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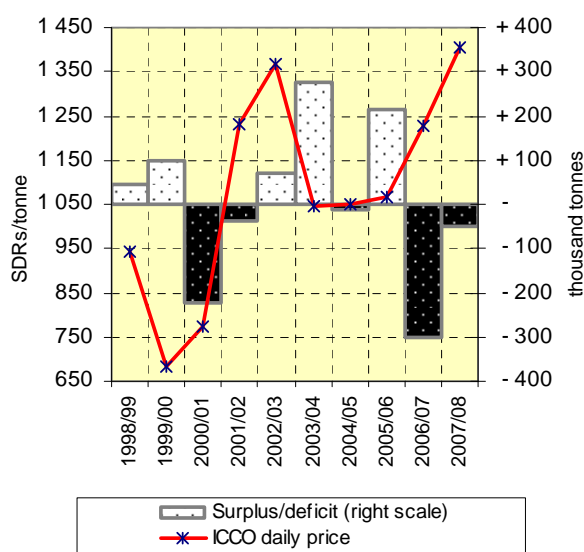
EXECUTIVE COMMITTEE
One hundred and thirty-sixth meeting
Berlin, 27-28 May 2008.

ASSESSMENT OF THE MOVEMENTS OF GLOBAL SUPPLY AND DEMAND

ASSESSMENT OF THE MOVEMENTS OF GLOBAL SUPPLY AND DEMAND

EXECUTIVE SUMMARY

**Production surplus/deficit
ICCO daily price of cocoa beans
(Annual average)
1998/99 – 2007/08**



1. This document covers the period from 1998/99 to 2007/08. World production and demand have both shown an erratic upward increase, with yearly growth rates between minus 11% and plus 12% for production and between minus six and plus eight per cent for grindings. This pattern characterized the world cocoa economy, which witnessed seasons with a large production surplus, contrasting with seasons with a significant production deficit. The ICCO Secretariat expects that, during the current campaign, grindings will moderately exceed supply.

2. During the period under review, the ICCO daily price ranged between SDR 604 and SDR 1,797 per tonne. The minimum, reached in

1999/2000, reflected the fundamental situation of an estimated combined surplus of almost 150,000 tonnes during the 1998/99 and 1999/2000 seasons, as well as a downward trend in market prices, which had started in the 1970s. The maximum price (SDR 1,797 per tonne) was reached at the end of the period under review, in March 2008, resulting partly from a deterioration in the supply versus demand situation on the world cocoa market from the previous season. This development in the cocoa market was also part of a wider trend of large investors pouring money into the commodity.

3. World cocoa production has risen at an average annual growth rate of 2.8% during the ten year period under review. Africa's share of world cocoa production has increased from around 67% in the second part of the 1990s to a projected share of 70% in 2007/08, with its production rising at an average annual rate of three per cent. Cocoa output in the Asia and Oceania region has grown at the same rate while production in the Americas has stagnated.

4. Following liberalization of the cocoa marketing systems in the 1990s, farm gate prices in most cocoa producing countries have been largely determined by international prices. As a result, farm gate prices during the period under review have shown greater fluctuations in most cocoa producing countries reflecting, *inter alia*, changes in international cocoa prices, variations in the international value of the domestic currency, and specific local market structures and conditions, including taxation, competition, distance from port and quality. Although world market prices in real terms were at the same level in 2006/07 as in 1995/96, real farm gate prices decreased in some producing countries. However, farmers in some other countries have seen the price received for their beans to increase in real terms during this period.

5. Between 1998/99 and 2007/08, primary cocoa consumption (as measured by total world grindings of cocoa beans) generally followed an upward trend, growing at an average rate of 2.9% *per annum*. Europe was by far the largest cocoa processing region but the most dynamic region was Asia, recording an average annual growth rate of seven per cent.

6. Consumption of chocolate confectionery products increased by 14% between 1997 and 2006 in selected countries, including the major European countries, the United States, Brazil, Japan and Australia, corresponding to an annual growth rate of less than two per cent. Although overall chocolate consumption in the mature markets increased at a relatively slow pace in volume, the cocoa and chocolate market has witnessed, in recent years, some changes in consumers' taste and in the perception of the benefits of chocolate products on human health, leading to an increase in the consumption of "premium" chocolate. In particular, consumers seem to have embraced the idea of dark high cocoa content chocolate as an affordable luxury.

ASSESSMENT OF THE MOVEMENTS OF GLOBAL SUPPLY AND DEMAND

INTRODUCTION

7. The present report summarizes the major changes that have taken place in the world cocoa market over the last ten years up to the current 2007/08 season. It includes, among others, the Secretariat's first forecasts of cocoa production and grindings for the current 2007/08 cocoa season, data on farm gate prices until 2006/07, recent changes in trade flows of cocoa beans between regions, the latest published statistics relating to export earnings and to chocolate consumption and a brief study on recent developments in the processing industry. The attention of Members is also drawn to document EX/136/7 (Annual Forecasts of Production and Consumption and Estimates of Production Levels to Achieve Equilibrium in the World Cocoa Market) which contains the Secretariat's latest medium term forecasts of global production and consumption.

OVERVIEW

8. **Charts I and II** illustrate the trends in global cocoa supply, demand and prices over the current year and the last nine years. Information on the key global variables in the world cocoa economy over a longer period is contained in **Tables 1 and 2** in the statistical annex.

Supply, Demand and Stocks

9. World cocoa supply and demand have been more closely balanced in the last ten years (1998/99 – 2007/08) than in the previous ten year period (1988/89 – 1997/98), which was characterized by years of excessive production. World cocoa production has risen erratically from 2.8 million tonnes in 1998/99 to a projected level of over 3.7 million tonnes in 2007/08, representing an average annual growth rate of 2.8%, using a three year moving average to smooth out the effect of weather related aberrations. Annual production levels have deviated considerably from the trend value, mainly due to the influence of climatic factors. A record crop, estimated at almost 3.8 million tonnes, was achieved during the 2005/06 season, resulting from a combination of favourable growing conditions and higher farm gate prices in preceding years in West Africa. In contrast, the 2006/07 cocoa year experienced a substantial decrease in production compared to the latest record crop, explained largely by less favourable weather conditions.

10. World cocoa consumption, as measured by grindings of cocoa beans, increased on average by 2.9% *per annum* over the review period, using a three year moving average. Grindings have shown a more consistent trend than production, rising from over 2.7 million tonnes in 1998/99 to over 3.7 million tonnes forecast for 2007/08. The steady rise in world grindings was only interrupted in 2001/02, when total grindings declined by almost six per cent, arising in part from an accumulation of stocks of cocoa butter over the previous two seasons. However, in the last five years, grindings have increased at a rate considerably higher than the long term trend.

11. Taking the period 1998/99 to 2007/08 as a whole, global cocoa demand and supply were almost balanced, with production surpluses and production deficits each occurring in five out of the last ten years, if the Secretariat's forecasts are realized for the current season (**Chart I**). Consequently, world stocks of cocoa beans have remained practically unchanged, at around 1.5 million tonnes at the beginning of the 1998/99 season and at the end of the current season. However, as a result of

increased grindings, the ratio of world cocoa bean stocks-to-grindings is expected to decline from 53% at the beginning of 1998/99 to around 41% at the end of the 2007/08 season.

CHART I - WORLD COCOA BEAN PRODUCTION, GRINDINGS AND SURPLUS/DEFICIT

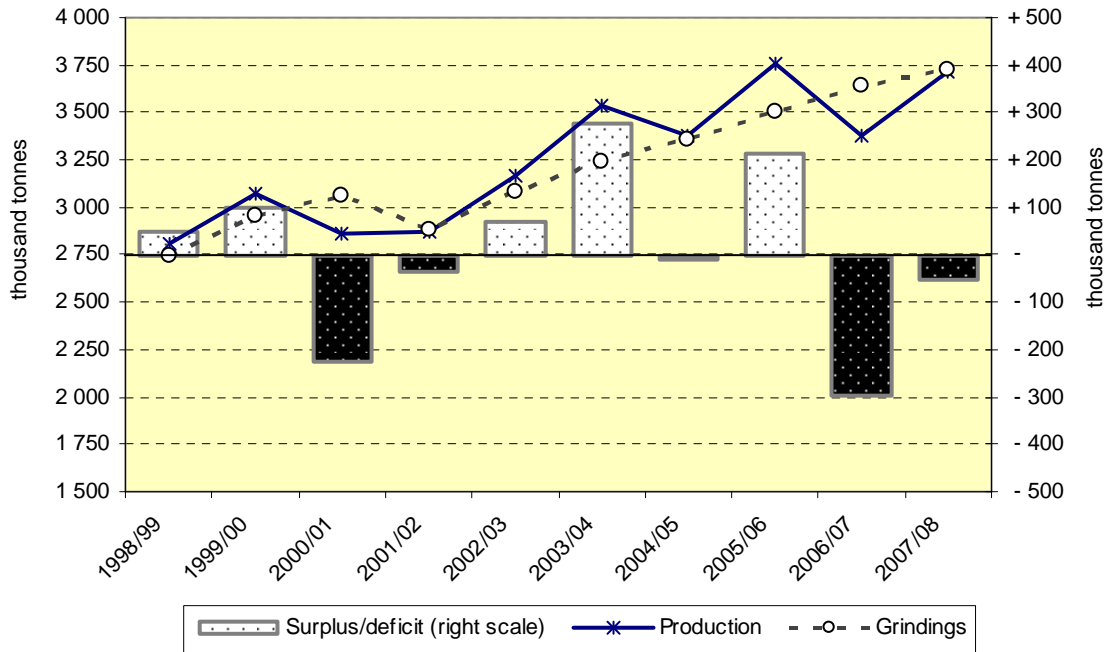
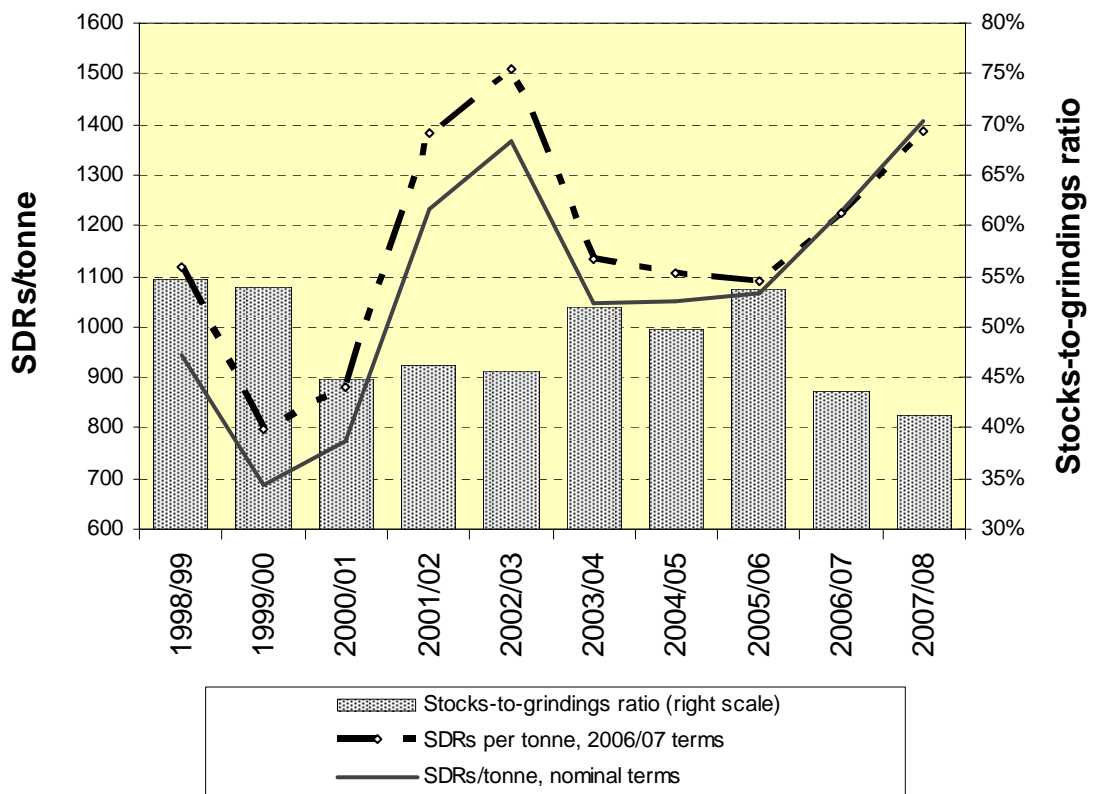


CHART II – ICCO DAILY PRICE OF COCOA BEANS AND STOCKS-TO-GRINDINGS RATIO



Market Prices

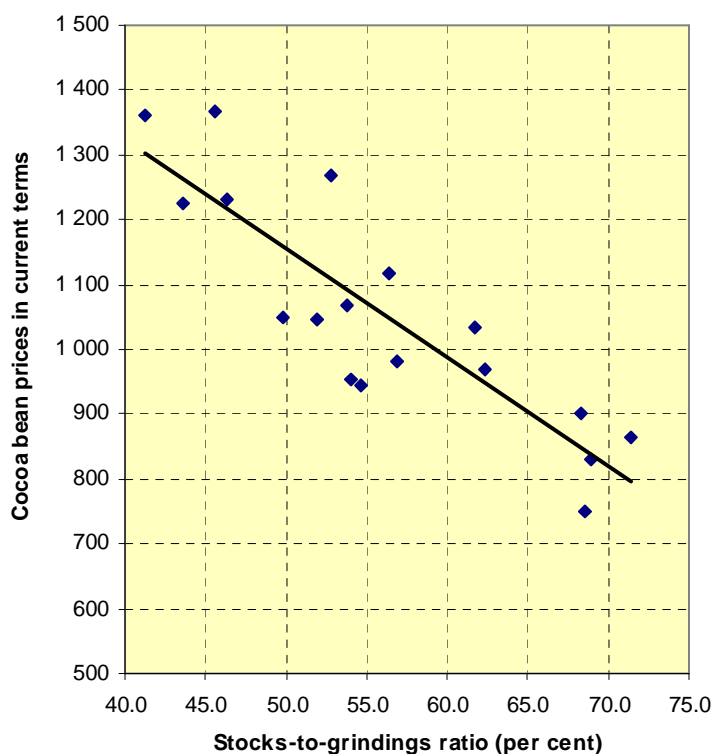
12. The first two years of the period under review experienced sharp declines in world cocoa bean prices of over 25% in 1998/99 and 1999/2000, although only a relatively small increase in the world cocoa stocks-to-grindings ratio, from 53% to 54%, was recorded between the beginning of 1998/99 and the end of the 1999/2000 season. The annual average of the ICCO daily price fell to SDR 685 per tonne in 1999/2000, the lowest value since 1971/72. In inflation adjusted terms, prices were, at the turn of the century, at their lowest ever recorded level, with the 1999/2000 average representing only one third (in nominal terms) of the level recorded in 1971/72.

13. In previous analyses, the Secretariat has referred to changes in industry stock holding behaviour that may have contributed to the weakness in market prices at the end of the previous decade. Briefly, the existence of a relatively large volume of cocoa bean stocks overhanging the market, in relation to industry requirements, led some market participants to re-assess the risk of future supply shortages. This was reinforced by the observation that leading cocoa producing countries continued to record annual increases in production despite declining world prices. New plantings and rehabilitation projects in some cocoa growing areas during the period were expected to more than offset future declines in yields from existing older cocoa tree stocks over the longer term, which generated expectations of adequate world cocoa supplies over the medium and long term.

14. Further consolidation in the cocoa trade and processing industries, which resulted in a highly concentrated industry structure, enabled cocoa processors and chocolate companies to reduce demand for physical stocks during the 1990s. In addition, developments in bulk transportation, information technology and communications, contributed to greater efficiencies in stock management. Liberalization of the cocoa marketing system in Côte d'Ivoire, the world's largest supplier of cocoa, was associated with the discontinuation of forward sales at the end of the last decade, reducing the availability of forward physical cover for manufacturers. As a result, cocoa processors and chocolate manufacturers are believed to have substantially reduced the amount of their forward purchases, impacting greatly upon the forward structure of the market, which consequently changed to become more of a spot market.

15. Although the cocoa market has witnessed some changes in the behaviour of market participants since the 1990s, a period which witnessed high levels in the stocks-to-grindings ratio, world market prices continued, in general, to reflect adequately the degree of imbalance between supply and demand across time. **Chart III** shows that the relationship between world market prices and the stocks-to-grindings ratio since the 1990s was fairly steady (data for the cocoa years 1999/2000 and 2000/01, when high levels of stocks of cocoa butter depressed prices, have been excluded from the analysis). The ICCO econometric model on the world cocoa economy indicates that, typically, prices decrease by around nine per cent when the ratio increases by ten per cent.

CHART III – PRICE LEVEL / STOCKS-RATIO RELATIONSHIP
1988/89 – 2007/08



16. The long awaited turning point in world cocoa bean prices was delayed until the beginning of 2001 when the industry faced the prospect of a substantial decline in global stocks, sharply reducing the world stocks-to-grindings ratio. Market operators acknowledged that the world cocoa economy had indeed entered a phase of structural deficits. A period of low and falling prices had reduced farmers' incomes, and they were responding by reducing inputs, which was reflected in lower yields as husbandry standards declined. Cocoa farmers were unable to counter the increasing losses in yields from the spread of pests and diseases (Black Pod in most regions, especially Africa, Witches' Broom in the Americas, Cocoa Pod Borer in Asia) because of insufficient resources. By the end of the 1990s, productivity gains from maturing trees were also approaching peaks while expansion of cocoa cultivation through new plantings had apparently ceased. At the same time, demand had been reacting positively to the low prices, as cocoa consumption continued to recover in Eastern Europe and showed growth in new markets in Asia.

17. After recording a 28-year low of SDR 600 per tonne in December 2000, the cocoa market changed direction in 2001, arresting the persistent decline in prices that had been a feature of the market since May 1998. However, the recovery was fragile, with prices remaining volatile, changing direction several times during the year and drifting downwards in the last two months of the 2000/01 cocoa season. Nevertheless, international prices averaged SDR 775 per tonne in that year, representing an increase of 13% from the 1999/2000 season.

18. A period of irregular but sustained price increases during the 2001/02 cocoa year confirmed that the period of low market prices, a feature of most of the previous decade, had reversed. The

spectacular recovery in cocoa bean prices in 2001/02 is illustrated by the fact that, for the year as a whole, cocoa prices averaged SDR 1,231 per tonne, representing an increase of almost 60% over the previous season. Such a dramatic annual increase in prices had been recorded on only two earlier occasions, once in 1972/73 when cocoa prices also rose by around 60% and in 1976/77, when they increased by almost 120%.

19. The upward pattern in market prices seen in 2001/02 was largely due to a deterioration of the fundamental supply versus demand situation in the world cocoa market, but short term technical and speculative factors also contributed to price increases by initiating a number of price rallies during that year. Cocoa futures prices were further boosted following an attempted *coup* on 19 September 2002 in Côte d'Ivoire. Concerns over potential disruptions to the flow of cocoa at the beginning of the following crop year, originating from a continuing political and social crisis in the world's leading cocoa producing country, pushed international prices to 16-year highs at SDR 1,842 per tonne in October 2002. The remaining prospect of a third successive production deficit that could reduce the stocks-to-grindings ratio in 2002/03 even more, and short-covering by trade, investment funds and speculators, also contributed to an additional increase in cocoa prices in the first half of the 2002/03 cocoa year. Nevertheless, the harvesting, transportation and commercialization of cocoa proceeded normally in Côte d'Ivoire, despite the prevailing political and social unrest in the country. Moreover, the higher international cocoa bean prices were closely reflected in a rising trend in farm gate prices in Côte d'Ivoire which prompted higher standards of husbandry, as well as increased sales of pesticides and fertilizers. Thus, rising yields may have helped farmers to offset the impact of civil unrest in the country. As measured by the ICCO daily price, prices averaged SDR 1,369 per tonne in 2002/03.

20. After a three-year period of constant increases, average international cocoa prices recorded a sizeable drop of 23% in the 2003/04 season, at SDR 1,047 per tonne. The concerns over potential disruptions to harvesting, evacuation and export of cocoa from Côte d'Ivoire, caused by the political and social unrest in the country, gradually weakened during the 2003/04 season. The other major underlying factors influencing the movement of prices were weather conditions and the resulting outlook for the crops in West Africa. While most analysts expected a global production deficit at the beginning of the season, production forecasts were progressively revised upwards towards a large surplus at the end of the season. However, the downward pattern broke sharply at the beginning of July 2004, reflecting concern among market participants about the weather in West Africa. At the end of August, futures prices reached their highest levels for the 2003/04 season, at SDR 1,225. In September, larger mid crops in West Africa and improving rain conditions contributed subsequently to a fall in prices.

21. At SDR 1,049 per tonne in the 2004/05 cocoa year, the average international cocoa prices remained at the same level as during the previous season. This was mainly explained by the almost balanced supply and demand situation experienced during that campaign. Nonetheless, two rallies occurred during the season. In November 2004 and in March 2005, international prices increased to SDR 1,210 and SDR 1,229 respectively. The first rally was due to the slow flow of cocoa to ports because of renewed tensions in Côte d'Ivoire. This resulted in speculative buying in large volumes. Speculation and technically driven factors were the causes for the second rally which lasted almost six weeks.

22. At the beginning of the 2005/06 season, strong arrivals of cocoa beans from the two major cocoa producing countries, Côte d'Ivoire and Ghana, resulted in prices falling to less than SDR 1,000. However, with demand for cocoa in Europe remaining strong and the bulk of the main harvest almost completed in Africa by January, worries surfaced of a shortage of supply. Subsequently, prices rose to a 10-month high in mid January, at SDR 1,142. During the months that followed, the absence of fresh fundamental news did not move the futures market in any precise direction. However, cocoa markets tend to be more volatile during the summer period and the 2005/06 season was no exception. The situation started to change drastically at the end of June, with the international price reaching SDR 1,220 in the following month. The scale and speed of the price rally took many market operators by surprise. Prices were supported by a relatively low level of stocks of tenderable cocoa in LIFFE certified warehouses in Europe. This was clearly reflected in an inverted price structure on the futures market, with nearby positions trading at a premium (backwardation) compared to the more usual contango situation. However, the price rally was not supported by market fundamentals and, by the end of July, terminal prices fell, reaching lower levels at the end of the season than those experienced before the rally.

23. International prices continued to ease at the beginning of the 2006/07 cocoa season and reached SDR 1,016 in the middle of October 2006. The decline in prices came to a halt when worries of a shortage of supply appeared. These expectations materialized as the 2006/07 season showed a record deficit of 300,000 tonnes. Indeed, weather conditions had been unfavourable since the beginning of the season. Firstly, *El Niño* related weather conditions had developed in the tropical Pacific which significantly reduced output in Brazil and Indonesia. Secondly, cocoa producing countries in West Africa had suffered from a severe harmattan and its subsequent dryness that started in December. The second parts of the main crops in Côte d'Ivoire, Ghana and Nigeria, as well as the mid crops, reached levels significantly below potential. In addition, the market experienced strong demand for cocoa beans during this season (up by almost four per cent) which added pressure on prices. As a result, cocoa futures prices showed a steady rise until early July 2007, reaching levels 39% higher at SDR 1,457 compared to the levels at the beginning of the season. However, at such relatively high prices, the markets became vulnerable to profit taking. From the second week of July, the cocoa futures markets witnessed a strong correction. The markets also reacted to reports of heavy rains in West Africa, deemed to favour large main crops in the next season, and to a CFTC report showing that the "Non-commercial" net long position in the New York market had reached a new all time record level. After a short lived recovery, the markets retreated again until the fourth week of August. The decline in prices may have been related to concerns in financial markets over the U.S. sub prime mortgage market crisis. This may have prompted funds to reduce their investments in cocoa to cover stock market losses. This explanation was supported by the fact that many other commodities experienced a price decline during the same period (from 20 July to mid/end August). However, from the last week of August until the end of the season, some support came from reports of black pod disease spreading in some regions of Côte d'Ivoire, Ghana and Nigeria due to excessive rainfall.

24. In the first three months of the current 2007/08 season, cocoa futures prices moved with no particular direction, influenced by uncertainties regarding the supply and demand situation and by currency movements. In January 2008, futures prices resumed the upward movement initiated a year

earlier. Indeed, market fundamentals have proved to be bullish as, despite a substantial increase in world cocoa bean production of ten per cent over the previous season, demand for cocoa beans is still expected to surpass production. However, the cocoa price development in the market was also part of a wider trend by large investors who were switching from stocks and bonds to commodities in the hope of improving their returns and diversifying their portfolios. The Reuters/Jefferies CRB Index, averaging futures prices across various commodities (including energy, metals and agricultural products), reached an all time high, in U.S. dollar terms, while equity markets in the major economies weakened. Indeed, the performance of the commodity sector had been excellent during 2007; this prompted investors to continue pouring money into this sector. As a result, both cocoa futures markets reached new record levels, with prices in London and New York surging to their highest levels for five and 28 years respectively. In the middle of March 2008, the international price climbed to SDR 1,797.

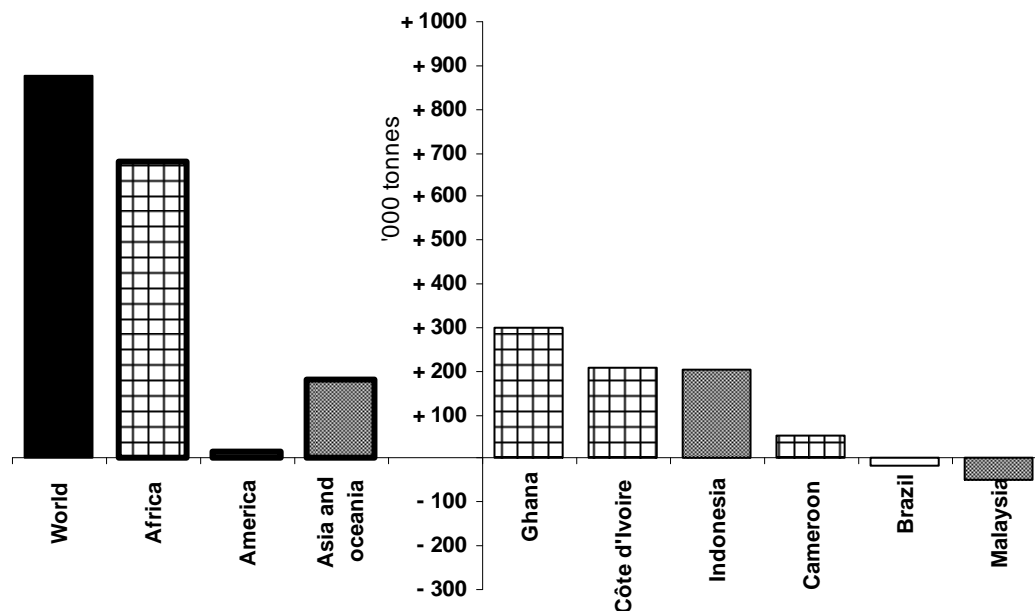
TRENDS IN PRODUCTION

25. **Chart IV** illustrates the main changes in production between 1998/99 and 2007/08, using a three year moving average to smooth out the effect of weather related aberrations. Africa's production has increased at an average annual rate of three per cent and its share of world production has risen from around 67% in the end of the 1990s to a projected share of 70% in 2007/08. The cocoa output of the Asia and Oceania region has grown at the same average rate, with its share in global production representing 18%. Production of cocoa beans in the Americas was the least dynamic of the three cocoa cultivating regions of the world, recording no significant increase. Consequently the region's share of global production has fallen from 15% to 12% at the end of the period under consideration. Amongst the largest cocoa producing countries, substantial growth in production over the review period has been achieved by Ghana (up by 300,000 tonnes), Côte d'Ivoire (up by 208,000 tonnes), and Indonesia (up by 205,000 tonnes). In contrast, declining production has been experienced by Malaysia (down by 46,000 tonnes) and Brazil (down by 15,000 tonnes).

26. As a result, the last ten years have witnessed an increasing geographical concentration in cocoa growing, with the African region firmly established as the primary supplier. The increase in demand of cocoa beans during the last ten years was met by the expansion in production of West African countries and Indonesia. Statistical information on production at the regional and country level over the last four cocoa years and forecasts for 2007/08, is contained in **Table 3**.

27. The above pattern in regional and country production has been primarily influenced by three factors - the size and composition of cocoa tree stocks, agronomic conditions in the cocoa growing areas and economic variables. Information on the most notable changes relating to the first two factors was presented by the Secretariat in document MC/3/5 (Assessment of the Movements of Global Supply and Demand), submitted to the Market Committee at its third meeting in September 2004. Information on the impact of economic variables has been updated and is presented below.

CHART IV
CHANGES IN PRODUCTION OF COCOA BEANS 1998/99 TO 2007/08 (THREE-YEAR AVERAGE)



Economic Factors

28. Following liberalization of cocoa marketing systems in the nineties, farm gate prices in most cocoa producing countries are now largely determined by international prices. As a result, farm gate prices have shown greater fluctuations in most cocoa producing countries reflecting, *inter alia*, changes in international cocoa prices, variations in the international value of the domestic currency, and specific local market structures and conditions, including taxation, competition, distance from port and quality. As a result of institutional changes and the subsequent absence of published data, it has not been possible to compile representative farm gate price series for some of the leading cocoa producing countries for recent years. Moreover, some cocoa producer prices for recent years contained in this document are provisional Secretariat estimates and should be interpreted with care.

29. Information on producer prices in selected cocoa producing countries contained in **Table 4** shows that the price received by cocoa farmers has, in general, mirrored the pattern in world prices, at least in nominal terms. Thus, nominal farm gate prices in Brazil, the Dominican Republic, Cameroon, Côte d'Ivoire, Nigeria, Malaysia and Indonesia generally increased from 1995/96 onwards, reaching a first peak in 1997/98 or in 1998/99, and then declining over a period ranging from one year to three years, before recording strong increases in 2001/02. Except for Nigeria, prices reached their highest level of the period under consideration in 2002/03 (or 2003/04 in the Dominican Republic) when the international price for cocoa beans recorded an increase of over ten per cent. Nominal farm gate prices in Ecuador and Ghana did not witness the decline experienced by the other countries at the end of the nineties, as they continued to increase until 2002/03 and 2003/04, respectively, partly reflecting strong domestic inflationary pressures over the period. As international prices declined substantially in 2003/04, farm gate prices fell subsequently in three (Brazil, Côte d'Ivoire and Malaysia) of the eight countries for which data are available, until the end of the period under review. In spite of stable international prices, producer prices in Brazil and Malaysia decreased in 2004/05 and 2005/06.

However, the significant increase in international prices in 2006/07 prompted producer prices in all countries to rise in nominal terms.

30. The sharp declines in the exchange value of the currencies of Malaysia and above all, of Indonesia in 1998, boosted farm gate prices in local terms for cocoa farmers in those countries during the 1997/98 season. However, farm gate prices in these two countries declined in the following year. The increases in farm gate prices resulting from currency devaluations were wholly or partially offset by the declines in world market prices and by the recovery of local currencies in the following year. A significant depreciation of the local currency was also followed by a substantial rise in farm gate prices, in local currency terms in Ghana (2001/02 and 2002/03), and in Ecuador (1999/00 and 2000/01).

31. Information on farm gate prices expressed as a percentage of the ICCO daily prices is also presented in **Table 4**. The difference among countries in the share of the international price captured by farmers depends on various economic variables, such as the efficiency of the internal market system, the general quality of the beans, the level of internal taxation and the cost of transportation to consuming countries. For instance, Ivorian farmers received a relatively low share of the international price because of a higher level of internal taxation, whereas Indonesian farmers obtained a higher price in spite of the lower quality of their beans, mainly because of low taxation.

32. Information on farm gate prices expressed in real terms (adjusted by using deflators for domestic price inflation) is depicted as well in **Table 4**. The figures are expressed as an index (base 1995/96) and should be interpreted with care, as the inflation series used might not be representative of the cost of inputs or the cost of living of farmers. **Charts V** and **VI** illustrate the evolution of farm gate prices in real terms, reflecting differences in marketing systems and domestic inflation rates over the period.

33. Over the review period, farm gate prices expressed in inflation adjusted terms have also followed the changes in world cocoa prices in most countries. Real domestic producer prices increased slowly from 1995/96 and peaked in 1997/98 or 1998/99 before falling to historically low levels in 1999/2000. Following a sustained international price rally over the following three seasons, most farmers benefited from the higher prices, with real producer prices reaching their highest level during the review period in 2002/03 for almost all countries. International prices declined during the following season due to the global production surplus recorded in the 2003/04 season. A similar pattern is seen in the inflation adjusted farm gate prices in most of the cocoa producing countries, with farmers earning lower returns as compared to 2002/03. The decline in producer prices in constant terms continued in Brazil, Cameroon and Malaysia in spite of stable international prices over the following two years. With the exception of the Dominican Republic, Nigeria and Ghana, the significant increase in international prices in 2006/07 prompted producer prices in all countries to rise in constant terms.

34. At the end of the review period, real international prices were at the same level as in 1995/96, while real farm gate prices had declined in Nigeria and the Dominican Republic. These countries suffered from high levels of inflation, which were not offset by rises in nominal farm gate prices, and significantly affected domestic producer prices in real terms. In Côte d'Ivoire, the lower price in constant terms received by farmers at the end of the period was mainly due to an increasing fiscal burden on the cocoa sector. However, in other countries (Brazil, Ecuador, Ghana and Malaysia), the rise in prices in nominal terms was higher than the level of price inflation from 1995/96 to 2006/07.

35. Declining market prices generally have a negative effect on cocoa production as farmers cut back on inputs and husbandry levels to reduce production costs, which subsequently decrease average yields, thus reducing output to below potential. The recovery in world cocoa bean prices in the 2000/01 to 2002/03 period and, consequently, the significant increases in real farm gate prices had a positive impact on farm husbandry and the use of fertilizers, and led global production to a record level in 2003/04. This shows that the trend in cocoa production remains strongly linked to the financial capability of cocoa farmers to invest in yield improvement.

CHART V
ICCO DAILY PRICE AND FARM GATE PRICES IN CONSTANT TERMS, 1995/96=100
BRAZIL, ECUADOR, DOMINICAN REPUBLIC, INDONESIA, MALAYSIA

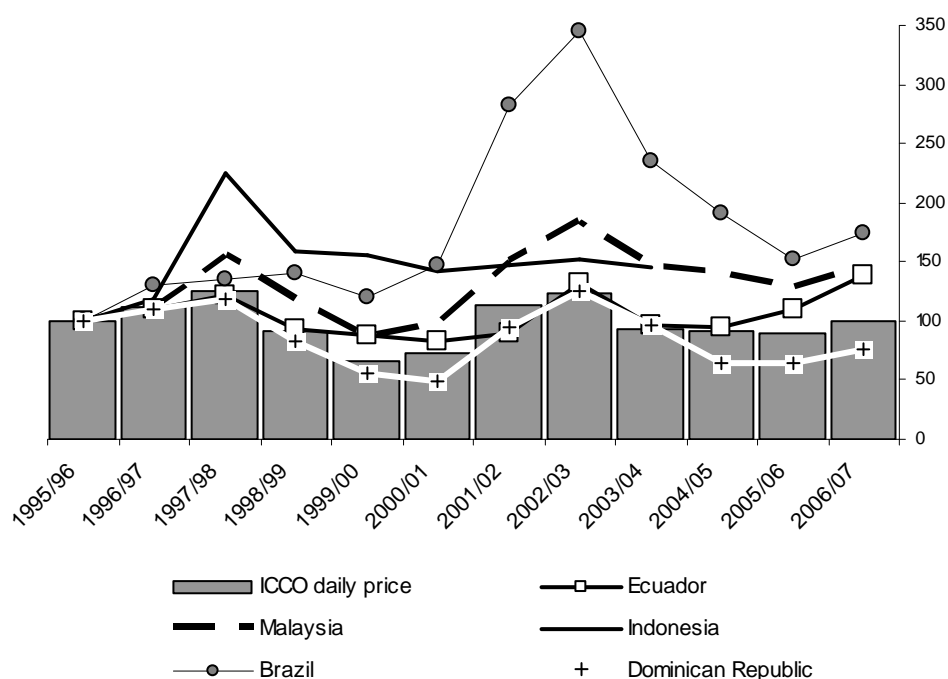
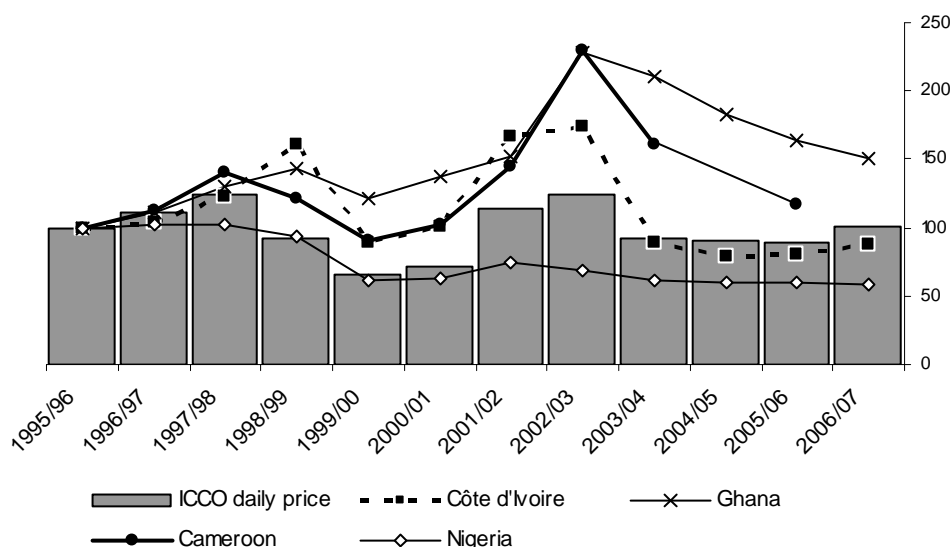


CHART VI

ICCO DAILY PRICES AND FARM GATE PRICES IN CONSTANT TERMS, 1995/96=100
CAMEROON, CÔTE D'IVOIRE, GHANA, NIGERIA



TRADE IN COCOA

36. Information on net exports of cocoa beans and cocoa products in bean equivalent terms, contained in **Table 5**, shows that the African region, accounting for 77% of net world exports, is by far the largest supplier of cocoa to the world markets, followed by Asia and Oceania (17%) and the Americas (seven per cent). The cocoa market remains highly concentrated, with the top five countries accounting for almost 90% of world net exports whilst over 98% originated from the top ten countries during the five year period from 2001/02 to 2005/06. Côte d'Ivoire is the world's leading exporter of cocoa, representing 45% of global net exports, followed by Ghana and Indonesia (18% and 15% respectively). With increased processing at origin, cocoa products now represent a slightly higher proportion of total cocoa exports in most cocoa producing countries.

37. **Chart VII** illustrates the size of the net trade flows of cocoa beans between the different regions in the world in the 2005/06 cocoa season. The largest regional trade of cocoa beans by far was between the European Community (the largest cocoa consumer) and Africa (the largest cocoa producer). However, as shown in **Table 6**, the share of this regional trade flow decreased from 63% in 1998/99 to 57% in 2005/06. Exports of cocoa beans from the African region were more diversified in 2005/06 than in 1998/99, as the share of North America, Asia and Oceania and "Other Europe" regions rose while the share of the European Community declined. Despite Asia and Oceania being a major cocoa producing region, it has become a major importer of African cocoa.

CHART VII

PRODUCTION AND REGIONAL NET EXPORTS OF COCOA BEANS IN 2005/06



38. **Table 7** shows that some of the main cocoa producing countries remain heavily dependent on cocoa derived export earnings. Their reliance on the commodity declined in 1999 and 2000 as international market prices fell sharply over this period: from an average US\$ 1,676 in 1998 to an average US\$ 888 in 2000. The upward pattern seen in market prices during the 2001-2003 period led to increased cocoa export earnings. Consequently, shares of cocoa earnings surged in the main cocoa producing countries, Côte d'Ivoire and Ghana, from 27% and 20% respectively in 2000 to 43% and 39% respectively in 2003. The decline in international prices experienced in 2004 and 2005 led to lower cocoa export earnings in many cocoa producing countries, as in Côte d'Ivoire, where the share fell to 30% in 2005. It should be noted that cocoa became the first source of exports earnings (US\$ 1.071 billion) in Ghana in 2004, surpassing gold (US\$ 840 million). The situation reversed in 2007, as cocoa exports decreased while exports of gold rose. In Côte d'Ivoire, dependence on cocoa exports is expected to continue to decline, with export revenues from crude oil and petroleum products increasing significantly in recent years. These are estimated to have surpassed revenues from cocoa in 2005. The trend towards increased grindings by cocoa producing countries and the export of value-added semi finished products rather than the raw cocoa beans from origin is illustrated in **Table 8**. Exports of cocoa products accounted for a higher proportion of the total cocoa-derived exports by value for many origins, such as Brazil, Malaysia and Côte d'Ivoire, at the middle of the current decade compared with the mid nineties.

39. Data on net imports of cocoa for the five year period ending 2005/06, contained in **Table 9**, show that European countries accounted for 57% of net imports of cocoa, followed by the Americas (30%), Asia (12%) and Africa (one per cent). The United States is the world's main cocoa importing country, representing 23% of global net imports, followed by Germany (13%), France (seven per cent) and the United Kingdom (six per cent). Although the Netherlands imports a considerable amount of cocoa beans, most of these are used for the manufacture of cocoa products which are subsequently re-exported.

COCOA PROCESSING

40. Traditionally, total world grindings have been used to measure global demand, as manufacturers tend to process cocoa beans in accordance with demand for cocoa products (cocoa paste/liquor, cocoa butter, cocoa cake and cocoa powder). Hence any excess of supply over demand became part of the total world stocks of cocoa beans. Until recently, the composition of demand for, and the structure of relative prices of, cocoa products was relatively stable with no frequent large build-up of excess stocks of cocoa products. Hence the level of world grindings closely mirrored the pattern in global demand and consumption of cocoa in finished products over most of the review period.

41. Between 1998/99 and 2007/08, primary cocoa consumption (as measured by total world grindings of cocoa beans) continued along an upward trend, growing at an average rate of 2.9% *per annum*, representing a total increase of almost one million tonnes over the period. World grindings have increased almost every year, except in 1998/99, when a small decline was recorded on the previous season, and most recently in 2001/02, when they fell by almost six per cent. World grindings are forecast to grow by 2.4% in 2007/08, to over 3.7 million tonnes, an all time record level.

42. Strong demand for cocoa powder from non traditional markets in Eastern Europe, the Far East and Latin America provided an impetus for the substantial growth in world grindings at the end of the

1990s. During the last two years of that decade, the demand for cocoa butter had been declining because of reduced consumption of chocolate, especially in Eastern European countries. The consequent build-up of cocoa butter stocks was one of the factors resulting in the six per cent reduction in world grindings to 2.9 million tonnes in 2001/02.

43. This contrasting trend in demand for cocoa powder and cocoa butter was clearly reflected in an upward trend in cocoa powder price ratios and parallel declines in cocoa butter ratios over the same period (**Table 2**). Between 1997/98 and 2001/02, the cocoa butter price ratio (the price of cocoa butter relative to cocoa beans) declined from 2.37 to 1.67 while powder ratios climbed from 0.58 to 1.20. Thus, the combined product ratio declined from 2.95 to 2.87 over the period. As cocoa bean prices registered spectacular increases in 2001/02, processing margins came under pressure, resulting in a slowdown in world grindings. The decline of the cocoa butter ratio led some leading processors to close non profitable plants, thus lowering supplies. Consequently, stocks of cocoa butter decreased substantially, while confectionery manufacturers took advantage of low cocoa butter prices. Steady demand subsequently increased the price of cocoa butter and the ratio climbed from 1.67 in 2001/02 to 2.92 in 2004/05. In contrast, high prices of cocoa powder led confectionery manufacturers to moderate their demand, thus increasing the level of stocks. Consequently, the cocoa powder price ratio declined from 1.50 in 2002/03 to 0.68 in 2004/05. The recovery in the butter price ratio resulted in a combined product ratio averaging 3.60 during the 2003/04 and the 2004/05 seasons, the highest level in the last fifteen years. This contributed to a recovery in world grindings, starting from 2002/03, as processing margins improved. Following the recent installation of additional processing capacities, the butter ratio declined steadily during the 2005/06 cocoa season, averaging 2.65. However, in 2006/07, the low level of butter stocks and the lack of cocoa beans on the market (the 2006/07 season having experienced a significant production deficit, estimated at 300,000 tonnes) put pressure on prices. The price of the product increased at a higher pace than the price of the raw material, and, consequently the ratio rose from 2.4 at the beginning of the season to 2.9 at the end of the season. The steady increase was pursued at the beginning of the current 2007/08 season. The butter ratio averaged 2.92 during the first half of the season, reaching a peak at 3.1 in the middle of November 2007. The cocoa processing business has been very profitable in recent months as butter prices reached record levels. However, the ICCO Secretariat estimates that the demand growth for cocoa beans and cocoa derived products may slow down this season compared to recent years. The increase in their prices, along with other raw materials, is expected to be partially passed on to the final consumer (most of the chocolate manufacturers announced that they will increase the price of their products and some have already done so) and, also, to lead to lower profit margins for the chocolate industry in the short to medium term. It should be noted that the cocoa butter ratio started to weaken in January 2008, mainly as a result of lower demand. In addition, the general slow down in economic growth may moderate consumer spending in chocolate products as from the second half of the season.

44. Europe remained by far the largest cocoa processing region during the review period. The increase in European grindings was estimated at 322,000 tonnes over the last ten years, which corresponded to an average annual growth rate of 1.7%, using a three year moving average. However, the pace of growth was lower than the one recorded for world grindings, estimated at 2.9%. Europe's share has consequently declined (down from 46% to 43%) between 1998/99 and 2007/08. In a similar pattern, the share of the American region declined from 28% to 23%, as grindings grew by just over 1.1% *per annum* over the same period. In contrast, grindings in the African region increased by an average rate of over 5.5%. The share of the region is forecast to rise from 13% at the beginning of the

review period to 15% expected in 2007/08. With an annual growth rate of seven per cent, the Asia and Oceanic region recorded, in percentage terms, the largest increase in grindings, mainly as a consequence of a steady increase of grindings in two major countries, Indonesia and Malaysia. The share of the region is forecast to rise from 13% at the beginning of the review period to 19% in 2007/08. Statistical information on trends in cocoa processing in individual countries and by region over the last four cocoa years, and forecasts for 2007/08, is contained in **Table 10**.

45. Most cocoa processing continues to be done in cocoa importing countries near the major centres of cocoa consumption in Europe and North America; the Netherlands and the United States have maintained their positions as the world's two leading cocoa processing countries. Germany became the third largest cocoa grinding country towards the end of the review period, realizing very rapid increases in processing during recent years. During the nineties, greater use of bulk shipments, economies of scale from processing large volumes and an increased level of vertical integration in cocoa processing and chocolate manufacturing companies encouraged the expansion of cocoa processing facilities located near ports in cocoa importing countries.

46. Origin grindings have increased and have become more widespread among cocoa producing countries over the last ten years, supported, in some countries by government policies favouring the export of value added semi finished products rather than raw cocoa beans. Greater involvement of multinational companies in up stream activities, including internal marketing, shipping and local processing in cocoa producing countries, also resulted in substantial investments in cocoa processing capacity at origin, most notably in West Africa and Asia. The grindings share of origin countries is forecast to rise to 38% in 2007/08 from around 32% in 1998/99. Côte d'Ivoire is presently the world's fourth largest cocoa processing country. Following an expansion of its grinding capacity, Malaysia reinforced its position as the leading cocoa processing country in Asia, ranking fifth in the world after surpassing Brazil in 2004/05. Ghana, Indonesia, Colombia and Ecuador were also among the leading cocoa producing countries which process significant amounts of cocoa beans.

47. The cocoa processing industry is highly concentrated and increasingly driven by large scale production. As shown in **Table 11**, three major cocoa processing Companies, Archer Daniels Midland (ADM), Barry Callebaut and Cargill Incorporated, processed about 40% of global cocoa beans in the 2006/07 cocoa year. A brief description of these Companies is presented below. Globally, chocolate manufacturers have reduced their cocoa processing activity to focus on their core business, chocolate making. Hence the share of the seven major processors of cocoa beans, whose main activity consists of producing chocolate (Blommer, Cadbury, Ferrero, Kraft Foods Inc., Mars, Nestle and Hershey) has been reduced from 23% in 2000/01 to 15% in 2006/07. This ongoing outsourcing trend is expected to continue in the coming years as chocolate manufacturers increasingly tend to make more financial resources available for the development of new chocolate products and the marketing and promotion of the products.

Archer Daniels Midland (ADM)

48. ADM is a US based agricultural processing company engaged in the procurement, transportation, storage, processing and merchandising of agricultural products. The Company is the world leader in BioEnergy and has a premier position in the processing of agricultural products. ADM activities are classified in four sections: oilseed processing, corn processing, agricultural services and others. Cocoa processing is part of the "others" segment. The Company operates in about 60

countries and its total revenues generated in 2006 were about US\$ 37,000 million. Of this amount, the “others” segment (which includes cocoa) recorded a total revenue of US\$ 4,430 million during the period. ADM owns cocoa processing plants in North and South America, Europe, the Middle East, Asia and Africa. The Company processed around 14% (500,000 tonnes) of global cocoa beans in 2006/07 under the *De Zaan* brand of cocoa liquor, cocoa butter and cocoa powder for the food industry. The increasing demand for cocoa products and chocolate by major consuming countries such as the US and Europe is reflected in the Company’s expansion activities. ADM is currently building a chocolate facility in Pennsylvania, USA. Prior to that, the company continued its expansion in Europe by acquiring UK based chocolate manufacturer Classic Coverture in 2006 from Edward Billington and Son Limited.

Barry Callebaut

49. Swiss-based Barry Callebaut is a cocoa processing and chocolate confectionery company, integrating sourcing of cocoa beans and cocoa products. A unique feature of Barry Callebaut is that it is present in numerous countries of origin. The Company operates through two segments: industrial business and food retail business which both relate to cocoa beans. As at the beginning of 2007, Barry Callebaut was operating in 24 countries. Sales revenues generated by the company in 2006/07 were estimated at US\$ 3,400 million. The Company processed around 12% (440,000 tonnes) of global cocoa beans produced in 2006/07. Cocoa beans are processed into cocoa liquor, cocoa butter and cocoa powder. Thereafter, two thirds of these products are used internally whereas the remainder is sold to the food industry. The Company aims to increase the percentage of sales generated outside Western Europe and North America from 11% to about 20% by 2010. As a result, the Company’s geographic expansion includes the construction of factories in the Russian Federation, the United States (Chicago) and China (Shanghai). The Company is in a strategic supply and innovation partnership with two chocolate manufacturers, Nestlé and Hershey. In October 2007, the Company acquired Food Processing International Inc. (FPI), a cocoa processing company that owns a cocoa factory near Philadelphia, Pennsylvania, USA.

Cargill

50. The privately owned American Company, Cargill, operates under the following business divisions: agricultural services, food ingredients and applications, industrial products, commodity trading and processing, and financial risk management services. Cocoa processing falls under the “food ingredients and applications” activities. Globally, the company operates in 66 countries and, in 2005, its net income totalled about US\$ 2,100 million. Cargill is one of the world’s major processors of cocoa beans, grinding about 14% (500,000 tonnes) of global cocoa beans in 2006/07. It recently strengthened its chocolate portfolio in Europe by acquiring the Nestlé Group's primary cocoa processing facility in York, United Kingdom and the German industrial chocolate facility Schierstedter Schokoladefabrik GmbH & Co. KG in 2004 and 2005 respectively. Cargill is active in Côte d’Ivoire with production of cocoa liquor, butter and powder and is also building a new factory in Ghana.

COCOA AND CHOCOLATE CONSUMPTION

Apparent Cocoa Consumption

51. While total world grindings accurately reflect global demand for cocoa beans over the medium and long term, increases in grindings do not necessarily indicate increases in actual consumption at the country or regional level because of significant international trade in cocoa and chocolate products. A more appropriate measure of cocoa consumption at the country or regional level is therefore the amount of cocoa beans used in the manufacture of the confectionery, food, beverage or cosmetic products that are actually consumed in the country or region. This “apparent domestic cocoa consumption” for a country is calculated as grindings plus net imports of cocoa and chocolate and chocolate products, in bean equivalent terms. The cocoa products - cocoa butter, cocoa paste/liquor and cocoa powder/cake are converted into bean equivalents using standard conversion factors; net trade in chocolate and chocolate based products is converted to bean equivalents, based on general assumptions about the cocoa content of the chocolate products involved.

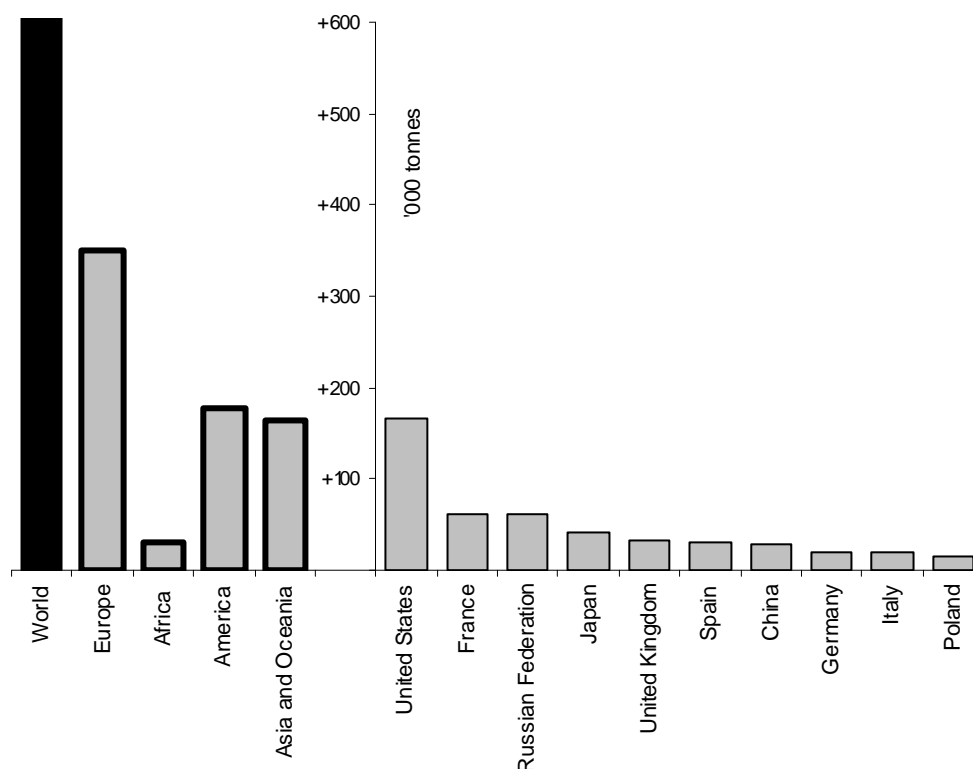
52. Even the measure outlined in the previous paragraph may fail to reflect actual cocoa consumption because of methodological issues and data limitations. Like grindings, the computation of apparent domestic consumption ignores changes in stocks of cocoa products and therefore remains an imperfect indicator of trends in cocoa consumption at the country level if there are significant changes in product stocks. In addition, it is quite likely that the standard conversion factors used to calculate bean equivalent values, especially for chocolate, may not be representative in certain cases. Moreover, the calculations assume that accurate and complete trade data are readily available for all countries, including detailed statistics on trade in chocolate by product type. Lack of such comprehensive trade statistics means that the global consumption figure, computed by aggregating individual country estimates of apparent domestic consumption, will probably provide an incomplete picture, and consequently may fail to accurately reveal underlying trends in world cocoa consumption.

53. The latest estimates of apparent domestic cocoa consumption compiled by the ICCO Secretariat are contained in **Tables 12** and **13** and illustrate recent trends in regional and country consumption patterns. In the 2005/06 cocoa year, the European region accounted for 49% of total world consumption of cocoa, followed by the Americas (35%), Asia (14%) and Africa (two per cent).

54. **Chart VIII** shows that, between 1997/98 and 2005/06, world cocoa consumption expanded by 723,000 tonnes (up by 27%) with most of the increase coming from higher consumption in the traditional cocoa consuming countries of Europe (up 350,000 tonnes or 26%) while consumption increased by 178,000 tonnes (up by 18%) in the Americas over the same period. The most dynamic regions in terms of cocoa consumption were the Asian region (up by 54% or 164,000 tonnes) and the African region (up by 56% or 31,000 tonnes). In 2005/06, the leading consumers of cocoa by country were the United States, Germany, France, the United Kingdom, the Russian Federation, Japan, Italy, Spain and Brazil.

CHART VIII

CHANGES IN APPARENT CONSUMPTION OF COCOA BEANS
1997/98 AND 2005/06 (BEAN EQUIVALENT)

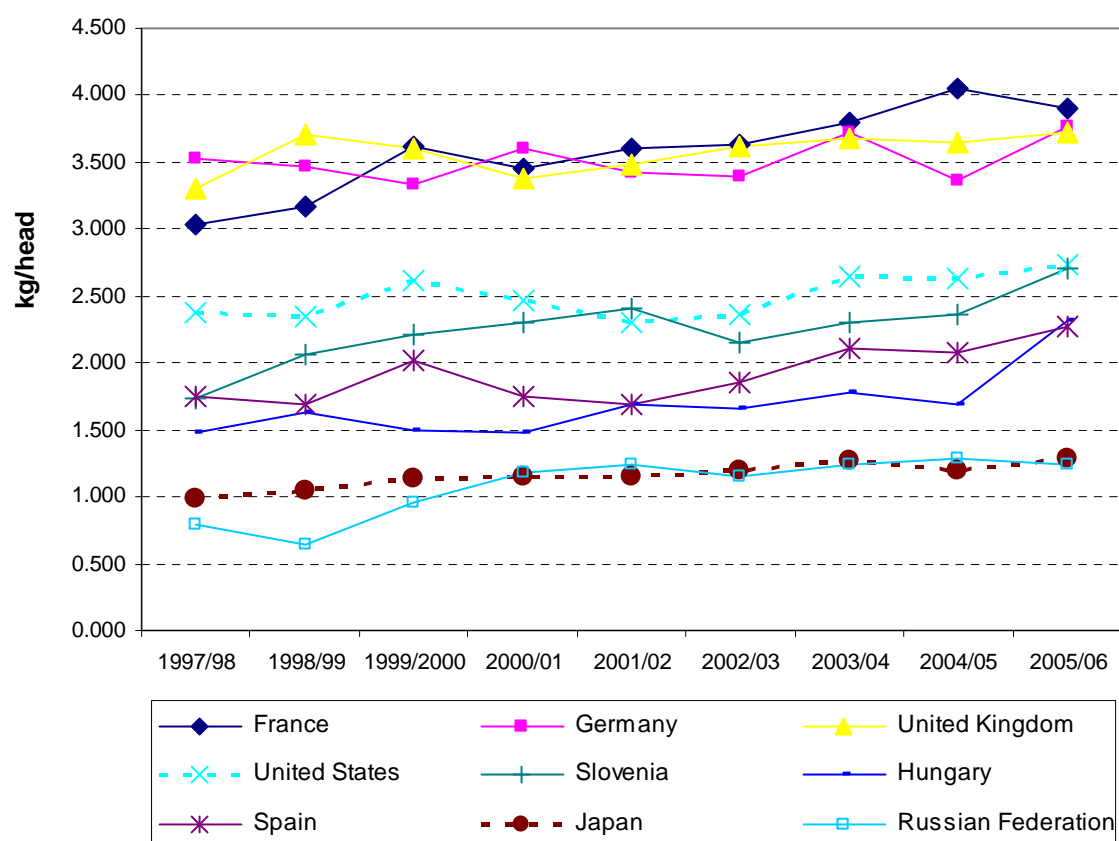


55. World *per caput* consumption of cocoa (excluding China, India and Indonesia, whose large populations have a disproportionate effect on the calculated world average) has also witnessed a similar pattern of growth over the review period, rising from 0.96 kg in 1997/98 to 1.08 kg in 2005/06. A steady, continuous growth was recorded in most traditional cocoa consuming countries from the beginning of the review period to 1999/2000. During the two following seasons, data indicated a small fall in global cocoa consumption from 1.01 kg per head in 1999/2000 to 0.97 kg per head in 2001/02, attributed to lower consumption in the Americas. The data for the last season covered (2005/06) show that *per caput* consumption of cocoa in all regions rose compared to the previous season.

56. The evolution of cocoa consumption for some of the largest consuming countries during the second half of the nineties and the first half of this decade is shown in **Chart IX**. Most notable were the increases in *per caput* consumption levels recorded in Southern Europe by Greece (up from 1.5 kg per head to 2.3 kg per head) and Spain (up from 1.8 kg per head to 2.3 kg per head). Consumption levels in most Eastern European and Central Asian countries also rose strongly from the low levels witnessed at the beginning of the period under review. A combination of high economic growth rates, successful promotional activities and low prices stimulated cocoa consumption during the nineties, mainly in the form of chocolate and chocolate products. The impact of financial turmoil on consumers' incomes and growth prospects arrested for a short time the rise in cocoa consumption in the Far East in 1997/98 and consequently, *per caput* consumption declined from the peaks recorded a

few years earlier in most of these new markets. However, the most recent data indicate a recovery in 1999/2000 and a resumption of the earlier upward trend in cocoa consumption since 2000/01 in the newer markets.

CHART IX
PER CAPUT COCOA CONSUMPTION (BEAN EQUIVALENT)



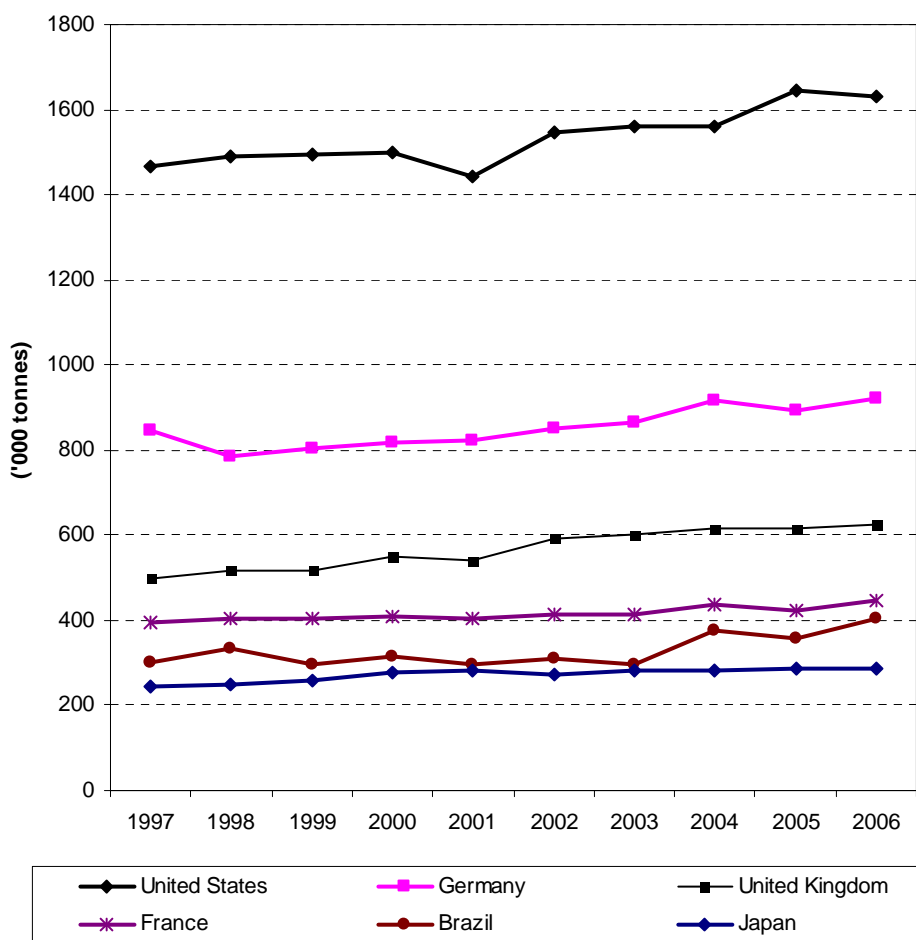
Chocolate Consumption

57. Cocoa is mainly consumed as chocolate confectionery, chocolate coated products (biscuits, ice creams), or in other food products containing cocoa powder including beverages, cakes, snacks, etc. The principal ingredients in chocolate are cocoa paste, which imparts the basic chocolate flavour, cocoa butter which provides the characteristic mouth feel, sugar and a flavouring agent. Milk or milk powder is added to produce milk chocolate; nuts, biscuits and other fillings are added to make filled chocolates. Cocoa powder is used in a wide range of food products and beverages. The growth in cocoa consumption in the Far East and Eastern Europe is largely attributed to an increase in demand for products containing cocoa powder. Relatively small amounts of cocoa butter are used in cosmetic products and, more recently, new products are being manufactured from cocoa by-products in some cocoa producing countries.

58. However, information on consumption of products containing cocoa is only published for leading consuming countries, and often after a considerable delay, making it difficult to assess or interpret trends in global consumption. Data published by the Association of the Chocolate, Biscuit & Confectionery Industries of the E.U. (CAOBISCO) and the International Confectionery Association (ICA) in March 2008 show that consumption of all chocolate confectionery products in the 19 countries for which statistics are available for the 1997 – 2006 period (which include most of the traditional leading cocoa consuming countries) increased by 14% (**Table 14**). The corresponding *per caput* data contained in **Table 15** show a consistent growth in most countries over the period concerned. Increases in standards of living, development of new products, advertizing and promotional campaigns have contributed to the rise in chocolate confectionery consumption in most regions and countries over the period concerned. After recording a moderate increase in 1997 (**Chart X**), the growth in chocolate consumption eased to less than one per cent *per annum* in 1998 and 1999. Although total chocolate consumption grew by more than three per cent in 2000, this was followed by a decline of almost two per cent in 2001. A recovery took place in 2002 with total chocolate consumption increasing by four per cent. Apart from 2004 where consumption rose at a rate higher than in the seven previous years, consumption increased at a low pace in the 2003-2006 period.

59. It should be noted, however, that the link between consumption of chocolate and chocolate confectionery products, and the consumption of cocoa, can be quite tenuous. In an ICCO study of the cocoa and chocolate markets in the United Kingdom, it is observed, for example, that it is possible for overall cocoa consumption to increase while chocolate confectionery consumption declines. There are several factors which can cause such apparent anomalies. In the case of the United Kingdom, it was found that an unexpectedly high proportion of cocoa (about one third) in the form of cocoa fat was consumed in products which did not fall within the traditional definitions of chocolate confectionery, and consumption patterns among these products may be quite different to those of chocolate confectionery.

CHART X
CHOCOLATE CONSUMPTION IN SELECTED COUNTRIES



60. There may also be a fairly loose relationship between volumes of chocolate confectionery consumed and the consequent volume of cocoa consumption in bean equivalent terms, arising from a variation in the chocolate content of confectionery products, and the ratio of cocoa to other ingredients in the solid chocolate component of the product. The increase in powder ratios seen at the beginning of this decade also suggests that consumption of products containing cocoa powder has been increasing, especially in newer markets. Inferring trends in cocoa consumption from levels of chocolate consumption can therefore be very misleading at times.

Premium Chocolate Consumption

61. Unexpectedly, a major source of dynamism in cocoa consumption in recent years was found in mature markets in Western Europe and the United States, which represent over 60% of world cocoa consumption. Although the volume of chocolate consumed has increased at only a low pace, the volume of cocoa consumed has increased more rapidly. The new trend in chocolate consumption has been characterized by the increasing appeal of premium chocolates and, in particular, of high cocoa

content dark chocolate. Chocolate manufacturers have noticed the changing tastes and even companies traditionally known for milk chocolate products have been introducing new dark and high cocoa content products. According to *Datamonitor*, 33% of all chocolate candies launched in 2006 were dark chocolate products. In the United States, sales of dark chocolate increased by nine per cent *per annum* on average between 2001 and 2005 and sales of high cocoa content dark chocolate increased by 24% during the same period, according to data published by *ACNielsen*. The global dark chocolate market is now estimated to represent between five and 10% of the total market of chocolate tablets (the others being plain milk, plain white and filled chocolate tablets), with a higher share in continental Europe than in the United States and the United Kingdom.

62. The switch to higher cocoa content chocolate products in very recent years can be explained by an increasing consumer demand for taste, convenience and health as well as for ethical products. In recent times, research has increasingly shown the health and nutritional benefits of high cocoa content chocolate products. New product developments and 'functional foods' with wholesome ingredients, (foods that provide health benefits beyond basic nutrition), are playing an important role in the upward trend of the confectionery market. Subsequently, the demand for dark and high cocoa content chocolate, in particular, has surged in response to these positive findings.

SUMMARY AND CONCLUSIONS

Market Developments

63. Over the review period, world production and demand have both shown an erratic upward increase, with yearly growth rates between minus 11% and plus 12% for production and between minus six and plus eight per cent for grindings. This pattern characterized the world cocoa economy, which witnessed seasons with a large production surplus, contrasted with seasons with a significant production deficit. The ICCO Secretariat expects that, during the current campaign, grindings will moderately exceed supply.

64. The yearly imbalance between supply and demand was, however, not fully reflected in international prices which, for a long time, remained at historically low levels. Expectations of adequate cocoa supplies and the existence of large volumes of cocoa bean stocks overhanging the market impeded a significant recovery in world prices during the nineties. Structural changes in the market, in particular, liberalization of internal marketing systems in West Africa and a subsequent discontinuation of forward sales, was accompanied by reduced industry demand for stocks.

65. The market finally reacted to the existence of a structural supply deficit in January 2001 when market prices staged a dramatic rally as the industry faced the prospect of global stocks falling heavily, fearing a sharp reduction of the world stocks-to-grindings ratio to significantly lower levels. In consequence, cocoa prices averaged SDR 775 per tonne in 2000/01, representing an increase of 13% from the previous season. This reversal of the trend in prices was confirmed by further rises in the two following seasons and reinforced by uncertainties regarding the flow of cocoa from Côte d'Ivoire, resulting in an average price of SDR 1,369 per tonne in 2002/03, almost 80% over the corresponding average for 2000/01.

66. The prospect of a third consecutive production deficit faded during the second half of the 2002/03 season, as the market took note of the fact that harvesting, transportation and commercialization of cocoa were proceeding normally in Côte d'Ivoire, despite political and social unrest in the country. The downward trend in market prices starting from February 2003 reflected the fundamental situation, with an estimated combined surplus of almost 350,000 tonnes during the 2002/03 and 2003/04 seasons. This led international cocoa prices to fall to SDR 1,047 per tonne in 2003/04, 15% lower than during the 2001/02 season. The declining tendency in prices came to a halt in July 2004, when concerns emerged that dry weather would reduce potential yields for the developing main crops in Côte d'Ivoire and Ghana. The 2004/05 campaign ended with a balanced situation between supply and demand, reflected by the fact that average futures prices remained at the same level as during the previous season, at SDR 1,049 per tonne. In spite of a production surplus recorded in the 2005/06 season, international market prices rose slightly in nominal terms, increasing by almost two per cent on average to SDR 1,068. However, that represented a slight decline in prices expressed in inflation adjusted terms. From January 2007, cocoa prices rose at a strong pace, reaching a level 72% higher in US dollar terms and 58% higher in SDR terms fourteen months later, in mid March 2008. The significant production deficit recorded in the 2006/07 season and the prospect of another deficit in 2007/08 provided support to the market. In addition, the market also reacted to increasing interest from large investors who were switching from stocks and bonds to commodities in the hope of improving their returns and diversifying their portfolios. Indeed, the performance of the

commodity sector had been excellent during 2007, prompting investors to continue pouring money into commodities.

Production

67. Most cocoa farmers have benefited from the rise in world prices at the beginning of this decade and seem to have reacted positively by increasing inputs to raise short term yields. However, due to these favourable economic conditions, the cocoa market has experienced a period of production surpluses which impacted negatively on the price received by farmers later in the period under review. Indeed, cocoa farmers are now directly exposed to international price volatility. As shown in document MC/6/4 presented to the Market Committee at its sixth meeting in March 2006, price volatility has been increasing in the cocoa futures markets over the last ten years. This phenomenon impacts significantly on earnings of market participants, and particularly, on cocoa farmers who are the most vulnerable to price fluctuations. In Côte d'Ivoire, the world's leading cocoa producer, for example, farm gate prices now fluctuate on a daily basis compared with the fixed seasonal price set in the past, causing difficulties and more uncertainty for farmers in making short term investment decisions. The country introduced an indicative minimum price for cocoa during the 2001/02 season under pressure from farmers who were unhappy that the State-run stabilization system had been abandoned. However, cocoa prices paid to farmers were often below this indicative price over the last seasons.

68. Governments can help to reduce their vulnerability to fluctuations in world market prices and stabilize their incomes derived from cocoa growing by developing and encouraging the use of price risk management instruments to provide some insurance to farmers. This could, in particular, reduce the impact of price volatility on husbandry practices. The ICCO Secretariat conducted a project in Côte d'Ivoire to experiment with the use of price risk management instruments (cf. document EX/136/8 "Progress Report on Existing Projects", of April 2008). The report on the results of these experiments will be available shortly.

69. Liberalization of the cocoa sector has greatly increased the need for cocoa farmers to have access to market information. However, they are often disadvantaged in this respect, compared to their counterparts in the market place. Typically, buyers will have access, directly or indirectly, to information and modern communications technology which is unavailable to individual farmers, leading to possible imbalances in negotiations on price, to the detriment of the farmer. Farmers need information on prices over three time horizons; that of the current price for negotiating the sales, intra seasonal price prospects for planning the management of their current crop, and long term prospects for making new investments in cocoa production. They also need to be aware of the various opportunities in the market for the enhancement of their revenue from cocoa production. These would include, for example, participation in the production of cocoa that benefits from a premium, as is the case for fine or flavour cocoa, organic cocoa and cocoa sold in the "Fair-trade" market.

70. In recent years, the ICCO Secretariat has initiated many studies and projects to respond to these challenges. The Secretariat recently presented a review of existing Market Information Systems (MIS) available to cocoa producers in ICCO Member countries and provided the characteristics of an effective system (cf. document CB/4/4/Rev.2 "Review of Market Price Information for Cocoa Producers", dated October 2005 and document CB/8/2/Rev.1 "Draft Recommendation – Market

Information Systems for Cocoa Producers”, dated April 2006). It has also stressed that there was an urgent need to collect and collate basic information on cocoa tree stocks and farming practices (cf. document MC/7/6/Rev.1 “Cocoa Resources in Producing Countries”, dated August 2006) to assess production potential in leading cocoa growing areas. Moreover, the Secretariat responded to the need to identify and define a remunerative farm gate price for cocoa in a number of cocoa growing environments by carrying out a survey to analyse the value chain in cocoa producing countries (cf. document EX/129/7 “Analysis of the Value Chain in Cocoa Producing Countries – Proposal for a Global Comparative Study”, dated May 2006). This would be highly relevant for agricultural policy making, when decisions have to be taken to either stimulate cocoa production or aim for diversification away from cocoa cultivation. Analysis based on data that are more accurate would prove invaluable in predicting and simulating future trends to evaluate policy options. The results of this survey are expected to be available in early 2009. Finally, the Secretariat provided some possible courses of action to improve cocoa farmers’ incomes (cf. document MC/10/4/Rev.1 “Cocoa Prices and Incomes of Cocoa Farmers”, dated August 2007).

Consumption

71. A combination of lower prices, income growth and promotional activities stimulated world consumption of cocoa over the review period. As well as showing strong growth in the traditional markets of North America and Western Europe, cocoa consumption recovered in Eastern Europe and expanded in new markets in the Far East.

72. Concerns over obesity represented a real threat to consumption of chocolate products in mature markets. However, recent research conducted on the health and nutritional attributes of cocoa and chocolate indicated that some components of cocoa were beneficial to human health and consequently provided the evidence that chocolate was a positive component of a balanced diet and not a primary cause of obesity. The chocolate industry has reacted dynamically to recent research findings, introducing new products, responding to consumers’ demand for healthier products as well as to their changing tastes for premium chocolates. The *premiumisation* of the chocolate market is particularly important as consumers seem to have embraced the idea of dark high cocoa content chocolate as an affordable luxury. Some cocoa farmers have also benefited from this change, as the variety and quality of their beans produced has corresponded to the beans required. Hence, for instance, farmers from Ecuador and Venezuela have received significant price premiums for their fine and flavour cocoa beans from the 2005/06 season onwards for use in the production of high quality dark chocolate products. More cocoa farmers could benefit from the *premiumisation* of the chocolate market by engaging in the production of the required cocoa and by promoting their origin.

ASSESSMENT OF THE MOVEMENTS OF GLOBAL SUPPLY AND DEMAND

STATISTICAL ANNEX

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TABLE 1
GLOBAL SUPPLY/DEMAND BALANCE IN THE WORLD MARKET

Cocoa year	Gross crop		Grindings		Surplus/ deficit	Total end- of-season stocks	Stocks/ grindings ratio
	(thousand tonnes)				a/	b/	c/
							Per cent
1980/81	1 695	1.4%	1 558	4.9%	+ 126	715	45.9
1981/82	1 734	2.3%	1 601	2.8%	+ 122	837	52.3
1982/83	1 525	-12.1%	1 628	1.7%	- 112	725	44.5
1983/84	1 512	-0.9%	1 704	4.7%	- 202	523	30.7
1984/85	1 956	29.4%	1 864	9.4%	+ 79	602	32.3
1985/86	1 975	1.0%	1 849	-0.8%	+ 113	715	38.7
1986/87	2 011	1.8%	1 910	3.3%	+ 88	804	42.1
1987/88	2 197	9.2%	1 986	4.0%	+ 197	1 001	50.4
1988/89	2 464	12.2%	2 133	7.4%	+ 315	1 315	61.7
1989/90	2 406	-2.4%	2 202	3.2%	+ 189	1 504	68.3
1990/91	2 506	4.2%	2 331	5.9%	+ 159	1 663	71.4
1991/92	2 278	-9.1%	2 325	-0.3%	- 62	1 601	68.9
1992/93	2 485	9.1%	2 415	3.9%	+ 54	1 655	68.5
1993/94	2 436	-2.0%	2 511	4.0%	- 90	1 565	62.3
1994/95	2 348	-3.6%	2 532	0.8%	- 199	1 367	54.0
1995/96	2 915	24.1%	2 718	7.3%	+ 179	1 545	56.9
1996/97	2 710	-7.0%	2 710	-0.3%	- 17	1 528	56.4
1997/98	2 693	-0.6%	2 752	1.5%	- 76	1 452	52.8
1998/99	2 808	4.3%	2 743	-0.3%	+ 47	1 499	54.6
1999/00	3 077	9.6%	2 960	7.9%	+ 97	1 596	53.9
2000/01	2 858	-7.1%	3 063	3.5%	- 224	1 372	44.8
2001/02	2 867	0.3%	2 885	-5.8%	- 37	1 336	46.3
2002/03	3 169	10.5%	3 079	6.7%	+ 69	1 405	45.6
2003/04	3 537	11.6%	3 238	5.2%	+ 277	1 682	51.9
2004/05	3 377	-4.5%	3 354	3.6%	- 11	1 671	49.8
2005/06	3 759	11.3%	3 506	4.5%	+ 215	1 886	53.8
2006/07	3 376	-10.2%	3 641	3.9%	- 299	1 587	43.6
Forecasts 2007/08	3 713	10.0%	3 727	2.4%	- 51	1 536	41.2

Notes: Percentages refer to year-on-year change in the preceding series unless otherwise specified.

a/ Surplus/deficit: current net world crop (gross crop adjusted for loss in weight) minus grindings.

b/ Total end-of-season stocks: computed on the basis of yearly surplus/deficit and assuming that world stocks of cocoa beans amounted to 325 thousand tonnes at the end of the 1973/74 cocoa year and to 1 682 thousand tonnes at the end of the 2003/04 cocoa year.

c/ Stocks-to-grindings ratio: total end-of season stocks as a percentage of grindings.

TABLE 2
INTERNATIONAL COCOA PRICES

Cocoa year	ICCO daily price				ICCO daily price in constant 2006/07 terms				Product price ratio		
	a/		a/		a/		a/		Butter	Powder	Combined
	SDRs/tonne	US\$/tonne	SDRs/tonne	US\$/tonne	SDRs/tonne	US\$/tonne	SDRs/tonne	US\$/tonne	b/	c/	d/
1980/81	1 735	-19.9%	2 098	-25.7%	3 566	-26.7%	4 844	-33.1%	2.28	0.66	2.94
1981/82	1 656	-4.6%	1 868	-11.0%	3 175	-11.0%	4 015	-17.1%	2.67	0.51	3.18
1982/83	1 815	+9.6%	1 949	+4.3%	3 340	+5.2%	4 046	+0.8%	2.64	0.59	3.23
1983/84	2 320	+27.8%	2 412	+23.8%	4 103	+22.8%	4 811	+18.9%	2.10	0.75	2.85
1984/85	2 234	-3.7%	2 222	-7.9%	3 808	-7.2%	4 275	-11.1%	2.22	0.76	2.98
1985/86	1 890	-15.4%	2 149	-3.3%	3 137	-17.6%	4 037	-5.6%	2.28	0.60	2.88
1986/87	1 607	-15.0%	2 023	-5.9%	2 621	-16.4%	3 695	-8.5%	2.30	0.71	3.01
1987/88	1 269	-21.0%	1 707	-15.6%	2 015	-23.1%	2 995	-18.9%	2.31	0.70	3.01
1988/89	1 035	-18.4%	1 344	-21.3%	1 581	-21.5%	2 251	-24.8%	2.54	0.87	3.41
1989/90	902	-12.9%	1 193	-11.2%	1 321	-16.4%	1 903	-15.5%	2.76	0.87	3.63
1990/91	863	-4.3%	1 193		1 210	-8.4%	1 812	-4.8%	3.02	0.79	3.81
1991/92	831	-3.7%	1 166	-2.3%	1 126	-6.9%	1 719	-5.1%	2.53	0.94	3.47
1992/93	751	-9.6%	1 051	-9.9%	991	-12.0%	1 504	-12.5%	2.57	0.93	3.50
1993/94	968	+28.9%	1 370	+30.4%	1 249	+26.0%	1 910	+27.0%	2.64	0.65	3.29
1994/95	954	-1.4%	1 440	+5.1%	1 206	-3.4%	1 953	+2.3%	2.67	0.56	3.23
1995/96	983	+3.0%	1 438	-0.1%	1 219	+1.1%	1 897	-2.9%	2.76	0.55	3.31
1996/97	1 117	+13.6%	1 556	+8.2%	1 357	+11.3%	1 999	+5.4%	2.55	0.60	3.15
1997/98	1 269	+13.6%	1 711	+10.0%	1 518	+11.9%	2 163	+8.2%	2.37	0.58	2.95
1998/99	944	-25.6%	1 298	-24.1%	1 117	-26.4%	1 610	-25.6%	2.37	0.66	3.03
1999/00	685	-27.4%	919	-29.2%	796	-28.7%	1 105	-31.4%	2.31	0.89	3.20
2000/01	775	+13.1%	990	+7.7%	882	+10.8%	1 153	+4.3%	2.00	1.11	3.11
2001/02	1 231	+58.8%	1 580	+59.6%	1 382	+56.7%	1 813	+57.2%	1.67	1.20	2.87
2002/03	1 369	+11.2%	1 873	+18.6%	1 508	+9.1%	2 101	+15.9%	1.92	1.50	3.42
2003/04	1 047	-23.5%	1 534	-18.1%	1 132	-24.9%	1 681	-20.0%	2.42	1.18	3.60
2004/05	1 049	+0.2%	1 571	+2.4%	1 106	-2.3%	1 666	-0.9%	2.92	0.68	3.60
2005/06	1 068	+1.8%	1 557	-0.9%	1 092	-1.3%	1 593	-4.4%	2.65	0.80	3.45
2006/07	1 226	+14.9%	1 854	+19.1%	1 226	+12.3%	1 854	+16.4%	2.79	0.65	3.44
Oct.06- Mar.07	1 143		1 709		1 132		1 687		2.68	0.69	3.37
Oct.07- Mar.08	1 406	+23.1%	2 234	+30.7%	1 388	+22.7%	2 203	+30.6%	2.92	0.58	3.50

Notes: Percentages refer to year-on-year change in the preceding series.

a/ Prices expressed in constant terms using the relevant index of consumer price inflation.

b/ Ratio of price of cocoa butter to price of cocoa beans, figures from 1980/81 to 1989/90 are calendar year data.

c/ Ratio of price of cocoa powder (10-12% fat content) to price of cocoa beans, figures from 1980/81 to 1989/90 are calendar year data.

d/ Sum of butter ratio and powder ratio.

TABLE 3
PRODUCTION OF COCOA BEANS BY COUNTRY

Table 4	2003/04	2004/05	2005/06	2006/07	2007/08	2003/04	2004/05	2005/06	2006/07	2007/08	
Country						Year on year change					
						(thousand tonnes)					
				Estimates	Forecasts						
AFRICA											
Benin		0.1	0.1	0.1	0.1	-	-	-	-	-	
Cameroon	m	165.7	184.9	166.1	166.3	185.0	+ 5.7	+ 19.2	- 18.8	+ 0.2	+ 18.7
Congo		1.0	1.0	1.0	1.0	1.0	-	-	-	-	-
Congo, Dem. Rep. of		1.7	1.7	1.7	1.7	1.7	-	-	-	-	-
Côte d'Ivoire	m	1407.2	1286.3	1407.8	1229.3	1370.0	+ 55.7	- 120.9	+ 121.5	- 178.6	+ 140.7
Equatorial Guinea		3.0	3.0	3.0	3.0	3.0	-	-	-	-	-
Gabon	m	0.6	0.2	0.2	0.2	0.2	+ 0.1	- 0.4	-	-	-
Ghana	m	737.0	599.3	740.5	615.0	675.0	+ 240.1	- 137.7	+ 141.1	- 125.4	+ 60.0
Guinea		9.8	17.0	19.0	17.5	15.0	- 0.2	+ 7.2	+ 2.0	- 1.5	- 2.5
Liberia		2.5	3.0	2.5	3.0	3.0	-	+ 0.5	- 0.5	+ 0.5	-
Madagascar		4.4	4.5	4.5	4.5	4.5	- 0.6	+ 0.0	+ 0.0	-	-
Nigeria	m	180.0	200.0	200.0	190.0	210.0	+ 6.8	+ 20.0	-	- 10.0	+ 20.0
Sao Tome and Principe		2.8	3.5	3.0	2.8	3.0	- 0.9	+ 0.7	- 0.5	- 0.2	+ 0.2
Sierra Leone		4.5	7.0	6.3	12.0	10.0	- 1.5	+ 2.5	- 0.7	+ 5.7	- 2.0
Tanzania		3.3	5.1	6.9	4.5	6.0	- 1.1	+ 1.8	+ 1.8	- 2.4	+ 1.5
Togo	m	21.7	53.0	73.0	75.0	80.0	+ 13.8	+ 31.3	+ 20.0	+ 2.0	+ 5.0
Uganda		4.5	5.0	7.4	8.0	10.0	+ 0.7	+ 0.5	+ 2.4	+ 0.7	+ 2.0
Total Africa		2549.8	2374.6	2642.9	2333.9	2577.5	+ 318.7	- 175.2	+ 268.3	- 309.0	+ 243.6
AMERICA											
Belize		0.1	0.1	0.1	0.1	0.1	-	-	-	-	-
Bolivia		2.4	2.4	2.4	2.4	2.4	-	-	-	-	-
Brazil	m	163.4	170.8	161.6	126.2	160.0	+ 0.8	+ 7.4	- 9.2	- 35.5	+ 33.8
Colombia		36.9	36.8	36.8	35.0	35.0	- 0.9	- 0.1	- 0.0	- 1.8	+ 0.0
Costa Rica		4.5	4.5	4.5	4.5	4.5	-	-	-	-	-
Cuba		2.5	2.5	2.5	2.5	2.5	-	-	-	-	-
Dominica		0.1	0.1	0.1	0.1	0.1	-	-	-	-	-
Dominican Republic	m	47.3	31.3	42.0	43.7	50.0	+ 0.6	- 16.0	+ 10.7	+ 1.7	+ 6.3
Ecuador	m	117.0	116.0	114.4	114.5	114.5	+ 30.6	- 0.9	- 1.7	+ 0.1	-
Grenada		0.8	0.1	0.1	0.2	0.3	+ 0.1	- 0.8	+ 0.0	+ 0.1	+ 0.1
Guatemala		0.8	0.8	0.8	0.8	0.8	-	-	-	-	-
Haiti		3.6	2.3	3.5	4.0	4.5	- 0.7	- 1.3	+ 1.2	+ 0.5	+ 0.5
Honduras		2.0	2.0	2.0	2.0	2.0	-	-	-	-	-
Jamaica		0.7	0.2	0.2	0.6	0.6	- 0.0	- 0.5	+ 0.0	+ 0.4	-
Mexico		44.0	36.4	34.1	36.0	25.0	+ 2.0	- 7.6	- 2.2	+ 1.9	- 11.0
Nicaragua		1.5	1.8	1.8	1.8	1.8	+ 1.0	+ 0.3	-	-	-
Panama		1.1	1.1	1.1	1.1	1.1	-	-	-	-	-
Peru		16.0	18.0	18.0	20.0	20.0	+ 2.0	+ 2.0	-	+ 2.0	-
Trinidad and Tobago	m	1.0	0.9	1.6	0.6	0.8	- 0.3	- 0.1	+ 0.7	- 1.0	+ 0.2
Venezuela	m	16.2	15.0	18.0	19.0	19.0	- 1.0	- 1.2	+ 3.0	+ 1.0	-
Other Americas		0.1	0.1	0.1	0.1	0.1	-	-	-	-	-
Total Americas		462.0	443.3	445.8	415.2	445.2	+ 34.2	- 18.8	+ 2.5	- 30.6	+ 30.0
ASIA AND OCEANIA											
Fiji		0.1	0.1	0.1	0.1	0.1	-	-	-	-	-
India		8.0	8.0	10.2	11.0	12.0	-	-	+ 2.2	+ 0.8	+ 1.0
Indonesia		430.0	460.0	560.0	520.0	580.0	+ 20.0	+ 30.0	+ 100.0	- 40.0	+ 60.0
Malaysia	m	34.0	28.8	33.9	32.8	34.0	- 2.0	- 5.2	+ 5.1	- 1.1	+ 1.2
Papua New Guinea	m	38.9	47.8	51.1	50.3	50.0	- 3.7	+ 9.0	+ 3.3	- 0.8	- 0.3
Philippines		5.7	5.6	5.7	4.0	5.5	+ 0.1	- 0.1	+ 0.1	- 1.7	+ 1.5
Solomon Islands		4.4	4.6	4.4	4.1	4.0	+ 0.5	+ 0.2	- 0.2	- 0.3	- 0.1
Sri Lanka		1.6	1.6	1.6	1.6	1.6	-	-	-	-	-
Thailand		0.4	0.4	0.4	0.4	0.4	-	-	-	-	-
Vanuatu		1.0	0.9	1.0	1.0	1.0	- 0.3	- 0.1	+ 0.1	-	-
Other Asia and Oceania		1.0	1.0	1.5	1.5	1.5	+ 0.9	-	+ 0.5	-	-
Total Asia and Oceania		525.1	558.8	669.8	626.8	690.1	+ 15.5	+ 33.7	+ 111.0	- 43.1	+ 63.3
World total		3536.9	3376.7	3758.6	3375.9	3712.8	+ 368.3	- 160.2	+ 381.9	- 382.7	+ 336.9
Total for members		2930.0	2734.5	3010.2	2662.9	2948.5	+ 347.3	- 195.5	+ 275.7	- 347.3	+ 285.6
Share of members		82.8%	81.0%	80.1%	78.9%	79.4%					

TABLE 4 - PRODUCER PRICES IN SELECTED COCOA EXPORTING COUNTRIES

Year	Brazil a/	Dominican Republic b/	Ecuador c/	Cameroon d/	Côte d'Ivoire d/	Ghana e/	Nigeria f/	Malaysia g/	Indonesia h/	ICCO daily price
Producer prices in local currency										
	Real/arroba	RD\$/qq	Sucres/kg	CFAF/kg	CFAF/kg	Cedi/tonne	Naira/tonne	Ringgit/tonne	Rupiah/kg	SDR/tonne
1995/96	15.5	643	3146	369	315	92	91300	3000	2216	983
1996/97	21.7	759	4468	430	340	133	105000	3440	2769	1117
1997/98	23.6	855	6588	558	421	180	112900	5000	7410	1269
1998/99	25.2	640	7600	496	557	225	113400	3950	7231	944
1999/00	23.4	465	13300	371	317	226	76200	2920	7227	685
2000/01	30.3	441	19100	434	369	351	94000	3360	7259	775
2001/02	62.7	900	24000	641	631	454	126200	5270	8513	1231
2002/03	87.5	1426	38600	1023	690	850	130200	6530	9419	1369
2003/04	64.1	1678	28900	720	355	900	142100	5300	9578	1047
2004/05	56.0	1250	29200	n.a.	325	900	155300	5160	n.a.	1049
2005/06	47.0	1337	35000	558	342	900	171600	4940	n.a.	1068
2006/07	55.2	1657	45200	n.a.	380	915	177700	5640	n.a.	1226
Producer prices in US dollars expressed as a percentage of ICCO daily price										
Year	Brazil	Dominican Republic	Ecuador	Cameroon	Côte d'Ivoire	Ghana	Nigeria	Malaysia	Indonesia	ICCO price (US\$/tonne)
1995/96	72%	65%	72%	51%	44%	43%	78%	82%	66%	1438
1996/97	87%	69%	75%	49%	40%	47%	80%	81%	64%	1556
1997/98	80%	67%	75%	55%	41%	47%	74%	80%	54%	1711
1998/99	81%	63%	68%	63%	74%	73%	98%	80%	66%	1298
1999/00	92%	62%	69%	60%	52%	72%	84%	84%	95%	919
2000/01	90%	53%	77%	60%	51%	51%	88%	89%	75%	990
2001/02	97%	62%	77%	58%	55%	39%	70%	88%	57%	1580
2002/03	97%	55%	82%	90%	58%	54%	55%	92%	58%	1873
2003/04	94%	56%	75%	87%	43%	66%	69%	91%	71%	1534
2004/05	94%	54%	74%	n.a.	41%	63%	75%	87%	n.a.	1571
2005/06	92%	52%	90%	67%	41%	63%	86%	86%	n.a.	1557
2006/07	100%	54%	102%	n.a.	41%	54%	75%	87%	n.a.	1854
Producer prices in constant terms (Index 1995/96=100) i/										
Year	Brazil	Dominican Republic	Ecuador	Cameroon	Côte d'Ivoire	Ghana	Nigeria	Malaysia	Indonesia	ICCO price (SDRs/tonne)
1995/96	100	100	100	100	100	100	100	100	100	100
1996/97	130	110	110	112	104	111	103	112	118	111
1997/98	135	118	122	141	123	130	103	155	225	124
1998/99	140	83	94	121	161	143	94	118	159	92
1999/00	121	56	88	90	90	121	61	86	156	65
2000/01	147	49	83	102	100	137	63	97	142	72
2001/02	283	95	90	145	166	152	74	150	148	113
2002/03	344	126	133	229	175	228	69	184	152	124
2003/04	235	96	96	161	89	210	62	148	146	93
2004/05	191	65	95	n.a.	79	183	59	140	n.a.	91
2005/06	153	65	110	117	80	164	59	129	n.a.	90
2006/07	174	76	139	n.a.	87	151	59	144	n.a.	101

Notes: Figures in italics are ICCO Secretariat estimates

a/ The local price is expressed in Real per arroba (one arroba is equivalent to 15kg).

b/ The local price is expressed in Dominican Peso per 50kg

c/ The local price is expressed in Sucres per kg.

d/ The local price is expressed in CFA francs per kg.

e/ The local price is expressed in new cedi per tonne.

f/ The local price is expressed in Naira per tonne.

g/ The local price is expressed in Ringgit per tonne.

h/ The local price is expressed in Rupiah per kg.

i/ Prices expressed in constant terms using the relevant index of domestic consumer price inflation.

TABLE 5
NET EXPORTS OF COCOA BY COUNTRY a/

Country/Region	2001/02	2002/03	2003/04	2004/05	2005/06	5-year average 2001/02-2005/06	
	(thousand tonnes)					Share	
World Total	2591	2734	3104	3095	3377	2980	100.00%
Total Africa	1958	2135	2435	2399	2497	2285	76.67%
Total Americas	154	162	229	220	231	199	6.68%
Total Asia and Oceania	479	438	440	476	650	496	16.66%
<i>Members:</i>	2112	2289	2659	2606	2709	2475	83.05%
Côte d'Ivoire m	1269.38	1355.94	1368.75	1299.59	1349.65	1328.66	44.58%
Ghana m	344.60	415.04	687.07	613.80	649.83	542.07	18.19%
Nigeria m	185.99	169.81	168.39	200.65	207.22	186.41	6.25%
Cameroon m	128.45	149.05	156.56	187.83	169.21	158.22	5.31%
Ecuador m	77.10	80.36	110.95	110.02	108.68	97.42	3.27%
Papua New Guinea m	37.92	42.51	38.70	47.37	50.84	43.47	1.46%
Dominican Republic m	43.12	43.14	44.99	30.21	31.63	38.62	1.30%
Brazil m	10.55	16.40	50.41	57.46	57.52	38.47	1.29%
Togo m	5.59	4.26	18.50	52.58	73.06	30.80	1.03%
Venezuela m	8.27	8.53	7.06	6.42	11.37	8.33	0.28%
Malaysia m	..	3.04	7.56	2.12	0.07%
Trinidad and Tobago m	0.79	0.64	0.46	0.13	0.19	0.44	0.01%
Gabon m	0.43	0.07	-	0.02	0.16	0.14	0.00%
Indonesia	436.07	385.70	387.66	423.22	592.96	445.12	14.94%
Guinea	2.46	12.60	9.76	17.47	18.88	12.23	0.41%
Peru	7.71	7.29	9.12	11.06	15.41	10.12	0.34%
Sierra Leone	1.31	4.49	5.46	9.50	4.74	5.10	0.17%
Tanzania	3.95	4.43	3.31	5.07	6.93	4.74	0.16%
Uganda	3.47	3.80	2.61	2.71	8.27	4.17	0.14%
Solomon Islands	2.92	3.92	4.44	4.62	4.38	4.05	0.14%
Madagascar	3.58	5.43	5.13	2.02	2.96	3.83	0.13%
Haiti	4.05	3.90	3.98	2.66	3.46	3.61	0.12%
Sao Tome and Principe	2.45	3.66	2.82	3.37	2.25	2.91	0.10%
Equatorial Guinea	2.75	1.93	3.72	1.17	1.87	2.29	0.08%
Liberia	1.51	2.88	2.03	2.54	0.65	1.92	0.06%
Vanuatu	1.96	2.38	1.20	0.85	1.79	1.64	0.05%
Congo, Dem. Rep. of	1.73	0.50	0.99	0.69	0.90	0.96	0.03%
Honduras	0.88	0.56	0.39	0.93	0.89	0.73	0.02%
Grenada	0.74	0.67	0.80	0.31	0.08	0.52	0.02%
Congo	0.72	0.87	0.18	0.13	0.09	0.40	0.01%
Nicaragua	0.33	-0.02	0.35	0.06	0.89	0.32	0.01%
Panama	0.04	0.38	0.37	0.20	0.39	0.28	0.01%
Belize	0.10	0.06	0.03	0.06	0.06	0.06	0.00%
Dominica	..	0.05	0.05	0.07	0.06	0.05	0.00%
Fiji	0.05	0.05	0.01	0.01	0.02	0.03	0.00%

Notes: a/ Net exports of cocoa beans plus net exports of cocoa products converted to beans equivalent using the following conversion factors: cocoa butter 1.33; cocoa paste/liquor 1.25; cocoa powder and cake 1.18.
Totals may differ from sum of constituents due to rounding

TABLE 6
NET EXPORTS OF COCOA BEANS BY REGION a/

<i>Regions</i>		Net exports of cocoa beans (% of world total)	
Exporters	Importers	1998/99	2005/06
Africa	European Community	62.9	57.2
Africa	North America	11.6	13.0
Africa	Asia and Oceania	3.6	9.3
Africa	Other Europe	2.6	4.4
Africa	Latin America	0.7	0.5
Asia and Oceania	North America	9.9	7.9
Asia and Oceania	Latin America	1.5	1.2
Asia and Oceania	European Community	1.9	0.9
Latin America	European Community	1.7	2.6
Latin America	North America	2.7	1.9
Latin America	Other Europe	0.1	0.4
Latin America	Asia and Oceania	0.6	0.0
European Community	Other Europe	0.0	0.6
North America	European Community	0.1	0.0
World	World	100.0	100.0

Notes: a/ regional net exports of cocoa beans do not take into account for intra-trade of cocoa beans.
Totals may differ from sum of constituents due to rounding

TABLE 7

COCOA DERIVED EXPORT EARNINGS AS PERCENTAGE OF TOTAL EXPORTS (BY VALUE)

Country	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Ghana	45.93%	29.73%	28.36%	26.27%	20.28%	16.36%	34.46%	39.36%	39.08%	36.28%
Côte d'Ivoire	38.04%	35.43%	37.45%	33.92%	26.60%	33.15%	44.69%	42.98%	37.30%	29.97%
Cameroon	10.35%	9.64%	11.33%	9.60%	5.66%	7.89%	12.23%	10.93%	10.30%	9.95%
Grenada	13.08%	9.43%	7.76%	2.95%	2.55%	2.02%	2.48%	6.62%	7.42%	n.a.
Sierra Leone	10.64%	23.53%	22.35%	21.88%	6.06%	5.03%	4.93%	6.00%	5.93%	n.a.
Togo	6.54%	6.23%	3.49%	2.12%	1.30%	1.31%	1.66%	2.16%	4.04%	2.70%
Papua New Guinea	2.23%	2.38%	2.20%	1.59%	2.19%	0.37%	3.56%	3.29%	2.65%	2.33%
Ecuador	3.36%	2.49%	1.10%	2.39%	1.55%	1.85%	2.52%	2.63%	2.00%	1.71%
Uganda	0.17%	0.24%	0.27%	0.34%	0.31%	0.22%	0.83%	0.34%	0.88%	1.11%
Dominican Republic	6.74%	6.07%	9.95%	3.29%	2.92%	0.89%	1.36%	1.43%	1.08%	0.78%
Nigeria	1.49%	1.37%	2.27%	1.53%	1.01%	1.03%	1.82%	2.35%	1.10%	n.a.
Indonesia	0.75%	0.79%	1.03%	0.87%	0.55%	0.69%	1.23%	0.97%	0.77%	0.77%
Madagascar	0.83%	0.34%	0.52%	0.56%	0.75%	0.74%	1.04%	0.24%	0.82%	n.a.
Tanzania, United Rep of	0.48%	0.42%	0.50%	0.98%	0.48%	0.69%	0.67%	0.72%	0.52%	0.51%
Malaysia	0.30%	0.22%	0.27%	0.23%	0.16%	0.20%	0.25%	0.32%	0.35%	0.36%
Brazil	0.46%	0.35%	0.40%	0.33%	0.30%	0.30%	0.34%	0.44%	0.33%	0.33%
Colombia	0.25%	0.20%	0.16%	0.15%	0.08%	0.23%	0.26%	0.26%	0.27%	0.24%
Peru	0.39%	0.27%	0.39%	0.42%	0.24%	0.17%	0.23%	0.26%	0.27%	0.21%
Guatemala	0.06%	0.06%	0.06%	0.08%	0.05%	0.12%	0.12%	0.13%	0.18%	0.21%
Panama	0.17%	0.10%	0.12%	0.10%	0.13%	0.05%	0.08%	0.28%	0.14%	0.14%
Congo, Dem Republic of	0.01%	0.00%	0.00%	0.00%	0.01%	0.00%	0.00%	0.17%	0.08%	0.11%
Venezuela, Bolivar Rep of	0.05%	0.08%	0.10%	0.06%	0.03%	0.03%	0.04%	0.05%	0.07%	0.09%
Costa Rica	0.31%	0.28%	0.23%	0.16%	0.14%	0.16%	0.14%	0.10%	0.12%	0.09%
El Salvador	0.07%	0.05%	0.05%	0.11%	0.11%	0.13%	0.13%	0.13%	0.16%	0.08%
Chile	0.15%	0.14%	0.17%	0.15%	0.13%	0.19%	0.12%	0.12%	0.10%	0.07%
Trinidad and Tobago	0.27%	0.28%	0.30%	0.24%	0.17%	0.13%	0.18%	0.11%	0.08%	0.06%
Cuba	0.06%	0.05%	0.07%	0.09%	0.08%	0.07%	0.13%	0.12%	0.18%	0.05%
Bolivia	0.05%	0.07%	0.07%	0.08%	0.08%	0.10%	0.09%	0.08%	0.06%	n.a.

Note: Derived from f.o.b. value of exports of cocoa beans and cocoa products and total country merchandise exports published by the FAO (FAOSTAT data, 2008), IMF country reports, various national cocoa boards.

TABLE 8
COCOA PRODUCTS AS PERCENTAGE OF ALL COCOA EXPORTS (BY VALUE)

Country	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Brazil	79%	96%	95%	97%	99%	98%	97%	99%	99%	99%
Colombia	95%	93%	92%	98%	95%	98%	92%	93%	100%	99%
Guatemala	99%	100%	93%	84%	95%	99%	99%	98%	100%	99%
Mexico	74%	63%	70%	88%	99%	98%	97%	97%	100%	99%
Bolivia	63%	57%	60%	69%	61%	76%	71%	68%	63%	99%
India	100%	100%	100%	100%	99%	99%	99%	99%	99%	98%
Malaysia	77%	99%	88%	85%	94%	91%	87%	93%	92%	96%
Peru	99%	100%	98%	97%	100%	98%	93%	94%	95%	94%
Costa Rica	95%	98%	99%	98%	92%	96%	94%	96%	91%	93%
Trinidad and Tobago	60%	64%	68%	60%	63%	70%	54%	56%	55%	61%
Dominican Republic	9%	12%	9%	24%	23%	14%	13%	13%	18%	33%
Ecuador	44%	55%	59%	40%	51%	36%	29%	28%	33%	33%
Venezuela, Bolivar Rep of	25%	23%	25%	33%	53%	60%	49%	40%	37%	32%
Indonesia	30%	30%	24%	30%	31%	29%	26%	34%	33%	30%
Côte d'Ivoire	13%	13%	18%	18%	17%	21%	21%	23%	27%	29%
Panama	68%	77%	26%	10%	18%	55%	67%	45%	12%	20%
Cameroon	17%	21%	23%	20%	30%	22%	19%	29%	14%	15%
Ghana	15%	16%	10%	13%	15%	11%	13%	10%	10%	10%
Nigeria	11%	17%	14%	14%	0%	8%	8%	6%	9%	n.a.
Nicaragua	34%	80%	100%	37%	11%	4%	6%	0%	0%	5%
Togo	0%	0%	0%	4%	0%	0%	0%	0%	0%	0%
Papua New Guinea	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%

Note: Derived from f.o.b. value of exports of cocoa beans and cocoa products published by the FAO (FAOSTAT data, 2008), IMF country reports, various national cocoa boards.

TABLE 9
NET IMPORTS OF COCOA BY COUNTRY a/

Country/Region	2001/02	2002/03	2003/04	2004/05	2005/06	5-year average 2001/02-2005/06		
	(thousand tonnes)							Share
World Total	2541	2708	2867	3010	3150	2855	100.00%	
Total Europe	1501	1667	1554	1664	1726	1623	56.83%	
Total Americas	736	701	942	948	980	861	30.17%	
Total Asia and Oceania	271	308	340	358	404	336	11.78%	
Total Africa	32	32	31	39	40	35	1.22%	
<i>Members:</i>	1425	1589	1473	1568	1619	1535	53.75%	
Germany	m	349.57	349.58	370.99	350.28	392.18	362.52	12.70%
France	m	183.21	184.46	198.12	213.31	210.38	197.90	6.93%
United Kingdom	m	139.75	171.79	173.92	197.98	201.51	176.99	6.20%
Belgium	m	142.99	165.98	152.21	153.69	179.98	158.97	5.57%
Russian Federation	m	136.05	126.18	137.05	156.33	162.30	143.58	5.03%
Italy	m	110.37	114.11	89.77	111.61	108.95	106.96	3.75%
Poland	m	63.79	70.51	76.70	80.76	83.92	75.14	2.63%
Spain	m	58.12	67.13	77.44	77.54	93.52	74.75	2.62%
Switzerland	m	49.55	58.84	58.00	67.38	70.40	60.83	2.13%
Austria	m	29.60	28.69	32.33	25.36	15.49	26.30	0.92%
Ireland	m	27.22	20.17	18.64	31.48	22.07	23.92	0.84%
Sweden	m	20.33	19.68	19.07	18.13	15.59	18.56	0.65%
Greece	m	15.29	14.72	13.66	16.18	15.78	15.13	0.53%
Czech Republic	m	13.01	14.72	9.78	11.56	12.47	12.30	0.43%
Hungary	m	14.59	12.74	10.25	9.72	10.26	11.51	0.40%
Denmark	m	8.82	8.52	8.19	19.42	10.23	11.04	0.39%
Romania	m	9.92	9.19	11.02	12.60	11.77	10.90	0.38%
Finland	m	10.64	10.86	10.58	10.29	10.95	10.66	0.37%
Estonia	m	5.58	1.71	15.88	-4.66	30.70	9.84	0.34%
Slovak Republic	m	7.51	7.68	9.55	8.62	9.78	8.63	0.30%
Bulgaria	m	1.61	2.04	3.26	7.41	10.02	4.87	0.17%
Portugal	m	3.44	3.18	3.33	4.11	3.62	3.53	0.12%
Lithuania	m	3.25	3.14	2.32	3.38	4.02	3.22	0.11%
Netherlands	m	17.19	119.34	-33.54	-19.19	-71.44	2.47	0.09%
Latvia	m	1.94	2.04	2.66	2.27	2.28	2.24	0.08%
Slovenia	m	1.46	1.43	1.56	1.70	1.79	1.59	0.06%
Cyprus	m	0.46	0.34	0.38	0.33	0.28	0.36	0.01%
Luxembourg	m	0.04	0.09	0.08	0.10	0.15	0.09	0.00%
Malta	m	0.07	0.03	0.05	0.04	0.03	0.05	0.00%

TABLE 9 (CONTINUED)

Country/Region	2001/02	2002/03	2003/04	2004/05	2005/06	5-year average 2001/02-2005/06		
	(thousand tonnes)						Share	
United States	552.02	514.35	728.54	741.61	750.05	657.31	23.02%	
Canada	118.49	128.42	144.57	137.65	146.17	135.06	4.73%	
Japan	90.04	101.99	105.86	95.30	111.03	100.84	3.53%	
Australia	50.75	52.25	53.27	54.56	52.66	52.70	1.85%	
Ukraine	41.56	43.97	42.70	52.11	57.86	47.64	1.67%	
Turkey	31.45	40.00	55.93	45.39	65.36	47.63	1.67%	
Argentina	24.08	23.90	27.07	31.27	33.77	28.02	0.98%	
China	12.32	11.85	23.93	35.49	50.52	26.82	0.94%	
Mexico	21.39	16.33	21.28	19.42	17.91	19.27	0.67%	
Philippines	17.93	16.06	14.30	18.33	17.00	16.72	0.59%	
Singapore	7.12	16.93	13.96	18.24	22.36	15.72	0.55%	
Korea, Republic of	13.74	16.07	15.29	14.72	16.52	15.27	0.53%	
South Africa	12.17	12.48	11.87	15.15	14.81	13.30	0.47%	
Chile	11.06	10.01	11.76	12.63	13.46	11.78	0.41%	
New Zealand	11.54	10.51	11.17	10.34	11.34	10.98	0.38%	
Israel	7.91	9.60	9.95	13.44	11.44	10.47	0.37%	
Serbia and Montenegro	9.03	8.80	9.26	9.30	10.56	9.39	0.33%	
Norway	8.06	8.41	9.75	9.88	10.68	9.36	0.33%	
Iran	5.35	5.29	6.82	14.67	9.32	8.29	0.29%	
Thailand	5.65	7.90	7.54	10.47	5.05	7.32	0.26%	
Croatia	5.99	6.64	7.25	8.13	8.58	7.32	0.26%	
Belarus	7.29	6.86	5.75	7.76	8.34	7.20	0.25%	
Egypt	6.34	4.78	5.57	7.71	6.03	6.08	0.21%	
India	5.36	4.09	4.46	7.72	8.60	6.05	0.21%	
Algeria	4.16	7.35	5.03	6.13	6.93	5.92	0.21%	
Colombia	4.02	3.91	4.93	1.51	12.86	5.45	0.19%	
Syrian Arab Republic	3.65	4.93	5.45	5.63	7.33	5.40	0.19%	
Tunisia	6.23	4.04	4.55	5.66	6.02	5.30	0.19%	
Saudi Arabia	3.09	4.55	4.69	5.95	6.57	4.97	0.17%	
Kazakhstan	1.22	0.77	3.28	5.68	6.65	3.52	0.12%	
Morocco	2.95	3.00	2.99	3.11	4.41	3.29	0.12%	
Lebanon	1.33	1.17	1.60	2.33	2.05	1.69	0.06%	
Vietnam	1.25	1.46	1.61	1.75	1.88	1.59	0.06%	
Uruguay	1.59	1.25	1.39	1.56	2.15	1.59	0.06%	
Pakistan	0.99	1.02	1.25	1.43	2.12	1.36	0.05%	
Guatemala	1.08	0.94	1.40	1.19	1.19	1.16	0.04%	
Sri Lanka	0.82	0.92	1.02	1.15	1.38	1.06	0.04%	
Jordan	0.75	0.90	1.20	1.13	1.24	1.04	0.04%	
Iceland	0.71	0.85	0.83	0.94	0.86	0.84	0.03%	
Republic of Moldova	0.56	0.41	0.77	0.75	0.70	0.64	0.02%	
Bolivia	0.52	0.35	0.56	0.85	0.89	0.63	0.02%	
Kenya	0.33	0.42	0.30	1.07	1.04	0.63	0.02%	
El Salvador	0.57	0.66	-0.14	0.55	1.06	0.54	0.02%	
Bosnia and Herzegovina	0.33	0.40	0.40	0.52	0.84	0.50	0.02%	
Macedonia (FYR)	0.40	0.53	0.45	0.58	0.36	0.46	0.02%	
Costa Rica	0.95	0.40	0.76	-0.29	0.37	0.44	0.02%	
Uzbekistan	0.21	0.46	0.18	0.45	0.72	0.40	0.01%	
Kuwait	0.25	0.63	0.28	0.32	0.43	0.38	0.01%	
Azerbaijan	-	-	0.31	0.35	0.57	0.25	0.01%	
Libyan Arab Jamahiriya	0.06	0.20	0.28	0.31	0.22	0.21	0.01%	

Notes: a/ Net imports of cocoa beans plus net imports of cocoa products converted to beans equivalent using the following conversion factors: cocoa butter 1.33; cocoa paste/liquor 1.25; cocoa powder and cake 1.18.

Totals may differ from sum of constituents due to rounding.

TABLE 10
GRINDINGS OF COCOA BEANS BY COUNTRY

Country		2003/04	2004/05	2005/06	2006/07	2007/08	2003/04	2004/05	2005/06	2006/07	2007/08
		Estimates					Forecasts	Year-on-year change			
(thousand tonnes)											
EUROPE											
European Community:											
Austria	m	26.7	21.6	9.0	10.4	10.0	+ 2.6	- 5.1	- 12.6	+ 1.4	- 0.4
Belgium	m	50.0	40.9	50.0	55.0	55.0	- 5.0	- 9.1	+ 9.1	+ 5.0	-
Bulgaria	m	0.7	0.3	-	-	-	+ 0.3	- 0.4	- 0.3	-	-
Czech Republic	m	14.7	-	-	-	-	- 1.5	- 14.7	-	-	-
Denmark	m	0.2	15.0	10.0	3.8	3.0	- 0.1	+ 14.8	- 5.0	- 6.2	- 0.8
Estonia	m	0.1	0.1	0.1	0.1	0.1	-	-	-	-	-
France	m	150.2	148.2	155.2	161.9	165.0	+ 5.2	- 2.0	+ 7.0	+ 6.7	+ 3.1
Germany	m	224.5	235.2	306.5	356.7	410.0	+ 31.8	+ 10.7	+ 71.3	+ 50.2	+ 53.3
Greece	m	3.5	5.4	4.5	4.4	4.5	- 0.3	+ 1.9	- 0.9	- 0.1	+ 0.1
Ireland	m	10.2	20.0	17.0	13.4	13.0	- 0.2	+ 9.8	- 3.0	- 3.6	- 0.4
Italy	m	66.0	66.7	61.8	70.0	70.0	- 2.0	+ 0.7	- 4.9	+ 8.2	-
Latvia	m	2.0	1.6	1.6	1.7	1.7	+ 0.7	- 0.4	-	+ 0.1	-
Lithuania	m	4.5	2.2	0.6	0.6	0.5	- 2.5	- 2.3	- 1.6	-	- 0.1
Netherlands	m	445.0	460.0	455.0	470.0	465.0	- 5.0	+ 15.0	- 5.0	+ 15.0	- 5.0
Poland	m	21.1	20.3	22.2	19.8	20.0	+ 0.2	- 0.8	+ 1.9	- 2.4	+ 0.2
Portugal	m	-	0.1	0.1	0.1	0.1	- 0.1	+ 0.1	-	-	-
Romania	m	0.2	0.3	0.1	0.1	0.1	+ 0.0	+ 0.1	- 0.2	-	-
Slovak Republic	m	10.3	9.7	10.1	10.5	11.0	+ 0.8	- 0.6	+ 0.4	+ 0.4	+ 0.5
Spain	m	67.2	72.2	75.7	82.7	85.0	+ 5.4	+ 5.0	+ 3.5	+ 7.0	+ 2.3
United Kingdom	m	130.0	125.0	137.8	132.0	130.0	- 3.0	- 5.0	+ 12.8	- 5.8	- 2.0
Total European Community		1227.1	1244.8	1317.2	1393.2	1444.0	+ 27.3	+ 17.6	+ 72.4	+ 76.0	+ 50.8
Switzerland	m	24.6	30.5	33.4	37.3	40.0	- 1.4	+ 5.9	+ 2.9	+ 3.9	+ 2.7
Former USSR:											
Belarus		4.9	5.5	6.0	5.9	6.0	+ 0.8	+ 0.6	+ 0.5	- 0.1	+ 0.1
Georgia		0.1	-	-	-	-	-	- 0.1	-	-	-
Kazakhstan		2.7	4.9	5.9	6.7	7.0	+ 1.7	+ 2.2	+ 1.0	+ 0.8	+ 0.3
Republic of Moldova		0.5	0.5	0.5	0.5	0.5	-	-	-	-	-
Russian Federation	m	64.5	67.7	69.5	64.4	65.0	+ 1.4	+ 3.2	+ 1.8	- 5.1	+ 0.6
Ukraine		14.5	17.1	16.8	19.7	20.0	- 2.0	+ 2.6	- 0.3	+ 2.9	+ 0.3
Former Yugoslavia:											
Croatia		5.3	5.0	3.9	2.3	2.0	+ 0.1	- 0.3	- 1.1	- 1.6	- 0.3
Macedonia (FYR)		0.1	0.1	-	-	-	- 0.1	+ 0.1	- 0.1	-	-
Serbia and Montenegro		3.2	2.9	3.8	3.6	3.5	-	- 0.3	+ 0.9	- 0.2	- 0.1
Total Europe		1347.5	1379.0	1457.0	1533.6	1588.0	+ 27.9	+ 31.5	+ 78.0	+ 76.6	+ 54.4
AFRICA											
Algeria		3.3	3.7	5.1	3.5	3.5	- 3.5	+ 0.4	+ 1.4	- 1.6	-
Cameroon	m	22.9	22.2	23.7	20.5	21.0	- 3.1	- 0.7	+ 1.6	- 3.2	+ 0.5
Côte d'Ivoire	m	335.2	363.9	335.8	360.0	360.0	+ 19.8	+ 28.7	- 28.1	+ 24.3	- 0.0
Egypt		0.5	0.5	0.5	0.5	0.5	-	-	- 0.1	+ 0.1	-
Ghana	m	76.5	80.1	85.4	120.7	150.0	+ 1.5	+ 3.7	+ 5.3	+ 35.3	+ 29.3
Nigeria	m	18.6	22.0	28.0	30.0	28.0	+ 4.0	+ 3.4	+ 6.0	+ 2.0	- 2.0
South Africa		2.5	3.7	1.2	0.1	0.1	- 1.2	+ 1.2	- 2.5	- 1.1	-
Other Africa		4.5	4.5	5.0	5.0	6.0	-	-	+ 0.5	-	+ 1.0
Total Africa		464.0	500.6	484.7	540.4	569.1	+ 17.4	+ 36.6	- 15.9	+ 55.7	+ 28.7

TABLE 10 (CONTINUED)

Country	2003/04	2004/05	2005/06	2006/07 Estimate	2007/08 Forecast	2003/04	2004/05	2005/06	2006/07	2007/08	
						Year-on-year change					
(thousand tonnes)											
AMERICA											
Argentina	0.2	0.2	0.2	0.2	0.2	-	-	-	-	+ 0.0	
Bolivia	2.3	2.3	2.3	2.3	2.3	-	-	-	-	-	
Brazil	m	206.8	208.8	222.7	224.0	230.0	+ 11.3	+ 2.1	+ 13.8	+ 1.3	+ 6.1
Canada		71.7	65.0	76.2	66.0	65.0	+ 15.0	- 6.7	+ 11.2	- 10.2	- 1.0
Colombia		43.5	42.6	49.7	47.0	50.5	+ 2.7	- 1.0	+ 7.1	- 2.7	+ 3.5
Costa Rica		4.5	4.5	4.5	4.5	4.5	-	-	-	-	-
Cuba		2.0	2.0	2.0	2.0	2.0	-	-	-	-	-
Dominican Republic	m	4.9	4.3	4.7	5.7	5.8	- 0.6	- 0.6	+ 0.4	+ 1.0	+ 0.1
Ecuador	m	31.1	32.6	23.3	13.3	13.5	+ 5.0	+ 1.5	- 9.3	- 10.1	+ 0.2
Guatemala		0.8	0.8	0.8	0.8	0.8	-	-	-	-	-
Honduras		1.6	1.6	1.6	1.6	1.6	-	-	-	-	-
Jamaica		0.1	0.1	0.2	0.2	0.2	-	-	+ 0.1	-	-
Mexico		46.0	41.0	35.0	35.0	30.0	+ 2.0	- 5.0	- 6.0	-	- 5.0
Panama		0.9	0.9	0.9	0.9	0.9	-	-	-	-	-
Peru		15.7	17.6	17.8	17.0	17.0	+ 1.3	+ 1.9	+ 0.1	- 0.8	-
Trinidad and Tobago	m	0.3	0.3	0.3	0.3	0.3	-	-	-	-	-
United States		410.0	418.6	432.4	417.9	415.0	-	+ 8.6	+ 13.7	- 14.4	- 2.9
Uruguay		0.6	0.6	0.6	0.6	0.6	+ 0.1	-	-	-	-
Venezuela	m	8.2	8.2	5.0	5.0	5.0	+ 1.2	-	- 3.2	-	-
Other Americas		0.4	0.4	0.4	0.4	0.4	-	-	-	-	-
Total Americas		851.6	852.5	880.5	844.7	845.6	+ 38.0	+ 0.9	+ 28.0	- 35.9	+ 1.0
ASIA AND OCEANIA											
China		19.5	35.5	45.5	37.6	40.0	+ 8.0	+ 16.0	+ 10.0	- 7.9	+ 2.4
India		10.0	12.0	14.0	18.0	20.0	-	+ 2.0	+ 2.0	+ 4.0	+ 2.0
Indonesia		120.0	115.0	130.0	130.0	135.0	+ 5.0	- 5.0	+ 15.0	-	+ 5.0
Iran		2.0	5.9	3.6	5.0	5.0	+ 1.2	+ 3.9	- 2.3	+ 1.4	-
Israel		1.3	1.3	1.3	1.3	1.3	- 0.5	-	-	-	-
Japan		55.7	50.8	59.8	51.3	51.0	+ 1.9	- 4.9	+ 9.0	- 8.5	- 0.3
Korea, Republic of		3.6	3.1	3.9	7.2	7.0	- 0.2	- 0.5	+ 0.8	+ 3.3	- 0.2
Malaysia	m	203.0	248.5	264.8	301.5	300.0	+ 53.0	+ 45.5	+ 16.4	+ 36.6	- 1.5
New Zealand		0.4	0.5	0.6	0.7	0.7	-	+ 0.1	+ 0.1	+ 0.1	-
Philippines		8.0	6.0	6.0	6.0	6.0	- 4.0	- 2.0	-	-	-
Singapore		65.0	61.1	68.7	85.0	75.0	- 2.3	- 3.9	+ 7.6	+ 16.3	- 10.0
Sri Lanka		1.5	1.5	1.5	1.5	1.5	-	-	-	-	-
Thailand		18.9	19.7	18.2	21.8	21.0	- 1.9	+ 0.8	- 1.5	+ 3.6	- 0.8
Turkey		65.0	60.0	65.0	55.0	60.0	+ 15.3	- 5.0	+ 5.0	- 10.0	+ 5.0
Other Asia and Oceania		0.8	0.8	0.8	0.8	0.8	-	-	-	-	-
Total Asia and Oceania		574.7	621.7	683.7	722.7	724.3	+ 75.5	+ 47.0	+ 62.0	+ 39.0	+ 1.6
World total		3237.7	3353.8	3505.9	3641.3	3727.0	+ 158.8	+ 116.0	+ 152.1	+ 135.5	+ 85.7
Total for members		2223.7	2333.9	2413.8	2575.9	2662.6	+ 119.3	+ 110.3	+ 79.9	+ 162.1	+ 86.7
Share of members		68.7%	69.6%	68.9%	70.7%	71.4%					
Origin grindings		1186.1	1261.4	1281.3	1372.7	1410.5	+ 97.0	+ 75.3	+ 19.9	+ 91.4	+ 37.8
Share of origins		36.6%	37.6%	36.5%	37.7%	37.8%					

TABLE 11
ESTIMATED GRINDINGS OF COCOA BEANS BY COMPANY a/

Group/Company	2000/01	2003/04	2006/07 b/
	<i>(in thousand tonnes)</i>		
Cargill	410	440	520
Archer Daniels Midland	500	470	500
Barry Callebaut	360	400	440
Petra Foods	n.a.	160	250
Blommer	110	170	190
Nestle	250	150	85
Cadbury	100	100	85
Cantalou/Cemoi	120	90	75
Ferrero	50	70	70
Schokinag	50	60	70
Schwarteuer Werke (KVB)	n.a.	60	70
Kraft Foods Inc.	70	60	60
Altinmarka	n.a.	n.a.	55
Guan Chong	n.a.	n.a.	50
Mars	50	50	45
Hershey Co.	90	70	20
Others	940	850	1015
Total	3100	3200	3600

Notes: a/ Derived from ICCO informal surveys
b/ Data for the 2006/07 season are provisional

TABLE 12
APPARENT DOMESTIC CONSUMPTION OF COCOA, SELECTED COUNTRIES a/

Country	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	(thousand tonnes)								
World Total	2726	2765	2979	3001	2934	3011	3235	3291	3449
Total Europe	1353.0	1376.8	1451.7	1496.3	1503.6	1532.3	1626.6	1650.3	1703.1
Austria	22.2	32.5	33.8	30.6	28.1	27.8	33.2	30.0	30.0
Belgium/Luxembourg	55.0	55.1	53.1	58.7	56.4	60.3	61.2	56.2	58.2
Czech Republic	18.5	18.2	14.4	23.2	23.8	23.6	19.8	19.8	21.0
France	177.3	186.0	213.6	204.7	215.1	218.4	229.9	246.3	239.2
Germany	289.2	284.5	274.0	296.1	282.6	280.2	307.1	277.7	310.0
Greece	16.1	22.3	18.1	16.9	20.4	21.3	22.2	24.8	25.1
Italy	91.5	97.2	89.6	101.4	100.3	101.6	100.7	110.6	110.8
Netherlands	34.0	29.0	36.0	39.0	31.0	32.0	33.0	35.0	35.0
Poland	49.3	53.4	57.7	56.0	52.6	60.5	55.6	63.2	65.0
Spain	69.7	67.6	81.0	71.3	69.6	77.6	89.9	90.2	100.0
Sweden	19.4	16.8	15.8	17.4	18.3	17.6	20.0	19.3	14.5
United Kingdom	193.0	217.6	212.3	199.8	206.6	215.2	219.7	220.0	225.0
Norway	12.5	11.7	12.1	13.9	13.2	14.2	16.9	17.3	18.0
Switzerland	23.8	32.3	30.6	26.5	24.0	33.0	36.7	38.0	39.0
Russian Federation	116.8	95.4	140.9	172.8	180.2	166.8	177.4	183.6	178.1
Ukraine	24.5	24.9	23.9	18.0	19.0	20.0	21.0	20.0	20.7
Total Africa	55.0	60.1	63.1	65.4	66.4	71.1	73.9	82.8	85.6
Côte d'Ivoire	b/ 7.0	7.5	8.0	8.0	8.5	9.0	9.0	9.3	9.5
Egypt	6.6	8.9	9.9	8.5	7.3	5.2	6.9	8.7	5.9
Ghana	b/ 7.0	7.5	8.0	9.0	10.0	10.5	10.5	10.5	11.0
Nigeria	b/ 13.0	13.0	13.5	13.5	14.0	14.5	14.5	15.0	15.0
South Africa	8.0	9.9	9.6	11.9	10.2	10.9	12.6	15.7	16.0
Total Americas	1014.8	1019.7	1112.4	1070.2	1003.8	1028.9	1127.0	1124.2	1193.2
Argentina	28.9	29.3	26.9	26.9	15.8	15.3	19.3	23.0	25.7
Brazil	120.4	123.7	124.4	114.7	105.2	98.1	94.0	88.4	99.3
Canada	78.1	63.5	72.6	69.2	63.4	61.8	71.6	63.1	74.2
Chile	9.7	8.5	9.7	12.1	15.2	13.9	12.7	13.8	14.1
Colombia	36.6	42.1	38.7	35.4	33.1	37.3	33.8	35.0	42.6
Ecuador	b/ 5.2	5.5	6.0	6.0	4.5	5.0	7.7	5.8	6.0
Mexico	45.3	54.7	56.1	56.6	60.0	61.9	62.0	59.7	55.0
United States	654.1	656.2	736.9	702.3	663.0	689.0	775.0	781.1	821.5
Venezuela	7.3	7.5	7.8	10.8	8.2	7.4	12.1	14.8	14.0
Total Asia and Oceania	302.9	307.9	351.8	368.9	359.9	378.2	407.6	434.1	467.2
Australia	43.0	45.1	41.7	41.0	44.6	44.0	46.2	52.1	54.4
China	16.9	15.2	25.1	24.8	15.9	13.6	24.5	34.1	45.0
Indonesia	b/ 12.0	9.0	8.4	9.0	9.5	11.0	12.0	12.5	13.0
Israel	11.4	10.2	11.0	9.1	11.1	12.5	13.3	17.6	16.5
Japan	124.0	131.9	143.7	146.9	146.0	153.7	162.6	152.6	165.0
Korea, Republic of	6.6	6.5	9.7	9.4	10.7	12.6	15.1	16.0	17.0
Malaysia	b/ 14.0	15.0	15.5	16.0	15.0	14.5	15.0	15.0	15.5
Philippines	17.2	21.8	24.0	29.7	28.8	26.7	26.2	28.9	27.1
Saudi Arabia	5.6	5.7	8.6	8.2	7.3	11.5	12.1	15.1	18.3
Turkey	15.9	12.9	11.3	18.5	15.8	20.0	20.0	21.0	22.0

Notes: a/ Calculated as grindings of cocoa beans plus net imports of cocoa products and of chocolate and chocolate products in beans equivalent using the following conversion factors: cocoa butter 1.33; cocoa paste/liquor 1.25; cocoa powder and cake 1.18; chocolate and chocolate products 0.40 or 0.20.

b/ Figures are provisional assumptions relating to domestic consumption. The data are not derived from annual grindings and trade statistics as described above because of data problems and additional complications with changes in stocks and with the appropriateness of conversion factors.

TABLE 13

PER CAPUT APPARENT DOMESTIC CONSUMPTION OF COCOA, SELECTED COUNTRIES ^{a/}

Country	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	(kilograms per head)								
World Average	0.52	0.52	0.55	0.55	0.53	0.54	0.57	0.58	0.60
World Average (excluding China, India and Indonesia) ^{b/}	0.96	0.96	1.01	1.00	0.97	0.98	1.04	1.04	1.08
Average Europe	1.698	1.729	1.822	1.874	1.881	1.913	2.026	2.050	2.107
Austria	2.777	4.066	4.225	3.809	3.481	3.426	4.067	3.645	3.628
Belgium/Luxembourg	5.179	5.165	4.966	5.475	5.228	5.570	5.629	5.136	5.297
Czech Republic	1.797	1.769	1.401	2.268	2.334	2.310	1.935	1.932	2.043
France	3.036	3.171	3.621	3.447	3.598	3.631	3.798	4.046	3.898
Germany	3.526	3.466	3.334	3.596	3.426	3.396	3.723	3.368	3.764
Greece	1.529	2.119	1.807	1.543	1.859	1.932	2.004	2.231	2.256
Italy	1.608	1.707	1.573	1.779	1.754	1.764	1.731	1.888	1.881
Netherlands	2.164	1.834	2.260	2.430	1.920	1.972	2.027	2.145	2.142
Poland	1.288	1.396	1.507	1.464	1.375	1.583	1.457	1.656	1.704
Spain	1.754	1.693	2.012	1.751	1.685	1.848	2.106	2.079	2.268
Sweden	2.193	1.896	1.787	1.955	2.051	1.962	2.221	2.132	1.600
United Kingdom	3.300	3.708	3.605	3.380	3.483	3.614	3.672	3.654	3.719
Norway	2.826	2.631	2.695	3.082	2.917	3.107	3.686	3.745	3.870
Switzerland	3.348	4.517	4.246	3.643	3.283	4.484	4.943	5.094	5.214
Russian Federation	0.791	0.648	0.961	1.184	1.240	1.154	1.233	1.283	1.237
Ukraine	0.488	0.502	0.486	0.370	0.394	0.418	0.444	0.425	0.444
Average Africa	0.121	0.129	0.133	0.133	0.132	0.137	0.139	0.152	0.155
Côte d'Ivoire ^{c/}	0.455	0.472	0.488	0.473	0.487	0.500	0.485	0.488	0.483
Egypt ^{c/}	0.107	0.143	0.154	0.131	0.109	0.076	0.097	0.118	0.080
Ghana ^{c/}	0.371	0.385	0.435	0.443	0.482	0.495	0.484	0.473	0.474
Nigeria ^{c/}	0.121	0.117	0.117	0.114	0.114	0.115	0.112	0.112	0.111
South Africa	0.190	0.231	0.221	0.269	0.225	0.236	0.271	0.335	0.338
Average Americas	1.286	1.274	1.371	1.293	1.198	1.213	1.313	1.294	1.356
Argentina	0.801	0.806	0.732	0.725	0.420	0.403	0.504	0.595	0.660
Brazil	0.724	0.733	0.726	0.660	0.596	0.548	0.517	0.480	0.532
Canada	2.589	2.089	2.365	2.230	2.020	1.951	2.239	1.953	2.276
Chile	0.647	0.561	0.633	0.778	0.967	0.875	0.787	0.846	0.861
Colombia	0.899	1.013	0.915	0.822	0.755	0.837	0.746	0.760	0.911
Ecuador ^{c/}	0.437	0.454	0.488	0.481	0.355	0.389	0.595	0.440	0.445
Mexico	0.473	0.563	0.570	0.568	0.595	0.607	0.602	0.575	0.524
United States	2.371	2.352	2.611	2.463	2.302	2.369	2.640	2.635	2.738
Venezuela	0.310	0.315	0.320	0.438	0.324	0.289	0.462	0.557	0.516
Average Asia and Oceania	0.095	0.095	0.106	0.110	0.106	0.110	0.118	0.124	0.132
Australia	2.299	2.385	2.179	2.113	2.269	2.210	2.296	2.555	2.629
China	0.014	0.012	0.020	0.020	0.012	0.011	0.019	0.026	0.034
Indonesia ^{c/}	0.059	0.043	0.040	0.043	0.045	0.051	0.055	0.057	0.058
Israel	1.913	1.656	1.754	1.415	1.694	1.866	1.950	2.546	2.339
Japan	0.981	1.041	1.133	1.155	1.145	1.203	1.273	1.195	1.291
Korea, Republic of	0.142	0.139	0.207	0.200	0.226	0.263	0.314	0.331	0.351
Malaysia ^{c/}	0.652	0.686	0.660	0.666	0.611	0.579	0.586	0.574	0.582
Philippines	0.229	0.283	0.314	0.381	0.362	0.330	0.317	0.339	0.312
Saudi Arabia	0.286	0.288	0.421	0.394	0.339	0.525	0.537	0.654	0.772
Turkey	0.243	0.195	0.168	0.271	0.228	0.284	0.281	0.292	0.301

Notes: a/ *Per caput* values based on population data published in the United Nations Monthly Bulletin of Statistics.

b/ Averages excluding China, India and Indonesia are shown to highlight the disproportionate effect of their large population on world *per caput* consumption.

c/ Figures are provisional assumptions relating to domestic consumption. The data are not derived from annual grindings and trade statistics as described above because of data problems and additional complications with changes in stocks and with the appropriateness of conversion factors.

TABLE 14
EVOLUTION OF TOTAL CHOCOLATE CONFECTIONERY CONSUMPTION IN SELECTED COUNTRIES

Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
	(thousand tonnes)									
United States	1466	1490	1493	1498	1441	1546	1558	1562	1646	1633
Germany	847	783	806	820	823	851	866	918	895	920
United Kingdom	496	516	517	551	539	591	600	614	615	624
France	395	403	404	410	406	414	414	439	424	445
Brazil	302	332	295	313	298	312	298	376	359	404
Japan	245	248	259	277	281	273	283	283	285	285
Italy	198	195	202	207	211	226	230	241	248	227
China	n.a.	n.a.	n.a.	n.a.	n.a.	137	173	150	155	157
Poland	n.a.	n.a.	n.a.	n.a.	n.a.	126	152	154	140	145
Spain a/	137	135	127	157	153	148	143	147	138	144
Australia	108	114	112	112	117	86	88	97	109	119
Canada	n.a.	n.a.	123	125	135	123	112	91	97	98
Belgium	87	99	81	82	74	92	90	99	116	97
Switzerland	73	72	75	77	81	80	76	80	80	76
Austria	62	66	61	60	71	64	61	73	78	68
Sweden	45	45	52	68	54	53	54	56	58	59
Netherlands a/	72	74	75	76	75	74	73	73	48	52
Denmark	48	48	43	44	46	50	47	47	42	42
Norway	38	38	38	37	39	38	40	42	40	41
Greece	30	30	30	31	29	31	33	35	36	38
Finland	20	21	31	31	34	34	35	36	36	37
Ireland	n.a.	n.a.	n.a.	n.a.	4	5	3	14	20	32
Portugal	16	16	28	28	16	17	19	16	12	12
Total of above	n.a.	n.a.	n.a.	n.a.	n.a.	5373	5447	5644	5677	5755
<i>(Year-on-year change)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>1.4%</i>	<i>3.6%</i>	<i>0.6%</i>	<i>1.4%</i>
Total of above (excl. Canada, China, Ireland and Poland)	4685	4725	4729	4879	4788	4980	5008	5234	5265	5323
<i>(Year-on-year change)</i>	<i>1.8%</i>	<i>0.9%</i>	<i>0.1%</i>	<i>3.2%</i>	<i>-1.9%</i>	<i>4.0%</i>	<i>0.6%</i>	<i>4.5%</i>	<i>0.6%</i>	<i>1.1%</i>

Sources: CAOBISCO, International Confectionery Association (ICA).

Notes: Data provided include consumption of white chocolate (HS17049030)

Totals may differ from sum of constituents due to rounding

a/ 2005 and 2006 figures are provisional

n.a.: not available

TABLE 15
EVOLUTION OF PER CAPUT CHOCOLATE CONFECTIONERY CONSUMPTION IN SELECTED COUNTRIES

Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
	<i>(kilos per caput)</i>									
Germany	10.32	9.55	9.82	9.97	10.00	10.32	10.50	11.13	10.85	11.16
United Kingdom	8.53	8.85	8.84	9.41	9.17	10.02	10.12	10.25	10.22	10.29
Switzerland	10.28	10.16	10.48	10.75	11.20	10.92	10.25	10.80	10.74	10.05
Belgium	8.54	9.68	7.95	8.05	7.22	8.88	8.69	9.49	11.10	9.25
Norway	8.52	8.52	8.44	8.13	8.61	8.27	8.66	9.19	8.53	8.76
Austria	7.69	8.16	7.49	7.37	8.70	7.99	7.55	9.07	9.49	8.22
Denmark	9.14	8.94	8.00	8.22	8.62	9.25	8.66	8.72	7.74	7.65
Ireland	n.a.	n.a.	n.a.	n.a.	1.15	1.22	0.86	3.50	4.88	7.64
France	6.79	6.92	6.91	6.97	6.87	6.96	6.91	7.29	6.78	7.07
Finland	3.95	4.02	6.00	6.02	6.49	6.53	6.69	6.92	6.77	6.92
Sweden	5.05	5.04	5.84	7.61	6.06	5.98	6.05	6.23	6.45	6.46
Australia	5.80	6.04	5.89	5.79	5.95	4.35	4.38	4.77	5.31	5.72
United States	5.47	5.51	5.38	5.32	5.06	5.36	5.36	5.31	5.55	5.45
Italy	3.47	3.42	3.54	3.62	3.67	3.94	4.00	4.17	4.26	3.90
Canada	n.a.	n.a.	4.00	4.10	4.10	3.90	3.90	3.90	3.90	3.90
Poland	n.a.	n.a.	n.a.	n.a.	n.a.	3.30	3.98	4.04	3.67	3.79
Spain a/	3.46	3.41	3.19	3.93	3.77	3.67	3.43	3.47	3.22	3.30
Greece	2.76	2.82	2.81	2.83	2.66	2.90	2.99	3.13	3.15	3.27
Netherlands a/	4.61	4.73	4.69	4.79	4.68	4.60	4.51	4.51	2.94	3.18
Japan	1.94	1.96	2.05	2.18	2.21	2.14	2.22	2.22	2.23	2.23
Brazil	1.89	2.05	1.80	1.84	1.72	1.77	1.69	2.07	1.94	2.16
Portugal	1.65	1.65	2.76	2.81	1.57	1.67	1.85	1.52	1.18	1.18
China	n.a.	n.a.	n.a.	n.a.	n.a.	0.11	0.13	0.12	0.12	0.12

Sources: CAOBISCO, International Confectionery Association (ICA).

Notes: Data provided include consumption of white chocolate (HS17049030)
Totals may differ from sum of constituents due to rounding
a/ 2005 and 2006 figures are provisional
n.a.: not available