Globalization of the Chocolate Industry
A Supplier’s Perspective

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Let’s start with the production of cocoa itself. We expect a continuous proportional increase in West African cocoa production, at the expense of Latin America (Figure 1). There will be increasing crops in Côte d’Ivoire and Ghana from new plantations, while there will continue to be a reduction in crops in Brazil since it is not expected that the problem with witches’ broom disease will be solved in the near future. Asia will slightly increase their share, mainly in Indonesia but also in Vietnam which will enter cocoa farming as it did coffee growing.

The main threat, but also opportunity for our industry is coming from the liberalization of the cocoa trade in Ivory Coast, most probably followed by Ghana.

Ivory Coast alone represents more than 40 percent of world production, with Ghana accounting for another 15 percent. This shows that a smooth transition from governmental control to a private system is of critical importance. In Ivory Coast, the government, through the Caisse de Stabilisation, has had a firm grip on the country’s largest source of income for the last 30 years. In the future, the cocoa business will be in the hands of a limited number of powerful international companies. As can be seen in Figure 2, more than 70 percent of the total crop of Ivory Coast will likely be handled by the three largest cocoa processors.

This situation will dramatically influence not only the cocoa trade in that country, but also its political picture.

Indeed, Ivory Coast has been one of the most politically stable countries in Africa over the last decades. The consistency of the prices paid to farmers, assured by the Caisse de Stabilisation, has been one of the most important supporting elements of this remarkable stability.

In a liberalized system, the farmers will be in direct contact with cocoa world market prices, which are presently at a six-year low. Though they will probably receive a larger portion of the world price for their beans, they will have to get used to a more volatile income level. In addition, previous liberalizations in Nigeria and Cameroon have led to disruptions of supply and reduction of quality.

It is therefore believed that one of the key elements to securing the sourcing of beans to our industry, both in quality and quantity, will be to find the right balance between the financial interest of the farmers (fair price), the contribution to Côte