



EU MULTI-STAKEHOLDER DIALOGUE FOR SUSTAINABLE COCOA CONCEPT NOTE

In the context of the European Commission's political priorities including the European Green Deal and a zero tolerance approach on child labour, the Commission will initiate an informal dialogue in support of a sustainable cocoa sector. It will build upon the initiative of the two main producing countries, **Côte d'Ivoire and Ghana**, existing initiatives of EU Member States, third countries, and international organisations. Considering the role of the EU as policy and global standard setter, the objective of the dialogue is to support the elimination of child labour and child trafficking, the protection and restorations of forests, and to ensure a living income for cocoa farmers.

The dialogue aims to complement Côte d'Ivoire and Ghana's joint initiative of June 2019 on a minimum price for cocoa on the world market¹ and to trigger further progress on key sustainability issues in the cocoa sector in the longer term.

The EU has a particular interest and can play a catalysing role in building a win-win relationship with these trade partners on sustainable cocoa because:

1. The EU, Côte d'Ivoire and Ghana are interdependent on cocoa;
2. About 70% of cocoa production worldwide originates in Côte d'Ivoire and Ghana;
3. Over 60% of their cocoa production is exported to the EU;
4. Cocoa exports benefit from tariff free access to the EU market under the Economic Partnership Agreements (EPAs) with the two countries; and
5. Cocoa production entails particular risks relating to child labour, deforestation and forest degradation in the countries concerned.

The dialogue will, thus, initially focus on EU – Côte d'Ivoire/Ghana cocoa trade and will include EU stakeholders and actors in the cocoa supply chain. In parallel, the EU Delegations in Ghana and Côte d'Ivoire will foster engagement at the local level.

¹ This initiative led to an agreement between the authorities of two producer countries and the cocoa and chocolate industry to create a Living Income Differential (LID) to ensure decent revenue to local farmers. At this stage, it is a 400 USD/ton premium paid beyond the price of the cocoa future markets.

1. Objectives of the multi-stakeholder dialogue

The multi-stakeholder dialogue will seek to:

- advance responsible practices of EU businesses involved in cocoa supply chains;
- feed into other relevant Commission initiatives (e.g. on due diligence, deforestation);
- feed into the policy dialogue between the EU and the producer countries; and
- identify support projects on sustainable cocoa production.

The EU will conduct the dialogue on sustainable cocoa in close coordination with existing and emerging initiatives on sustainable and transparent supply chains ensuring coherence. Stakeholder inputs will feed into other relevant Commission initiatives such as:

- the implementation of trade and sustainable development aspects under the Economic Partnership Agreements;
- the upcoming international cooperation programming²;
- possible horizontal mandatory legislation on corporate governance encompassing due diligence at EU level;
- a planned legislative proposal to minimise the risk of deforestation associated to products placed on the EU market³; and
- relevant initiatives under the Circular Economy Action Plan⁴ (CEAP) such as:
 - the development of legislation on “green claims“;
 - transparency initiatives under the Farm to Fork (F2F) Communication

2. Modalities of the dialogue

The participants will include relevant actors in the EU, including industry representatives and traders, interested EU Member States, civil society, international organisations, and institutional representatives from Ghana and Côte d’Ivoire.

The dialogue will involve plenary sessions to kick off the process and take stock after the first year, combined with thematic groups and their possible sub-groups throughout the year. These groups will discuss specific aspects of EU actors’ contribution to the sustainability of the EU/Ghana/Côte d’Ivoire cocoa supply chains. Commission services will facilitate and support each group/sub-group.

Indicative proposals for thematic groups and sub-groups:

(1) Corporate Social Responsibility (CSR)/Responsible Business Conduct (RBC): to discuss due diligence practices, risk and contract management, purchasing practices, traceability,

² Including better coordination between support programmes of the EU and its Member States, partner countries, and international organisations.

³ <https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12137-Minimising-the-risk-of-deforestation-and-forest-degradation-associated-with-products-placed-on-the-EU-market>

⁴ https://ec.europa.eu/environment/circular-economy/pdf/new_circular_economy_action_plan.pdf

remediation, compliance with legislation, international guidelines, sustainability standards and reporting as well as related voluntary actions. Sub-groups could be established on:

- child labour;
- decent income for farmers; and
- deforestation and forest degradation⁵.

(2) Team Europe cooperation: to coordinate efforts between the EU and its Member States and identify elements for institutional, technical and financial cooperation initiatives contributing to structural reforms that will contribute to (i) eliminating child labour, and (ii) fighting deforestation and forest degradation.

Additional groups could be proposed to discuss other issues, which would emerge during the dialogue (e.g. communication/awareness raising on sustainability aspects in the cocoa sector among consumers).

Initial ideas for the work plan of the dialogue:

- Taking stock of the main sustainability challenges for the cocoa sector in Ghana and Côte d'Ivoire and how the EU and its Member States and the private sector could address these;
- Taking stock of relevant existing initiatives launched by EU Member States in Ghana and Côte d'Ivoire;
- Reviewing existing due diligence/CSR/RBC initiatives and recommendations regarding the cocoa value chain to provide input to the work on a horizontal EU due diligence framework and other relevant initiatives that seek to reduce the negative consumption footprint of the EU;
- Developing recommendations for cooperation between partner countries, the private sector and international organisations on the sustainability of cocoa supply chains (e.g. alignment of CSR/RBC/due diligence programmes with international guidelines⁶).
- Exploring measures to raise awareness among consumers and promote the visibility of initiatives.

3. Indicative timeline for the work of the dialogue and of the launch event

The dialogue would begin during the second half of 2020 with a kick off plenary session on 22 September (15:30-17:30). Meetings of the groups/sub-groups will take place between October 2020 and July 2021 followed by a plenary session in autumn 2021. After the plenary session, a public report will take stock of the work, summarise recommendations and provide suggestions on the way forward.

⁵ This subgroup would in particular seek to contribute to and be inspired by the ongoing work in the follow up to the 2019 Communication on deforestation.

⁶ For instance by partnering with the OECD, which has developed methodology in this area, as well as with FAO and the ILO.