

Address of Mr Alan Cook,
Chairman of the
Federation of Cocoa Commerce Ltd.
at the London Cocoa Dinner

Guest Speaker

Address of His Excellency
Mr John Agyekum Kufuor,
President of the Republic of Ghana
at the London Cocoa Dinner

Extracts from the Speeches
at the 1st London Cocoa Dinner
on Thursday 14th May 1931

London, 2nd June 2006

The Chairman's Speech

Your Excellency, Mr John Agyekum Kufuor,
President of the Republic of Ghana,

Your Excellencies
the Ambassadors and High Commissioners
of cocoa producing countries,

Distinguished representatives of public and private sector
cocoa and chocolate organisations

Distinguished guests,

Ladies and gentlemen.

It is a great honour for me to welcome you to the 2006 FCC Cocoa Dinner. Many of you have travelled great distances to be here during London Cocoa Week and the Federation and its members thank you for your attendance and support.

Given the challenging and changing times for our trade the attendance tonight is a truly remarkable testimony to the resilience of our market and those that work within it. We hope that London cocoa week has given everyone a great opportunity to meet and discuss our favourite subject and build upon the friendships that typify the cocoa business.

We are especially honoured that His Excellency the President of Ghana has been able to take time away from running his country to address us this evening. We are all aware that the fortunes and well being of Ghana are very much dependent on cocoa and it is our respect for the special position which Ghana enjoys in world cocoa trade that the Federation wished to see Ghana centre stage this evening. Whilst this is the first Cocoa Dinner since the merger of the Cocoa Association of London and the Fédération du Commerce des Cacaos, it is in fact the 75th Anniversary of London Cocoa Dinners – the first being held in May 1931 which makes this evening all the more memorable by the presence of our friends from Ghana.

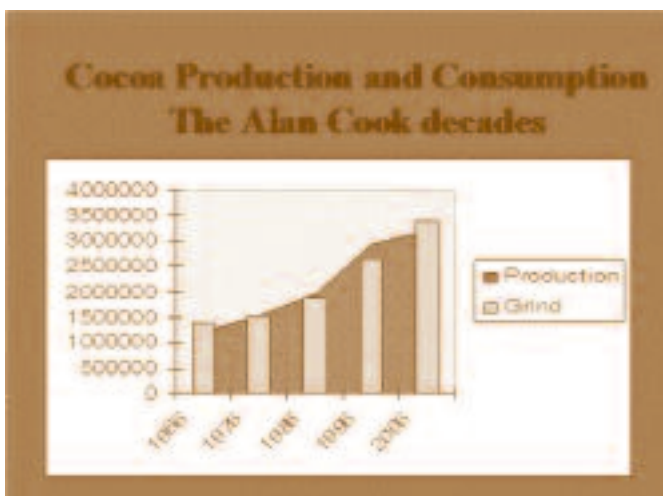
We are pleased that we can also bring you extracts from the speeches made 75 years ago as a further reminder of this evening and these are included in the Speeches document that will be made available to you shortly.

I would now like to express my deep gratitude to our sponsors this evening – without them we could not have staged such a significant event and therefore I mention each of them by name.

Our sponsors are:
ABN AMRO Futures Ltd.
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Filhet Allard Maritime
Fimat /Société Générale
Fortis Commodity Derivatives

The fantastic support for this dinner from our sponsors also reflects the fundamental importance to our business of the commitment of the futures market – its constituent futures brokers, clearers and also the insurance companies that serve our trade and I invite you now to show your appreciation for their support.

As many of you already know, I am retiring later this year after more than 40 years with Cadbury of which I spent 34 years involved with the cocoa trade. As a result, this is, for me, inevitably a time of looking back and seeing how things have changed, and perhaps that also gives us an opportunity to relearn a few lessons for the future. Perhaps even the speeches from 1931 give us an insight to the rate of progress in some areas of our trade and the apparent lack of progress in others.



The first thing which strikes me, when I look back, is the phenomenal rate of growth we have seen. When I first entered the market, the world was producing (and consuming) roughly 1.2 million tonnes of cocoa a year – this season the figure looks as though it will be 3.4 million – getting very close to 3 times as much in a period of just 34 years. That is an absolutely extraordinary achievement – had anyone suggested figures as high as that in my early years in cocoa, they would have simply been laughed out of court. And it is an extraordinary achievement from everyone involved – from the producers who have managed a threefold increase in their output, to the cocoa processors and chocolate manufacturers who have managed to transform and sell it (such growth figures would surely be any marketing man's dream!) and importantly the intermediate trade, who are achieving the movement of 3 times as much cocoa from origin to end-users, with probably fewer people (though one might not guess as much from tonight's attendance!) than they had 34 years ago. So let all of us, for a moment at least, congratulate ourselves on a job very well done.

However, if we try to turn that past success into a challenge for the future, it is fairly easy to calculate that, if that rate of growth is to continue, then we will need to be producing, and consuming, about 10 million tonnes of cocoa annually by the year 2040. That sounds, to me, a very daunting figure – though probably no more so than a figure of 3.4 million tonnes would have appeared at the start of my cocoa career - and I am quite glad that I will not be one of the people who has to deliver it. So, let us just consider some of the obstacles which we may have to overcome if such a figure is going to be achieved – and in many cases it does not seem as though ‘more of the same’ is going to be enough.

Firstly, we need to understand the processes by which the growth we already have achieved has come about. And, although I fully appreciate that there are some honourable exceptions, it does seem to me that we have largely relied on market forces to do the work for us. That is in itself no bad thing – in general the market has driven us to an average price over the last 30-40 years which has been high enough to encourage origin farmers to grow 3 times as much cocoa in that period, but has been low enough to enable the chocolate industry to similarly expand their sales. And thus the origin income from cocoa has risen 3 times – which seems a splendid achievement - not, basically, because producers are being paid higher prices per tonne for their cocoa, but because the industry is able to pay them the ‘market price’ for a much larger tonnage. I fully appreciate that the market has also seen big price swings, reflecting timing mismatches between the production and consumption growths, which have helped neither origin nor industry, and one still dreams that an effective way might be found to ‘damp down’ such swings.

I think this experience does confirm to me that, going forward, the market is still far and away the best way to set prices to allow the overall industry to grow. However there do seem to be an increasing number of other issues looming where simply paying an ‘adequate price’, and hoping that market forces will solve the problem, is no longer a sufficient approach.

On the production side, looking back it is possible to see that most of the growth that has been achieved has, very simply, been a result of planting new areas with cocoa. Particularly in West Africa, efforts to increase the yields per hectare or, even to replant ‘old’ cocoa areas and get back to the previous yields, have, in spite of the worthy efforts of many people, so far been largely disappointing. Also attempts at ‘plantation style’ growing – particularly in South East Asia – appear to have shown that, although dramatic improvements in yields are, indeed, possible, they do not appear to be deliverable at a cost which allows cocoa to compete with other crops which are available for plantations to grow. And yet it now seems clear that

there is very little more land, with a suitable climate for cocoa growing, still available in the world for fresh plantings and so, if we are going to reach that 10 million tonnes, or anything like it, we are going to have to find a viable way of increasing yields significantly in a smallholder environment.

Transfer of technology to cocoa producers to enable the reclamation of degraded land for cocoa use and to tackle cocoa pests and disease has featured in many conferences and publications for many years. Whilst some progress is evident, there has been nothing like the scale up from pilot project stage that we need to achieve in order to deal with production and environmental problems associated with low yields and the contribution that this could make to improving the livelihoods of producers. We all seem to understand the problem – however, the practical large-scale solutions are clearly evading us at present.

On the consumption side, it looks as though a significant amount of further growth will probably come from 'developing' countries – and particularly as those, whose climates are not ideal for chocolate consumption, 'develop' enough to be able to have refrigeration equipment in first shops, and then homes.

However it does look as though, in our existing markets in the 'developed world', we be will facing up to significant issues which could seriously threaten consumption. These basically fall into 3 areas – (a) the concept that our products are basically not good for people to eat (or only in limited quantities) – the 'obesity' lobby, - (b) the concept that our products increasingly include things which are actively 'bad' for people – pesticide residues, ochratoxins, etc, and the threat of government regulation in these areas (c) the concept that the industry is not doing enough for the producing countries at the beginning of our supply chain – from accusations of slave and child labour among the people actually involved specifically in the production of cocoa to much more general feelings that we are one of the culpable parts of the 'developed' world which is taking advantage (in general 'unfair trade') of poor, developing countries. Although in many cases such attacks are greatly exaggerated or even partly or wholly untrue, this is certainly building up a 'negative' impression of the whole trade.

Alongside this there is the issue of quality – which is one of those areas where it has always been questionable whether simple market forces achieve the required results – when prices are historically low, the producers always say that they would be keen to take action to improve quality, if only we would pay them more - but when prices are historically high, they don't feel any pressure to do anything about quality because buyers are keen to take their cocoa 'just as it is'. However the relative pricing for different types of cocoa can be used to bring some pressure for better quality. It is clear to us in the

FCC that there has been a significant decline in quality in the last year or two – though it is not completely clear whether this is because the market pressures don't work properly or that some users simply no longer think it is something worth paying for – which may be because they believe they can now produce 'top quality' products from less than 'top quality' beans. Either way, we detect that some people outside the cocoa trade are forming the impression that the Cocoa Trade no longer regards the best quality ingredients as essential, and we believe this is adding to the general 'negative' impression of the trade caused by the issues.

So, how can we and should we collectively stand up to the pressures upon our business? The cocoa producers, the cocoa trade, cocoa processors and the chocolate industry have already declared their commitment to sustainability of the cocoa market – the pillars of this commitment are the economic, social and environmental components. I recognise that the trade and industry is doing a great deal certain issues through specific groups – the Sustainable Tree Crop Programme, the International Cocoa Organisation, World Cocoa Foundation and others and we should all be grateful for the hard work that goes into these efforts. And yet, in spite of all this work, it is hard to avoid the impression that the whole industry is divided and on the defensive and that we are not confident that we know the answers to all the challenges which could limit our growth over the next period. Is there any more that we could do not only to respond to the negatives but also maybe allow some of the positives about our market to be given greater prominence?

I do not have any simple answers, except to say that we need to appreciate more that fundamentally our interests – producers, trade and industry – are effectively the same and that combined efforts to secure continuing overall growth will bring the biggest benefits for all of us. Which is nothing new for, if we go back to that first London Cocoa Dinner in 1931 when Mr Seebohm Rowntree commented on the role of our newly formed Trade Association:

"First, it is bringing about fuller co-operation among all those who are interested in the cocoa industry. Sometimes, perhaps, the interests of the cocoa-grower may seem to differ from those of the cocoa manufacturer. One wants to sell his goods at the highest possible price; the other wants to buy them as cheaply as possible. But we know that beneath the apparent conflict, there is unity of interest, because there would be no producers if there were no consumers, and vice versa!

The difference is superficial; the unity is fundamental, and the two functions are interdependent. We all admit this theoretically, but I believe that the Association which you represent is bringing the knowledge home to us, that co-operation, not competition, is the bedrock foundation of industry and of society."

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Ladies and gentlemen.

with the support of your governments and your people in the cocoa market whose efforts are recognised and highly valued – we must continue to work together to bring about the changes required to achieve the continuing growth and prosperity in our market.

I now revert briefly to my opening comments about SOS.

Members are aware of our recently launched initiative to support the SOS Children's Village in Asiakwa, Ghana. On this special evening we have been very fortunate - due to the excellent generosity of ABN AMRO - to be able to build upon that initiative through the Prize Draw that ABN AMRO has sponsored and for which I am sure you will have purchased many tickets. A very big thank you to ABN AMRO for their generosity this evening. The special cards on your tables set out some details of this initiative and I do urge you to support our efforts.

SOS Children's Villages has over fifty years' experience helping children who would otherwise have nothing and no-one. They have pioneered a family-based approach to the long term care of children orphaned as a result of war, famine, disease, poverty and natural disaster. Today they are the world's largest orphan's charity. I would like to thank the Ghana Cocoa Board and in particular its former Chief Executive, Mr Kwame Sarpong, for their support in developing this initiative which grew from a very small acorn.

Lastly, I would simply say that I have been honoured to serve the Cocoa Association of London, the Federation of Cocoa Commerce and Cadbury Schweppes over the past 40 years and I now say thank you to the many friends I have acquired through the cocoa trade and to my fellow Council members, arbitrators and trading partners and to the Federation as a whole for making the cocoa world a better place over many years.

It now falls to me only to wish all the very best to Mr Paul Davis and Mrs Filipa Secretin who will become respectively the new Chairman and Vice-Chairman of the Federation at the end of our Dinner this evening.

Thank you for your attention and for the many happy memories of the cocoa market I take with me into retirement.

**Speech delivered by H.E. J.A. Kufuor,
President of the Republic of Ghana at the
Federation of Cocoa Commerce (FCC) Dinner,
Friday 2nd June, 2006
Grosvenor House, London**

Mr. Chairman, the Council and Management of the Federation of
Cocoa Commerce,

Cocoa Producers and Representatives of Cocoa Producing
Countries,

Cocoa Trade Houses and Logistics Providers,

Brokers and Cocoa Processors,

Representatives from Chocolate Manufacturers,

Distinguished Ladies and Gentlemen,

Let me begin by thanking the organizers for graciously extending this invitation to me to be your guest at this Cocoa Dinner. Happily I have just learnt that this is the 75th Anniversary of the London Cocoa Dinner and I am flattered to have been asked to be your Guest Speaker in this Jubilee Year and before such a distinguished array of personalities within the 'cocoa fraternity'.

Mr. Chairman, unlike that of some of the producing countries represented here, Ghana's cocoa industry has been the backbone of her economy virtually throughout the last century. And, all indicators point to the fact that, it shall continue to be an anchor for our socio-economic development into the foreseeable future.

In spite of its pivotal role however, cocoa has not enjoyed much value-addition within Ghana so far.

When my government assumed office five years ago, just about eighteen percent of the crop was processed in the country, and even this, at largely, a very primary level. The rest of the beans have been exported raw. Happily, this has been improving since then. Currently, 30% of the crop is being processed locally. We consider this to be still very low and government's policy is to exceed 50% within the next few years. This will increase the benefits from the crop to the economy, and more importantly, reduce the dependence on the fickleness of the international commodity market.

Mr. Chairman, in spite of the inadequate value-addition however, the significance of cocoa in our economy has been unmatched in terms of its contribution to tax revenue, foreign exchange earnings, employment generation and its impact on the psychology of the nation.

You would remember that until we gained independence in 1957, the name of our country was the Gold Coast. But cocoa has been such a driving force in the socio-economic development that some wit believed cocoa would have been a more apt description of our country than Gold.

One cannot agree more with this wit, considering that whereas Ghana is truly a land of gold geologically, the truth is that, not even the state has any substantial holdings in any of the gold mining companies, while in the case of cocoa, the farms belong entirely to the small scale indigenous farmers. It is largely from the creaming off from the export earnings of their produce that government gains the revenue with which it has been developing the country for most of the past century.

Further, the number of people employed directly in the sector runs into millions and indirectly, perhaps even more. In a country of about 20 million people, it can be stated confidently that, Ghana has about one third of the population earning their keep from this crop. To this extent, the saying that "Cocoa is Ghana and Ghana is cocoa" can be said to be true.

As again, Mr. Chairman, you will recall, in the 1960s Ghana was the leading producer of cocoa in the whole world. Sadly, she lost this position within the decade. Many reasons have been adduced for this unfortunate, sharp decline.

The first cause has been attributed to the stagnation which bedeviled the national economy during the period. In the cocoa sector, the stagnation manifested as poor government policies, weak institutional support, payment of low producer prices, non-availability of required farm inputs at the right time, and inadequate extension services.

The result of this was poor farm husbandry within the entire industry, low harvests, a steady decline in the incomes of farmers and general disenchantment on the part of the millions of Ghanaians who depended on cocoa for their livelihood. This lasted for the next three decades.

The malaise that hit the cocoa sector was perhaps rooted in a not too business-friendly ideology toward private enterprise and ownership by many of the successive regimes before my government came into office in 2001.

Perhaps you should know that the basic ideology of my party is private property rights, respecting the initiative of the individual, respect for human rights and rule of law with due process.

This ideology has been espoused by my party's antecedents since the 1940s. Indeed, around the time of our independence in the 1950s, the logo and symbol of our predecessor party was the golden cocoa pod.

Ladies and Gentlemen, you would appreciate therefore that when my government assumed office, it immediately took up the challenge to rehabilitate the crop to its past glory, and possibly to regain its position as leader in terms of volume of production.

Government has therefore initiated and implemented consistent policy measures over the past five years to arrest the decline and resuscitate the industry.

These measures and initiatives have included:

- Payment of remunerative producer prices which have been increased steadily from 40% in 2001 to the current of 72% of the world market price;
- Improved payment of annual bonuses to farmers;
- Vigorous pursuit of a nation-wide pests and disease control programme;
- The adoption of what has become known as cocoa "High-tech" programme, where farmers are helped by government to spray their farms, apply fertilizers and use improved planting materials

These measures have contributed to catapult the annual crop from a base of 340,000 metric tons in 2001 to the unprecedented level of 734,000 metric tons in 2004. Altogether, farmers incomes have increased significantly, employment opportunities improved, poverty reduced, and the rural economy in general enhanced, culminating in restored farmers' self confidence.

Mr. Chairman, for us, pursuing these policies has been the natural thing to do because a central plank of our development agenda is focused on Growth and Poverty Reduction. Government is resolved to sustain this direction in the implementation of all policies. This will be the way to achieve the Millennium Development Goals by year 2015.

Mr. Chairman, let me at this point commend the Federation of Cocoa Commerce (FCC) for your contribution to the Sustainable Tree Crop Programme (STCP). This programme has sought to improve the well-being of smallholder farmers through the development of sustainable tree crop systems that increase productivity and incomes while conserving biodiversity.

The programme is indeed making recognizable impact in the pilot areas in the three selected districts in the Ashanti Region of Ghana. The forest cover is being restored.

We endorse the recommendations that the scheme be expanded to all the cocoa-growing regions of the country and even beyond Ghana, to other cocoa producing countries in West Africa.

Mr. Chairman, permit me to comment briefly on the thorny issue of Child Labour within the cocoa industry. In line with our national constitution, my government has launched a Free and Compulsory Universal Basic Education Policy which makes it mandatory for all children below age sixteen to be in school. This policy is being supported with a school feeding programme, a capitation grant for all children in public basic schools thus freeing them from the payment of any fees. In addition, public transport has been made free for all school children.

With this, it has become an offence to keep any under-aged child out of school, to be put to work. I want to assure all stakeholders of this industry that my government will not permit the future of any Ghanaian child, which indeed constitutes the future of our nation, to be jeopardized through any form of child labour, not only within the cocoa industry but also anywhere else in Ghana.

Now, Mr. Chairman, I wish to draw the attention of this distinguished gathering to some moral issues which have remained unresolved during the long history of the cocoa industry.

Cocoa, which the American Indians of old described fondly as "food of the Gods", and whose nutritional and health values, especially its aphrodisiac properties, have been extolled by scientists and researchers recently, is cultivated in Ghana mainly by smallholding peasant farmers at great effort and cost.

The moral questions that we should always be asking ourselves are: for how long will the cocoa fraternity comprising major traders, manufacturers, and respective governments continue to ignore the plight of the teeming masses of peasant farmers whose daily activities underpin whatever happens in this great industry of global dimension?

The increased global output should contribute to stabilize earnings of producer countries, increase farmers' incomes, reduce poverty and improve quality of life for our small scale producers.

To realize this, the cocoa fraternity should adopt a win-win approach to forging a global partnership for development which is in line with the millennium development goals.

On our part, Mr. Chairman, Ghana will endeavour to sustain the remarkable improvement that her cocoa industry has been registering over the past few years. We will ensure that remunerative producer prices are paid to cocoa farmers to improve their lot and encourage them to work harder.

After all, we in Ghana consider cocoa as a legacy bequeathed to us by our forefathers and which must be harnessed for the benefit of both the current and future generations.

Within the global cocoa industry, Ghana prides herself for being the foremost producer of premium bean, and the nation is determined to hold unto this distinction even as it pursues its expansion programmes. The resultant competitive advantage will be upheld and exploited to the benefit of all stakeholders.

Currently, there are more and more mouths to feed around the world, and with globalization, there is more uniformity even in taste. Mr. Chairman, admittedly, the taste for cocoa products is not too developed in many producer countries primarily, because it is considered expensive and elitist. However, in Ghana, a concerted effort is being made to encourage domestic consumption especially among the youth and to mainstream the products for the general populace.

To conclude, Mr. Chairman, the perception of stakeholders assembled here that this is a fraternity is laudable and must be sustained but we must never forget that the underpinning individual in the cocoa industry is the rural farmer who in Ghana is a peasant if we make him happy the industry is sustained. So let us recognize him as a member of this fraternity.

Mr. Chairman, Distinguished Ladies and Gentlemen, let me thank you once again for giving me this singular opportunity to address this important organization and may I on this note wish the Federation of Cocoa Commerce every success on this occasion of the 75th Anniversary of the London Cocoa Dinner.

**An Extract from the Speeches
at the 1st London Cocoa Dinner**

*Reprinted after 75 years on the occasion
of the FCC Cocoa Dinner 2nd June 2006*

The Cocoa Association of London, Ltd.
INDIA HOUSE. 84 LEADENHALL STREET. LONDON. E.O.3.
THE COCOA ASSOCIATION'S FIRST BANQUET.
A Representative Gathering of the Trade

The Cocoa Association of London held a Banquet in the Empire Suite at the Trocadero Restaurant in London, Thursday 14th May 1931.

A message from America

Rising then to propose the Toast of " The Cocoa Industry," the Chairman at the outset read the following telegram of greetings from the President of the New York Cocoa Exchange Inc. :-

"To the Members of the Cocoa Association of London, the members of the New York Cocoa Exchange send hearty greetings. For the more serious purposes of their organisation sincere wishes for the continued success and for the more immediate purpose of their gathering this evening a large measure of that joy which accompanies good food, good wine and good fellowship.

William J. Kibbe, President."

Good wishes from Cadbury and Nestle

This was followed by a telegram from Mr. Louis Dapples, President of the Parent Company controlling the International Nestle interests in "Milk and Chocolate":-

"Please thank the Secretary of the Cocoa- Association for the flattering 'invitation which unable to accept, as obliged to keep previous engagement at Rome.' Wish them a most successful evening. Compliments. Dapples."

Proceeding, the Chairman said that a gathering of the cocoa trade without a member of the Cadbury family being present, or without reference to the name of Cadbury, would be like Hamlet without the Prince of Denmark. It gave him, therefore, particular pleasure to read the following letter which he had received from Mr. William Cadbury dated 6th May:-

"You very kindly asked some members of our family to attend the first dinner of your Association on May 14th. My daughter is being married on that day, and you will understand that it will be impossible for me to attend. Allow me, therefore, to send my hearty good wishes to the gathering through you as Chairman, and to express the hope that we may shortly see a turn in the tide of universal bad trade. The present very low prices are discouraging to all. At home they increase our overheads as they reduce our turnover they spread discouragement and discontent among cultivators of cocoa and sugar.

"I hope that through your Association cultivators and consumer-manufacturers may come nearer together in the realisation that they are essentially united in the interests of a common cause."

Chairman's message

In the presence of such a well informed gathering of the cocoa trade, it would be an impertinence for me to say much about the industry which is responsible for our being here to-night. Cocoa is one of the oldest staple industries of the tropics. As its botanical name "Theobroma" "The Food of the Gods" implies, it was known in mythological times (*Laughter.*)

It is also one of the most important staples. Upon it vast manufacturing industries have been built up in this country and in the United States; Germany, Holland and elsewhere. It is a striking fact that since 1914-the cocoa industry both as regards production and consumption should have doubled itself. That 'is' a very remarkable achievement.' (*Applause.*) ,

The Importance of Research.

In this connection I should mention that important cocoa research is now being conducted by the Imperial College of Tropical Agriculture, whose Chairman, Sir James Currie, we, are so glad to have with us to-night. It is a remarkable fact that there is at present a singular lack of uniformity about the yield of cocoa per tree on even the best regulated estates all the world over.

Some trees may yield as many as 200 pods per tree, while others nearby, for no apparent reason, yield only two or three. The object of, the research which is proceeding in Trinidad to which a geneticist, a physiologist and a chemist are devoting their whole time, is to evolve strains of high yielding and disease-resistant types of cocoa. Towards the cost, the Gold Coast, Nigeria, Ceylon, Trinidad and Tobago and Grenada, and several of our leading manufacturers in this country are contributing. What is now most urgently needed is a small estate in which several promising types now in the College nurseries can be planted and tested, and I am hopeful that funds will be forthcoming from those interested to enable the full programme of this valuable long range research to be carried out.

The Association and its Rules – the Chairman speaks again – the good work of H J M McFall recognised

Let me now say a few words about ourselves -t he Cocoa Association of London-which owes its inception to Mr. H. J. M. McFall, who is, happily, with us to-night. (*Applause.*) ,

The Cocoa Manufacturers had, and still have, a very active body in the Manufacturing Confectioners' Alliance with Mr. Leonard as its' very able secretary. Sectional interests were, and are still, also watched over by the West African Sections of the Chambers of Commerce of London, Liverpool and Manchester, two of which are represented here by Sir Edgar Sanders and Mr. Picton Jones, and by the West India Committee, whose chairman, Sir Eliot de Pass, we also most heartily welcome. It was felt, however, that the time had come when the entire trade should be' brought under one umbrella as it were, and thus enabled to speak when occasion arose with a united voice. (*Applause.*)

To this end the Cocoa Association was founded, and I believe that it is justifying its existence. One of its earliest tasks was to draw up a complete set of draft market contracts and rules and regulations dealing with various points which must arise in connection with marketing an important raw material. Such work has been performed, of course, by other Associations, but I believe I am right in stating that this is the first time in the history of the cocoa trade that growers, shippers, brokers, merchants and manufacturers have gathered round a table and have threshed out forms of contract and rules in this way. For this achievement we are largely indebted to Mr. D. Wallace the Chairman of the Rules and Contracts Committee.

Stamping out the cocoa moth

More recently we have been co-operating with the Manufacturing Confectioners' Alliance in an investigation of the infestation of cocoa by that unpleasant moth known as the ephestia. Much valuable work has been done in this connection by Dr. Macara and the British Association of Research, and also by Professor Munro and the Empire Marketing Board. We have established a close liaison with those scientists and the departments concerned. We believe that as a result we shall succeed, with the loyal co-operation of the wharfingers, in stamping out this pest. There seems at last to be a real awakening of the trade to the extent of the damage which can be done by a harmless looking little moth, and to the savings (running into thousands of pounds) which will be effected when this pest is stamped out. (*Applause.*)

The Poetry of advertising

Reference has been made to the blasting of the cocoa trees in the bad old days. We have seen that the agricultural side of the cocoa industry is now well cared for. What cocoa is now suffering from is what has been aptly called an economic blizzard, and there is the obvious danger, which, as I am glad to learn from his letter, Mr. Cadbury recognises, that prices may fall so low that the growers will not be able to afford to maintain their cultivation and disease will creep in. That would be disastrous for the entire cocoa trade. We are, however, convinced that such a calamity can be averted by impersonal advertising on a large scale to which the "Golden Bean" lends itself most admirably. Linnaeus' builded better than he knew" when he named cocoa "Theobroma," the "Food of the Gods." He gave the industry a wonderful slogan! The importance of advertising is thoroughly recognised by the manufacturers, and I hope that the time will come in the near future that it will be recognised by the trade as a whole.

The admitted advantages of cocoa and cocoa products must be kept constantly before the public if consumption is to keep pace with production.

As an American poet aptly wrote :-

*" He who whispers down a well,
When he has cocoa to sell,
Does not make as many dollars,
As the man who climbs a tree and hollers."*

To quote another poet:-

*" I may not be a piker,
I gen'lly makes for peace,
But the wheel that does the squeaking,
Is the wheel which gets the grease."*

We must keep our cocoa to the front and advertise it and its products on every occasion. (*Applause.*) I therefore give you" The Cocoa Industry,"

The West African Cocoa Industry

You are all no doubt familiar with the extraordinary rise of the cocoa industry on the West Coast of Africa, but there are one or two facts which I should like to mention.

Cocoa was introduced into the Gold Coast from Fernando Po in 1879, but it was not until 1891 that the first beans were exported. Since then the areas cultivated and the produce exported have increased rapidly and in 1929 the West African output amounted to over 50 per cent. of the world production. Since the first shipment of 80 pounds of beans in 1891, the Gold Coast exports rose to an average of over 200,000 tons a year between the years 1922 and 1926. In 1929 over 238,000 tons were exported at a total value of about £9,700,000, but last year, owing to the hold-up, to which I am about to refer, only about 186,000 tons were exported, valued at approximately £6,860,000. In Nigeria, the export of cocoa started seriously in 1900, when 325 tons were exported. Last year some 62,000 tons were exported, worth £1,756,400. Cocoa was 55/- per cwt. in 1913; it is now 20/6 per cwt.

I referred a moment ago to the recent hold-up in cocoa, which started in October of last year and has had so very serious an effect on the finances of the Gold Coast. Although this movement did not have the success that the growers anticipated, it has proved that a strong co-operative spirit exists among them, which bodes well for the formation of co-operative societies of farmers the members of which will have the direction and control in their hands. I trust that the new scheme for up-country inspection will meet with success.

This scheme has two objects: first, to improve the quality of the local cocoa for the worlds' market, and secondly, to make a satisfactory adjustment, based on a quality-price standard, of relations between producer and exporter. The establishment of a special experimental station to deal with problems in connection with the cultivation of cocoa is at present under consideration. And here I should like to record my appreciation of the recent gift of £3,000 by Messrs. Cadbury Brothers, Ltd., for the purpose of assisting the Government of the Gold Coast in the training of practical cocoa farmers. (*Applause.*)

As to the future prospects of the industry, there seems to be little hope of recovery in the price of cocoa until there is an increase in the world's consumption. Both Nigeria and the Gold Coast are feeling the effects of the world slump and are endeavouring to meet the situation by various economies.

Cocoa, the Nectar of To-day!

The moral is, I think, obvious: to stimulate consumption of cocoa one must enhance its appeal to the public. I hesitate to suggest that still another slogan should be inflicted on a long suffering public, but a "Drink more cocoa" campaign might have some beneficial results to the industry. (Applause.) After all, is not the generic name of the cocoa plant, as the Chairman has said, "The Food of the Gods," and are we not told that it was the favourite drink of Montezuma, one of the greatest historical figures of Mexico, where cocoa is said to have originated? Though tea and coffee may be the chosen favourites of the masses, cocoa is still to the discerning few the nectar of to-day!

The Board is also endeavouring to assist the cocoa trade by investigating the problems of the storage of cocoa and the methods of eliminating the losses caused during storage by the activities of insects and moulds. This work is being carried out at the Imperial College of Science and Technology; and although many difficulties both scientific and industrial have to be overcome before the problems can be solved, it is hoped that by co-operation of all the parties concerned a real improvement in the marketing of cocoa may soon result.

But the trade must do its bit. I have learned with pleasure that the Cocoa Association, acting in co-operation with the Manufacturers' and Confectioners' Association, have originated a scheme for encouraging the consumption of cocoa by means of suitable advertising. Now, of course, I do not understand these things, but I should like just for what it may be worth, to contribute my mite in the way of a suggestion. I feel sure that there are still numbers of people about who do not get as many chocolates as they would like, or even as many as are good for them. Unfortunately, this may be due to want of cash, but often it is only due to lack of opportunity.

I do not think that cocoa products are sufficiently pushed in this country. It is easy enough to get half a pound of chocolates, which few can eat all at once, but there is little chance of getting two or three. Now in Italy, and particularly in Perugia, where they make very nice chocolates, it is quite common in the cafes to find a dish of a dozen attractive chocolates so that the customer can help himself, or more often herself, and pay only for those consumed; but as far as I know, any similar practice is quite rare here, except perhaps in regard to chocolate biscuits.

Trinidad chocolate is obtainable at several shops in London, but does not seem to have yet attained a wide distribution. It is a high-grade product with a distinctive flavour, but not very attractively put up. The opportunity of displaying on the label

pictures of Trinidad life and scenery I has not been utilised, and so far the chocolate is obtainable only in the plain solid form.

At the other end of the scale in quality there is, in this country, a quite inadequate use of chocolate in the kitchen. The range of dishes into which chocolate enters is a wide one, but the British housewife and even the British cook seems to be unaware of most of them. I cannot help thinking that the use of chocolate in the kitchen might be greatly increased by the judicious distribution of a selection of recipes, accompanied perhaps by a sample of what the French call "Chocolat Menagere." These are humble suggestions which, to those who deal in thousands of tons may seem trivial. Yet merely to get Great Britain to consume per head as much cocoa as the United States would add nearly 9,000 tons to our imports. *(Applause)*

Mr. H. F. Methven, Vice-Chairman of the Association, then proposed the Toast of "Our Guests" in the following terms: It falls to my privilege this evening to propose a most important toast, namely, that of "Our Guests." It augurs well for the future of the Cocoa Association to see such a representative gathering.

Enterprising Cocoa Manufacturers

I think I am safe in saying that the cocoa manufacturers are a progressive people. We all know such names as Messrs.' Cadbury, Rowntree; Van Houten, Hershey of America, and I would venture, to submit that the cocoa trade is in the main in the hands of people of enterprise. *(Applause.)*

We are passing through difficult times at the moment but even so, the position of raw cocoa is statistically more sound than many other commodities, and in the event of any trade revival would be amongst the first to benefit. I can assure you that the manufacturers of cocoa. are not losing any time in keeping their plants right up to date, and will be as prepared as any industry when trade revives to still further promote the use of raw cocoa.

I have heard whispers from time to time that it was suggested that the grower was being exploited at the expense of the manufacturer. Believe me, there is absolutely no truth in this statement whatsoever. Recent balance sheets, which are public property; is probably one answer to this question, but there are other aspects. People do not realise the large manufacturers of cocoa have to buy twelve months in advance in order to get the best quality of the season. They therefore stand at considerable market risks.

Labour costs, rents and so forth remain stationary, but the trade both here, in America and in Europe, have passed on to the fullest extent any advantages in price against the cost of such cocoas as they have in stock. .It has always been the policy of the large manufacturers to do this, and what is more, they have passed on additional benefits arising from efficiency in manufacture. It is interesting to note that in Great Britain alone there are 84,000 people employed by manufacturers in the

Chocolate and Confectionery trade, apart from a very large number which it is impossible to calculate in the distributing side of the industry.

My Lords and Gentlemen, we look upon it as a compliment to have so many distinguished guests with us this evening, and I would therefore ask you to drink the Toast, namely, "Our Guests," coupled with the names of Mr. Seebohm Rowntree, Sir Edgar Sanders, Admiral Dumas and Colonel Levey. (*Applause*).

The Toast having been honoured, Mr. SEEBOHM ROWNTREE rising to reply, said:

I feel it a very great honour to be asked to respond to this toast, and I am especially glad to do so, because your Association is definitely working along progressive lines and doing two very important things.

First, it is bringing about fuller co-operation among all those who are interested in the cocoa industry. Sometimes, perhaps, the interests of the cocoa-grower may seem to differ from those of the cocoa manufacturer. One wants to sell his goods at the highest possible price; the other wants to buy them as cheaply as possible. But we know that beneath the apparent conflict, there is unity of interest, because there would be no producers if there were no consumers, and vice versa! The difference is superficial; the unity is fundamental, and the two functions are interdependent. We all admit this theoretically, but I believe that the Association which you represent is bringing the knowledge home to us, that co-operation, not competition, is the bedrock foundation of industry and of society. (*Applause*).

The Trade must Pull Together!

Take the example of labour and 'capital. Until both realise their interdependence there can be no progress, for they will spend their time in marches and counter-marches instead of striving together to attain a common goal. I believe, however, that nearly all firms in the cocoa industry are convinced of the folly of such tactics, and that administrators and rank and file workers are doing their utmost to co-operate. In our factory the President of the Trade Union and the Labour Manager have visited the United States together, to see if they could find out how to increase the output per head in our factory. That was a hopeful sign. Again, the other day the District Secretary of the Trade Union suggested that he should call on me, say, once in six weeks to bring me suggestions from the workers as to methods whereby the efficiency of the factory could be increased. That was another very good sign. The more convinced we all are of our common interests, and the more we can work together to promote them, the more successful we shall be as an industrial undertaking.

But the Association is doing another important thing. It is following the line of progress with regard to scientific research and discovery. People who carry on "by rule of thumb" methods 'will soon become rare, if not extinct; they will at best be regarded as interesting survivals. It is beginning to occur even to the

industrial diehard that Britain is no longer the one workshop of the world, and that if we mean to hold our own, and to regain our pre-war prosperity, we must utilise all our resources, whether of brain or hand; and we must continually avail ourselves of the tremendous aid which invention and science can render. *(Applause).*

I would like to say one thing more. In every time of trade depression there are certain outstanding firms which contrive to score a success whether by virtue of greater skill, greater activity, or greater hopefulness, they seem to soar above the slump, like aeroplanes that have attained some height undisturbed by wind or fog. Now it is not enough for us to look up to them, whether in envy or admiration! I want us all to say to ourselves, "Slump or no slump, we mean our industry to be successful! "

Doubtless, we may make mistakes, but the greatest mistake in the world is to acquiesce in failure. I do not deny that our task is difficult. Apart from the general depression, your firm or mine must compete not only with similar firms, but with other trades. A young fellow, on his way home, with his wage packet, is saying to himself, " Shall I take my best girl flowers or chocolates? ". Well, it is for you and me to make the box of chocolates so attractive that he does not even go on to look in the florist's window before deciding! And if this seems unkind to the florist, I would beg you to remember that, after all, prosperity is infedious, and that an industrial revival spreads from one industry to another, if each industry is doing its level best! Moreover, there are great virgin fields for every business to conquer, and there is no conceivable limit to human needs or to the possibilities of their satisfaction. Let us make up our minds, here and now, to leave this corner of the industrial field a good deal better, more prosperous and more useful, than we found it. *(Applause).*

I should like to say that they have taken particular interest in the West Coast of Africa, and we have heard this evening some figures about' the growth of the cocoa industry there. I will give only two figures, because they speak volumes for the West Coast of Africa. The increase of cocoa grown there (including the Ivory Coast) since 1913 is 471 per cent.; whereas the increase in the rest of the world is under 15 per cent. That shows to what extent West Africa now contributes and is going to contribute in the future to the supplies of the world. After to-night's speech, many of us, when we think of Lord Passfield, will regard him as one of our best publicity agents, for his hints on advertising have been most, excellent. There is no reason why the cocoa consumption in England should not be doubled, but if it is only increased by 50 per cent., the effect on the prices will be most marked. *(Applause.)*