

Ivory Coast in fresh stand-off with cocoa buyers over premium

By Ange Aboa

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Ivory Coast is struggling to sell cocoa export contracts for the 2024/25 season with multinational companies demanding it lower prices, which are elevated due to a supply squeeze, the head of the country's cocoa regulator said on Wednesday.



Farmers work at a farm in Sinfra, Ivory Coast April 29, 2023. REUTERS/Luc Gnago/File Photo

Ivory Coast is the world's top producer of cocoa, the main ingredient in chocolate. Along with neighbouring Ghana, it produces about two-thirds of the world's supply.

The country expects a 25% drop from last year in cocoa arrivals for the current October-to-March main crop due to poor weather conditions, said Yves Brahima Kone, director general of the Coffee and Cocoa Council (CCC).

Industry sources said that they expected a 20% drop in production for the 2023/24 season.

London cocoa futures hit a record high on Monday, with speculators doubling down on bets for rising prices.



Ivory Coast sells 2021/2022 cocoa contracts after wrangle over premium

Ange Aboa 10 Jun 2021



The CCC has started selling export contracts for the 2024/25 season but sales are slow with many companies unwilling to pay the going rate, said Kone.

One of the premiums that Ivory Coast uses to improve the income of cocoa farmers is known as the origin differential and is paid by the trade to account for quality differences in beans from different origins.

Multinational companies reach impasse

The premium is currently at zero but companies are pushing for it to be negative, Kone said.

"We started sales of export contracts for the 2024/25 season last week at the current market price but the multinationals approached us to demand a reduction in the origin differential which has already been at zero for many months," said Kone. "We want to tell the cocoa and chocolate industry... that we will not lower the differential. We have made too much effort and sacrifice for them," he said.

Major companies such as Hershey, Nestle, Mondelez and Barry Callebaut buy cocoa from Ivory Coast.

Ivory Coast and Ghana boycotted industry meetings in Brussels last year over a similar price dispute.

Five exporters said they could not afford to purchase contracts for next season at current prices. "No one can buy the 2024/25 contracts without a reduction in the origin differential. Prices are much too high and this creates too much risk for us if the market turns around and prices fall," said the director of one multinational export company who requested anonymity to speak freely.

The director of another European export company said it would be forced to buy contracts for the 2024/25 season but would wait as long as possible, maybe until early next year.

ABOUT THE AUTHOR

Reporting by Ange Aboa; Writing by Nellie Peyton; Editing by Bate Felix and Andrea Ricci.

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