



Brussels, 26 January 2021

COCOA TALKS

EU VIRTUAL MULTI-STAKEHOLDER ROUNDTABLES ON SUSTAINABLE COCOA

Subject: Summary report on the Introductory Session of the Cocoa Talks.

On 26 January 2021, the European Commission held the introductory session (Meeting 0) of the “Cocoa Talks”, its multi-stakeholder dialogue on sustainable cocoa. The objective of this meeting was to:

- explain the purpose of the “Cocoa Talks” and their place within the current landscape of initiatives in the field of sustainable cocoa;
- explain how the meetings will be organised (participants, moderation, agendas etc.);
- present the schedule of virtual roundtable meetings and take questions from participants.

One-hundred and ninety-four participants attended the meeting, which lasted for two-and-a-half hours.

Ms Cristina Miranda Gozalvez, Head of Unit for the African, Caribbean and Pacific, Overseas Countries and Territories at the Directorate-General for International Trade began the event by emphasizing the importance of the multistakeholder Cocoa Talks, inviting participants to provide valuable input and share their views. She recalled the sheer volume of commercial exchange that is being dealt with in the sector, amounting to almost €3 billion in the case of Côte d’Ivoire and almost €1 billion in the case of Ghana. Ms. Gozalvez noted that the European Union is also the main market for cocoa paste and butter from both Côte d’Ivoire and Ghana, which have doubled their exports of processed cocoa in the last ten years. This has been possible due to the duty-free and quota-free access that the European Union offers to both countries under its Economic Partnership Agreements. She emphasized the need to make these trade opportunities more sustainable, by tackling issues like farmer poverty, child labour, deforestation and forest degradation. She placed these efforts in the context of the EU Green Deal and the EU Biodiversity Strategy as well as President von der Leyen’s announced “zero-tolerance approach to child labour”. She noted that all elements of the EU’s sustainability agenda come together in cocoa supply chains, which is why the European Union is breaking new ground with its cocoa initiative. She acknowledged active engagement of Ghana and Côte d’Ivoire, including their joint initiative to improve incomes for farmers.

Mr Leonard Mizzi, Head of Unit at the Sustainable Agri-Food Systems and Fisheries Unit of the Directorate-General for International Partnerships noted the considerable momentum behind the topic of sustainable cocoa, including the organization of a national dialogue in Côte d’Ivoire, launched on the 22nd of January 2021. He reiterated the European Commission’s intention to build on the initiative of the Living Income Differential and applauded the creation of a new institution in the two producing countries, the Initiative Cacao Côte d’Ivoire-Ghana (ICIG), which will facilitate the discussion on sustainable cocoa with the European Union. He re-emphasized the price dimension as a key entry-point for the discussion on sustainability and the need to take into account all stakeholders across the value chain. Mr. Mizzi then went through the objectives of

the “Cocoa Talks”, i.a. to inform the ongoing programming exercise for 2021-2027 within DG INTPA; and to enrich the dialogue on trade-related sustainability issues and to inform other ongoing Commission initiatives. He noted that a €25 million EU-funded support programme has already been mobilized under the outgoing multi-financial framework (MFF) to ‘kick-start’ the work on sustainable cocoa on the ground in cocoa producing countries. He mentioned the Commission’s intention to ‘mirror’ dialogues at national level and to use the information gathered on cocoa to inform its work in other fora. To this end, he urged participants to put forward their views, to be summarized in a report after each meeting. Operational conclusions of the Cocoa Talks will be presented at a high-level event in September 2021.

Mr Régis Méritan, Head of Sector on Agricultural Growth at the Sustainable Agri-Food Systems and Fisheries Unit of the Directorate-General for International Partnerships began by explaining that the schedule of the Cocoa Talks is based on feedback submitted by stakeholders after the launch event on September 22nd, 2020. This feedback was compiled into six themes:

- **Living Income Differential:** International/farm gate prices for cocoa and farmers’ incomes.
- **Standards:** The role of public/private standards and certification.
- **Traceability, Transparency and Accountability:** Implementation mechanisms to identify, prevent and mitigate negative human rights and environmental externalities along the cocoa supply chain.
- **Regulations:** Due diligence, government regulations and other measures in governing cocoa supply chains.
- **Sustainable Cocoa Production Systems:** Empowering farmers and private actors to produce sustainable cocoa through capacity-building, investment and an improved enabling environment.
- **Coordination of Technical Assistance and Development Finance:** Defining investment needs and coordinating delivery of technical assistance and development finance.

On the **Living Income Differential**, he reminded the audience of the words of Commissioner Jutta Urpilainen: “price and sustainability are two sides of the same coin”. He noted that a window of opportunity has been opened, to change the game and make the product sustainable, precisely because it is now possible to talk about the price of the commodity. On **Standards**, stakeholders will have an opportunity to discuss public and private standards, including the African Regional Standard for Sustainable cocoa and ISO 34101. The session on **Traceability, Transparency and Accountability** will be two-pronged, dealing with child labour on the one side and deforestation on the other. The meeting will seek to determine the ‘state of play’ in producing countries, the ‘missing pieces’, and to investigate the means of supporting them to put in place fully-fledged traceability systems. In the session on **Due Diligence**, DG ENV and DG JUST will have an opportunity to present developments of the EU horizontal legislation on due diligence and deforestation. In the meeting on **Sustainable Cocoa Production**, stakeholders will be able to discuss ongoing work on agro-forestry and the sustainable intensification of cocoa production, and to define capacity-building needs in this area. The session on **Coordination of Development Assistance and Finance** will provide an opportunity for EU development agencies, international development banks (e.g. AfDB) and European multi-stakeholder platforms (GISCO, DISCO, Beyond Chocolate) to share information and ideas on how to coordinate their activities.

The moderator, Viwanou Gnassounou, then took the floor to explain the operational modalities of the Cocoa Talks. He stipulated that all discussions would be held under Chatham House rules, meaning that any information presented during the dialogue can be used but would not be attributed to specific persons or organizations. The European Commission will set the agenda. The webinars will be open to professionals or experts with a direct stake in the cocoa sector from the EU + Switzerland/UK/Norway + representatives of Ghana and Côte d’Ivoire and the European Commission will carry out a basic screening of the people who register for the roundtables. Each session will begin with a presentation from an expert, followed by a panel discussion. EU NGOs (Voice network), EU Industry (ECA / CAOBISCO), EU Multi-Stakeholder Platforms (DISCO / GISCO / Beyond Chocolate) will each designate one panellist while the European Commission will select up to two additional panellists. National representatives of Ghana and Côte d’Ivoire will be given the floor *after* the panel discussion. Meetings will last for 3-4 hours and will include a Q&A session. Participants can send additional questions and feedback to the Cocoa Talks team by e-mail, to the Trade-Cocoa-Talks functional mailbox, or in the Cocoa Talks Group on the Capacity4Dev website. The Cocoa Talks Group on Capacity4Dev will also be used to share documents and encourage discussion between participants.

Question and Answer Session: Seventy-three (73) questions were asked during the Q&A session. Answers were provided to most of them. Below is a summary of the main topics that were discussed.

Organizational matters

On the **organizational aspects of the dialogue**, participants posed a range of questions on the **interconnectedness of the different meetings**, the **relationship between the EU multi-stakeholder dialogue (“Cocoa Talks”) and the national dialogues**, the role of **other producing countries** (beyond Ghana and Côte d’Ivoire) and **reporting**.

- On the **interconnectedness of the meetings**, the Commission reassured participants that all of the webinar topics are related and that it would seek to draw links whenever it becomes relevant to do so. In that respect, it noted that **all stakeholders will be invited to all of the meetings**, since this is one of the best ways to avoid a “silo” approach to the different topics.
- On the **relationship between the EU multi-stakeholder dialogue (“Cocoa Talks”) and the national dialogues**, the Commission specified that the EU dialogue is a consultative process, aimed in part at feeding the bilateral dialogue with producing countries. The **EU dialogue should therefore not be seen to ‘replace’ the national dialogues**, which will take place in parallel and will be supported through the Commission’s financial instruments (including the €25 million package of budget support and technical assistance mobilized under the outgoing EDF).
- On the **role of other producing countries**, the European Commission pointed out that there is a **special momentum right now** because of the initiative taken by Côte d’Ivoire and Ghana to establish the Living Income Differential and **this coincides with some top policy items within the EU agenda**. It is therefore the right moment to engage with these two countries on this issue. If appropriate, similar processes could be replicated later in other regions and for other commodities. Lastly, the European Commission reminded participants that the **EU is a strong player in multilateral fora like the International Cocoa Organization (ICCO)**. It does not wish to replicate the multilateral discussions that are ongoing in that forum specifically.
- On **reporting**, the European Commission informed the participants that the **summary reports and operational conclusions** of the Cocoa Talks will be **public documents**. They **will also be communicated to the EU delegations** in the producing countries, to feed the bilateral dialogues with Ghana and Côte d’Ivoire. The objective of the webinars is to give EU stakeholders an opportunity to share their views and come to a series of orientations that will be used to inform this bilateral dialogue with the producing countries.
- On **speakers and panellists**, participants asked about **the role of local communities, local actors, local civil society**, etc. in defining the framework and participating, and **whether CSOs and farmers’ organisations from producing countries would be included as panellists**. The Commission reiterated its **commitment to support farmers’ organizations and civil society in the producing countries**. However, it clarified that the EU dialogue serves primarily to **consult EU stakeholders** and to gather their opinions to be used in the dialogue at country level. The **appropriate forum for producing-country stakeholders to voice their concerns** would be the **national dialogues**, which kicked off in Côte d’Ivoire on the 22nd of January and which has yet to begin in Ghana. Within the framework of the EU dialogue, if there is a need to include farmers’ organizations in a specific panel, this will be considered by the organizers.
- Insofar as **EU Member States** are concerned, the Commission informed participants that it is primarily consulting and informing the Council Working Party on Development (CODEV) and is willing to update this Council WP formation whenever requested by the rotating Presidency. Interested Member-States can make the relevant request.
- On the **role of international organizations**, the Commission recognised **their engagement in the dialogue** and welcomed their input taking into account the variety of stakeholders participating in the dialogue. The topic of sustainable cocoa will continue to be a part of the Commission’s structured dialogue with the international organizations.

Substantive matters

- On **child labour**, participants asked whether “traceability” would be the main strategy of the Commission to eradicate child labour in cocoa supply chain and what role would be given to **quality education** for children and youth. The Commission responded that **child labour should be addressed a holistic way**, from a human development point of view, and that **the Commission will not limit itself to an agri-food systems approach**. It reminded participants that 20% of development funding has been earmarked for human development, with an indicative 10% directed towards education and another 10% directed towards health.
- On the **coordination of cooperation programmes** participants requested clarity on the difference between the EU’s Sustainable Cocoa Initiative and other initiatives (e.g., DISCO), and urged the Commission to build on existing coordination platforms. Participants also requested an **overview of available financial support to the sector** and requested further details on how international partnerships for the cocoa sector will be **linked to Team Europe** and will **mobilize investment through development finance institutions**. The Commission responded that the EU Sustainable Cocoa Initiative provides added value precisely because it is an EU-level initiative, allowing to assess the initiatives at the national level and replicate successes at a larger scale. In this sense, the ability to **contribute to the design of DG INTPA’s programming** for the 2021-27 period is a crucial element of the Cocoa Talks webinars. On the **investment gap**, the Commission noted that the Living Income Differential could represent up to US\$800 million in finance mobilized per annum in Côte d’Ivoire alone, a possible **game-changer that could lead to all sorts of needed investments** (e.g., in education systems).
- On the European **legislative work on due diligence and deforestation** being conducted by DG JUST and DG ENV, participants asked about **the relationship with the Cocoa Talks**. They asked for further clarifications on **what is meant by due diligence**. The Commission underlined close coordination with respective Directorate Generals of the Commission and between different initiatives and the relevant legislative proposals will be tackled at the appropriate timeline in the second quarter.
- On **gender**, participants asked whether **women's voice & decision-making** would be given due consideration within the topic of sustainable cocoa production. The Commission responded that **gender will be mainstreamed in the webinars**. The Commission noted that specific concerns would be addressed in the webinar on sustainable production, given the role of women in the production process, or in the webinar on traceability and transparency in the value chain.
- On the **Living Income Differential**, participants noted some weaknesses in the LID that have been discussed in the media in recent months, after some private actors took physical deliveries from the futures market to avoid paying the LID. Regarding the agenda of Cocoa Talks Meeting 1 on the LID, participants asked whether the focus would be entirely on the LID or whether it will allow for a **broader discussion on the common definition of living income, and the market implications of price initiatives**. The Commission confirmed that Meeting 1 will indeed to seek **improvements on existing mechanisms**. In this respect, time allowing, there will be room to reflect on prices, markets, and the definition of living income, among other things.

On **possible outcome** of the cocoa talks, participants asked about the possibility of concluding **bilateral or multilateral trade agreements** with cocoa-producing countries as a means to solve some of these problems, and emphasized **the importance of diversification and industrialization in cocoa-producing countries**. The Commission responded that it did not wish to **pre-empt the outcome of the Cocoa Talks or the legislative proposals**. It therefore emphasized that **there are no preconceived silver bullets**, that **new ideas are welcome** and that **all options are being considered**. Moreover, the Commission has recalled **the important role that existing Economic Partnership Agreements** could play, as they are a robust tool that already form a key part of the existing framework. The Commission **emphasised the commitment to support economic diversification and export diversification in cocoa-producing countries**

Mr Mizzi concluded the webinar by noting that the EU-level dialogue will allow sharing a flow of conclusions with producing countries. The questions received during the introductory webinar demonstrate that there is a lot of appetite to begin the work, building on what already exists but also ensuring a strategic and holistic approach to the issue. He noted that the upcoming 6-7 months could be transformational and encouraged participants to engage in the inclusive, open and transparent flow of information.

Mr Meritan confirmed the buy-in of producing countries at the highest level.

Ms Miranda reiterated the importance of the initiative for the European Commission and for DG TRADE. She encouraged participants to participate actively, both during the virtual roundtables and through the other channels of communication that are available.