

SUSTAINABLE COCOA INITIATIVE



The **Sustainable Cocoa Initiative** is an initiative launched by the EU in 2020 to improve sustainability of the cocoa supply chain with countries of West Africa, the main producers of cocoa in the world.

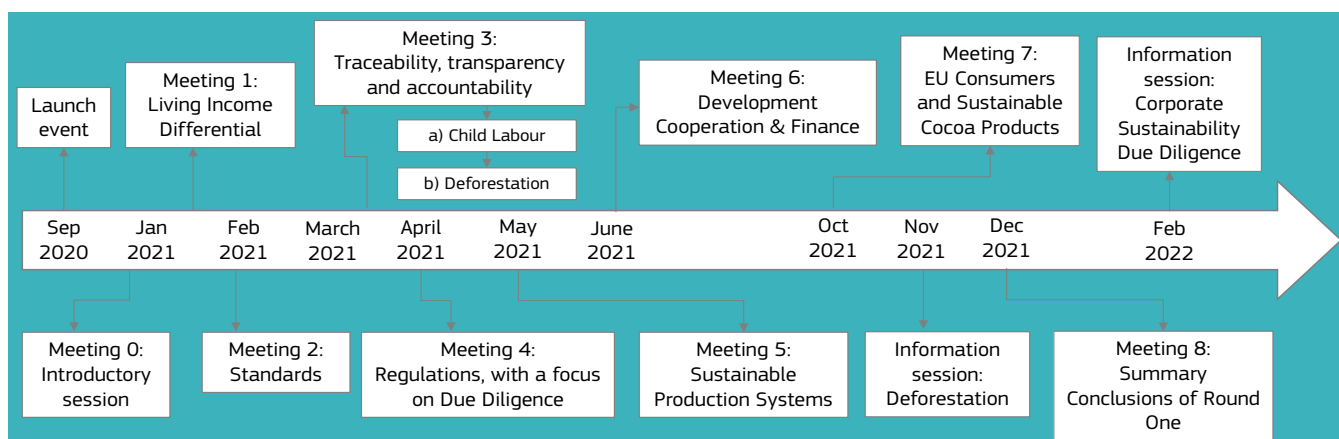
One of its key pillars is an inclusive multistakeholder dialogue “Cocoa Talks” organised by the European Commission. It brings together key EU stakeholders, including representatives of Member States, the European Parliament, industry and civil society organisations as well as representatives of producing countries: Côte d’Ivoire, Ghana and Cameroon.

In parallel, producing countries have organised national cocoa dialogues. At a government level, the EU and the producing countries regularly discuss sustainable cocoa production in the context of the Economic Partnership Agreements.

Objectives of the sustainable cocoa initiative:

- 1) advance the elimination of child labour and trafficking in cocoa supply chains,
- 2) strengthen forest protection and restoration in cocoa-producing regions, and
- 3) ensure a decent living income for cocoa farmers.

In 2021, ten thematic roundtables were held on the key sustainability issues in the cocoa supply chain:



KEY TAKEAWAYS FROM THE COCOA TALKS:

- Ensuring a **decent income** for cocoa farmers.
- Agreeing on and monitoring **sustainability standards** through the establishment of **transparent mechanisms for monitoring deforestation, child labour monitoring and cocoa traceability**.
- Upcoming **EU regulations on deforestation and due diligence present** both opportunities and requirements.
- Promoting **sustainable agricultural production practices**, especially agroforestry.
- **Increased role of development cooperation and finance** in the transformation of the sector.
- **Increased awareness of sustainability issues** among European consumers.



NEXT STEPS



Fortcoming EU legislation that aims at making imported products more sustainable will impact the cocoa sector:

- **EU Regulation on deforestation**
- **EU Directive on corporate sustainability due diligence**

A transition period will allow for the necessary adjustments to be made.

EU Development assistance

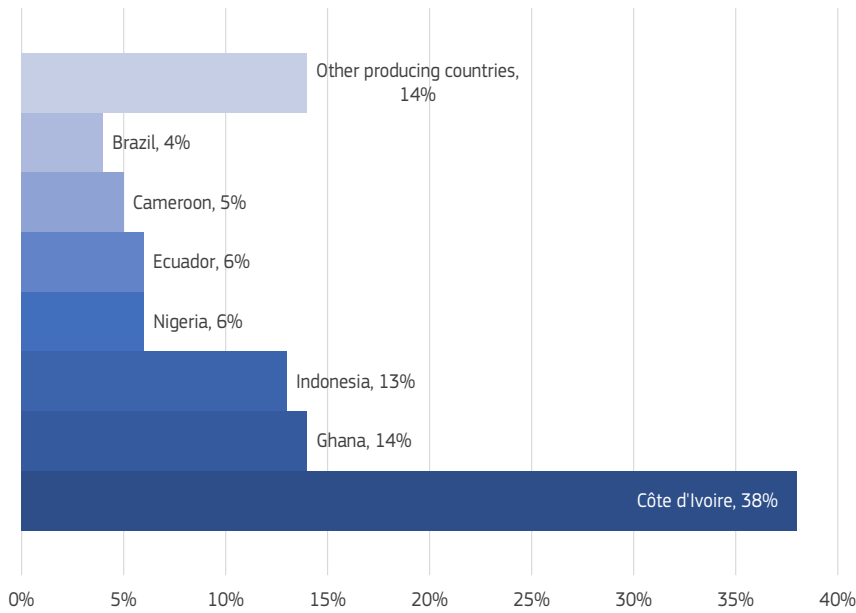
- The EU is committed to these aspects and has allocated EUR 25 million in budgetary support and technical assistance. Efforts are already underway in Côte d'Ivoire, Ghana, and Cameroon.
- Additional resources from the EU external budget for 2021-2027 also supports sustainable cocoa. EU Commission resources together with EU Member States' resources (ongoing and future programmes) are contributing to ambitious Team Europe Initiatives.

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KEY FIGURES

Main producers of cocoa beans in the world



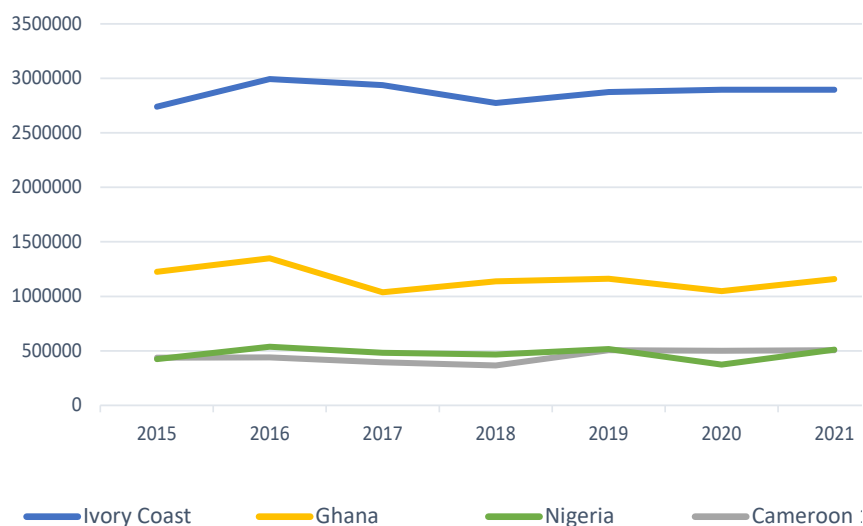
(source: Faostat 2020)

EU development assistance

	Mio EUR	% of total imports into the EU
Côte d'Ivoire	2.895	71%
Ghana	1.159	58%
Cameroon	505	28%
Nigeria	511	3%

(source: Eurostat)

EU imports of cocoa products from West Africa (tonnes), 2015 - 2021



(source: Eurostat)



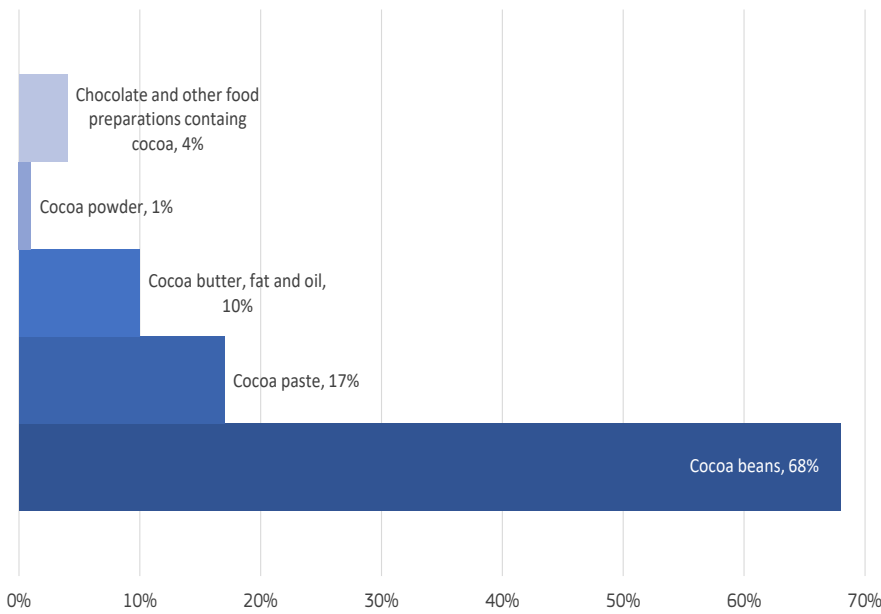
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Ghana exports to the EU 55% of cocoa beans and cocoa preparations to the EU, while Côte d'Ivoire 61% (COMTRADE, 2019). They account for respectively 40% and 16% of total exports incomes of these countries.

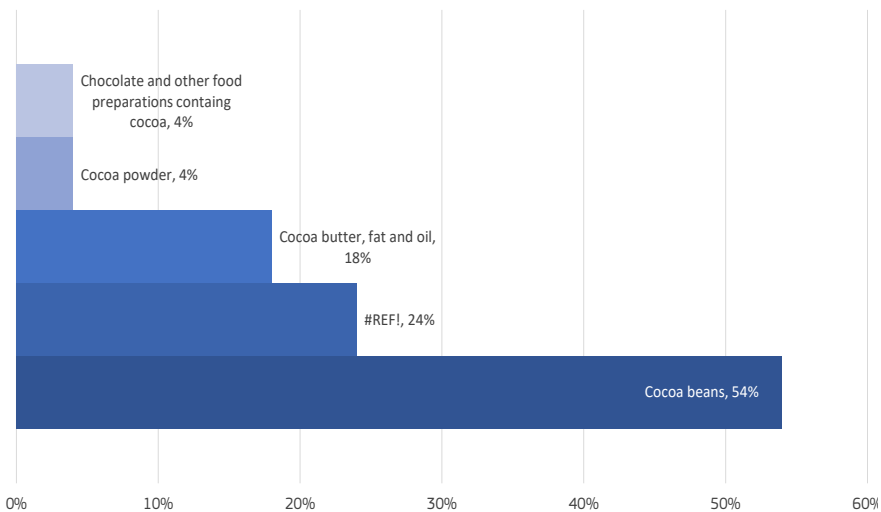
Thanks to the Economic Partnership Agreements between the EU, Ghana, Côte d'Ivoire and Cameroon, cocoa products can enter the EU market without any import duties.

Cocoa farming is the main source of livelihoods for six to seven million farmers in Côte d'Ivoire, Ghana and Cameroon, and contributes indirectly to the livelihoods of a further 40 to 50 million people. A large proportion of cocoa farmers lives below the poverty line. It is estimated that cocoa farmers receive on average only 5% of the final price of the product.

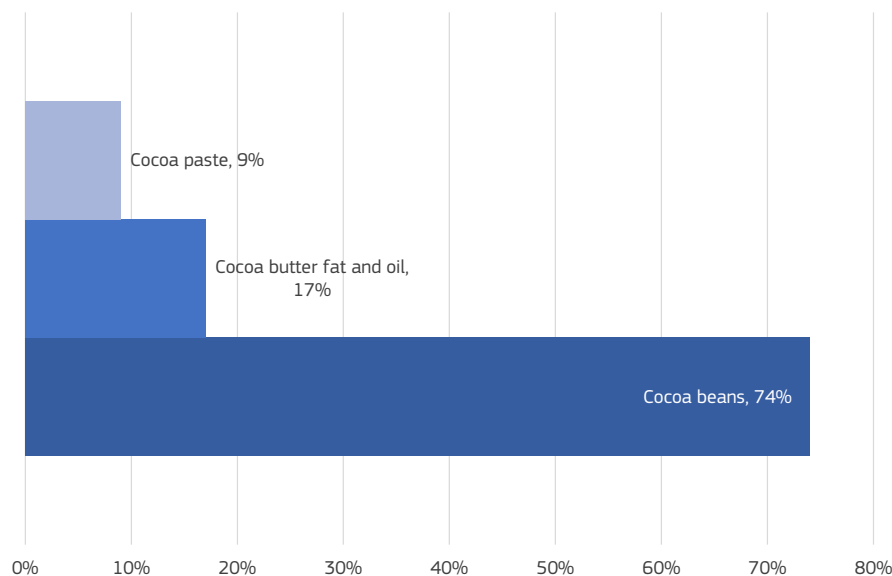
Structure of imports of cocoa products from Côte d'Ivoire, 2021



Structure of imports of cocoa products from Ghana, 2021



Structure of imports of cocoa products from Cameroon, 2021



(source: Eurostat)

In June 2019, Côte d'Ivoire and Ghana took an initiative on cocoa prices that led to an agreement with the cocoa and chocolate industry to create a Living Income Differential (LID) to ensure decent revenue to local farmers. At this stage, the LID amounts to US\$400/ton premium paid beyond the price of the cocoa futures markets.

Although the supply chain problems in the cocoa sector are not new, the EU sustainable cocoa initiative responds to growing EU consumers' expectations and strong political ambition of the EU to make supply chains more sustainable. It builds on the President von der Leyen's "zero-tolerance approach to child labour" and feeds into the ongoing work on the EU legislation on sustainable corporate governance including mandatory due diligence along EU supply chains and on tackling global deforestation and forests degradation associated to EU's consumption footprint.