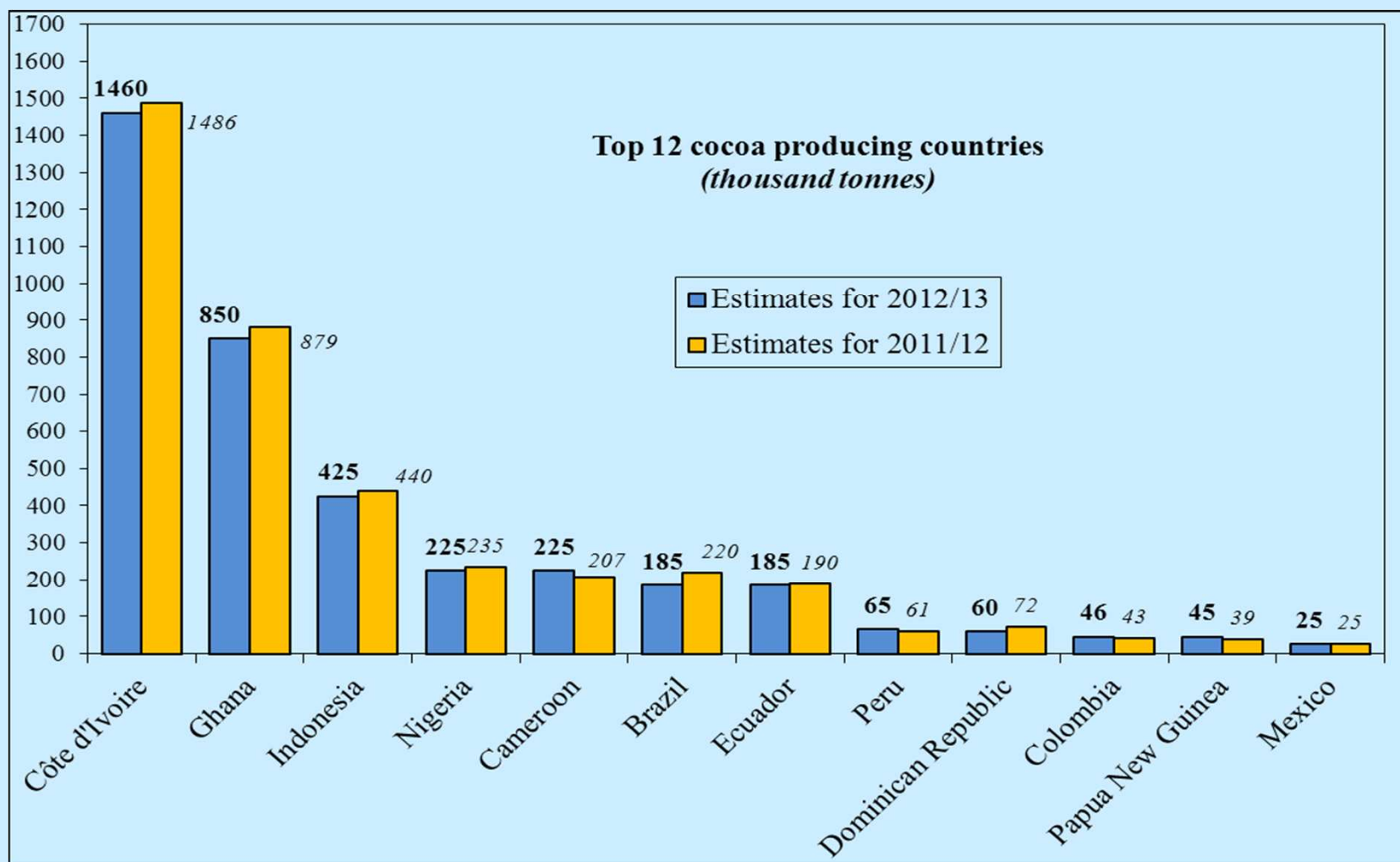
## *Cocoa production (supply)*



*Source: ICCO, Quarterly Bulletin of Cocoa Statistics*



## Main cocoa producing countries

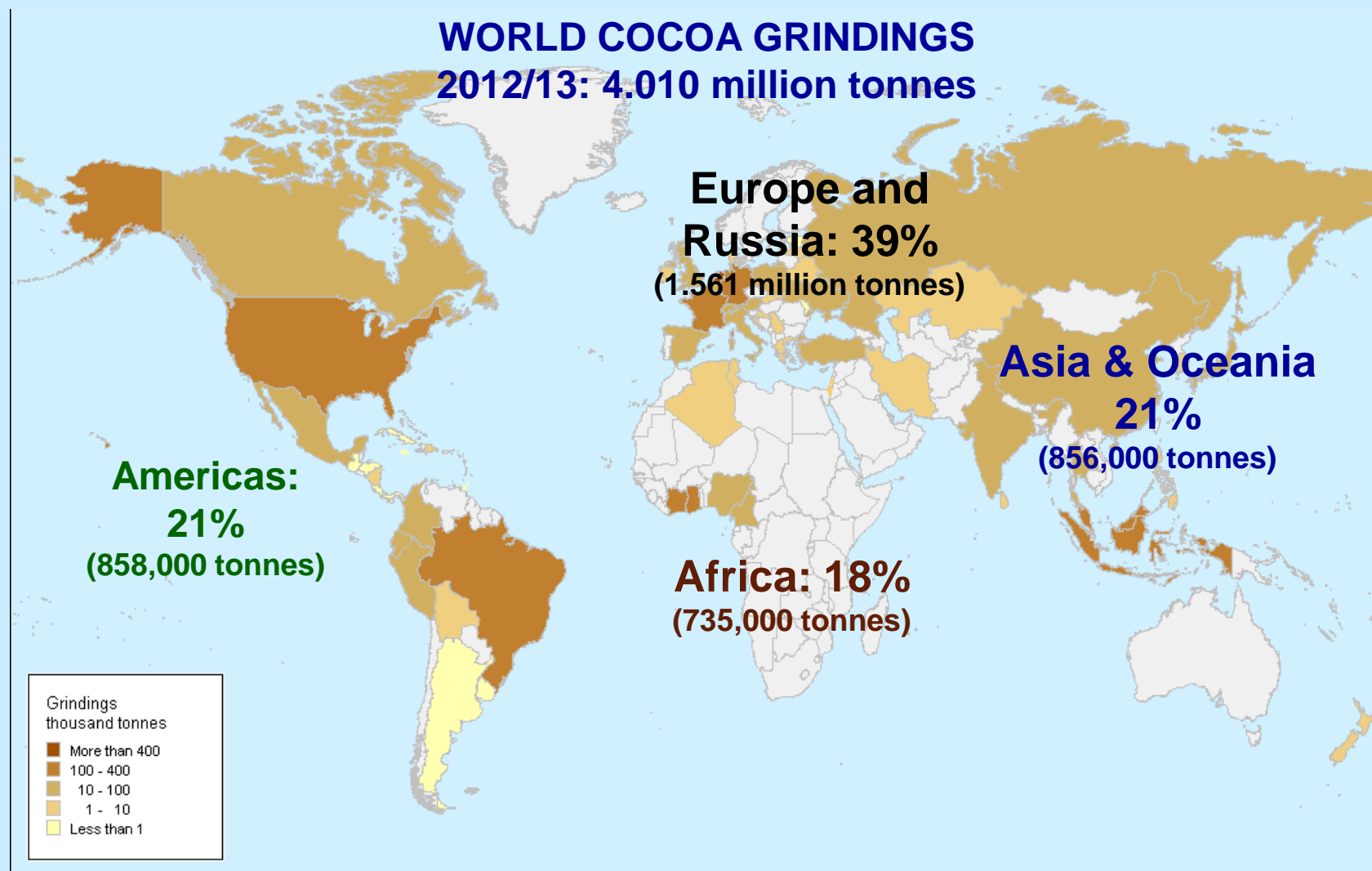


Source: ICCO, Quarterly Bulletin of Cocoa Statistics





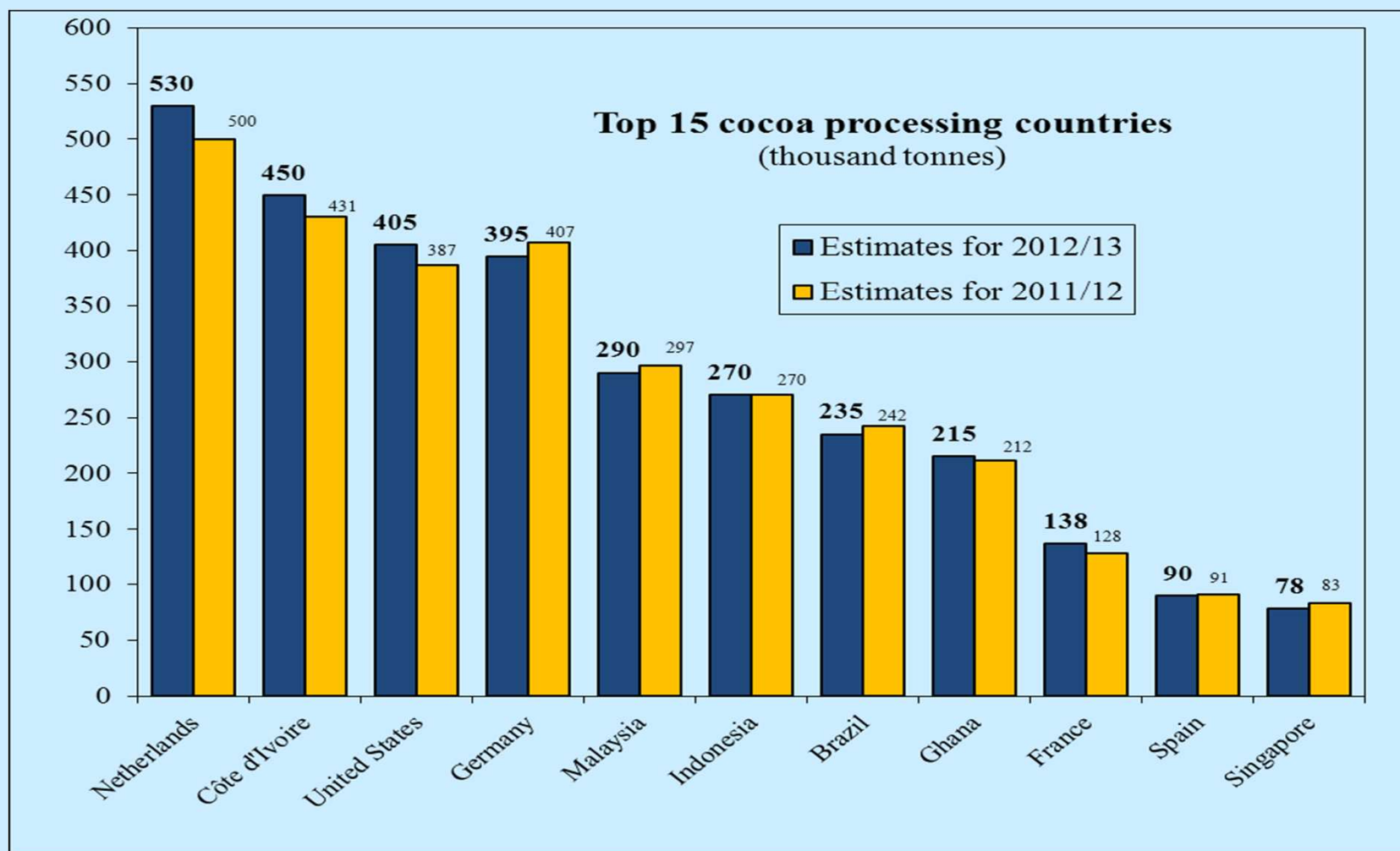
## *Cocoa grindings (demand)*



Source: ICCO, Quarterly Bulletin of Cocoa Statistics



## *Main cocoa processing countries*

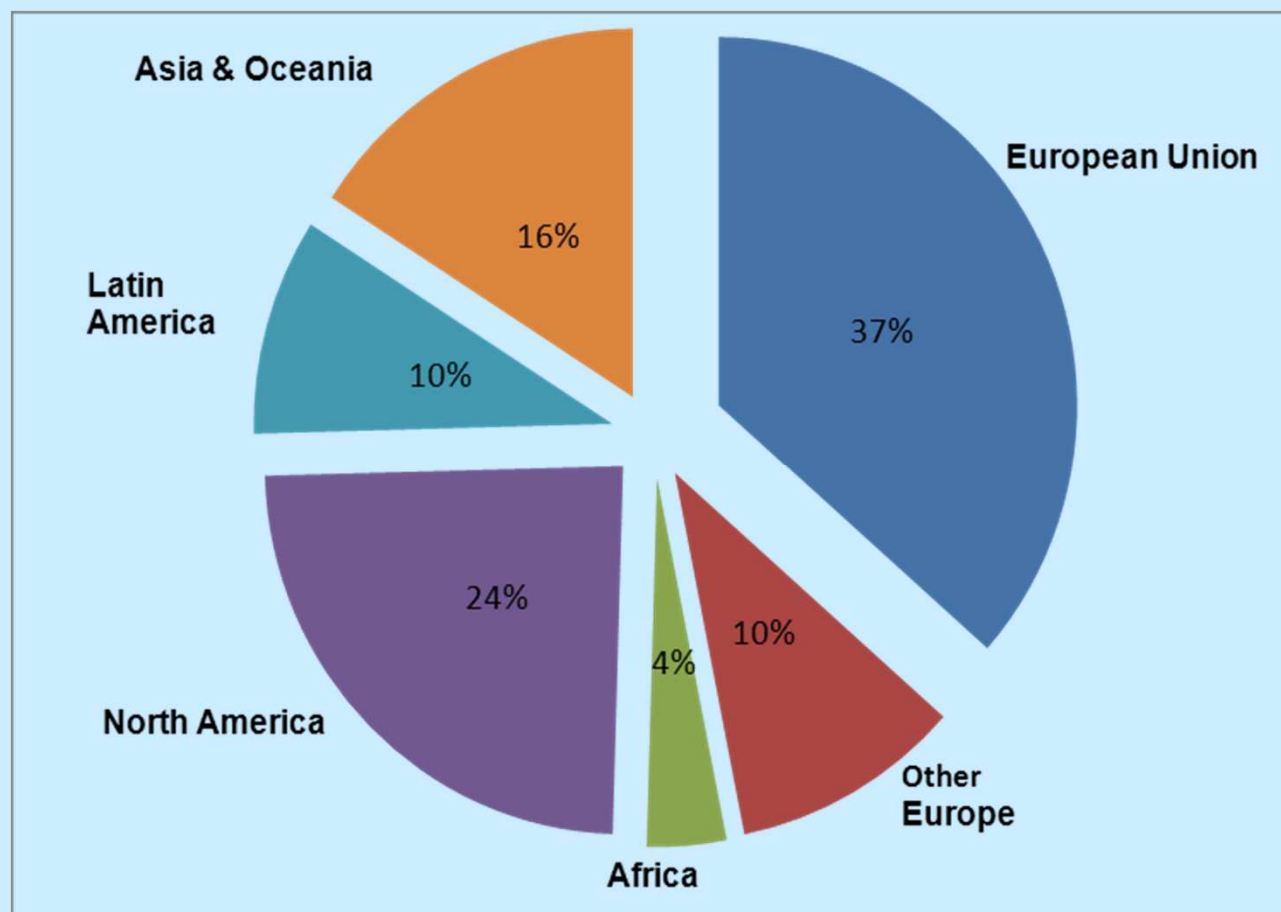


Source: ICCO, Quarterly Bulletin of Cocoa Statistics



## *Apparent cocoa consumption*

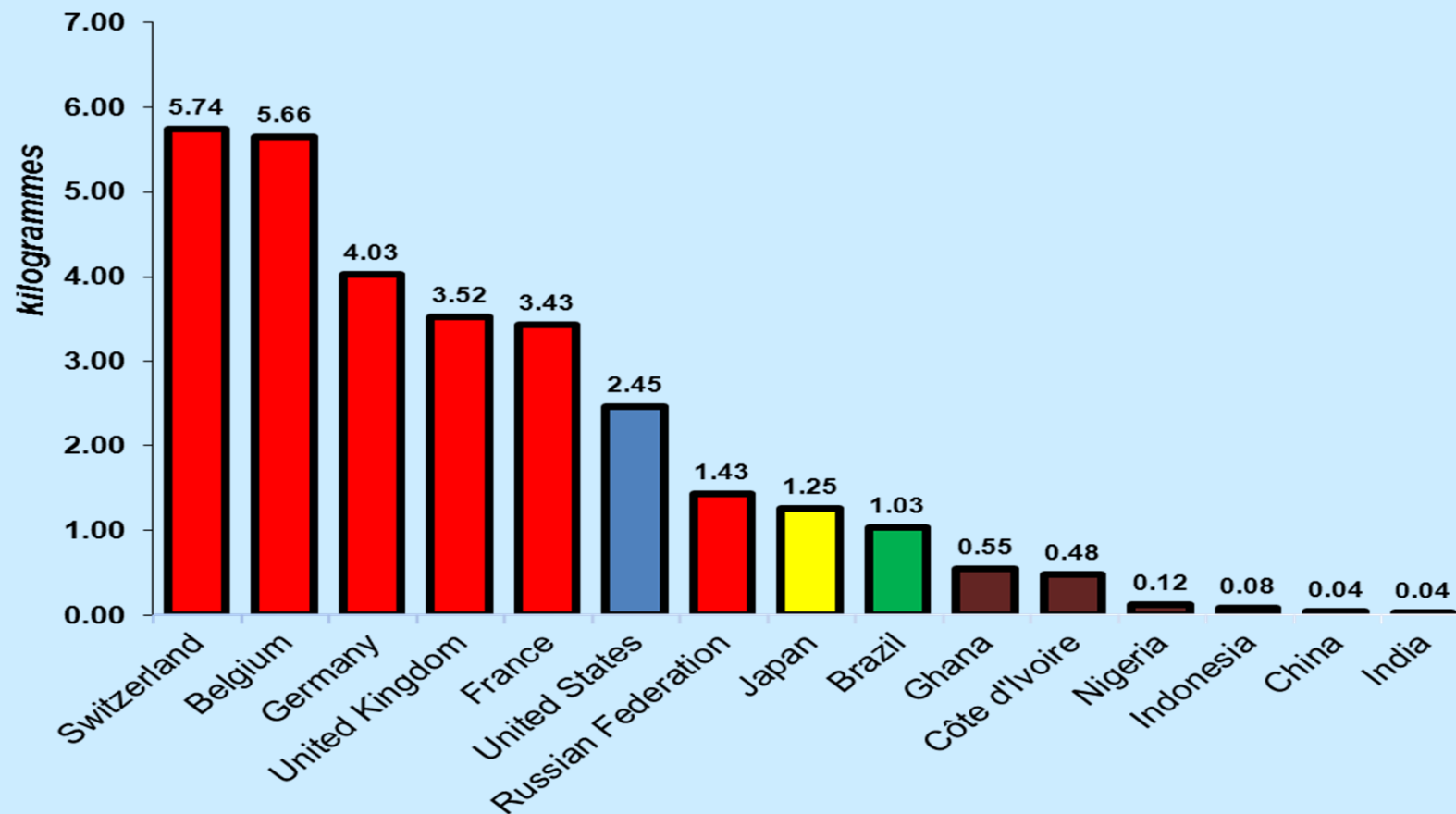
### *Apparent consumption of cocoa beans (in 2011/12)*





## *Apparent cocoa consumption*

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

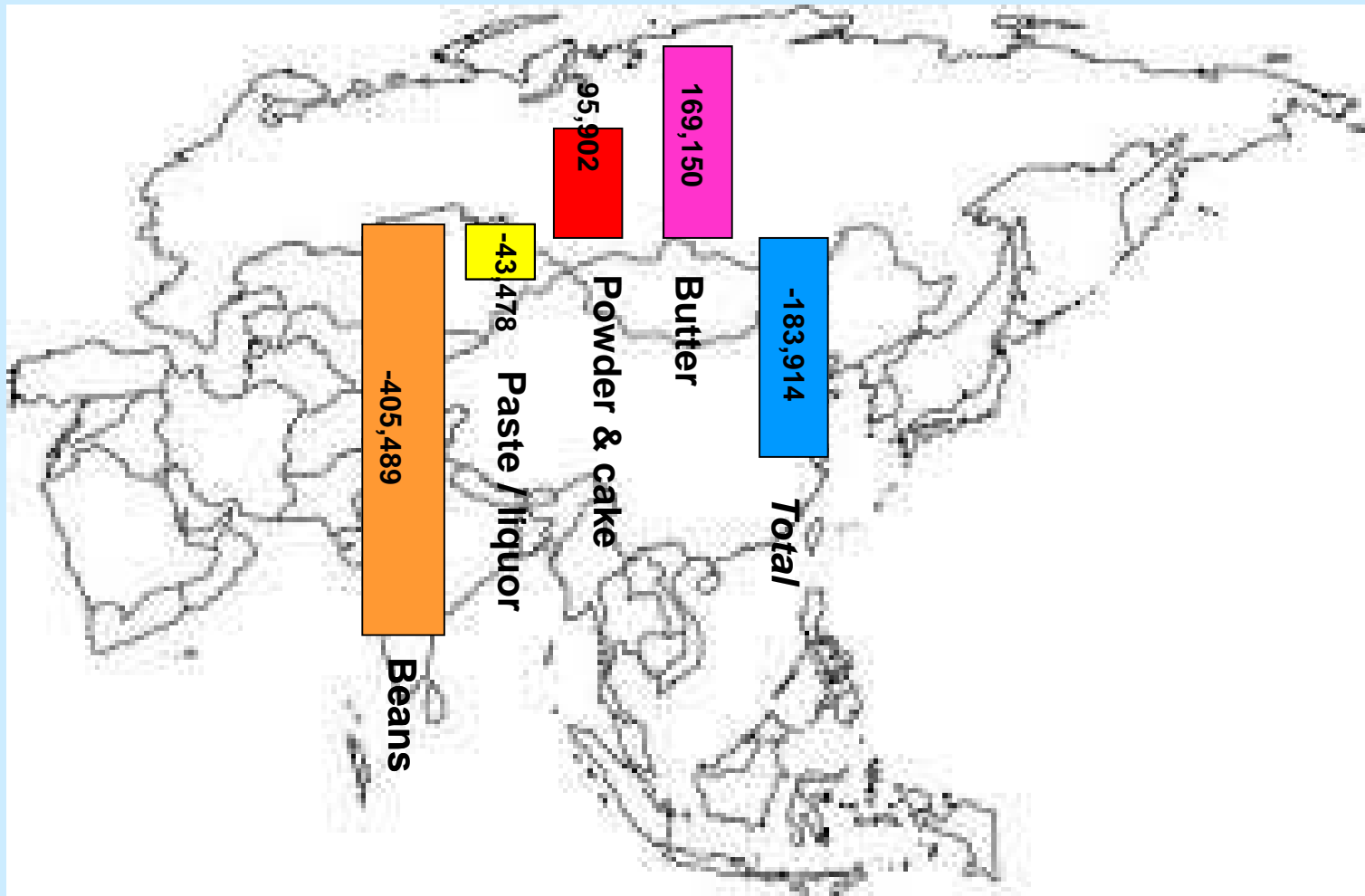


Source: ICCO, Quarterly Bulletin of Cocoa Statistics



## *Asia as a net importer of cocoa*

**Net exports of beans & products (in 2011/12)**





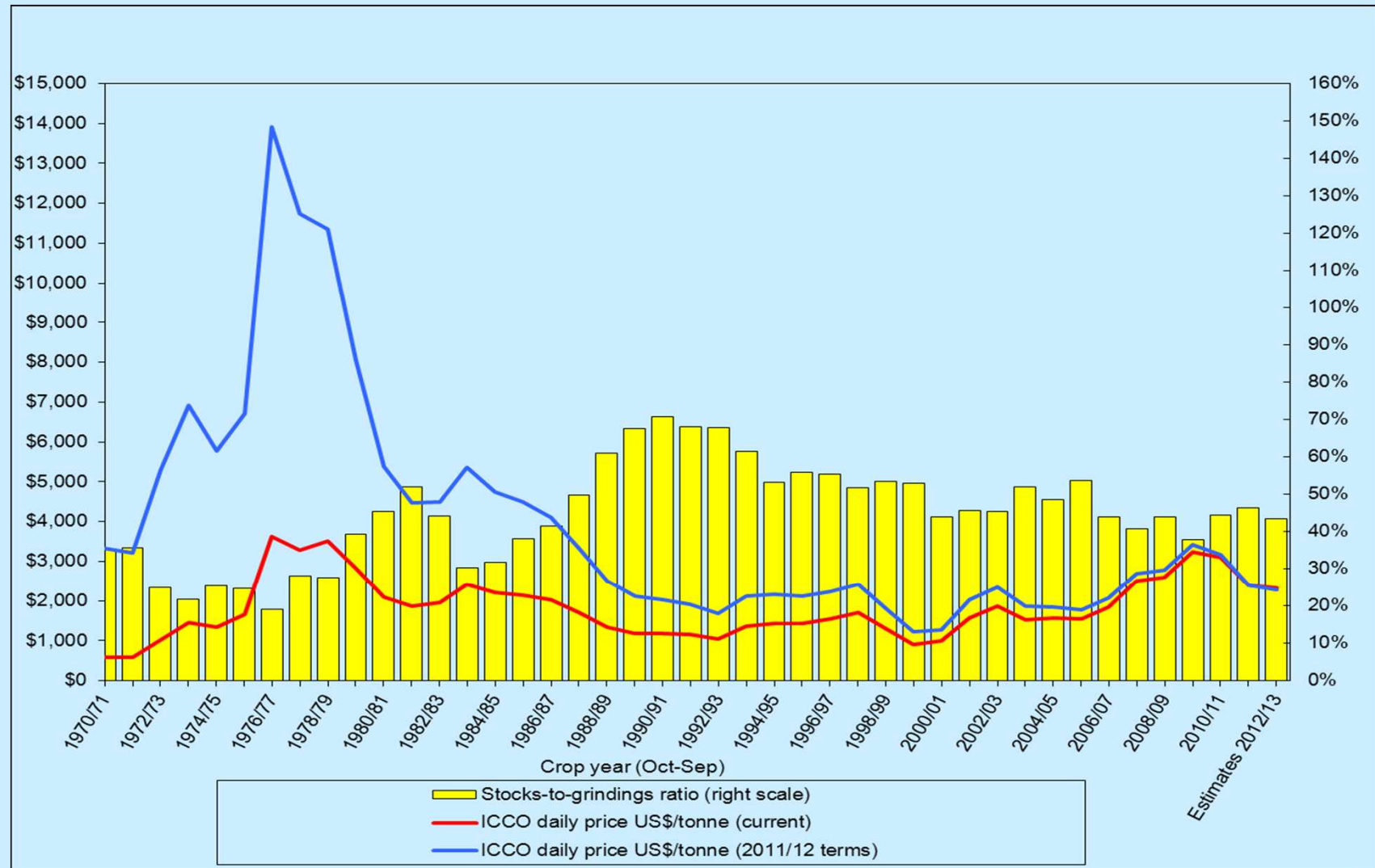
## *Structure of the presentation*

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**Cocoa prices**



## The cocoa supply & demand factors



Source: ICCO, Quarterly Bulletin of Cocoa Statistics



## *Supply, demand and prices...*

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- Market fundamentals (characterized stocks-to-grindings ratio) explain 83% of annual changes in cocoa prices in the long term.
- A 10% increase in stock-to-grindings ratio leads to a 9.1% decline in cocoa prices.
- A 10% increase in farmer prices leads to an increase in world supply of about 0.6% in the current crop year.
- if this price increase is sustained over time, the cumulative impact on world supply would be 8.7%.
- A 10% increase in cocoa prices leads to a decline of 1.1% only in consumption.
- A 10% increase in consumers' disposable income leads to an increase in consumption of about 10%.





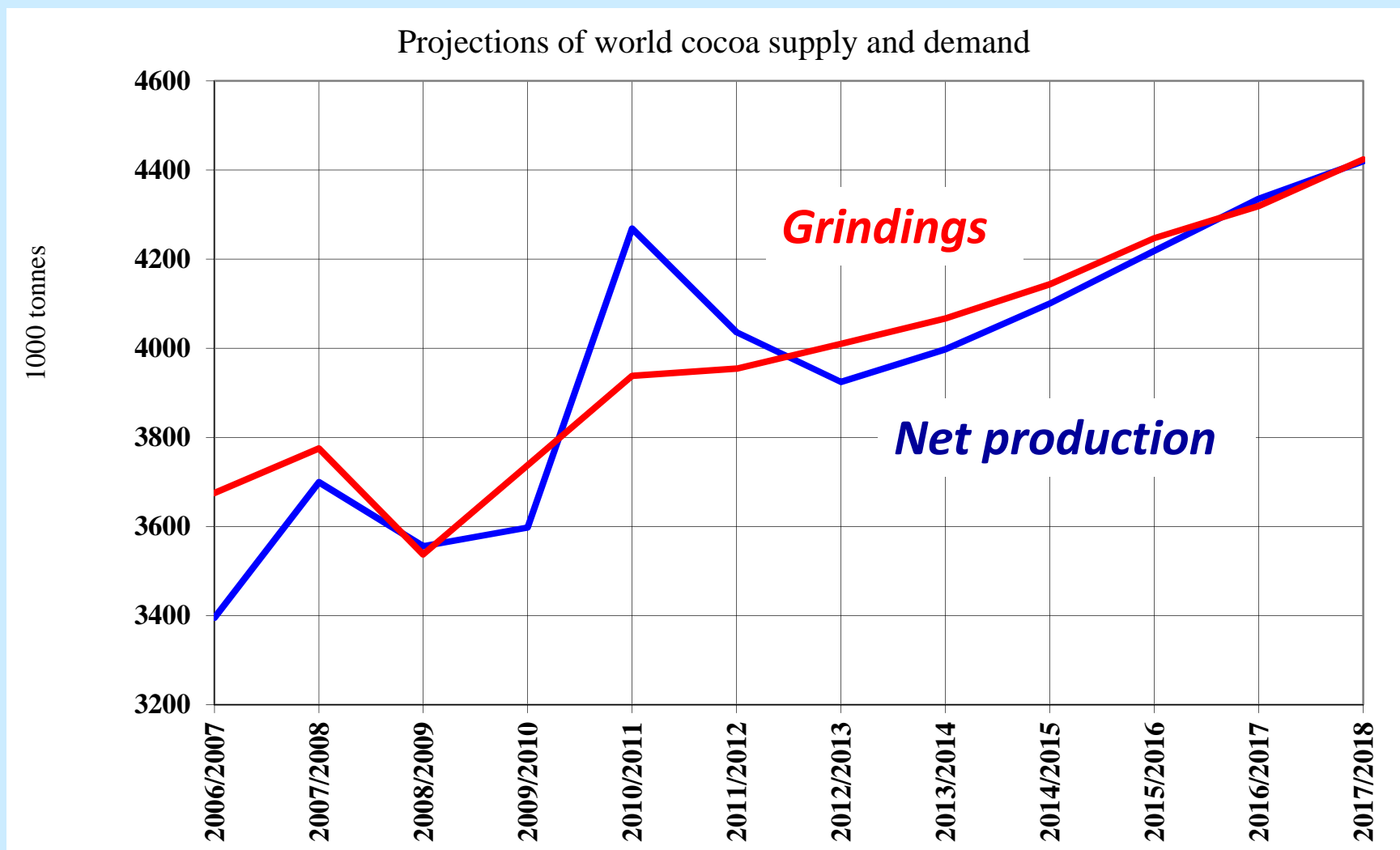
## *Structure of the presentation*

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**Market Outlook**



## Projections until 2017/2018





## *Structure of the presentation*

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**Strategic challenges facing  
the cocoa sector**

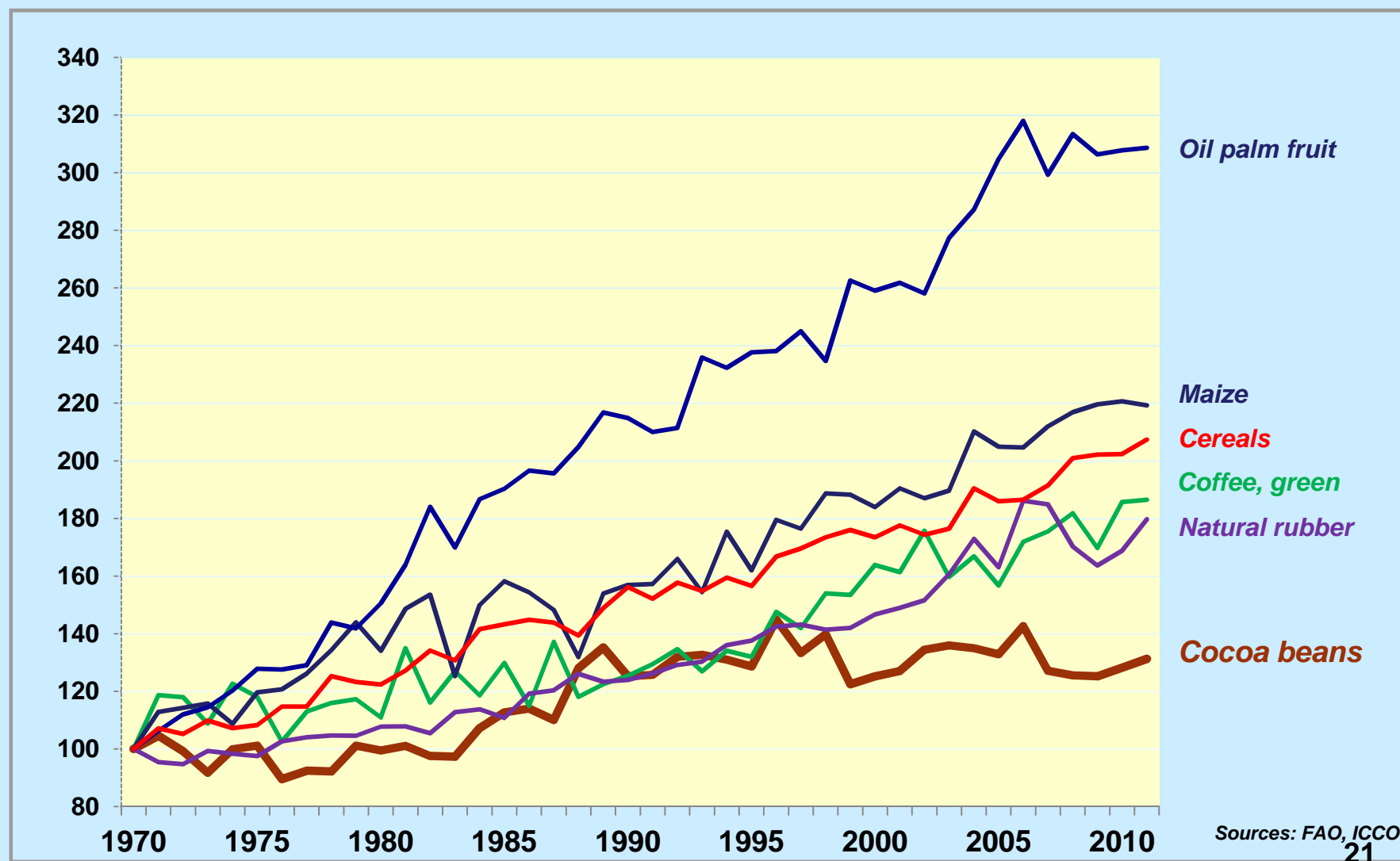


## *Strategic challenges (production side)*

1. 95% of world cocoa is produced by smallholders; only a minority of farmers are organized into groups
2. Lack of access to affordable credit
3. Ageing farmers / Absence of the next generation of cocoa growers
4. Ageing tree stocks
5. Farmers on low income / Mostly living below poverty threshold
6. Outdated farming techniques; Stagnating yields / low productivity
7. Depleting soils and little or no use of inputs
8. Loss of production caused by pests and diseases
9. Problems to adapt to new legislation / regulations on food safety
10. Impact on the environment / Climate change / Land constraints
11. Lack of market information and transparency
12. Social standards (child labour, gender issues, etc.)



## *Yields: cocoa losing the competition*





## *Structure of the presentation*

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# **The World Cocoa Conference**



## ***The World Cocoa Conference 19-23 November 2012, Abidjan, Côte d'Ivoire***

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- **Objective:** to critically review the strategic challenges facing the world cocoa economy and to agree on coordinated actions to be implemented
- **Outputs:**
  - Conference adopted a **Global Cocoa Agenda** for a Sustainable World Cocoa Economy, outlining the key issues facing the cocoa sector and the best strategy and players to tackle them;
  - signing, by 35 representatives of the cocoa sector stakeholders, including governments, producers, processors, exporters, traders, chocolate manufacturers and civil society, of the **Abidjan Cocoa Declaration**.





## *The World Cocoa Conference 2012*

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- **Main recommendations:**

- Countries to develop and implement a **national Cocoa Development Plan** derived from a fully transparent and participatory process with all key stakeholders involved in the cocoa sector, through public-private partnerships;
- Participants to increase **transparency and coordination of development activities** implemented and planned for the future in the cocoa sector at national, regional and international levels, thereby allowing for more coherent and efficient actions to address the challenges faced by the sector; and

The ICCO **Consultative Board** to be in charge of the monitoring and coordination of the implementation of the Global Cocoa Agenda: next meeting in September 2013 in London.

[www.icco.org/home/world-cocoa-conference-2012.html](http://www.icco.org/home/world-cocoa-conference-2012.html)





## *The World Cocoa Conference*

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**WORLD  
COCOA  
CONFERENCE2014**



**9-13 JUNE 2014**

**AMSTERDAM, THE NETHERLANDS**

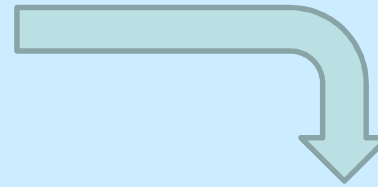
Ensuring a sustainable cocoa value  
chain to guarantee quality supply and  
enable future growth

**[WWW.WORLDCOCOACONFERENCE.ORG](http://WWW.WORLDCOCOACONFERENCE.ORG)**

Second edition of the World Cocoa Conference to be organized in Amsterdam,  
9 – 13 June, 2014, will review the implementation of the  
Global Cocoa Agenda



## *The World Cocoa Conference*





## *Announcement*

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**ICCO REGIONAL SEMINAR ON**

**THE FUNCTIONING OF COCOA FUTURES MARKETS**

**AND**

**ECONOMETRIC MODELLING OF THE COCOA MARKET**

*Indonesia, July 2014*



*Terima kasih*



**Laurent Pipitone:**

**[dir.econ@icco.org](mailto:dir.econ@icco.org)**