

Asia's Cocoa Demand Buoyant Even as Inflation Squeezes Budgets

By Jasmine Ng

(Bloomberg) -- Asia's cocoa demand has been remarkably resilient even as inflation is driving some consumers around the world to cut back on their spending to combat the effect of higher prices on their wallets.

That's because of the way cocoa is consumed in Asia. In contrast to Western markets that tend to indulge more in chocolates, Asia mainly consumes cocoa in snacks, biscuits, beverages and desserts, which are more like staple food products, according to Alvin Lee, chairman of the Cocoa Association of Asia.

"The great and beautiful thing about cocoa and chocolate is that it's an affordable luxury for many," said Lee, who's also Cargill Cocoa & Chocolate's commercial director for Asia-Pacific. Cocoa has a diversified consumer base in the region and that will keep demand buoyant, he said in an interview.

Asia's cocoa grind, the process of turning beans into butter and powder to make chocolate, was strong in the first half of the year and is set to maintain that momentum. Processing is likely to hit an annual record, Lee added.

Other details from the interview:

- China's Covid-19 curbs have hurt a significant portion of chocolate sales that rely on the travel industry and from gifting and dining out
- Lee is optimistic that when China eases movement restrictions, it will be "a very big positive" for the cocoa industry
- Global cocoa market will be "pretty balanced" in 2022-23 in terms of demand and supply

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