COVID-19 Impacts on Cocoa and Palm Oil Industry

Cocoa and Palm Oil are important cash crop commodities in many countries. Both commodities have several associated sustainability issues such as deforestation, soil depletion, and child labor. On behalf of the UK Research and Innovation Global Challenges Research Fund (UKRI GCRF) Trade, Development and the Environment Hub, we explored the response of both industries to disruptions brought on by the COVID-19 pandemic. Primary data was collected through interviews with GCRF researchers, buyers, and end-users.

Generic Supply Chain Diagram for Cocoa and Palm Oil & 2020 Impacts:

- Small Farmers
- Transporters
- Processors/Refiners
- Exporters
- Buyers/End Users

There is evidence that child labor on farms has increased since the start of the pandemic.

While we predicted that supply for cocoa would decrease and producers would be unable to meet the demands of consumers, we found evidence of overproduction of cocoa.

Slowdowns in shipping impacted trade routes to Africa and congested ports in Asia. However, we found no specific impacts on these two commodities.

2020 financial data remains unpublished so we were unable to confirm trends in end-product sales income. However, interviews revealed a notable shift in which products consumers are purchasing during the pandemic.

We observed great variability in response based on which individual or company we spoke with. As such, not many clear industry-wide trends stood out. One notable exception was reaffirmation by all on the importance of sustainability and resiliency:

“The industry has been focusing on the theme of resiliency, especially in the time of COVID. Companies have continued to pursue their sustainability goals and global demands in spite of gaps in field research data and declines in labor force throughout the supply chain.”

The sustainability of the supply chains for both commodities could be increased through the implementation of recommendations from the literature, including forming farming cooperatives and securing government funding for sustainable agriculture research. See the full report for more information on results of the interviews.