

# The Ghana Cocoa Report 2024: Ghana's Role in Global Cocoa Market Trade - 2024 Cocoa Report

Explore Ghana's pivotal role in the global cocoa market trade, key statistics, sustainability efforts, and future projections. Learn about Ghana's position as a leading cocoa producer.



## Highlights

Ghana is the world's second-largest cocoa producer, accounting for approximately 20% of global cocoa supply.

Ghana's cocoa exports significantly impact its GDP, trade balance, and foreign exchange reserves.

The country's role in global cocoa market trade is influenced by pricing dynamics, sustainability efforts, and international demand trends.

## Content

### Ghana's Role in Global Cocoa Market Trade: A Critical Analysis

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## **Research Methodology**

This article employs a mixed-method approach, drawing on secondary data sources such as trade reports, government publications, and international cocoa market analyses. Data from the International Cocoa Organization (ICCO), Ghana Cocoa Board (COCOBOD), and trade databases have been critically analyzed to provide a comprehensive review of Ghana's role in global cocoa trade. Statistical analysis techniques have been applied to key data points to support projections and recommendations.

## Key Statistics and Facts

- 1. Global Market Share:** Ghana contributes about 20% to the global cocoa supply.
- 2. Annual Cocoa Production:** Ghana produces approximately 850,000 to 1 million metric tonnes of cocoa annually.
- 3. Cocoa Revenue:** Cocoa accounts for about 30% of Ghana's total export earnings.
- 4. GDP Contribution:** The cocoa sector contributes around 3.2% to Ghana's GDP.
- 5. Employment:** Over 800,000 farmers in Ghana rely on cocoa farming as their primary source of income.
- 6. Farmgate Prices:** Ghana's farmgate cocoa prices are determined by the government through COCOBOD, with the 2023/2024 price set at GHS 1,308.99 per bag (64 kg).
- 7. Sustainability Programs:** Ghana is a key player in global cocoa sustainability initiatives, with approximately 15% of its cocoa certified as sustainable under programs like Fairtrade and Rainforest Alliance.
- 8. Processing Capacity:** Ghana processes about 30% of its cocoa locally, which is lower than its main competitor, Ivory Coast, which processes 50%.
- 9. Foreign Exchange Reserves:** Cocoa exports contribute significantly to Ghana's foreign exchange reserves, earning around \$2 billion annually.
- 10. International Partnerships:** Ghana has formed strategic trade partnerships with the European Union (EU), the United States, and emerging markets in Asia to boost cocoa export markets.

## **Body of Article and Critical Analysis**

Ghana has established itself as a dominant force in the global cocoa market, consistently ranking as the second-largest cocoa producer after Ivory Coast. The country's economic dependence on cocoa cannot be overstated, with the commodity serving as a cornerstone of both its agricultural and overall export economy. Cocoa production is integral to the livelihoods of nearly one million smallholder farmers, and the sector employs more than two million people across various stages of the supply chain.

In recent years, Ghana's role in the cocoa market has evolved, as it grapples with new market dynamics and challenges. Sustainability issues, fluctuating global prices, and pressure from major chocolate manufacturers for ethical production have compelled Ghana to adapt its cocoa trade strategies.

One of the most significant developments in Ghana's cocoa trade policy has been the introduction of the Living Income Differential (LID), a premium of \$400 per tonne aimed at ensuring better income for cocoa farmers. Introduced in 2020, the LID initiative, spearheaded by both Ghana and Ivory Coast, has positioned these two countries as leaders in advocating for better cocoa prices on the global market. Despite some resistance from buyers, this policy has strengthened Ghana's bargaining power, giving the country a more prominent voice in international cocoa trade negotiations.

However, Ghana's cocoa market position faces competition from several factors. First, its local processing capacity remains underutilized, as only about 30% of cocoa is processed domestically. Increasing this figure could significantly boost the country's value-added exports and generate higher revenues. In comparison, Ivory Coast has developed a more robust processing industry, capitalizing on greater profit margins from semi-finished products like cocoa butter and powder.

Additionally, the rise of sustainability concerns in the cocoa market has forced Ghana to adapt to international certification standards. Programs such as Fairtrade, Rainforest Alliance, and organic cocoa certification are growing, but they currently encompass only a small portion of Ghana's production. As demand for ethically sourced cocoa increases, Ghana will need to scale up its sustainability initiatives to maintain its competitiveness in European and North American markets, where consumers are increasingly demanding environmentally and socially responsible products.

## Current Top 10 Factors Impacting Ghana's Role in Global Cocoa Trade

- 1. Global Demand:** Increasing global demand for chocolate and cocoa products, especially in emerging markets such as Asia.
- 2. Pricing Policies:** The implementation of the Living Income Differential (LID) for cocoa farmers.
- 3. Cocoa Yield Decline:** Threats posed by aging cocoa trees and diseases like black pod disease, which reduce yields.
- 4. Climate Change:** The growing impact of climate change on cocoa production, affecting crop quality and quantity.
- 5. Sustainability Certifications:** Rising demand for sustainably sourced cocoa and compliance with certifications.
- 6. Local Processing:** Limited domestic processing capacity, restricting value-added exports.
- 7. Market Competition:** Competition from Ivory Coast, which has a more advanced processing industry.
- 8. Government Policies:** Government interventions through COCOBOD in setting farmgate prices and providing input subsidies.
- 9. International Trade Agreements:** Trade agreements and partnerships with the EU, U.S., and Asian markets.
- 10. Technological Advancements:** Innovations in farming techniques, aimed at improving cocoa yields and farming efficiency.

## Projections and Recommendations

Given the current trends, Ghana's position in the global cocoa market is likely to remain stable, although several challenges must be addressed. Key projections include:

**Increased Cocoa Processing:** With government incentives and foreign investment, Ghana is expected to expand its domestic processing capacity, aiming to reach 50% of total production in the next decade. This could substantially boost the country's export revenue.

**Sustainability Growth:** As demand for sustainably sourced cocoa grows, Ghana will need to increase the percentage of its certified cocoa to meet international standards. A projected growth to 30% certified cocoa by 2030 will enhance Ghana's market competitiveness.

**Climate Adaptation:** The government must invest in research and development to create more resilient cocoa varieties and introduce climate adaptation measures to mitigate the effects of environmental changes on cocoa production.

Recommendations for Ghana's future strategy include bolstering its domestic processing capacity to increase value-added exports, diversifying its cocoa export markets to reduce reliance on traditional buyers, and scaling up sustainability programs to align with global consumer preferences.

## **Conclusion**

Ghana's role in the global cocoa market trade remains critical, not only for its national economy but also for the stability of the global cocoa supply. While the country has made strides with initiatives like the Living Income Differential and is recognized for its quality cocoa beans, there is still much work to be done to sustain its competitive edge. Increasing domestic processing, expanding sustainable production, and addressing climate change will be essential to ensuring that Ghana remains a key player in the global cocoa trade.

## **Notes**

Ghana's reliance on cocoa makes the sector's sustainability crucial for both economic growth and environmental protection.

Future efforts should focus on improving productivity and farmer welfare while addressing external market pressures.

## **Bibliography**

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