INCREASING MARKET ACCESS FOR NIGERIAN COCOA

BY

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Outline:

- Role of NEPC
- Where we are
- Benefits Cocoa Exports to the Nigerian Economy
- Current Issues on Cocoa Production in Nigeria
- Challenges Impeding Market Access For Nigeria Cocoa
- NEPC Efforts At Increasing Market Access for Nigeria Cocoa
- Conclusion
The 4-pronged role of NEPC

1. Develop
2. Assist
3. Promote
4. Incentivise
Where we are:

- Nigeria’s exports still largely dominated by Crude Oil
- Steady growth in Non-Oil Exports which stood at $2.970 billion in 2013, a 15.9% increase over $2.561bn in 2012 (Cobalt)
- Non-oil exports in 2015 stood at $1.624 billion which shows a decrease over the figure of 2014 which stood at $2.714 billion (PIAs report)
- Netherlands, China, Japan, India, Italy and Germany are current importers of Nigeria Cocoa
- Prospects for increased production of Cocoa not fully exploited despite the existence of vast arable land in Nigeria
- Limited local content value addition to Cocoa, products mostly exported in primary forms from Nigeria
- Cocoa exports still maintained the lead on the pack of commodity exports accounting for 20.82% of total non-oil exports in year 2015
Fig. 1: Export products Performance for year 2013 and 2014

Source: Cobalt Int’l Services Limited
FIG. 2: TOP-10 NON-OIL PRODUCTS EXPORTED IN 2015

Source: Pre-Shipment Inspection Agents (PIAs)
### Table 1: NON-OIL EXPORT VALUES, 2011 TO 2015

<table>
<thead>
<tr>
<th>YEAR</th>
<th>EXPORT VALUE (US$)</th>
<th>% GROWTH</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>2,765,290,413</td>
<td>-</td>
</tr>
<tr>
<td>2012</td>
<td>2,561,243,645</td>
<td>-7.38</td>
</tr>
<tr>
<td>2013</td>
<td>2,970,107,354</td>
<td>15.97</td>
</tr>
<tr>
<td>2014</td>
<td>2,714,188,339</td>
<td>-8.62</td>
</tr>
<tr>
<td>2015</td>
<td>1,624,620,152</td>
<td>-40.13</td>
</tr>
</tbody>
</table>

**Source:** Pre-Shipment Inspection Agents (PIAs)
Table 2: NON-OIL EXPORT TRENDS, 2011 TO 2015

Source: NEPC Statistics Unit (PIAs compilation)
Benefits of Cocoa Exports to the Nigerian Economy

- Earning of foreign exchange income – second only to oil
- Creation of export-oriented companies
- Creation of more jobs
- International Visibility of Nigeria's Cocoa and its By-products.
- Integration of Nigeria’s Economy with global economy.
- Improvement in the balance of Payment
- Provision of raw materials for local industries,
- Source of revenue to governments of cocoa producing states.
Current Issues On Cocoa Production In Nigeria:

- Research has shown that Nigeria has the potential to become the world’s cocoa giant but till date, it is yet to become African giant;

- Comparatively, Nigeria is currently in the 6th position among producing nations and in the third position in Africa after Cote d’Ivoire and Ghana.

- Nigeria has witnessed steady decline in output of cocoa since the discovery of oil in 1970s.

- From the table below, Nigeria production figure as at year 2015 was about 190,000 metric tons as against Cote d’Ivoire of 1.65million metric tons and Ghana of 800,000 metric tons (International Cocoa Organisation, ICCO.)
Production Forecast of Ten (10) Cocoa Producing Nations - year 2015:

<table>
<thead>
<tr>
<th>S/n</th>
<th>Country</th>
<th>Production Figures (Metric tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Cote D’Ivoire</td>
<td>1,650,000</td>
</tr>
<tr>
<td>2.</td>
<td>Ghana</td>
<td>800,000</td>
</tr>
<tr>
<td>3.</td>
<td>Indonesia</td>
<td>320,000</td>
</tr>
<tr>
<td>4.</td>
<td>Cameroun</td>
<td>220,000</td>
</tr>
<tr>
<td>5.</td>
<td>Ecuador</td>
<td>220,000</td>
</tr>
<tr>
<td>6.</td>
<td>Nigeria</td>
<td>190,000</td>
</tr>
<tr>
<td>7.</td>
<td>Brazil</td>
<td>180,000</td>
</tr>
<tr>
<td>8.</td>
<td>Peru</td>
<td>85,000</td>
</tr>
<tr>
<td>9.</td>
<td>Dominican Republic</td>
<td>72,000</td>
</tr>
<tr>
<td>10.</td>
<td>Mexico</td>
<td>30,000</td>
</tr>
</tbody>
</table>

Source: ICCO 2016
NEPC’s Efforts At Increasing Market Access for Nigeria Cocoa:

In our efforts to increase market access for Nigerian Cocoa, the NEPC collaborated with the relevant Agencies to carry out the following;

✓ Capacity building and awareness creation on effective drying, storage and packaging of cocoa for export.
✓ Nationwide enlightenment campaign on the avoidance of use of banned chemicals for fumigation of cocoa.
NEPC’s Efforts At Increasing Market Access for Nigeria Cocoa

✓ Organised capacity building in collaboration with Cocoa Research Institute of Nigeria (CRIN) on Good Agricultural Practices (GAP) on cocoa production for export in 6 cocoa producing states. Over 1500 farmers were trained.

✓ Production of Quality Pictorial charts on GAP which were distributed to cocoa farmers.

✓ Provision of timely Market Information System (MIS) on cocoa
Challenges Impeding Market Access For Nigeria Cocoa

- Absence of proper marketing structure and regulations
- Inappropriate storage facilities
- *Use of* inappropriate packaging materials
- *Inadequate* drying facilities leading to high moisture content and poor quality of crops
- Prevalence of ageing cocoa trees in the producing areas thereby leading to low yields of crops and low productivity.
- Inappropriate and indiscriminate use of agro-chemicals by farmers
- High level presence of foreign matters (impurities) beyond tolerable limits
- Lack of Good Agricultural Practices (GAP) and Good Warehousing Practices (GWP) amongst farmers and Locals buying Agents (LBAs)
CONCLUSION

• Adherence to Quality is a major determinant of the performance of a product in the market place, especially in the overseas market.

• Product Branding at origin is essential to attract premium price at the terminal markets. Nigerian Cocoa must be associated with right quality management practices to gain buyer’s confidence in the terminal markets.

• All operators in the cocoa value chain including researchers and breeders must begin to enthrone innovative and sustainable solutions that would make Nigerian cocoa to grow both in production and quality.
For Further Information, Please Visit Our Website:

www.nepc.gov.ng or reach us at enquiries@nepc.gov.ng
Thank you...
REFERENCES:

1. Reports sent to NEPC by Pre-shipment Inspection Agents (PIAs for 2011-2015)

2. ICCO reports – “Outlook for Global Supply and Demand”, presented at the 3rd World Cocoa conference, Dominican Republic, 22nd-25th May, 2015

3. Pictorial Illustrations of Good Agricultural Practices (GAP) on Cocoa; by NEPC/CRIN

4. NEPC Annual reports, 2011-2015