



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Scheduled Report - public distribution

Date: 2/16/1999

GAIN Report #GH9001

**Ghana**

**Cocoa**

**Ghana Cocoa Semi-Annual Report**

**1999**

Prepared by:

**Fred Kessel**

**U.S. Embassy**

Drafted by:

Yaw Asante-Kwabia

---

**Report Highlights:**

Post is revising the total cocoa output from 360,000 to 390,000 metric tons for the 1998/1999 cocoa crop season; a main crop of 340,000 metric tons, and a mid-crop of 50,000 metric tons. This is due to the fact that the weather has been favorable for cocoa production.

---

Includes PSD changes: Yes  
Includes Trade Matrix: No  
Semi-Annual Report  
, GH

## Production

Despite the fact that a sizeable number of cocoa trees are ageing, cocoa has regained the number one spot as the leading foreign exchange earner in Ghana, with Ghana earning more than US\$ 700 million from cocoa exports in 1998, while export earnings from Gold for the same period was about US\$ 450 million. Post is revising upwards its forecast from 360,000 to 390,000 metric tons of dried cocoa beans for the 1998/1999 cocoa crop, with the main crop producing 340,000 metric tons while the mid-crop produces 50,000 metric tons. The rainfall pattern in the cocoa growing communities for the whole of 1998 was favorable for cocoa production (there was rain in November and December), with rains during the night and adequate sunshine during the day. Because of this there, has not been any major outbreak of the Cocoa Black Pod disease. As such, more cocoa pods have thus developed into harvestable pods.

GOG intends to pay Ghanaian cocoa farmers a more remunerative producer price for cocoa by paying farmers about 60% of the world market price for cocoa by Year 2002. However, it is expected that cocoa farmers will be paid ¢2,600,000.00 per metric ton of dried cocoa beans during the coming mid crop season, beginning May 1999. This is in line with the price incentive policy adopted by GOG toward increased cocoa production.

GOG subsidies on inputs for cocoa cultivation were completely removed during the 1997/1998 cocoa season. This has resulted in an increase in the availability of the inputs in COCOBOD warehouses in all the cocoa growing districts. However, due to the increase in the price of the inputs (an increase from ¢3,000.00 to ¢20,000.00 per liter of UNDEN 200 EC, about 566% increase), the average small holder Ghanaian cocoa farmer is unable to buy the needed cocoa insecticide to effectively spray his cocoa farm. Ghanaian cocoa farmers have therefore made several representations to GOG for the reintroduction of the subsidies.

The total installed capacity for the local processing of dried cocoa beans in Ghana still remains to be 85,000 metric tons. It increased from 80,000 metric tons to 85,000 metric tons when the COCOA PROCESSING COMPANY (PORTEM) LIMITED, Tema, increased its installed capacity from 20,000 metric tons to 25,000 metric tons at the end of the 1997/1998 cocoa season. However, CPC's budgeted processing capacity still remains at 24,000 metric tons.

GOG continues to award operating licence to private companies to operate on the local scene, for the internal marketing of cocoa; they purchase cocoa from the cocoa producing rural communities, and deliver them at the Tema or Takoradi ports for export to processing companies and markets in Europe or the US. One of the recently licenced companies is involved in the purchasing of waste cocoa beans (low grade dried cocoa beans) for export to Europe. GOG is still silent on the privatization of external marketing of Ghana's cocoa. With pressure mounting on GOG and Ghana COCOBOD from international financial bodies, it is believed that GOG/COCOBOD would privatize the external marketing of Ghana's cocoa by Year 2002. This would create a platform for cocoa farmers to get more income from the cocoa farming business.

Ghana COCOBOD Officials indicate that agronomic measures taken by the COCOA SERVICES DIVISION (CSD), following extensive research work on cocoa over the years by the COCOA

RESEARCH INSTITUTE OF GHANA (CRIG), have started yielding results. This is evidenced by the tremendous increase in the annual cocoa harvests; Ghana's cocoa harvests have for the past five years gone past the 300,000 metric tons mark, and are now averaging around the 400,000 metric tons mark.

Due to the periodic increase in the producer price of cocoa, cocoa farmers are seen regularly "cleaning" their cocoa farms by weeding under the farms, and pruning of dead branches off the cocoa trees. They are also regularly seen spraying their farms, even though they may not be using the recommended dosage of chemicals for cocoa pest control. GOG plans to pay Ghanaian cocoa farmers 58% of the world market price of cocoa by year 2000, and 60% by year 2002. This will definitely be an impetus to increase cocoa production, which would bring Ghana's annual cocoa production at the estimated 450,000 metric tons by year 2005.

Due to the fact that there has been adequate sunshine after the rains, there has not been much mention of any outbreak of the cocoa Black Pod Disease.

With a syndicated loan of US\$325 million from foreign banks and other foreign financial institutions, and financial support from the Central Bank of Ghana, Ghana COCOBOD has enough funds for the 1998/1999 cocoa crop purchases.

## **Inputs**

Representations from farmers' group to GOG/Ghana COCOBOD for the reintroduction of subsidies on inputs for cocoa production are announced in the Ghanaian press every now and then. GOG/Ghana COCOBOD however indicate that the removal is on purely economic terms, and is to allow cocoa farmers to pay for the real economic price of the inputs. GOG/Ghana COCOBOD intimate that they want Ghanaian cocoa farmers to operate their farms as business ventures, hence the removal of the subsidies.

The removal of the subsidies has generally led to an increase in the price of cocoa insecticides and other cocoa pest control chemicals. Usage of the insecticides has however surged upwards after an initial slump, as a result of the price increases.

## **Consumption**

The 5,000 metric ton increase in the milling capacity of the COCOA PROCESSING COMPANY LIMITED (PORTEM), at Tema, at the end of the 1997/1998 cocoa season, has been the only increase in the local crushing/milling capacity of Ghana's cocoa industry for the past five years. The total local milling capacity now stands at 85,000 metric tons. The breakdown is as follows:

PORTEM,	Tema	25,000 metric tons
WAMCO I,	Takoradi	20,000 metric tons
WAMCO II,	Takoradi	40,000 metric tons

The Malaysian-owned cocoa processing company, CARIDEM COMPANY LIMITED, which has been licenced by GOG/Ghana COCOBOD to locally process cocoa beans in Ghana, has not been able to start operating. The main reason is that the company has its eyes on PORTEM, whose privatization has been attacked.

PORTEM will continue to export about 95% of its products to the EU, Japan, USA, Australia and China. With the current financial situation of some Asian countries, more of PORTEM products are expected to be sold in the European countries and USA.

CPC has also set its eyes on the local Ghanaian market, with the objective of increasing the local consumption of cocoa products.

## Trade

The COCOA MARKETING COMPANY (CMC) LIMITED of Ghana COCOBOD will export over 300,000 metric tons of dried cocoa beans during the current 1998/1999 cocoa season, as it planned for the 1997/1998 cocoa season. The exports would again be mainly to EU countries, Japan, USA, and the Middle East countries.

Ghana earned about US\$700 million from exports of cocoa beans during the 1997/1998 cocoa year. Cocoa has thus regained its position as the number one foreign exchange earner for Ghana, relegating Gold to the second position. The increase in cocoa earnings resulted from the increase in the volumes of cocoa beans exported, and a modest increase in the price of cocoa on the world market. Export earnings from cocoa exports for the current 1998/1999 cocoa season are expected to be about US\$750 million, an increase of about 7% in export earnings.

PSD Table									
Country:	Ghana								
Commodity:	Cocoa Beans								
		1997		1998		1999	UOM		
	Old	New	Old	New	Old	New			
Market Year Begin		10/1996		10/1997		10/1998	(MONTH/YEAR)		
Area Planted	1060	1070	1070	1075	1075	1075	(1000 HA)		
Area Harvested	1050	1060	1060	1065	1065	1065	(1000 HA)		
Bearing Trees	150500 0	150800 0	150500 0	150800 0	150800 0	150800 0	(1000 TREES)		
Non-Bearing Trees	70000	75000	75000	80000	80000	80000	(1000 TREES)		
TOTAL Tree Population	157500 0	158300 0	158000 0	158800 0	158800 0	158800 0	(1000 TREES)		
Beginning Stocks	0	0	3930	2930	2930	2930	(MT)		
Main Production	353930	299000	299000	360000	340000	350000	(MT)		
Mid & Other Production	53000	28930	25000	60000	40000	40000	(MT)		
TOTAL Production	406930	327930	324000	420000	380000	390000	(MT)		
Bean Imports	15000	25000	25000	15000	15000	10000	(MT)		
Liquor & Paste Imports	0	0	0	0	0	0	(MT)		
Butter Imports	0	0	0	0	0	0	(MT)		
Powder, Cake, Choc. Imp.	0	0	0	0	0	0	(MT)		
TOTAL Imports	15000	25000	25000	15000	15000	10000	(MT)		
TOTAL SUPPLY	421930	352930	352930	437930	397930	402930	(MT)		
Bean Exports	351500	285000	285000	370000	330000	335000	(MT)		
Liquor & Paste Exports	17000	25000	25000	25000	25000	25000	(MT)		
Butter Exports	30000	25000	25000	25000	25000	25000	(MT)		
Powder, Cake, Choc. Exp.	14500	10000	10000	10000	10000	10930	(MT)		
TOTAL Exports	413000	345000	345000	430000	390000	395930	(MT)		
Domestic Consumption	5000	5000	5000	5000	5000	5000	(MT)		
Ending Stocks	3930	2930	2930	2930	2930	2000	(MT)		
TOTAL DISTRIBUTION	421930	352930	352930	437930	397930	402930	(MT)		
Product X conversion factor = bean equivalent weight									
Product	conversion factor								
Chocolate liquor	1.25								
Cocoa butter	1.33								
Cocoa powder (unsweetened)	1.18								
Cocoa cake	1.18								
Cocoa mass (defatted)	1.18								
Cocoa mass (not defatted)	1.25								
Cocoa powder (sweetened)	0.39								
Chocolate (sweetened)	0.73								