



EUROPEAN COMMISSION

Directorate-General for International Cooperation and Development

Planet and Prosperity

Rural Development, Food Security, Nutrition

Brussels, September 2020

EU MULTI-STAKEHOLDER DIALOGUE FOR SUSTAINABLE COCOA LAUNCH EVENT: 22ND SEPTEMBER 2020

Subject: Summary report on the launch of the EU multi-stakeholder dialogue for sustainable cocoa, 22nd September 2020

On the 22nd of September 2020, the European Commission launched an inclusive dialogue with EU stakeholders on improving the sustainability of cocoa, which focuses on the two main producing countries, Côte d’Ivoire and Ghana.

The launch event involved key stakeholders from the European Union interested in or concerned by the cocoa sector – *including EU Member States, the European Parliament, representatives of EU private sector and civil society* – as well as institutional and civil society representatives from Ghana and Cote d’Ivoire - *the Ambassadors of the Republic of Côte d’Ivoire and Ghana and a few national NGOs*. The virtual event was opened by Jutta Urpilainen, Commissioner for International Partnerships, and closed by Vladis Dombrovskis, Executive Vice President and Trade Commissioner.

The objective of the dialogue is to enhance dialogue and coordination to support a framework for sustainable cocoa production, comprehensively addressing the economic, social and environmental dimensions of sustainability, including farmers’ income, deforestation and child labour in cocoa supply chains.

One-hundred and forty-six (146) participants attended the online event, stemming from the EU and the two cocoa-producing countries, Côte d’Ivoire and Ghana.

The event revealed **broad consensus** and **convergence of views** on a number of important topics.

First, the speakers expressed their support for the **Living Income Differential (LID) initiative** in Côte d’Ivoire and Ghana, which together account for over sixty per cent of global cocoa production and exports.¹

- Jutta Urpilainen, EU Commissioner for International Partnerships, noted that, in the case of cocoa, **price and sustainability are like two sides of the same coin**: “*Producing more sustainable goods has a price. And maintaining a decent price for cocoa farmers over the long-term cannot happen without progress on sustainability*”.

¹ The LID is a joint initiative by Côte D’Ivoire and Ghana. It seeks to support farmers’ revenues by applying a premium on international market prices to exports from these two origin countries

- His Excellency Mr. Abou Dosso, Ambassador of the Republic of Côte d'Ivoire, reiterated the point, inviting all stakeholders along the value chain to **integrate the LID** into their strategies as a **determining factor** towards more sustainable cocoa production systems.
- Her Excellency Ms. Harriet Sena Siaw-Boateng, Ambassador of Ghana to the EU noted that the LID has been well received by key players in the cocoa value chain **and is expected to lead to a 21% increase in the farm-gate price** in Ghana over the 2020-2021 harvesting season.
- Mr Harold Poelma of the European Cocoa Association confirmed **industry support for the LID** and estimated that it would lead to an **estimated \$1.2 billion dollars in additional revenues for cocoa farmers** in Côte d'Ivoire in Ghana over the upcoming season.
- Mr. Toussaint N'Guessan, President of the Board of the World Cocoa Producer Organization, presented the opinion of his members that **sustainability requirements represent an additional workload for farmers** and should therefore be accompanied by **higher farm-gate prices**, to allow farmers to recruit the adult labour needed to satisfy these requirements and end the practice of child labour.
- Helena König, Deputy Director-General for Trade acknowledged that EU businesses add considerable value to the cocoa chain before their products reach consumers, and expressed her belief that some of this **added value should be passed back to the farmers in the form of higher prices to compensate them for their reinforced sustainability efforts**.
- Mr Christophe Alliot from Le Basic, a cooperative research institute based in Paris, offered further evidence (from a recent study commissioned by DEVCO, FAO and ECA) to support increased farm-gate prices. He noted that estimates indicate that, **on average, a doubling of international cocoa prices would result in an increase of only 5% in the retail price of chocolate products** in large consumer markets like France.

There was also considerable support for the **inclusive approach** embodied in the sustainable cocoa dialogue process itself.

- His Excellency Mr. Abou Dosso, Ambassador of the Republic of Côte d'Ivoire, applauded the European Union for placing **an equal partnership with Côte d'Ivoire and Ghana at the heart of the sustainable cocoa initiative**. He noted that this will lead to joint, mutually beneficial decision-making and constructive solutions.
- Mr. Koen Doens, Director-General for International Cooperation and Development, highlighted the **Commission's approach to development cooperation based on co-creation**, as opposed to the donor-recipient relationship that existed in the past.
- Mr. Toussaint N'Guessan, President of the Board of the World Cocoa Producer Organization emphasized the importance of **involving farmers at all stages** of the process, including in the design and implementation of policies, laws and regulations, international cooperation programmes and international agreements related to cocoa.
- Mr Antoine Fountain, Managing Director of the VOICE network, emphasized the need for **partnership agreements with Côte d'Ivoire and Ghana** that are set up in a **deliberative and inclusive process**, including civil society and farmers in producing countries.

During the event, repeated calls were made for **policy coherence** and a greater **coordination of efforts** between different actors. On the EU side, representatives from the Directorates-General for International Cooperation and Development, Trade, Environment, and Justice, all noted the **synergies between sector-specific proposals for sustainable cocoa and the broader policy agenda of the European Commission**.

The speakers specifically mentioned:

- The interim *Economic Partnership Agreements* between the EU and Ghana and Cote d'Ivoire, respectively, which **provide for free access to the EU market for both raw cocoa and processed cocoa goods and provide for dialogue on trade and sustainability matters**;
- The broader EU framework on the environment and food systems, such as the *Green Deal*, the *Communication on Stepping up EU Action to Protect and Restore the World's Forests* and the *Farm to Fork Strategy*;
- Ongoing work on **sustainable corporate governance** and a forthcoming legislative proposal that would require companies to conduct **mandatory due diligence on human rights and sustainability risks** within their supply chains.
- Mrs. Maija Laurila, Head of Unit Company Law at the Directorate-General for Justice and Consumers noted that a **horizontal corporate due diligence framework** could create the level playing-field that various industries have demanded, underpinning sector-specific work-streams like the one on cocoa. Furthermore, an extended definition of companies' board duties could help to shift corporate behaviour towards long-term value creation.
- Mr. Hugo-Maria Schally, Head of Unit Multilateral Environmental Cooperation at the Directorate General for the Environment, urged participants to **learn the lessons from an ongoing fitness check of the EU Timber Regulation and the FLEGT Regulation** and to engage in public consultations and an upcoming multi-stakeholder dialogue on deforestation.
- Mr Antoine Fountain, Managing Director of the VOICE network, expressed support from civil society for **mandatory environmental and human rights due diligence regulations at the EU level** and for partnership agreements with producing countries, setting out **time-bound, measurable and enforceable roadmaps**. To make those roadmaps time-bound and enforceable on a concrete level, he added, they could be coupled with due diligence requirements or with financial incentives, such as price rewards, increased investments, or tariff adjustments.

Throughout the event, speakers emphasized the need to ensure that efforts are **aligned with existing international instruments** such as the *UN Guiding Principles on Business and Human Rights*, the *OECD Guidelines for Multinational Enterprises* and the *OECD Due Diligence Guidance for Responsible Business Conduct*.

- Mrs. Mathilde Mesnard, Deputy Director of the Directorate for Financial and Enterprise Affairs of the Organization for Economic Cooperation and Development and Mr. Francesco d'Ovidio from the Fundamental Unit of the International Labour Organization elaborated on the design of two instruments in particular: the *OECD-FAO Guidance for Responsible Agricultural Supply Chains* and *ILO Convention 182 on the Worst Forms of Child Labour*.
- Mr Harold Poelma from the European Cocoa Association supported these views by confirming **industry demand for an efficient and effective regulatory framework** that establishes a **level playing field** for all international and national actors in the cocoa supply chain.

Lastly, there was broad consensus on the **need for technical assistance for cocoa-producing countries**:

- Commissioner Urpilainen and Director-General Koen Doens announced a **€25 million package of technical assistance and budget support for Cote d'Ivoire, Ghana and Cameroon**, to be approved during the current multi-annual financial framework.
- Mr Harold Poelma mentioned **ongoing industry support** for the **Cocoa and Forests Initiative** and the **International Cocoa Initiative**, including investments in farm productivity, capacity-building for farmers and farmers' organizations, GPS mapping of cocoa plantations, the establishment and expansion of Child Labour Monitoring and Remediation Systems and support for community development initiatives, including the construction of schools. Both Ambassadors welcomed this support.

To **avoid duplication of efforts** the **European Commission proposed to adopt a coordinating role** and to work closely with similar initiatives originating in EU Members States and non-EU partners, such as the *Beyond Chocolate Initiative* in Belgium, GISCO in Germany, DISCO in the Netherlands and the Swiss Platform for Sustainable Cocoa in Switzerland. Similarly, Mr. d'Ovidio from the International Labour Organization highlighted the strong imperative to avoid a fragmentation of initiatives while Commissioner Urpilainen characterized **the EU's role as that of an "honest broker"**.

Conclusion

Closing remarks were made by Heidi Hautala, Vice President of the European Parliament, Vladis Dombrovskis, Executive Vice-President for an Economy that Works for People and responsible for Trade (designate) and the two Ambassadors.

MEP Heidi Hautala emphasized the convergence of interests that have presented a major opportunity for change in the sector, including the **full-fledged support of the two largest producing countries**, Côte d'Ivoire and Ghana, and the **largest consuming market**, the European Union. She reiterated messages from other speakers around **policy coherence** and **inclusiveness**, noting that she has never before seen such coordinated efforts between different EU institutions.

Executive Vice-President Dombrovskis noted the **economic interdependence of the European Union and cocoa-producing countries** and called on all stakeholders along the value chain – including policymakers, authorities, producers, traders, users and consumers – to **bring sustainable development to the centre of the bilateral trading relationship**. He emphasized the **business dividend for companies that integrate sustainability into their business models**, making them more resistant to economic shocks and more responsive to consumer expectations in the long-term.

The moderator, Mr. Viwanou Gnassounou, concluded by presenting **the work plan for the forthcoming dialogue** process. He informed participants that they would have until the 6th of October to express interest in participating in the dialogue and to submit their ideas on how to organize the dialogue and suggest topics for discussion within the groups or subgroups. A secretariat within the European Commission will be set-up and oversee the modalities of the dialogue.

The European Commission will ensure inclusiveness, variety and balanced representation of participants, while seeking to keep thematic groups at a manageable size. The operational conclusions of each meeting under the dialogue will provide **inputs into the European Commission's work on deforestation and due diligence** and other relevant policies and a summary report of the conclusions will be prepared by the Commission by the end of August 2021.