

A publication of the Market Information Service (MIS) - Ministry of Agriculture and Fisheries
"Linking the market and Primary producers"

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Koko Samoa (Cocoa)



Cocoa production in the Pacific has a long history and was once a thriving industry, with Pacific cocoa sought for its fine flavors and unique qualities. Global competition, natural disasters, cocoa diseases and under-investment have led to progressive long-term decline of the industry.

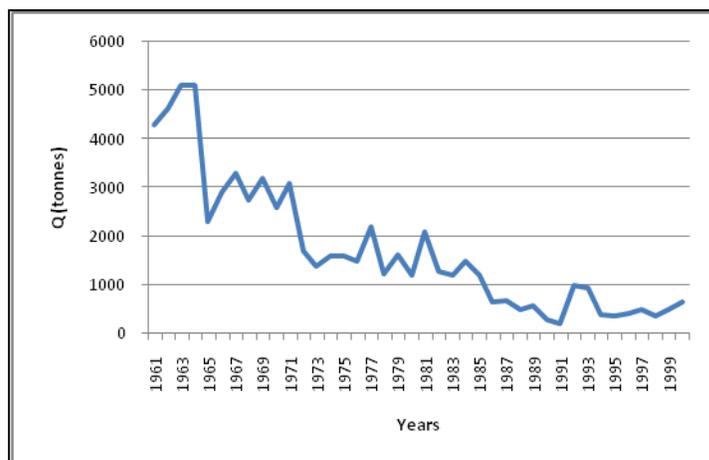
Samoa Cocoa Status

Koko in Samoa is one of the most preferred local beverages. However, the island nations were not producing merely a fraction of the world's 1% cocoa. Exports peaked at 1972 to 1977 at a level that was

never to be achieved again.¹ During the late 1980s, a significant falls in world prices led to a rapid decline in cocoa export values. Cocoa production continues to fall dramatically since Cyclones Ofa and Val in the early 1990's, both in area planted to cocoa and in yield per tree. More recently, Cyclone Evan in 2012 have also caused damage to cocoa plantations.

The government has sought support to revive the industry, and a few key cocoa farmers have demonstrated that there is an opportunity to secure export markets. In addition, there has recently been a strong resurgence in world market prices for cocoa.

Graph 1: Production-Quantity of Cocoa beans in Samoa

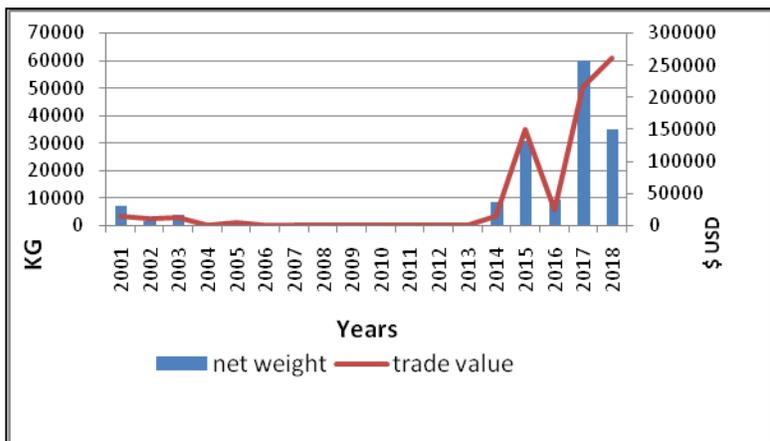


Source: FAOSTATS

Evident had shown in graph 2 of an improvement in Samoa's cocoa market trend since 2014, according to UN review reports on cocoa production and price movement on the international market. A result of rehabilitation programs and world rising prices earns a trade value of \$260,807USD with 34,976kg exported in 2018.

¹ Market Link-MAF (Volume 7-Issue 2,Sept-Oct 2012)

Graph 2: Samoa's Trade value of Coco beans in the world



Source: United Nation Commodity Trade Statistics (COMTRADE)

Local market situation

The number of major crop households growing cocoa rose by a third between 2009 and 2015, with MAF encouraging farmers to re-plant more cocoa to meet the demand of foreign markets. The estimated land area for cocoa in 2015 was 5,118 acres, of which 1,749 acres was in the North West of Upolu, where the majority of commercial farmers are present.²

Much of the cocoa produced in Samoa is consumed domestically as koko Samoa, which is usually manufactured and sold by the farmers and their families in local markets and retailers.

There are at least three different types of cocoa product being sold, including cocoa beans for export to chocolate manufactures, cocoa beans for retail sale as raw nibs and koko Samoa which is consumed domestically, and some of which is exported.



Figure 1: Koko Samoa selling at the local markets and retailers



Figure 2: Local-produced chocolates (Koko Loa) made from local cocoa

The number of farmers involve in planting cocoa is estimated to be increased because of the availability of foreign markets and planting materials given out.

² Samoa Agriculture Survey, 2015

This is a great comeback in rebuilding Samoa's cocoa industry and sustaining export industry.

Cocoa Status in the Pacific

Today, cocoa remains an important cash crop in PNG, Samoa, Solomon Islands and Vanuatu and a significant source of livelihood income for thousands of families. It is the third and fourth most important export earner to Vanuatu and Solomon Islands. Cocoa production in the Pacific is relatively small but about 90% of cocoa has been sold as bulk cocoa to Asia.

Cocoa status in Vanuatu

Cocoa is one of Vanuatu's main export and source of income for farmers, with more than 1,500 tons exported annually. Vanuatu cocoa beans are exported to overseas markets in Singapore, Australia and New Zealand. Vanuatu's cocoa industry is regulated by the Vanuatu Commodity Marketing Board (VCMB). It exported on average 1,300 tons of cocoa beans in 2009-2013. Cocoa exports from Vanuatu have averaged about 3 million USD in value over the last 5 years.³

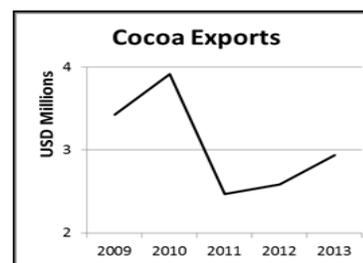


Figure 3: Vanuatu cocoa exports 2009-2013

Source: UNCTAD

Cocoa status in Solomon Islands

Cocoa is an important export earner and source of rural livelihoods in Solomon Islands, with 75 percent of export returns retained by producers. Some 20-25,000 smallholder farmers and their households are involved in production. About 4,000-5,000 tons of cocoa beans are produced annually, mainly by smallholders. Cocoa is one of Solomon Islands'

³ National Stakeholder Review Workshop-Cocoa sector in Vanuatu, 2014, UNCTAD

biggest agricultural export earners, generating around USD15 million in exports per year.⁴

Cocoa status in PNG

PNG's cocoa industry has been in decline since the serious outbreak of Cocoa Pod Borer (CPB) from 2008. Cocoa export fell from 52,579 tonnes in 2008 to 33,090 tonnes in 2015. Production has now increased to over 40,000 tonnes. Globally, PNG accounts for only 1% of the total production. However, PNG has earned a world reputation of being one of the finest quality producers rated by the International Cocoa Organisation as having a 90% fine or flavor status.⁵

Global cocoa market

Exported cocoa beans, whether whole or broken, raw or roasted, had a combined value of USD 8.6 billion in 2017. The global cocoa beans market is expected to grow at a compound annual growth rate (CAGR) of 7.3% from 2019 to 2025 to reach USD 16.32 billion. The chocolate industry, which consumed 43% of all cocoa in 2017, had a retail market value of USD 106.19 billion in 2017 and is expected to grow to USD 189.89 billion by 2026.⁶ Rapidly growing chocolate industry in emerging economies including China and India is expected to boost the demand for cocoa beans as intermediates. Rising importance of coating in processing of vegetables, fruits, and cereals for improved flavor is projected to increase the product demand further.⁷

Consumer tastes are also becoming more refined, with growing demand for niche and single origin chocolate. This offers an exciting opportunity for Pacific cocoa producers as premium and niche markets provide higher prices for fine flavored, good quality cocoa. This price premium provides an incentive for Pacific producers to invest in quality and to compete on the basis of flavor, organic or Fair Trade certification and country of origin rather than simply price and volume.

⁴ (Rippin, 2016)<https://www.aecom.com/blog/empowering-women-in-solomon-islands-cocoa-industry/>

⁵ PNG Agriculture website (www.agriculture.gov.pg/cocoa/)

⁶ (Voora, Bermudez, & Larea, 2019) Global Market Report: Cocoa

⁷ (Grandview Research, 2019)

<https://www.grandviewresearch.com/industry-analysis/cocoa-beans-market>

One of the cocoa plantation farms in Savaii have supplied cocoa and single origin for NZ chocolate maker-Whittaker's resulted in successful cocoa exports.



Figure 4: NZ Whittaker's chocolate from single origin Samoa cacao

Propelling Cocoa for Samoa and PIC's

The government and private organizations as well as an interested group of farmers (Samoa Cocoa Industry Association) have worked together to develop pathways for commercialization of cocoa from smallholder farming systems and linking them to higher value global markets, set up programs and sought support for projects to revitalize the country's koko industry. It is highly prioritized and progressing well with satisfied outcomes. A national cocoa standard has already in place to guide farmers for producing good quality and safe cocoa products. This is also the case with other Pacific countries in reviving their cocoa industry.

PHAMA (Pacific Horticultural and Agricultural Market Access) Program is well supporting Pacific cocoa industries in Samoa, Solomon Islands, Vanuatu and Papua New Guinea. Cocoa quality improvement is a key focus for the Program with a view to accessing price premiums from high end buyers, and assisting Pacific farmers and exporters to link with those buyers. To assist industry to better understand potential market opportunities and identify potential buyers for higher quality bean, a survey has been commissioned to examine the Australian, European, New Zealand and United States markets for boutique cocoa. Initial results from this survey show that significant price premiums are available for high quality cocoa, and that there is interest in buying single origin cocoa from Pacific countries.⁸

⁸ (PHAMA) <http://phama.com.au/where-we-work/commodities/cocoa/>

Average Prices at the Fugalei Market

Commodities (SAT\$/kg)	Nov 2019	Dec 2019	Lowest Price for 2019 to date	Highest Price for 2019 to date
Taro	2.56	2.65	2.07	3.03
Banana	1.10	1.06	0.93	1.38
Ta'amu	5.83	8.25	5.20	8.25
Coconut	1.04	1.06	0.92	1.21
Breadfruit	1.39	1.81	1.05	2.27
Yam	4.44	4.84	4.13	6.84
Head Cabbage	5.48	5.84	5.48	13.12
Tomato	9.63	11.50	9.63	22.39
Chinese Cabbage	6.20	5.37	5.37	9.26
Cucumber	3.75	3.98	3.75	5.62
Pumpkin	3.01	3.10	2.87	4.21

Source: Samoa Bureau of Statistics-Local market survey

Foreign Currency per Tala (SAT\$)

Nov-Dec 2019	USD\$	NZD\$	AUD\$	YEN\$	FJD\$	EURO
1 Samoan Tala SAT\$=	0.3722	0.5489	0.5311	39.9400	0.7945	0.3256

Source: Bank of South Pacific

Market Link Newsletter

This newsletter is published bi-monthly and it seeks to assist stakeholders (farmers, consumers, wholesalers, policymakers) make informed market and marketing decisions based on credible, relevant price and supply information. Help us help you by providing constructive feedback on market information issues that will improve the service which will lead to growing a healthy and wealthy Samoa. For more information contact the Policy, Planning and Communication Division and ask for Losan Madar.

Disclaimer

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