Cocoa supply & demand: what to expect in the coming years?

London, 22 September 2015
The “chocapocalypse 2020”

“No more chocolates by 2020!”
“Chocolate bars may get replaced by slabs of palm oil and vegetable fats packed with raisins and nougat by 2020”
*The Times of India* – 13 April 2014

“Don’t panic, but we could be running out of chocolate”
“By 2020, the world could see a chocolate deficit of 1m tonnes”
*The Telegraph* – 17 November 2014

“We'll run out of cocoa in just SEVEN years!”
“The world will officially run out on October 2, 2020”
*Star Sunday* – 6 October 2013

Enjoy today’s Easter eggs: they could soon become a luxury
*The Observer* – 4 April 2015

“Manufacturers warn that the world may soon run out of chocolate!”
*The Week* – 17 November 2014
Trend in supply & demand

Net Production

Grindings

Thousands of tonnes

Development of cocoa prices, in relation to cocoa availability

18 July 1977: max US$18,000 per tonne

24 Nov 2000: min US$1,000 per tonne

Today: over US$3,300 per tonne

Stocks-to-grindings ratio (right scale)
ICCO daily price US$/tonne (current)
ICCO daily price US$/tonne (2013/14 terms)
World cocoa production (gross)
2014/15 forecast: 4.192 million tonnes

Latin America: 18%
(744,000 tonnes)

Africa: 72%
(3.013 million tonnes)

Asia & Oceania: 10%
(435,000 tonnes)
Cocoa production: top 12
(thousand tonnes)

- Côte d'Ivoire: 1760 (Estimates), 1746 (Forecasts)
- Ghana: 897 (Estimates), 720 (Forecasts)
- Indonesia: 375 (Estimates), 350 (Forecasts)
- Ecuador: 234 (Estimates), 250 (Forecasts)
- Brazil: 228 (Estimates), 230 (Forecasts)
- Cameroon: 211 (Estimates), 230 (Forecasts)
- Nigeria: 248 (Estimates), 210 (Forecasts)
- Peru: 76 (Estimates), 78 (Forecasts)
- Dominican Republic: 49 (Estimates), 51 (Forecasts)
- Colombia: 70 (Estimates), 70 (Forecasts)
- Papua New Guinea: 36 (Estimates), 30 (Forecasts)
- Mexico: 30 (Estimates), 30 (Forecasts)

Source: ICCO
Main factors influencing cocoa production and farm profitability

Business environment

- Ease of doing business
- Regulations and taxation
- Infrastructures
- Qualified labour availability and cost
- Policy support to the cocoa sector

Agronomic factors

- Farming system used (from agroforestry model to intensive, productivity-orientated model, often without shade of any kind (full-sun),
- Level of farm crop diversity
- Variety of the cocoa used: yield, resistance to pests and diseases, quality traits
- Age of the trees
- Level of husbandry – Good Agricultural practices
- Use of inputs (labour, use of phytosanitary products and fertilizers)
- Weather condition
- Presence of pests and diseases

Economic factors

- Price of cocoa beans
- Cost of inputs
World cocoa grindings
2014/15 forecast: 4.131 million tonnes

Europe and Russia: 38%
(1.571 million tonnes)

Asia & Oceania: 20%
(831,000 tonnes)

Americas: 21%
(875,000 tonnes)

Africa: 21%
(855,000 tonnes)
Regional cocoa grindings
(thousand tonnes)
Cocoa processing: top 15 (thousand tonnes)

- Côte d'Ivoire: 519,560
- Netherlands: 528
- United States: 446
- Germany: 406,412
- Indonesia: 404,322
- Brazil: 312
- Ghana: 240,220
- Malaysia: 234,200
- France: 259
- Spain: 135,126
- Belgium: 98,96
- Turkey: 91,89
- Italy: 88,81
- Singapore: 73
- United Kingdom: 78

Source: ICCO
Cocoa apparent consumption

Cocoa year 2008/09

Asia & Oceania: 15%
Latin America: 9%
North America: 24%
Europe: 39%
Africa: 3%
Other Europe: 10%

Cocoa year 2013/14

Asia & Oceania: 17%
Latin America: 9%
North America: 23%
Europe: 36%
Other Europe: 10%
Africa: 4%

Source: ICCO, Quarterly Bulletin of Cocoa Statistics
Growth in cocoa consumption

The graph illustrates the growth in cocoa consumption from 2008/09 to 2013/14 across various regions. The world's cocoa consumption increased by 51%, while mature markets saw a 28% increase. Emerging markets had a 31% increase, Africa showed a 23% increase, Latin America had a 12% increase, and Australia, Japan, and New Zealand saw a 2% increase. The US and Canada experienced a 8% increase, other European countries had a 10% increase, and EU+ Switzerland showed a 6% increase.
# What about China and India?

<table>
<thead>
<tr>
<th></th>
<th>Retail Chocolate confectionery consumption (in thousand tonnes)</th>
<th>Cocoa consumption (in thousand tonnes)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>World</td>
<td>China &amp; India</td>
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<tr>
<td>2012/13</td>
<td>6,946</td>
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<td>2013/14</td>
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<td>2017/18</td>
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<td>2018/19</td>
<td>7,796</td>
<td>502</td>
</tr>
</tbody>
</table>

**Annual growth 2013/14 - 2018/19**

- Retail Chocolate confectionery consumption: 2.0% 7.9%
- Cocoa consumption: 2.2% 7.9%

Source: Euromonitor, ICCO
ICCO Forecasts for cocoa supply and demand

Note: These forecasts are the result of the ICCO econometric model on the World Cocoa Economy. The model is based on past information and does not take into account new policies set up to support the cocoa sector as well as abnormal weather condition. The aim of the model is to provide a likely trend with a view to adapt government policies and investments. Due caution should be used in using these forecasts.

Source: ICCO