

# SUSTAINABILITY and TRENDS IN PROCESSING

- a. Local processing in  
country of origin
- b. “Bean to bar”

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Chocolate del Caribe SA

# Finmac Costa Rica SA

- ▶ 110 ha family cocoa farm in Costa Rica
- ▶ '90's: frosty pod disease, rising wages, low cocoa prices

## Survival strategy:

- ▶ - better genetics + grafting
- ▶ - mechanization (cable system, pod breaker)
- ▶ - certified organic + RFA
- ▶ - processing into liquor

Current wages workers: > 4 \$/hr, cost 11,000\$/worker/yr



# Chocolate del Caribe SA (Honduras)

- ▶ Factory build `95 for butter/powder, licor; aprox 3,000 ton cap.
- ▶ Chocolate equipment (cap. >300 ton/yr) installed but not used
- ▶ Previous 2 owners broke (hurricane, low margins, high fin. cost)
- ▶ New goal: quality couverture + liquor based on Trinitario cacao C.A.



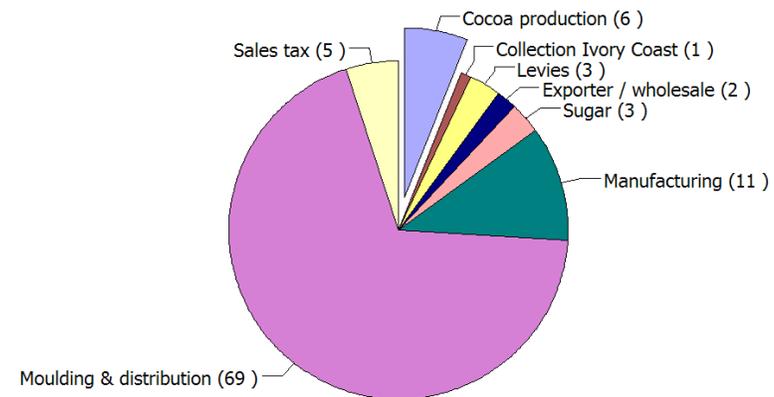
# CACAO: “A POVERTY CROP”: can “local processing or “small bean to bar” make a difference?

“Good” farmer Central America:

- area own labour: max 3 ha
- yield: max 800 kg/ha
- received price: 3 \$/kg
- ▶ Gross income  $3 \times 800 \times 3 = 7,200\$$  / yr = 600\$/month
  - inputs, transport, risk, first years no crop, have land !
- ▶ Most cocoa farmers earn much less!.

## Distr. (%) retail value dark chocolate

Avg '98-'01: 50% liquor, 11% butter



# LOCAL PROCESSING: COUVERTURE / LIQUOR +

Quality better due to local (small/medium scale) processing:

- Better selection beans (check beans before purchase)
- Less damage due to storage / transport
- Direct, continuous contact manufacturer-farmer
- “Smaller” batch size allow optimize roasting/conching
- Contact chocolatier - processor- farmer; transparency

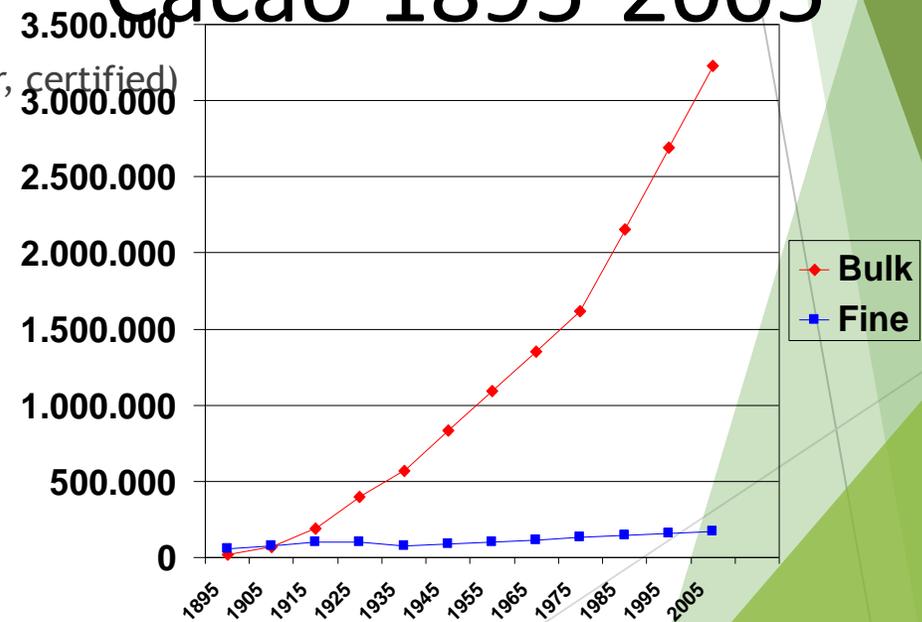
Socially better:

- Jobs, economic activity for poorer countries

## LOCAL PROCESSING in COUNTRY OF ORIGIN -

- ▶ Difficult to compete with large players (economies of scale)
- ▶ Big customers require liquid couverture/liqour
- ▶ Needs to be done in “container” quantities
- ▶ Flexible customer service difficult
- ▶ Makes most sense for “special” cacao (fine flavour, certified)

## Bulk vs. Fine Cacao 1895-2005



## SMALL “BEAN TO BAR” : +

- ▶ Small chocolate makers “may” make better quality chocolate
- ▶ Creativity: new combinations flavours / ingredients
- ▶ Generally using higher quality beans / higher cocoa content
- ▶ Every day new startups: many to come
- ▶ New small scale equipment becoming more available
- ▶ Some appealing succes stories
- ▶ Romantic / fun to do!.

## SMALL “BEAN TO BAR” : -

- ▶ Labour and equipment cost “small bean to bar” relatively high
- ▶ Supply and distribution chain rel. Expensive
- ▶ Market is getting crowded
- ▶ High prices related to low efficiency
- ▶ “Extra” price for farmers generally very limited

E.j: retail bar 3,5 \$/ 50 grs = 70 \$/kg; farmer: 3,5-4,0 \$/kg for beans.(5-6%)

SOME SMALL “BEAN TO BAR” SUCCESS STORIES: MANY HARDLY MAKE A LIVING: GETTING CROWDED (?)

BETTER TO START AS “NIBS / LIQUOR TO BAR”? (noise, dust, microbes, investment)



▶ THANK YOU

▶ Hugo Hermelink

▶ Chocolate del Caribe SA