

## INTRODUCTION

Chocolate has become a common food around the world, available in a wide variety of forms: creams, chocolates, tablets, truffles, cocoa powder (ECA & CAOBISCO, 2021). Behind these products, it is estimated that retail sales of chocolate in the world reached 130 billion USD in 2020 (TRIDGE, 2020). Germany, Belgium, and the Netherlands are the countries listed as the main exporters of chocolate and its derivative preparations (UN Comtrade, 2020). Cocoa is the raw material for chocolate. In 2020, 5.6 million tons were produced (FAOSTAT, 2020), with a value of 11 billion USD (TRIDGE, 2020). The African continent contributed 67 %, although its importance decreased compared to 2018 when it contributed 76 % (ICCO, 2018). Latin America participated with 17 % of global production where Ecuador (5 %) is the largest producer followed by Brazil (4.6 %) and Peru (2.4 %) Colombia produces 1.83 % and Mexico produces only 0.5 %.

Cocoa is produced by about 6 million people in the tropical regions of Africa, Asia and the Americas, of which 4.2 million are smallholders and depend on this crop for 60 to 90 % of their income and ensure the livelihoods of 28 to 35 million people (Tsowou & Gayi, 2019; Voora et al., 2019; WCF, 2020), accounting for 3.92 million tons of the total volume produced (Arvelo et al., 2016). Unfortunately, this income is low, as according to Fountain & Hütz-Adams (2020) and FAO AND BASIC (2020), cocoa producers perceive between 6 % and 11.3 % of the final sale of the cost of a chocolate bar in the French market. This percentage is equivalent to perceiving 0.78 to 1.77 USD per day, and if we consider that the global poverty line is 1.9 USD per person per day (Tsowou & Gayi, 2019), the marginal conditions in which the average producer lives are evident.

## METHODOLOGY

As part of the primary information, two international seminars were held during the years 2020 and 2021: I. Global challenges and prospects for cocoa and II. Challenges and perspectives of the global cocoa and chocolate chain, in which updated information was obtained from the different stakeholders and some of the key components in the configuration of cocoa and chocolate GVC as a fundamental structure for international business in this industry were identified. In an exploratory approach, semi-structured interviews (n=20) were conducted with experts in production, trade, financing, and agribusiness in the global cocoa-chocolate value chain.

The information was systematized and analyzed by using the modified and complemented methodology of Fernandez-Stark & Gereffi (2011), which considers four dimensions of the GVC. Two more dimensions were added corresponding to the role of Latin America and the Caribbean and the opportunities of the cocoa-chocolate GVC; each section of the results was described according to the indicators mentioned below.

## RESULTS AND DISCUSSION

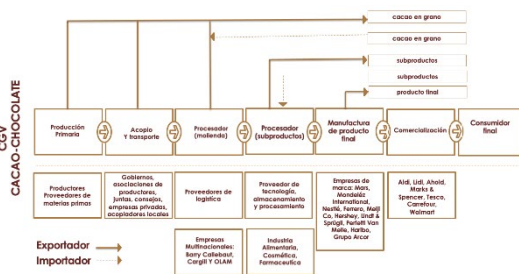


Figure 1. Scheme of the GVC of cocoa and chocolate. Source: Own elaboration, with field information (2021).

## LITERATURA CITADA

Cabrera Valencia, F. (2019). Cadenas globales de valor y la inserción de América de la Cadena Global de Valor Cacao- Chocolate. Retos y perspectivas para México del cacao (Theobroma cacao L.) peruano. *Enfoque UTE*, 10 (1), 97–116

Gereffi, G., Humphrey, J., & Sturgeon, T. (2005). The governance of global value chains. *Review of International Political Economy*, 12(1), 78–104. <https://doi.org/10.1080/09692290500049805>

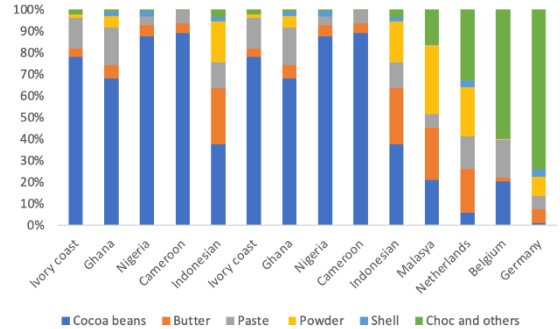


Figure 2. Volume of exports of traded products by country (Millions of tons expressed in percentages). Source: Own elaboration with data from UN Comtrade (2020).

The world cocoa supply has followed a compound annual growth rate trend of 3% in the last decade, with differences in annual behavior, which evidenced a greater variability, induced by climatic factors and the COVID pandemic, which indirectly affected the production and grinding of cocoa beans during 2020/2021, having a direct impact on global market prices that also influence the efficiency of the cocoa economy of this GVC (ICCO, 2021). The prices obtained on the New York Stock Exchange and the ICCO daily price of cocoa beans were low, ranging from USD 2,057 per ton in 2016 to USD 2,327 in 2018, establishing a directly proportional relationship with stocks.

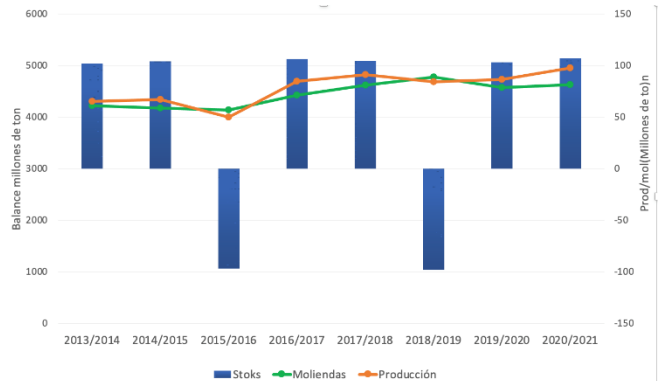


Figure 3. Global supply/demand balances for cocoa beans. Source: Own elaboration with data from ICCO (2021).

## CONCLUSIONS

In this document, we have analyzed the cocoa-chocolate GVC in terms of its economic structure, which is made up of six segments: primary production, collection, and transportation, milling and/or processing of by-products, manufacturing of the final product, marketing, and the final consumer.

The LAC opportunity, which sets working together as a region, will allow fine-aroma cocoa to be inserted in the world market at a differential price. Certification is presented as an alternative to improve income. There are various initiatives in countries such as Colombia, Brazil and Peru that are supporting producers by guaranteeing sustainable cocoa.

so it is necessary to carry out studies analyzing the ways to enhance fine aroma cocoa production in Latin America and propose strategies that guarantee its greater development and provide solution.