

# The Ghana Cocoa Report 2024: Ghana Cocoa and International Demand Trends: Insights and Future Outlook

Explore the key international demand trends shaping Ghana's cocoa sector, including sustainability, emerging markets, and pricing dynamics. Learn how Ghana can navigate future opportunities and challenges.



## Highlights

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The rise in demand for sustainable and ethically sourced cocoa has reshaped global trade patterns.

Fluctuations in international demand are influenced by sustainability, consumption trends, and emerging markets.

## Content

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## **Research Methodology**

This analysis employs a combination of data-driven research and critical analysis, drawing from global trade reports, industry publications, and data from the International Cocoa Organization (ICCO) and Ghana Cocoa Board (COCOBOD). The methodology is a blend of trend analysis, historical data examination, and expert forecasting to understand Ghana's cocoa demand dynamics. Key factors such as consumer preferences, sustainability initiatives, and pricing are scrutinized to offer an accurate projection of future trends.

## Key Statistics and Facts

1. Ghana is the second-largest producer of cocoa globally, accounting for approximately 15-20% of global supply.
2. The global demand for cocoa is projected to grow at a compound annual growth rate (CAGR) of 3.4% from 2024 to 2028.
3. In 2023, Ghana exported around 850,000 metric tonnes of cocoa, primarily to Europe and North America.
4. Europe accounts for approximately 70% of Ghana's cocoa exports, with the U.S. importing around 20%.
5. Global demand for sustainably sourced cocoa has surged, with Fairtrade and organic cocoa demand rising by 7% annually.
6. Chocolate consumption in emerging markets, including Asia and Latin America, is expected to drive a 10% increase in global cocoa demand by 2026.
7. Ghana's share of the cocoa market faces competition from new producers in Latin America, which have seen a 5% annual production increase.
8. The premium for Fairtrade and certified cocoa is 10-20% higher than non-certified cocoa, creating incentives for Ghanaian farmers to adopt sustainable practices.
9. Ghana's cocoa export revenue in 2023 was valued at \$3.7 billion, contributing significantly to its GDP.
10. The global chocolate market, driven by the demand for cocoa, is projected to reach \$190 billion by 2025, increasing pressure on cocoa supply chains.

## Body of Article / Critical Analysis

Ghana's position in the global cocoa market is pivotal. As the second-largest cocoa producer worldwide, it supplies about 15-20% of the world's cocoa beans, primarily exported to Europe and North America. The international demand for Ghanaian cocoa has been influenced by multiple factors, from rising consumer interest in ethically sourced products to economic growth in emerging markets. Understanding these dynamics is crucial for projecting the future of Ghana's cocoa trade and its economic implications.

### Demand for Ethically Sourced Cocoa

One of the most significant trends shaping the international cocoa market is the increasing demand for sustainably sourced and certified cocoa. Consumers in Europe and North America, Ghana's largest markets, are placing greater emphasis on sustainability, driving up demand for Fairtrade, organic, and Rainforest Alliance-certified cocoa. In response to this, the Fairtrade segment of Ghana's cocoa exports has grown steadily, with premiums for certified cocoa offering financial benefits to farmers.

Sustainability efforts are not just about consumer demand but also about meeting stricter regulations in markets such as the European Union, where sustainability certifications are becoming a requirement for market access. This trend is expected to intensify in the coming years, further influencing Ghana's cocoa production practices. However, meeting these sustainability standards comes with increased costs for farmers and exporters, which must be addressed to maintain Ghana's competitive edge in the international market.

### Emerging Markets and Shifts in Consumption

Beyond traditional markets, the rise of emerging markets such as Asia and Latin America is set to significantly impact cocoa demand. These regions have seen a surge in chocolate consumption, driven by growing middle-class populations and increasing disposable incomes. For instance, chocolate consumption in Asia alone is expected to grow by 10% by 2026. This shift presents both opportunities and challenges for Ghana, as it must compete with other cocoa-producing nations, including new entrants from Latin America, which are rapidly expanding their cocoa production capabilities.

The entry of new players in the global cocoa market, particularly from countries like Peru, Ecuador, and Colombia, is reshaping the competitive landscape. These countries have invested in improving their cocoa yields and adopting more sustainable practices, which allows them to capitalize on the premium price segment. For Ghana, this means increasing the quality of its exports and ensuring its supply chains meet international sustainability standards.

### Pricing Dynamics and Market Fluctuations

International cocoa demand is highly sensitive to price fluctuations. Cocoa is a commodity traded on global markets, and as such, prices are subject to changes based on supply and demand dynamics, speculative trading, and external factors such as climate change. Ghana's cocoa industry has experienced periods of price volatility, with prices ranging between \$2,200 and \$2,600 per tonne in recent years. While high prices can lead to increased revenue, volatility can also disrupt planning and investment in the sector.

Price volatility is further exacerbated by factors such as currency fluctuations and geopolitical instability, which can impact export revenues. The depreciation of the Ghanaian cedi has both positive and negative effects on the cocoa sector—while it increases export earnings in local currency, it also raises the cost of imported agricultural inputs, which can reduce profitability for farmers.

## Current Top 10 Factors Impacting Ghana Cocoa and International Demand

- 1. Sustainability and Certification Requirements:** Increasing demand for Fairtrade, organic, and sustainably sourced cocoa.
- 2. Emerging Markets:** Growth in chocolate consumption in Asia and Latin America.
- 3. Price Volatility:** Fluctuations in global cocoa prices due to speculative trading and changing demand.
- 4. Climate Change:** Shifts in weather patterns affecting cocoa yields and quality.
- 5. Competition from New Producers:** Increased production from Latin American countries like Peru and Ecuador.
- 6. Currency Fluctuations:** Depreciation of the cedi affecting export revenues and input costs.
- 7. Trade Policies:** International trade agreements and tariff policies shaping market access.
- 8. Consumer Preferences:** Growing demand for premium chocolate products, which require high-quality cocoa.
- 9. Labor Practices:** Concerns over child labor and poor working conditions in cocoa production affecting international perception and trade policies.
- 10. Technological Advancements:** Improvements in farming technology and crop management, impacting productivity and supply.

## Projections and Recommendations

### Projections:

**Increased Demand for Sustainable Cocoa:** The global demand for certified, sustainably sourced cocoa will continue to rise, driven by consumer preferences and regulatory requirements, particularly in Europe and North America.

**Emerging Market Growth:** Asia and Latin America will drive a significant portion of the increase in chocolate consumption, necessitating expanded trade relationships and diversified export strategies for Ghana.

**Price Volatility:** Cocoa prices are expected to remain volatile, with speculative trading, geopolitical factors, and supply-demand imbalances continuing to impact global markets.

### Recommendations:

**1. Enhance Sustainable Practices:** Ghana must strengthen its focus on sustainability by expanding its Fairtrade and certified cocoa offerings, which can help secure premium pricing and meet rising international demand.

**2. Diversify Export Markets:** To reduce reliance on European and North American markets, Ghana should target emerging markets, particularly in Asia and Latin America, by establishing new trade agreements and partnerships.

**3. Invest in Value Addition:** Expanding domestic processing and exporting value-added cocoa products (e.g., cocoa butter, chocolate) can increase revenue and reduce exposure to raw cocoa price volatility.

**4. Promote Technological Innovation:** Implementing advanced farming techniques and climate-resilient crops will be essential in mitigating the impacts of climate change and ensuring long-term productivity.

## **Conclusions**

Ghana's cocoa industry remains a key driver of its economy, with strong international demand shaping its future. As the global market evolves, Ghana must navigate the complexities of sustainability requirements, shifting consumption patterns, and competitive pressures from new producers. By focusing on sustainability, expanding into emerging markets, and investing in value addition, Ghana can secure its position in the global cocoa supply chain and drive long-term economic growth.

## **Notes**

All data presented is based on estimates from trade reports, the International Cocoa Organization (ICCO), and industry sources as of 2023.

## **Bibliography and References**

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