

# Planet cocoa

It is a humble bean that brings pleasure to billions of people worldwide. It is in greater demand than ever, but also faces some big challenges. It can be difficult to grow well and is under increasing scrutiny from manufacturers, retailers and consumers throughout its transformation from tree crop to end product.



## Planet cocoa continued

Global issues can have profound local impacts, as we know well thanks to our experience around the world. Our challenge is to help farmers and communities address them successfully. Read on to find out how we are addressing the big issues affecting planet cocoa.



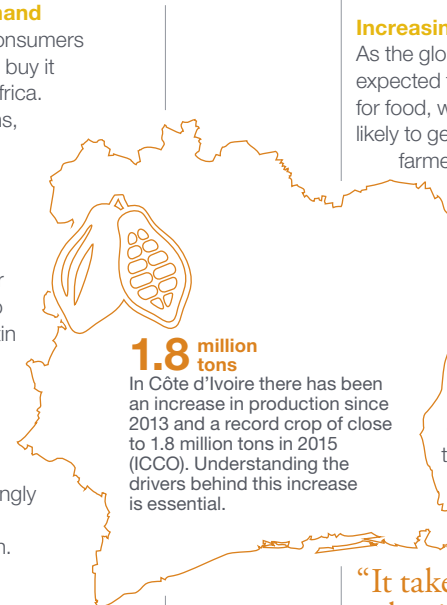
#### Changes in global supply and demand

The number of affluent middle class consumers who enjoy chocolate and can afford to buy it is increasing, particularly in Asia and Africa. However, the high price of cocoa beans, combined with downturns in many economies worldwide, has slowed the growth in demand to around 0.5-1% a year, from 2-3% in 2014.

Despite this, the cocoa-growing sector has still struggled to increase supply to meet demand. Production levels in Latin America have increased very fast, but this has been offset by smaller than expected growth in Ghana and a negative trend in Indonesia. What is the long-term answer? One thing is clear, as natural resources are increasingly limited, simply increasing acreage to grow more is not a sustainable solution.

#### Making farming attractive for future generations

The world needs more young people to become farmers if we are to feed future generations. In some of the countries where we operate the average age of a cocoa farmer is around 46 years, with median life expectancy often no higher than the low fifties. How do we ensure that young people choose farming as the best way to make their living as they see their elders struggle and see other opportunities, often by migrating from the countryside to the city?



#### Under-resourced cocoa farmers

Changing cocoa-growing patterns is very hard. We must work with thousands of cocoa farmers in origin countries, many of whom currently grow ageing, unproductive cocoa trees, often without suitable inputs, finance, and skills. It is important to give farmers better resources, but also to ensure they make the best use of them. For example, giving farmers fertilizer may lead to short-term increases in yields, but not necessarily improve their profits if they pay too much for it. Understanding the reality of farmers and the choices they make is vital.

#### Increasing competition for natural resources

As the global population edges upwards, and is expected to hit nine billion by 2050, competition for food, water, energy and agricultural land is likely to get more intense. There is a danger that farmers may turn to crops that are less

resource intensive to grow than cocoa.

For example, experience tells us that farmers in Indonesia often perceive cocoa as a risky crop.

After 20 years of poor soil and plant management, they are struggling to invest in replanting and efficient pest and disease control. The temptation for them to switch to other crops, for example palm or rice, is often hard to resist.

“It takes around five years from planting for a tree to mature, so you need to anticipate demand evolution. Many farmers are struggling as they have ageing trees plus lack of access to necessary knowledge and inputs. The industry is looking for solutions to support farmers, but it’s important to understand that there will be no easy one. That is why at Cargill we take a long-term view.”

#### Jean-Marie Delon

Cocoa Sustainability Country Lead, Côte d'Ivoire  
Cargill Cocoa & Chocolate

## Planet cocoa continued

**Africa rising**

The UN predicts that half of the increase in global population up to 2050 is likely to be in Africa<sup>1</sup>, where manufacturing and service economies have grown rapidly over the past decade, largely because of increasing demand for the commodities Africa produces. However, there is a risk that growth in Africa will slow down if global demand for African commodities falls. This, together with the rise in rural to urban migration across the African continent, could result in declining numbers of cocoa farmers.

**Facing up to climate change**

Climate change affects future food security and we may need to re-draw the cocoa-growing map, as median temperature increases and more erratic rainfall patterns make it impossible to continue growing in some locations. We are monitoring climate change research as it evolves, to make sure we understand its potential impact on our sector.

**Protecting forests**

Forests contain carbon. When they are cut down, carbon dioxide is released into the environment. At the same time, forests play a key role in preserving biodiversity and regulating local rainfall patterns, and by doing so, they support agriculture. According to UNEP, they also provide livelihoods for over one billion people worldwide. We aim to halve deforestation across our agricultural supply chain by 2020, and eradicate it completely by 2030.

**What do these challenges mean for us in the cocoa supply chain?**

We work hard to understand these trends and challenges – how they influence each other and what role we can play in addressing them. Crucially, we must keep abreast of the variable factors that drive cocoa farmers, to ensure that cocoa remains a crop of choice. It is vital that we adapt and evolve our approach to remain resilient and successful over the long term. In practice, this means identifying and focusing on the issues that matter most now, and anticipating emerging issues that may become a priority in the future.

**Our commitment to the UN Sustainable Development Goals**

We welcome the new Sustainable Development Goals, which succeed the UN Millennium Development Goals that expired in 2015. The role of the private sector, from micro-enterprises to cooperatives and multinationals, is crucial to drive economic growth and gain sufficient momentum to address the 17 new goals by 2030. We believe that Cargill is already playing a role and will continue to do so. For example, we already widen access to food through more efficient logistics and distribution, and improve nutrition through innovative products. We work with farmers to increase productivity through sustainable farming methods and we are involved in widening access to education. Looking forward, we will be doing more year-on-year to encourage gender equality and empower women and girls.

Cargill is committed to feeding the world in a responsible way, reducing our environmental impact, and improving the communities where we live and work. We want to be the most trusted source of sustainable products and services. We believe supply chains that support the global food system must be sustainable; they should balance feeding the world today with the needs of future generations.

**Cargill has been acknowledged by Fortune Magazine, reaching number 25 in its first ever “Changing the World” list, which recognizes the top 50 companies making a sizable impact to major global, social or environmental issues.** Read more at [www.cargillcocoachocolate.com/news/news-items/NA31887456.htm](http://www.cargillcocoachocolate.com/news/news-items/NA31887456.htm)

You can read more about Cargill and sustainability at: [www.cargillcocoachocolate.com/sustainability/](http://www.cargillcocoachocolate.com/sustainability/)

<sup>1</sup> United Nations, Department of Economic and Social Affairs (2015). World Population Prospects.