

The Asian Cocoa Paper

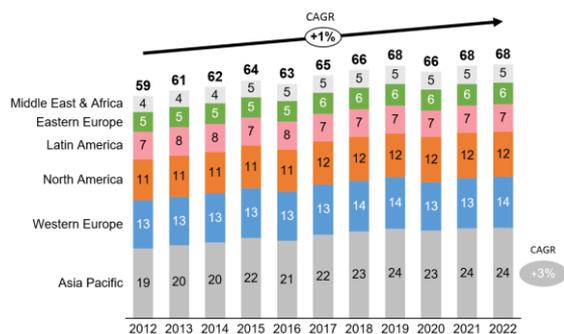
Prepared by the Cocoa Association of Asia (CAA), Sustainability Committee
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The Region Asia Pacific is increasingly craving for cocoa and chocolate products. However, there is not enough Asian cocoa beans to cater for such demand, making the Asian cocoa industry dependent on beans imported from West Africa and Latin America. The Cocoa Industry needs more Asian Cocoa. The CAA has created a platform for uncommon collaboration between industry players and NGOs focusing on three priorities: Increase cocoa productivity and farmer income, share Good Agricultural Practices, and attract young farmers to grow cocoa.

Asia has a growing appetite for cocoa & chocolate products

According to Euromonitor, Asia Pacific is the largest market for sweet biscuits, baked good (cakes, pastries), chocolate confectionery and ice cream categories combined. All these categories use cocoa or chocolate as per of their formulation, making Asia Pacific the fastest growing region for cocoa & chocolate ingredients.

Fig.1. Market size in volume Baked goods (Cakes, Pastries), Sweet biscuits, Ice Cream & Chocolate Confectionery (in Million Tons). Source: Euromonitor

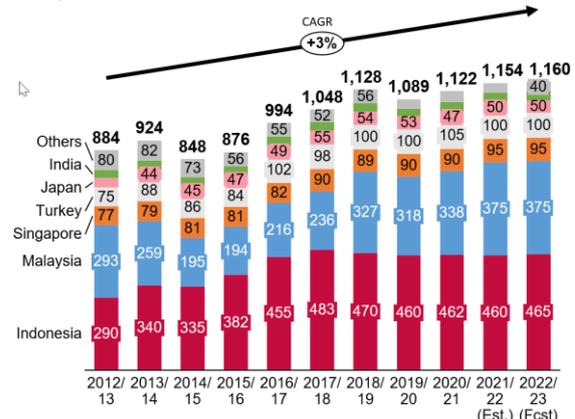


Steady increase in Asian cocoa grindings

Over the last decade, cocoa processing in Asia (measured by volumes of beans grinding, an indicator of demand for cocoa products) increased by +3% on average every year. Asia is already well established and significant in cocoa processing facilities and know how. Investment in cocoa grinding primarily took place in:

1. Indonesia (+60% in 10 years from 290k MT grinding to 465k MT), largest cocoa processing country in the Region, driven by local cocoa crop and introduction of a cocoa beans export tax in 2010 encouraging local processing
2. Malaysia (+28% in 10 years from 293k MT grinding in 2012/13 to 375k MT recently). Malaysia has a long cocoa history: The country used to have cocoa farming and was the main processing hub for the abundant Indonesian cocoa crop in the past.

Fig.2. Grinding of Cocoa Beans in Asia (in '000 tons). Source: ICCO, CAA

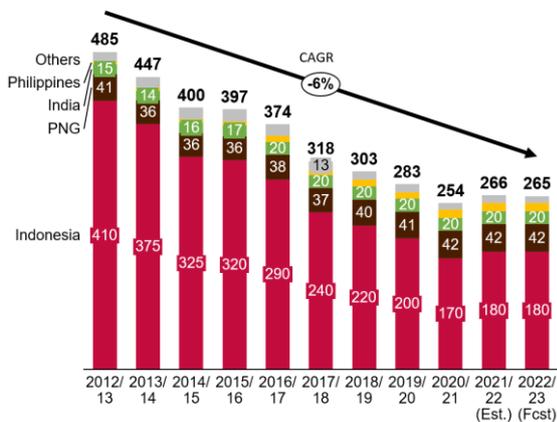


Asian Cocoa: Sharp decline in Asian Cocoa crop in the last decade

Asian cocoa production declined significantly in the last decade from ~500,000 MT to less

than ~300,000 MT today. Asian cocoa represents only 5% of the world crop today. The decline was driven by Indonesia. Cocoa beans production has dropped by more than half over a decade in the country, facing competing crops and aging plantations. Indonesia used to be the third world producer of Cocoa, after Ivory Coast and Ghana. It is now no. 7 globally, still No. 1 in Asia. Cocoa production in Papua New Guinea, India and Philippines has been stable in the past decade and remains at relatively modest level in comparison to Indonesia.

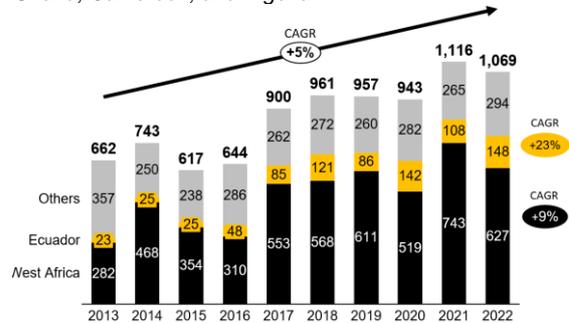
Fig.3. Production of Cocoa Beans in Asia (in '000 tons). *Source: ICCO*



Not enough Asian beans to fulfill demand: Processor dependent on West African, South American Cocoa

Today Asia grinds more than 1.1 million tons of cocoa beans; But the Asian Cocoa crop is less than 0.3 million tons, forcing Asia-based processors to import increasing volume of cocoa beans from other Regions. West Africa – as the largest cocoa producing area in the world – remains the largest exporter of beans to Asia with ca 600,000 tons. Ecuador beans imported into Asia has grown significantly over a the last decade from 23,000 tons to close to 150,000 tons recently, an impressive annual growth tate of +23%. processing hub for the abundant Indonesian cocoa crop in the past.

Fig.4. Imports Cocoa Beans into Asia by Origin (in '000 tons) *Source: Import statistics of cocoa beans into Indonesia, Malaysia, Singapore, Japan, India, Turkey; Gross imports only. West African defined as Ivory Coast, Ghana, Cameroon, and Nigeria*



The Industry needs Asian Cocoa

To fulfill increasing needs for cocoa and chocolate products in the Region, we need Asian cocoa. The CAA Sustainability workgroup is focusing on a few initiatives.

1. Increase productivity from the low base of 700kg/ha through sharing of knowledge on planting materials, guidelines to distribute clones to nurseries, and a supportive regulatory environment.
2. Harmonize and precompetitive sharing of best practices like Good Agricultural Practices, integrated pest management, and regenerative agriculture and agroforestry methods. Good Hygiene Practices, Good Manufacturing Systems, HACCP, Food Safety, Digitization and Analytics applications.
3. Promote cocoa farming as a profitable business to attract younger farmers. Develop and deliver tailored services to support the next generation of farmers.

Collaborative efforts yield first positive results in Indonesia

With the close collaboration of key stakeholders and the working group within Cocoa Sustainability Partnership in Indonesia, there has been some notable achievements in planting materials in the past few months.

The most pressing productivity challenge today is **planting material** (old trees, monoclonal) and it is critical the industry supports the government and farmers to

make quality, affordable planting material available at scale in all cocoa clusters.

Impact to date: Industry today supports 200,000 farmers and oversees a network of 500 nurseries with a combined capacity of 30 million seedlings per year. Recent highlights include:

1. BRIN (*Badan Riset dan Inovasi Nasional*) with support of Mars, obtained the approval of the following materials for nationwide use:
 - a. Clone BB: Highly compatible clone to enable the right mix and maximize yield
 - b. RHS: A widely available rootstock
2. ICCRI (*Indonesia Cocoa Coffee Research Institute*) and Mondelez recently released two new clones Monica 1 & 2

3. Communication campaign to inform government, farmers and nursery operators on the challenge and solutions

To revitalize cocoa production in the Asia-Pacific region, the working group is collaborating closely with relevant Ministries, agencies, and partners to expedite the availability of planting materials across Indonesia and beyond. Ensuring that regulations support the scaling of quality materials is crucial for the future of cocoa in Asia. With current high cocoa prices driving significant demand for planting materials, maintaining quality is essential. We call on the Asian cocoa industry to join us in this effort to secure a prosperous future for cocoa farming in the region.

For More Information

Visit the CAA website at <https://cocoaasia.org/dir>

For inquiries, please contact

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About the Cocoa Association of Asia (CAA)

The Cocoa Association of Asia is a trade association representing the leading companies in cocoa and chocolate processing, warehousing, and logistics in Asia. The CAA's mission is to promote and transform the cocoa and chocolate industry in the region through cross-industry collaboration and sustainable growth. In 2022, CAA members processed 1 million metric tonnes of cocoa beans, representing 20% of the world's production.