



INTERNATIONAL COCOA ORGANIZATION
ORGANISATION INTERNATIONALE DU CACA
МЕЖДУНАРОДНАЯ ОРГАНИЗАЦИЯ ПО КАКАО
ORGANIZACION INTERNACIONAL DEL CACA



ED(MEM)992

Original: ENGLISH

International Cocoa Organization
Westgate House, Westgate Road
Ealing
LONDON W5 1YY
United Kingdom

Telephone: +44-208-991-6000

Fax No: + 44-208-997-4372

To: All Members and Observers

From: The Executive Director

Subject: CONFERENCE ON THE COCOA MARKET OUTLOOK
Holiday Inn Hotel, Wembley, London, Tuesday, 22 September 2015

The Executive Director presents his compliments and has the honour to inform Members and Observers of the arrangements for the one-day Conference to review the situation and prospects for the world cocoa market, to be held at the Holiday Inn Hotel, London, United Kingdom on Tuesday, 22 September 2015. The Conference forms part of the work programme of the Organization for the 2014/2015 cocoa year and the review of the draft programme for the event was undertaken by the Economics Committee at its fifth meeting in March 2015.

The Conference is intended for relevant officials, policy makers and market analysts from institutions in charge of the cocoa sector in ICCO Member countries and for other stakeholders (private sector, academia, etc.) with an interest in the current characteristics and future developments in cocoa supply and demand.

The announcement, registration form and a provisional programme for the Conference are attached to this document.

Participation in the Conference will be free of charge to ICCO official delegates, as this event will form part of the 92nd regular session of the International Cocoa Council and meetings of its subsidiary bodies, scheduled to take place from 21-25 September 2015 at the same venue. Lunch will be provided to all Conference participants. ICCO official delegates do not need to register to attend, while members of the Consultative Board and observers do need to register to participate.

All enquiries about the seminar programme should be directed to Mr. Laurent Pipitone, Director of the Economics and Statistics Division (Telephone: +44 20 8991 6005 / 00; Email: laurent.pipitone@icco.org).

All enquiries related to registration and other practical arrangements should be directed to Mr. Philippe Pestelle, Marketing & Event Coordinator (Telephone: +44 20 8991 6019 / 00; Email: philippe.pestelle@icco.org).

9 June 2015



COCOA MARKET OUTLOOK CONFERENCE

PROSPECTS FOR THE 2015/2016 SEASON AND CURRENT TRENDS IN SUPPLY AND DEMAND FOR COCOA

- FIRST ANNOUNCEMENT -

Tuesday, 22 September 2015, Holiday Inn Hotel, Wembley, London

INTRODUCTION

World supply and demand for cocoa have both risen at an average annual growth rate of 2.5% over the past 50 years. However, global cocoa bean supply and demand have been characterized by relatively wide year-on-year fluctuations. This is particularly the case for production, which has deviated considerably from its long-term trend on many occasions, due mainly to the influence of climatic factors. On the demand side, cocoa grindings have been growing at a steadier yearly pace. The significant supply deficits or surpluses experienced over the years, often attributed to the high variability of cocoa production, are not seen as a major source of concern as long as these occurrences are not structural in nature.

However, for the first time since the 1970s, perceived uncertainty about adequate supply of cocoa, raised concerns particularly within the cocoa and chocolate industry. Productivity has not improved significantly over the years; and cocoa farming is not being seen as an attractive business proposition for the new generation of younger farmers, often attracted by alternative tropical soft commodities seen as more remunerative, or even more by urban life. This has been particularly the case in Asia, a region which was previously seen as a very promising origin for the supply of cocoa, but which now seems not able to live up to these expectations. As a consequence, the over-reliance on West African beans (already 73% of world supply) has been rising in recent years, putting the cocoa and chocolate industry at a potential risk. This accumulation of factors led some analysts to make the startling prediction that the world may run out of cocoa beans in a few years' time, leaving chocolate consumers confused.

On the other hand, demand for cocoa and chocolate products has been expanding in new markets and new trends are developing. Indeed, two thirds of the growth in demand for cocoa in the past five years originated from developing and emerging economies, due to the rapid growth of the middle and upper classes in these countries. Meanwhile, traditional markets in the developed economies are moving towards healthier and premium chocolate products, increasing the price range offered for these products.

OBJECTIVES

The cyclical nature of the economics of the cocoa market is a key characteristic of the sector and has consequences for the economies of cocoa producing countries, for their growers and for the cocoa and chocolate industry. Taking into consideration the key trends in cocoa and chocolate demand, the main objective of this Conference is to critically assess the long-term prospects for supply and demand for cocoa, and review the sustainability of the sector. Only with a clear

understanding of the current situation and future market outlook can the cocoa community respond adequately and proportionately to the rising demand for cocoa and to the constraints faced by cocoa growers in the various cocoa producing regions, so that better informed policy-making decisions and investments can be made. Specific recommendations are expected at the conclusion of the event.

The Conference will also provide forecasts of supply and demand for the 2015/2016 cocoa season.

DRAFT PROGRAMME

Leading world experts from the cocoa and chocolate sector, the financial sector as well as officials from cocoa producing countries will gather to discuss the following topics:

Part I: Overview on Global Supply and Demand for Cocoa

In this session, the general trends in supply and demand will be presented, together with market forecasts up to 2020.

Part II: Supply Outlook and the Economics of Cocoa Farming

In this session, the status of cocoa farming and cocoa production at country and regional levels will be analysed in detail, with the aim of establishing where cocoa will be sourced in the medium to long term. In relation to cocoa farming, experts will compare and contrast the prevalent model of cocoa production by smallholders, versus the emergence of large commercial estates, especially in Latin America. Forecasts for the forthcoming 2015/2016 cocoa season will also be discussed.

The following points will be addressed:

- Supply and demand forecasts for the 2015/2016 cocoa season
- Recent developments in Africa, Asia and Oceania and in the Americas
- Determinants of cocoa supply
- Smallholder cocoa farming: productivity and income
- Profitability and viability of large commercial estates

Part III: Cocoa Price Development and Futures Markets

Cocoa prices are influenced by many factors, some of which are specific to the cocoa sector, while others reflect the broad macroeconomic and financial outlook. Nevertheless, market prices are expected to adjust to possible imbalances between supply and demand in the long term. This session will cover the following aspects:

- Price forecasts for the 2015/2016 cocoa season
- Determinants of cocoa prices
- Recent developments in cocoa futures trading:
 - a review of the monitoring and position management arrangements in the London and New York markets and implications of the proposed new regulations by the US CFTC;
 - the launch of new cocoa futures contracts by the CME and ICE; and
 - the implication of the denomination in Euros of cocoa futures contracts

Part IV: The Economics of Cocoa Processing and Manufacturing

Processing is the first step to add economic value to cocoa beans. The bulk of cocoa grindings take place in cocoa importing countries, but an increasing share of cocoa processing is now moving into cocoa producing countries. This session will review the regional redistribution of processing activity and the major drivers underlying consolidation in the processing sector. Finally, the reasons and economic implications of a progressive concentrated processing sector, both horizontal and vertical, will be outlined.

- Recent trends in cocoa processing
- The economics of cocoa processing and chocolate manufacturing
- Market concentration and vertical integration

Part V: The Chocolate Market: Diverse and Buoyant

This section will provide insights on the future for chocolate confectionery demand in mature as well as in emerging markets.

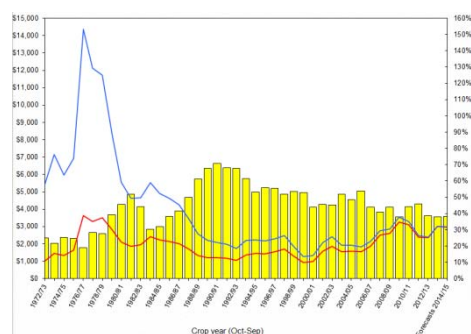
- Developments in mature markets (in particular for premium chocolate)
- Developments in emerging markets (i.e. economic and demographic changes driving the consumption of chocolate consumption)

REGISTRATION

The registration fee for the Conference is £490, with a reduced rate of £250 for members of selected groups of participants (farmers, cooperatives, civil society with no commercial activities). Lunch will be provided to all Conference participants. Please register for the event by completing the attached form.

All enquiries about the seminar programme should be directed to Mr. Laurent Pipitone, Director of the Economics and Statistics Division (Telephone: +44 20 8991 6005 / 00; Email: laurent.pipitone@icco.org).

Registration and all enquiries to practical arrangements should be directed to Mr. Philippe Pestelle, Marketing & Event Coordinator (Telephone: +44 20 8991 6019 / 00; Email: philippe.pestelle@icco.org).





INTERNATIONAL COCOA ORGANIZATION

Tuesday, 22 September 2015

Holiday Inn Hotel, Wembley, London

Cocoa Market Outlook Conference

Prospects for the 2015/2016 season and current trends in supply and demand for cocoa

Join this one-day conference taking place in the same week and venue as the meetings of the International Cocoa Council and other ICCO bodies. This is a unique opportunity to meet with the most recognised analysts of the cocoa and chocolate market and ICCO members and gain a better understanding of cocoa market developments.

REGISTRATION FORM

ICCO CONFERENCE ON COCOA MARKET OUTLOOK

Tuesday, 22 September 2015 - Holiday In Hotel, Wembley, London

Title (Prof./Dr./Mr./Ms) : _____

First name : _____

Middle initial : _____

Last name : _____

Organization : _____

Mailing address : _____

Tel : _____ Fax : _____

E-mail : _____

PRICING DETAILS

- *Reduced rate* *: £ 250
- *Standard rate*: £ 490

* applicable to ICCO government representatives, cocoa farmers and cooperatives and civil society with no commercial activities

The registration fee covers conference materials, lunches and refreshments. No refund will be made to registered participants who fail to attend, but the conference materials will be mailed to them.

PAYMENT METHOD

Bank Transfer to Organization's account:

(All bank charges must be charged to purchaser's account)

Account Name: International Cocoa Organization Special Projects
Bank name: Bank of Scotland Plc
Account Number: 10082361
Sort code: 12-01-03
IBAN No: GB90BOFS12010312184680
SWIFT code: BOFSGB21254
IBAN: GB49 BOFS 1201 0310 0823 61

When transferring the payment, it is important to request the **bank to quote**: "Market" plus your name (if payment is made for you only) or the name of your institution (if payment is made for several participants) as your reference, as this will enable us to identify your payment when it is received

Please email, fax or scan and post your completed Registration Form to:

Mr. Philippe Pestelle, International Cocoa Organization, Westgate House (5th Floor), Westgate Road, Ealing, London W5 1YY (UK);
Email: philippe.pestelle@icco.org, telephone: +44 20 8991 6019 / 00 - Fax: + 44 (0)20 8997 4372 - <http://www.icco.org>

For other methods of payment and further information, please contact us.