

How can Brazil recover its leadership in the sustainable production of cocoa beans?

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Brazil once produced 25% of all cocoa beans on the planet; today it accounts for less than 5%. Progress will require work, investment, and some risk-taking by the different stakeholders.

In December 1973, three months before taking office as President of the Republic, the somber Ernesto Geisel ended a visit to Ilhéus and Itabuna amazed at what he saw: “Happy Brazil if it had 20 or 30 CEPLACs!” More than an empty exclamation, the Geisel government put this vision into practice. As explained by Alysson Paolinelli, his Ministry of Agriculture used the Executive Commission of the Cocoa Growing Plan (CEPLAC) as an “inspiration and parameter” to create EMBRAPA, one of the most respected public bureaucracies in the country.

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CEPLAC is a federal agency created by the Juscelino Kubitschek administration in 1957 to renegotiate the debts of cocoa producers. Over the following decades, it broadened its scope of action to become a true development agency for the sector. Its success was resounding. During its peak in 1983, Brazil produced about 370,000 tons of cocoa, equivalent to 25% of all world production. In that year, the country was the second largest producer in the world, 80% of its cocoa was of superior quality and the vast majority was destined for export.

Today the situation is quite different. In 2020, Brazil fell to the seventh position in the ranking of cocoa producers, behind Ivory Coast, Ghana, Nigeria, Indonesia, Ecuador, and Cameroon. Currently, Brazilian producers harvest about 270,000 tons per year, equivalent to only 5% of world production. The vast majority of this cocoa is of low quality and 99.8% is sold on the domestic market. Even so, the national production is insufficient to supply the industry installed in the country. Since 1997, the three largest cocoa grinders operating in Brazil import an average of 50,000 tons of cocoa per year, mainly from Ivory Coast and Ghana, and then re-export the processed products.

CEPLAC has also declined. In 1980, it had an annual budget of US\$ 73 million, had more than a hundred buildings of its own, employed 4,500 employees, and based its activities on the tripod of research, rural extension and training. Proud of the institution, its employees identified themselves as “ceplaqueanos”. Today, it employs less than 1,000 people, and virtually all of them are past retirement age. Its budget has fallen to less than \$3 million, many of its buildings are abandoned or have been given over to other uses, and CEPLAC has stopped offering training and rural extension to concentrate on research.

Why has Brazil lost its leadership in this sector and how can it regain it?

These questions are important because cacao is a native Amazonian plant and its production can bring economic, social and environmental benefits to the region. Through my research, I learned that the decline was caused in large part by the arrival of a fungus in Bahia – *vassoura de bruxa* – in the late 1980s. It caused productivity in that state to plummet and total national production as well. In turn, the resulting scarcity of cocoa beans activated economic forces that trapped the industry in an unwanted equilibrium that lasts until this day.

This equilibrium is maintained by three forces. First, the scarcity of cocoa caused the price of cocoa to rise and thus Brazilian producers could earn more money selling their output in the domestic market than abroad. Second, producers found it more financially advantageous to produce

low quality beans than clean, consistent and flavorful cocoa. And third, the drop in productivity caused the unitary costs of production to rise. Even earning relatively well, most producers do not make enough profit to maintain or expand their farms.

Every research has an element of surprise. In this case, I started my research on cocoa thinking that I would find a central obstacle that, once removed, would return the industry to its former glory. Instead, I found a gnarly knot, where each thread holds all the others firmly in place.

In this case, the best (perhaps only) way to untangle the knot is to help the most committed producers to retrace their steps, or move backwards. In practice, this means increasing productivity. Much of the necessary technical knowledge already exists. According to IBGE, the average productivity in Bahia is 325 kilograms of cocoa beans per hectare and in Pará it is 976 kilograms per hectare (these numbers are different because the production methods in the Atlantic Forest and the Amazon are different). In both states, however, there are people who produce 3,000 kilos per hectare. Some specialists say that it is possible to produce 7,000 kilos per hectare or more.

The increase in productivity should decrease the unit price of cocoa in the national market. When this occurs, many producers will cry out and ask for some kind of subsidy or price control. The challenge for government leaders is to resist this temptation as this kind of response only tightens the knot that holds the sector in a trap.

Instead of offering subsidies or price controls, public agencies should support producers interested in improving their productivity. The exact format of this support needs to be negotiated between the actors, including not only various relevant public institutions but also the producers, the cocoa grinders, and the chocolate manufacturers. The path chosen will involve work, investment, and some risk-taking for everyone. Still, the promise is of significant and widespread gains. Brazil has already lost 40 years, it would be a pity to lose more.

Fonte: <https://plenamata.eco/en/2023/03/28/how-can-brazil-recover-its-leadership-in-the-sustainable-production-of-cocoa-beans/>