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Why PH can deliver in chocolate trade

by Ernesto Ordoñez, November 25, 2017
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This was one of the valuable insights from the Cacao Link Luzon Congress held in San Fernando, Pampanga on Nov. 16-17. It was organized by the Philippine Cacao Industry Council Region 3 (Kapampangan Development Foundation as chair—0917-8403711), with the Department of Agriculture (DA), the Department of Trade and Industry (DTI), Pampanga Chamber of Commerce and Industry and Alyansa Agrikultura.

The cacao plant was introduced in the Philippines in 1670.

Since cacao grows only along the equatorial belt, we have a competitive edge. This is because our geographic location allows us to grow higher value cacao.

In fact, the cacao industry gradually grew until its peak in the early 1990s, when it was producing 35,000 metric tons (MT).

Production eventually declined due to weather conditions, pest and disease infestations, aging trees and decreasing world prices. Instead of making money, the industry incurred losses. And without the proper technology transfer and marketing know-how, cacao production plummeted.

Through public-private partnership and United States Agency for International Development (Usaid) support, the industry began to recover in the early 2000s. A Cacao Industry Council was organized much later, chaired by the DA and co-chaired by the private sector.

The council is effective because there is close coordination between the agencies and parties involved (this is sorely lacking in many agri-industry projects). The council also has a 2017-2022 Philippine Cacao Industry Roadmap signed by Agriculture Secretary Emmanuel Piñol and Trade Secretary Ramon Lopez, witnessed by President Duterte on March 17.

A similar roadmap is also lacking in many agricultural industries. The DTI has already submitted more than 30 blueprints to government think tank Philippine Institute of Development Studies (PIDS), but the DA has yet to submit its own version. PIDS needs both industry and agriculture roadmaps to maximize agri-industry synergies.

As can be gleaned from above, partnerships are important so that the mistakes seen in the cacao's decline can be avoided.

Also at the Cacao Link Luzon Congress, several important topics were discussed.

For only P66,000 loan per hectare, a coconut farmer now earning P20,000 can get additional income of P18,000 on the second year and P130,000 on the fifth year. And yet, too few coconut farmers do intercropping because of credit inaccessibility and lack of technical assistance.

One million metric tons should be produced by 2020. The existing cacao-producing countries cannot deliver on these volumes. Philippine production today is only 10,000-12,000 MT from 30,000-35,000 hectares. There is huge untapped potential to increase our productivity to 2 MT per hectare by using a significant number of our underutilized 2 million hectares of coconut land (for intercropping purposes).

At the Asean Business and Investment Summit held last November 12-14, Presidential Adviser Joey Concepcion identified agricultural development as a key solution to reducing poverty. Cacao production should be looked into.

We can produce all the cacaos we need. And yet in 2015, we imported only $179 million. Our existing commercial chocolate makers have to import cacao powder just to sustain their operations. Our cacao farmers, who each own 1-3 hectares, should be providing this shortfall and can help meet the enormous global cacao demand.