



**Points of Concluding Remarks of
THE 4TH INDONESIAN INTERNATIONAL COCOA CONFERENCE AND
THE INDONESIAN INTERNATIONAL COCOA DINNER 2007**

Nusa Dua, Bali, 28-29 June 2007

Background

Cocoa has contributed significantly to the economic development of many countries, including Indonesia. The theme of this conference and dinner is "World Cocoa Sustainability Partnership" which gathering all stakeholders on the cocoa industry to achieve their similar goal, sustainable world cocoa production for the mutual benefit of all of them. In the context of Indonesia, the next ten years will be years that could be facing a number of challenges in achieving the cocoa sustainability which could be elaborated further in this conference. During the opening of this conference, His Honorable Minister of Agriculture, Dr. Anton Apriantono, in his written speech read by Director General of Processing and Marketing of Agricultural Products, did indicate that conducive atmospheric of Bali, it is the time for conference participants to enhance the spirit of cooperation and solidarity dealing with the issues of the common concerns. This achievement is vital, as we have learned that the world cocoa production which is predominantly produced by smallholding farmers is vulnerable due to the complicated agronomic, social economic and environmental factors. The conference was attended by 250 participants.

The conference was closed by Her Honorable Ministry of Trade, Dr. Marie E. Pangestu, along with the opening speech session of the dinner which attended by 500 participants. She mentioned the lower growth rate of world cocoa supply than that of the demand will be good opportunity for the economic development in the producing countries. She also invited investors on cocoa industry to invest in Indonesia because the Government of Indonesia is providing better investment facilities, including tax scheme. She congratulated on the declaration of the Indonesian Cocoa Board (ICB) and wished the board all the best in sustaining cocoa industry in Indonesia particularly to provide benefits to small farmers.

Supply and Demand

Trend of world cocoa demand is estimated to about 2.6 % annually, which is higher than that of supply only about 2.3 %.

In the aspect of demand, the global trend of the chocolate was moving upscale to dark chocolate / organic / single variety origin. It is also important to more promoting the adding of value to the primary commodities. It is important to review factors that will constrain this development, such as import tariffs and adequate incentives existing right now encourage investment which is adequate.

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In the aspect of supply, productivity has to be *increased* to something close to one ton/ha/year by applying good agricultural practices (GAP) and considering cost efficiency in addition to sustainability as well. Action to modernize cocoa farming can be achieved by making better planting materials available, reducing the *impact* of pests and diseases and to introduce best known cocoa cultivation practices. Control of cocoa pod borer must be taken in to account as priority action in Asia and the Pacific regions which require more resources and a regional approach. World Cocoa Foundation is expected to assist in providing a platform for partnership by added knowledge and working on national and regional levels.

Cocoa production policy to prevent over production can be done by making inventory of cocoa resources, develop a rational policy frame work, and producing countries to coordinate policy to achieve higher cocoa market prices.

Quality Aspect

All stakeholders on cocoa industry should pay their attention on quality improvement. Main factors affecting cocoa quality are waste content, flavor and bean size as well as low fat content. Quality improvement on small holding farmers can be conducted by applying partnership program between institutions in the producing countries and consuming countries since the effort need incentives, and price in particular. For Indonesia condition, the requirement for export cocoa quality standard must be applied mandatory through law enforcement.

Market

The volatility of the commodity market resulting in low and unstable farm gate prices create a vicious circle of lower investment, lower productivity, lack of competitiveness, and dwelling income. Adequate reward for farmers will enhance social and environmental dimensions of the cocoa value chains at the production level.

Cocoa industry stakeholders should identify factors that are related with quality improvement appropriate to market demand, further expansion of downstream activities, market development, and participation of international organizations. Responsibility of the industry partner is mainly to appreciate the efforts of farmers to supply global cocoa market with the best quality cocoa beans.

Recently Asia and Oceania market region performs strong demand on cocoa beans instead of North America and Europe regions. Cocoa industry in Asia region is more emphasizing on yield aspect compare to hygiene aspect for North America region and to flavor aspect for European region.

As far as the market is concerned Malaysia, the USA and Europe are still the major buyers of Indonesian cocoa beans. While catering for its traditional markets, Indonesia has also to explore the new potentially important markets in the developing economies of the Asia Pacific area. The trade mission to these countries will not only explore the market for Indonesian cocoa products but also will examine the potential of increasing consumption of cocoa as per capita consumption in many of these countries is still low.

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Others

The other important challenge as far as the cocoa industry is concerned, is the relation between cocoa and health and nutrition. There are a lot of misconceptions related to the consumption of cocoa and cocoa products. For instance consumption of chocolate has been said to contribute to obesity, though evidence indicate that this is on the contrary. As consumers become more conscious of health, they will be looking at residues and contaminants that may be in these products, like the pesticides and heavy metals.

During the conference, the Indonesia Cocoa Board (ICB) was declared by the Indonesian cocoa stakeholders.

Nusa Dua, Bali, 29 June 2007

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