

MOFA Press Conference on Producer Price of Cocoa for 2018/2019 Crop Year

Our Patriotic Farmers,

Members of the Media

Ladies and Gentlemen

We have called for this press conference as two major stakeholders of the Agriculture Ministry specifically in the Cocoa Sector to explain the current misinformation being peddled by the Minority in Parliament.

We in the Ministry recognize the importance and critical role the Food, Agriculture & Cocoa affairs Select Committee of Parliament plays in the activities of the industry. However we are shocked by the partisan nature of Minority Members of the Committee and their handling of such a critical national issue.

Barely two months ago, the Ministry was in Parliament to discuss with the Select Committee on the challenges facing the Cocoa Sector and also seek their approval for the syndicated loan of \$1.3 billion for the purchases of 2018/2019 crop season. At the said meeting the committee unanimously gave consent for the procurement of the USD1.3 Billion cocoa syndicated loan.

Producer Price Determination Formula

Ladies and gentlemen let me walk you through how the producer price is determined. The general principle underlying the determination of the producer price is to pay the farmer a minimum price of 70% of the net FOB achieved in the world market. Therefore, we don't have any NPP or NDC formula but rather a universal formula which we wish to explain to the whole country in course of our delivery.

2016/17 COCOA SEASON

In 2016/17 when NDC was in Government, the World Market Price was an average of \$2,950 and using the then prevailing exchange rate of GHC3.95 to the dollar would give you GH11,652.50. Given the price of exchange rate of 3.95, the total FOB value would be GHC9,904,625,00000. After the industry cost is then deducted before arriving at the Net FOB, 70% of which should be the least farmer price. In 2016/17 the Net FOB was GHC9,812.71, so percentage paid to the farmer was 77.45%

Using this universal formula meant that the farmer was being paid 65.22% which was below the minimum 70% and if we are to admit their inclusion of premium rate in the calculation at their ridiculous \$350, it would mean NDC were paying the farmer 57.12%. This why, they instituted the sham stabilization fund account which was depleted by Opuni's administration, before leaving office, including the balance on the 1.8 billion dollar loan.

Meanwhile, it is worthy to note by all Ghanaians that, Ghana attract an average of \$120 to \$140 on main cocoa beans, while the light crop to substandard beans are sold at a discount of 20% - 30%. It is therefore misleading for the minority to deceive us by adding premium rate factor to the pricing of the producer price, for all our beans are not attracting the premium.

Ladies and Gentlemen the question is that where was the premium price when the NDC calculated their prices for the 2016/17 crop year?

2017/18 CROP SEASON

In this year, cocoa price on the World Market sunk as low as \$2,080 and at the exchange rate of GHC4.40 whilst a ton is sold for GHC9,152 and yet the Akufo- Addo Government keeping faith with the farmer maintained the 2016/17 price of GHC475 per bag. This means that the government is paid 83%% to the cocoa farmer. This confirms the Government's consistency of ensuring that the universal formula of paying a minimum of 70% is preserved.

2018/19 CROP SEASON

In the current year for which they are making these outrageous statements, the World Market Price is \$2,200 which translates into GHC10,560 at the exchange rate of GHC4.8.

This means paying the farmer the same GHC7600/MT or GHC475/bag which translate into 72% of the FOB price.

The NPP Government maintained the cocoa price at GHC7600/MT to show the Government's commitment in improving the welfare of the Ghanaian Cocoa Farmer.

Rising Administration Cost

The administrative or handling cost is predicated on the following variables

i. Warehousing

- ii. Trucking
- iii. Commission to LBCs
- iv. Fumigation
- v. Casual/Contract Workers

And all these are volume related.

Consequently, at production level of 700,000MT would be far lower than 900,000 metric tons. And it is important that nobody should paint the picture of high administrative charges when definitely the variables determine the budget.

It is worthy to note that workers in the Cocoa industry have not received any pay increase for the past three years.

The Cocoa Marketing Board has rather reduced the Chief Executives' remuneration by 30%.

Therefore, it is very misleading for the minority to create such wrong unfortunate partisan impression.

PRODUCTIVITY IMPROVEMENT PROGRAM

In anticipation of the World Market Price volatility and mindful of the plight of the farmer, COCOBOD has put in place productivity improvement schemes in

1. Spraying
2. Fertilization
3. Subsidy
4. Hand Pollination

aimed at improving the current 450kg/ha to minimum of 1500kg/ha. Currently, some farms are recording 36 bags or 2.25mt/ha and this is what farmers should and must be educated and encouraged to focus on to improve their livelihood.

In conclusion we want to thank you for coming in your numbers at such a short notice and we hope that you put out this information to the disposal of the general public and to our cherished cocoa farmers.

THANK YOU AND MAY GOD BLESS US ALL