

Gerry Manley



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Gerry is the Managing Director of Olam's Cocoa business. He is a member of Olam's Executive Committee (EXCO) and is Executive Chairman of the Corporate Responsibility and Sustainability function for the group, and a member of the company's Strategy and Risk Committee. He has oversight on Olam's European operations and the Sugar and Speciality Fats business.

He is the Chairman of the Federation of Cocoa Commerce and a Board member of the European Cocoa Association. He has previously served on the Boards of the London Cocoa Terminal Association, the Cocoa Association of Asia and the World Cocoa Foundation.

Gerry has 30 years' experience in the Cocoa world, joining Holco Trading Company (Part of ED&F Man) in 1983, and has been with Olam for the past 15 years. He has a BA Honours in Geography and has an MBA from the City University in London.

Cocoa chronicles: challenges met and developments ahead for the industry

I've been in the industry now for over 30 years and seen a raft of changes, not least the number of international companies that have exited (almost 20 since 1983) and the new ones that have emerged such as Olam (1992 in Nigeria). Today, of course, it's more about the companies merging than emerging!

The story of a handful of origins

The world cocoa crop is now 2.2m tonnes higher than 30 years ago, its evolution over the past three to four decades being the story of a handful of origins. Côte d'Ivoire now accounts for over 1.5 m tonnes, Ghana about 825TMT and Indonesia 450TMT. Brazil has lost over 100TMT, equal to Ecuador's growth. Cameroun and Nigeria have added over 100TMT to supply. Malaysia came and went during that time. West Africa's share of global production has gone from just over 50% to about 70% today.

The high prices of the late 1970s spawned the biggest expansion in planted area that Cocoa has ever seen and the chocolate we eat is still the legacy of that era. We can split the last three decades in half; a vast planting boom over three continents characterised the first 15 years. However, the SE Asian and South American cocoa planting booms failed in many respects while the momentum in West African production has been maintained. Thanks to Côte d'Ivoire's open door migration and



planting policy in the 1970s and 1980s, it became the world's largest producer but at severe cost to swathes of forest.

Lack of mechanised advances

Despite the boom, cocoa farming to this day remains an almost entirely manual affair - the plantation model that was tried in Malaysia and Indonesia failed. No mechanisation or economies of scale could be realised. So cocoa has failed to make the transition from parochial, smallholder-based production to technified, "scientific" farming with high-yielding clones and standardised agricultural practices maximising yields. Fertiliser is still only used on less than 10% of the world's cocoa.

What we have seen in Brazil, Malaysia and Indonesia is that cocoa production is not viable with heavy pest or disease pressure. Yields and incomes per hectare are simply too low. There have been "golden eras" in every origin when cocoa has entered into local mythology as a crop to make you rich, but over the longer term cocoa is still at risk of being a "poor man's crop" of low yield and low income as farmers hesitate to invest in inputs because the eventual gains are not convincing enough.

In fact, over the past 30 years we have seen only two veritable significant new origins, Malaysia and Indonesia. Vietnam is one of the latest, but conditions are not ideal and the savvy farmers have seen that they earn much more from other crops – perhaps hope lies more in Latin America and the Caribbean.

So while production has more than doubled, in the past 30 years almost all of that increase has come from new plantings and the effect of planting without shade. There has been no green revolution to date and that is sorely needed today.

Shaping the next 40 years

Thirty to forty years ago this was a relatively unknown industry – operating in countries that most people had never heard of – indeed if they had it was the darker side of child labour and deforestation. People were happy to consume chocolate, relying on the brand strength – the taste – the indulgence. Not anymore.

Today we are in a different world and we can shape tomorrow. Our challenge is to maintain and develop a traceable and sustainable supply chain that meets the aspirations of consumers whilst acknowledging the complexity with working with many millions of smallholder farmers.

This has to be done whilst reducing the battle of the premiums and ensuring that investment is made to work so that for the farmers cocoa becomes a 'rich man's crop'. It is clear to us that this is the industry's responsibility and one that cannot be solely used as a marketing tool with a niche product at a premium price.

As well as supporting the smallholders we also need to commit to the countries. Investment in origin processing will strengthen the supply chain – improved traceability, assured markets for farmers and the creation of thriving cocoa communities upon which we all depend.

Communication and industry transparency

Today the ECA, WCF and FCC and their members are combining to help guide the European Standards Body on Sustainability – an arduous process but one the cocoa industry must clearly champion. They collaborate on other areas of mutual interest – as does the CMAA and NCA.

But overall as an industry we have been too fragmented – or too scared and uninformed to communicate what has changed in the last decade – the value that Cocoa brings to the producing countries and the many cocoa farming communities.

It is important that whilst programmes need to have a truly positive impact, we should not lose sight of the importance of scalability to support as many farmers as possible. There are therefore two imperatives here; programme costs should be kept as efficient as possible and the industry needs to be more transparent and open with its programmes, strengths and weaknesses.

Increasingly companies and certification bodies are revealing the quantities they trade of a sustainable nature. There is still undoubtedly much to do - but the progress made should be communicated.

A final note on trading

The world of the Cocoa trade has no doubt changed – but challenges on the physical front, differentials, ratios, structure and price will continue to keep us all engaged in one of the most complex and rewarding of industries.

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