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Towards a Sustainable Cocoa Chain: Power and possibilities within the cocoa and chocolate sector

Oxfam International
Abidjan, February 11, 2009





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- Make trade fair
- Mapping the cocoa chain
 - Where lies the power?
 - Where is the possibility to bring about change?



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PART I: the cocoa chain

- West Africa: 70% of world production
- Ghana and Ivory Coast, harvest year 2006-07: 56%
 - Ivory Coast: 1.370.000 tonnes
 - Ghana: 675.000 tonnes





Cocoa export: Ghana

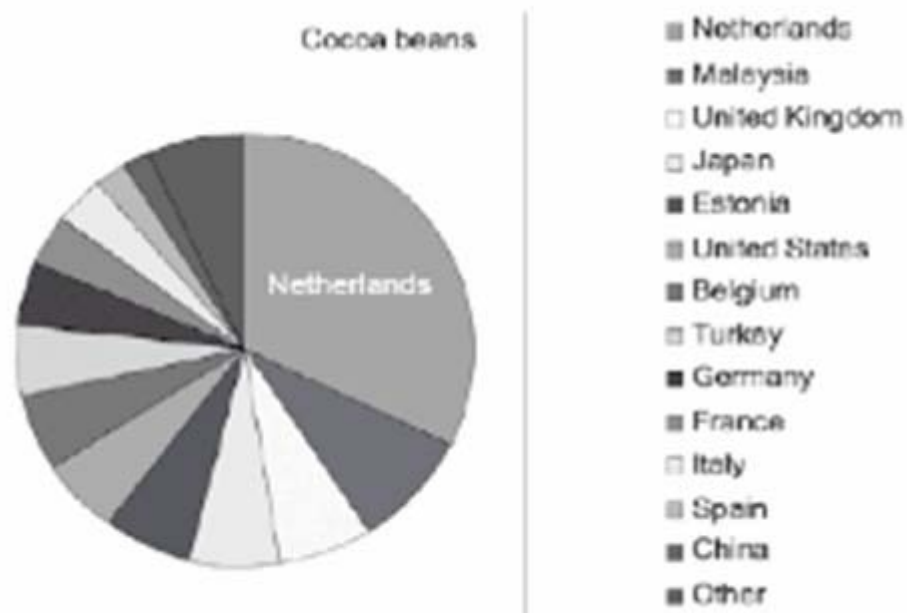
- 75% of export: the Netherlands, Malaysia, UK, Japan, Estonia, USA, Belgium, Turkey
- The Netherlands: by far largest importer





Cocoa export: Ghana

Import of cocoa beans
from Ghana





Cocoa export: Ivory Coast

- Export mainly to the Netherlands and USA
- 73% annual cocoa export purchased by eight companies





Cocoa export: Ivory Coast

Purchasing company	% purchase (2008)
Cargill	15.96%
SAF Cacao	12.54%
ADM Cacao	11.92%
Barry-Callebaut	9.03%
Outspan Ivoire-Olam	7.72%
CIPEXI-Continaf	6.75%
Tropival-ED&F Man	4.68%
Cocaf Ivoire-Noble	4.10%
Total	73%





Local processing: Ghana

Company	Capacity	Future capacity
Barry-Callebaut	60.000t	n/a
West African Mills	75.000t	n/a
Cocoa Processing Company	30.000t	65.000t
Afro Tropic Cocoa Processing	15.000t	45.000t





Local processing: Ivory Coast

Company	Capacity	Future capacity
Micao (Cargill)	125.505t	n/a
Saco (BC)	101.632t	n/a
Unicao (ADM)	76.581t	n/a
Cemoi	29.662t	n/a
Condicafe	3.000t	70.000t
Pronibex	10.000t	n/a
Chocodi (BC)	31t	n/a





Export of processed products

- Local grinding: cocoa shells, cocoa paste, cocoa butter, cocoa powder
- Large percentage is exported
- Policies to stimulate local processing





Price of cocoa

- International cocoa market price

LIFFE – NYBOT

- Government policies in exporting countries





International Market Price

- Higher, not sustainable
- Many steps in the supply chain
- Low cocoa production per farmer per harvest





Grinding capacity

Company	2000-01	2003-04	2006-07
Cargill	410.000t	440.000t	500.000t
ADM	500.000t	470.000t	500.000t
Barry- Callebaut	360.000t	400.000t	440.000t
Petra Foods	68.000t	160.000t	250.000t
Blommer	110.000t	170.000t	190.000t





Changes in grinding capacity

- Various shifts in past 7 years:
 - Cargill / Barry-Callebaut: 22% increase
 - ADM: maintained grinding capacity
 - Petra Foods: 135% increase (2001-2003)

- Phase out cocoa grinding: supply agreements





Chocolate / chocolate & confectionery

Company	Chocolate	Chocolate & confectionery
Mars	14.7%	8.9%
Nestlé	12.5%	7.7%
Hershey	8.3%	5.5%
Kraft	7.8%	4.3%
Cadbury	7.3%	10.1%
Ferrero	6.8%	4.2%



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PART II: towards sustainability

- All parties in chain: responsibility
- Recommendations to three parties:
 - EU
 - Companies
 - National governments of Ghana and Ivory Coast





Recommendations EU

- obligatory transparency mechanisms
- a monitoring service with power to investigate and halt abuses
- external control of the LIFFE futures market.





Recommendations to companies

- Respect legislation and rules:
 - National legislation
 - International fundamental human rights & core ILO conventions





Recommendations to companies

- Transparency - communication to consumers
- Integrated approach
- Evaluate and improve impact of purchasing practices





Recommendations to producing countries

- Keep chain short and efficient
 - Regulate licensing procedures for traders
 - Control internal cocoa market
 - Quality control





Recommendations to producing countries

- Reinvest government income (e.g. from export taxes) in cocoa farmers
- Increase transparency, also for farmers
- Support cooperation between farmers and farmers, trade unions and local community organizations



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