



OFFICE OF THE MINORITY LEADER

Parliament House - Accra (Ghana)

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My Ref No.....

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H.E JOHN MAHAMA IS RIGHT; NEWLY-ANNOUNCED COCOA FARM-GATE PRICE IS A RIP-OFF – COCOBOD CEO MUST STOP THE LIES AND RESIGN IMMEDIATELY!

1. It is an indisputable fact that COCOBOD sells cocoa through both forward sales and spot sales.
2. This fact was confirmed by the failed CEO of COCOBOD, Joseph Boahen Aidoo who has indicated in his so-called open letter to H.E John Dramani Mahama, that portions of the anticipated cocoa production volume for the 2023/2024 season was not sold as part of forward sales between October 2022 and March 2023.
3. It is also an irrefutable fact, that the international spot price of cocoa currently stands at \$3,800 and has averaged around \$3,600 in the last couple of months, as accurately stated by H.E John Dramani Mahama.
4. It is noteworthy, that the average international FOB price of \$3,600 excludes the Living Income Differential (LID) of \$400 per tonne that is paid by international buyers to Ghana for the direct benefit of the cocoa farmer.
5. Also, the average international FOB price of \$3,600 excludes premium of \$497 that Ghana got in June 2023 for every tonne of cocoa.
6. The interbank (dollar to cedi) rate as at the time the 2023/2024 cocoa season was opened was GHS11.03 and is currently hovering around GHS11.05.
7. This means that for spot sales, government is getting a gross FOB price of averagely GHS39,708.00 per tonne of cocoa, excluding the LID of \$400 per tonne and premium of \$497 per tonne.
8. This brings the gross FOB price per bag of cocoa to approximately GHS2,482.00, excluding the LID of \$400 per tonne and premium of \$497 per tonne.

9. When the LID of \$400 per tonne and premium of \$497 per tonne are factored into the pricing formula, the price per bag of cocoa comes to about GHS3,100.00.
10. It is therefore totally unfair and unconscionable for government to be giving suffering cocoa farmers a paltry GHS1,308.00 per bag as farm-gate price, which only constitutes 52.7% of the gross FOB price (excluding premium and LID) that the government will be getting from spot sales.
11. On the issue of forward sales, it should be noted that, while Ghana's forward sales policy has existed over the years, it has been guided by the principle of maximising income for farmers through proper market forecasting. The objective is to identify the highest price points on the futures market so as to secure the best price for our cocoa and maximize farmers' incomes.
12. The quantity of cocoa sold through forward sales for various futures position are carefully managed, leaving reasonable portions for possible spot sales when the market price rises.
13. Hiding behind forward sales to recklessly dissipate and give away Ghana's cocoa at cheap prices as the failed CEO of COCOBOD is claiming, is preposterous and unacceptable. This is particularly so given the fact that, it has been amply clear from every available indicator since last year that the international market price was going to significantly increase on account of the huge global supply deficit of cocoa.
14. Additionally, Ghana's light crop beans form only a small portion of the total production volume of the country. In recent years, good rainfall and weather patterns have resulted in even smaller and negligible quantity of light crop and small beans.
15. It is therefore disingenuous for the CEO of COCOBOD to attempt to cover up his failed sale and marketing strategy by contriving non-existent justifications. It is unacceptable to toy with the life and income of farmers by hiding behind insignificant factors. I dare the CEO of COCOBOD to declare the exact quantity and categories of cocoa sold so far since he has the data.
16. May I remind the failed CEO of COCOBOD, that cocoa in recent time is selling at a 46-year record high. The recent prices of cocoa are the highest since 1977. At this 46-year record high world market prices, I wish to reiterate that this government's much-touted gross FOB price of \$2,600 if indeed true, is nothing but a product of gross incompetence, obscene corruption, willful

negligence and reckless mismanagement of the cocoa pricing system. This has shortchanged our already-impooverished cocoa farmers as rightly pointed out by H.E President John Dramani Mahama.

17. The fact that COCOBOD has made huge losses for the last six (6) consecutive years that Joseph Boahen Aidoo has been at the helm of affairs, shows that he is grossly incompetent and totally unfit to manage that important state institution. Even more bizarre is the fact that, the national annual yield of cocoa has sharply declined from 969,000mt to about 650,000mt under the watch of the failed CEO of COCOBOD. This is the lowest cocoa production volume in the last thirteen (13) years. **HE MUST STOP THE LIES AND RESIGN IMMEDIATELY!**

18. Notice is hereby served, that his gross mishandling of the affairs of the one-time pride of the nation – COCOBOD, which has resulted in these historic losses, and his monumental incompetence which has completely crippled that institution, will soon be the subject of rigorous Parliamentary scrutiny in line with the Minority's solemn duty to the Ghanaian people.

SIGNED.

HON. DR. CASSIEL ATO FORSON (MP)
MINORITY LEADER

Former Chairman, Producer Price Review Committee on Cocoa, COCOBOD

Former Member of the Board of Directors, COCOBOD

Chairman of the Board Sub-Committee on Finance, COCOBOD.