

# Wanted: a global standard for sustainable cocoa

## State of affairs of the ISO/CEN process

*90% of cocoa 's world production comes from family producers © Cepicafé Peru*

**Chocolate is everywhere, but this widespread availability sharply contrasts with the extreme poverty of cocoa farmers which undermines the future of the whole sector. The sector agrees on that bleak outlook. But solutions and strategies diverge. At least the ISO/CEN initiative has brought all stakeholders around the table.**

### Scarcity

"Enjoy chocolate while you can because in five years' time it will cost a fortune." In mid-November 2014 these statements made the headlines. The blame was expertly put on the Chinese who have rapidly acquired a taste for chocolate," and this is why African cocoa farmers cannot follow with production". The media headlines were based on forecasts of major chocolate players such as Mars and Barry Callebaut which predict that by 2020 cocoa production would be 1 million tonnes short of demand.

VOICE, a coalition of European NGOs and trade unions, immediately reacted sharply: "Is the world heading for chocolate shortages? Most likely not. Is the world heading for a shortage of chocolate farmers? Yes."

Marieke Poissonnier of Oxfam-Wereldwinkels, a member of VOICE, puts it like this: "This call of the industry is a show of excessive cynicism. For decades they have been exploiting the chocolate value chain. And now – now that they realise they have bitten the hand that fed them – they are raising the alarm. It is outrageous."

### Bottleneck profession

The cocoa sector is pretty straightforward: 90% of global production is in the hands of 5.5 million tiny – say family – enterprises, 70% of which are in West Africa. Further up in the value chain you only find giants: 80% of cocoa-processing is in the hands of eight global companies (Cargill, ADM, Barry Callebaut...); 40% of chocolate-making is in the hands of six companies (Mars, Nestlé, Ferrero...).

This huge power concentration also partly explains the 'cocoa paradox': even with demand and prices growing, extreme poverty lingers for cocoa farmers. In its 2015 Cocoa Barometer, VOICE calculated that a Côte d'Ivoire farmer must earn four times more to reach the poverty threshold of \$ 2 per day. In other words, these farmers do not have any money to invest in new trees or in production-enhancing technologies. Child slaves from neighbouring countries are still used for the harvest while their own children are moving to the city en masse. Chocolate is selling well, but the profession of cocoa farmer is about to become a bottleneck profession.



## Cocoa Barometer 2015

VOICE calculated how revenue is distributed within the cocoa value chain:

### In the South

Farmers (work the land, extract beans from cocoa fruit, fermentation, drying) 6.6%

Domestic transportation and taxes 4.7%

### In the North

International transportation and port costs 1.6%

Cocoa processors 7.6%

Chocolate makers 35.2%

Retail 44.2%

*(situation in Côte d'Ivoire and Ghana, per tonne of cocoa sold)*

It is noteworthy that the cocoa farmers' share in the 1980s still amounted to 16% (Fairtrade International). Even though the farmer cannot be missed, he is the weakest link in the value chain and is exploited in a way that cannot be tolerated. In keeping with the garment industry, the report investigated a living wage (for field hands) and a living income (for cocoa farmers).

## Actions and plans

Is anything happening at all? Yes, because everyone in the sector is aware of the fact that the situation must change. Within the ICCO – International Cocoa Organisation – a first World Cocoa Conference was held in 2012. Since then, countries such as the Netherlands and Germany have a consumer-led multi-stakeholder platform that looks for a path towards sustainable chocolate.

Producer countries are also working on national action plans. Ghana faced tough financial times and its currency devalued. Côte d'Ivoire tried to get a hold on its cocoa sector. For instance, the auction system changed and minimum prices went from 750 CFA to 850 CFA per kilo.

In addition, there were a number of industry-led initiatives. The International Cocoa Initiative (ICI) focused on child labour, whereas the World Cocoa Foundation (WCF) launched the CocoaAction, a joint project of 11 major companies that aims to train 300,000 African farmers to boost their productivity.

## Sustainable cocoa

The most spectacular initiative, however, was the promise of one chocolate company after another, followed by some retailers, to source 100% sustainable cocoa by 2020. This pledge followed successful international NGO campaigns that were broadly mediated. Mars, Ferrero, Nestlé, Hershey, Callebaut and others are now looking for strategies to address that pledge in a credible way. Some have their own projects whereas others use existing certification systems or combine both.

In a few years' time the share of labelled chocolate has grown spectacularly: from 2% in 2009 to approximately 15% now. There are three major systems on which the industry relies: the 'fair trade' Fairtrade label of Fairtrade International (FI) and the 'sustainable' labels of Rainforest Alliance and Utz Certified. They all use a series of social and environmental criteria, each with their own focus. The Fairtrade label has been around the longest and is the most stringent: it guarantees minimum wages and a set fair trade premium for cocoa farmers. With the two other labels this must be negotiated between the purchaser and the seller.

The Cocoa Barometer 2015 does not assess the impact of the certification systems since this would require long-term research. VOICE concludes though that "there are many aspects that standard-setting organisations have little or no influence on: lack of access to training and credit, lack of local infrastructure, volatility of world market prices, effects of climate change,... Though important as an incentive, the premium in itself does not appear to have a great impact on farmers' actual income."

## CEN/ISO

Even though some chocolate companies have embraced the three certification systems it is clear the industry does not want to invest all its money in this.



Children Helping Their parents opening the cocoa pods after school

© Bread for Love

## Certified ≠ sold

In 2013, UTZ certified 691,000 tonnes of cocoa, RA 571,000 tonnes and FI 176,000 tonnes, which adds up to 30% of the global market. But this is a miscalculation because some cooperatives are certified twice or even three times. In addition, cooperatives rarely succeed in selling all of their certified crop under labelled conditions. In other words, for 2013 the market share of certified chocolate did not reach 30% but only 13.6%.

At their request, CEN (European Committee for Standardisation), the cupola of national standardisation organisations of 33 European countries, launched a process in 2011 to come to a 'general standard for sustainable cocoa'.

This is quite ambitious, especially if you consider that CEN has left its familiar terrain of quality and safety standards for a difficult concept such as sustainability. Soon ISO, the International Organisation for Standardization, with 163 member countries, was also involved in the process. Many cocoa producing countries also joined the debate and through national mirror committees, other parties (such as companies and NGOs) joined. "Dynamics differ between countries," says Marieke Poissonnier. "Consultation in the Netherlands is broad, whereas in Belgium the first meeting only comprised three people."

## From niche to standard

The first concrete texts are expected in the second half of 2015. So far, we have only formulated ambitions: the ISO/CEN is to become a global standard which clearly defines what sustainable cocoa is and which everyone in the field can apply. It consists of three sub-standards:

- A Management System Standard for the structure and management of the value chain.
- A series of criteria in three domains: People (living and working conditions complying with the standards of the International Labour Organisation), Planet (the impact on the environment) and Profit (the revenue of farmers and their productivity).
- Procedures to guarantee the origin of cocoa, probably via various systems: from fully traceable to formulas that allow for the combination with non-certified cocoa.
- Procedures for control systems.

The targeted system is Low Threshold/High Bar, which implies different levels of application (basic, medium, high). Recognition at one level implies an action plan for the next step.

That way, the hope exists to achieve sustainable cocoa in the long run as a sector standard and not just as a niche. The launch is planned for 2016. Unlike existing certification systems there is no CEN or ISO label on the final consumer product. It is up to the companies to check their claim of sustainable production.

## Unique opportunity

It is clear that the industry sees this process as the best solution to respect their promise. Bill Guyton of the World Cocoa Foundation called the process "a unique opportunity for the whole cocoa community". Choprabisco, the cupola of Belgian chocolate companies, also supports the initiative.

VOICE thought long and hard about which position to take, but finally decided to be constructive. "It is an opportunity to bring the industry around the table at a time that the industry understands that changes are needed," argues Marieke Poissonnier. "The process may change once it becomes more concrete and then become too weak for us, but in that case we will say so loud and clear."

The arguments of the three certification systems that have also been involved in the process are the same. "We have chosen to join so we can advocate fair trade principles and contribute to genuine progress for the whole sector," says Caitlin Peeling, Global Product Manager for cocoa with FI. "We hope that a platform is created in which sustainability is discussed and a greater common understanding is developed that things must be done differently and that commitments will follow," says Martine Willems, the Rainforest Alliance's Sustainable Agriculture Relations Manager. "CEN/ISO's goal is the same as UTZ Certified's mission: creating a world where sustainable cocoa is the standard," concludes Melanie Mokken, UTZ' Communication officer.

## Limited expectations

Still, expectations are not that high at FI, UTZ and RA. "We do not immediately see what the added value of just another standard will be," says Martine Willems (RA). "The ISO/CEN standard will soon be a paper document without a supporting system to provide training and assistance and without supporting organisation. We believe it is more important to work on better conditions such as access to fertilisers, better education for farmers and communities, better infrastructure and access to financing."



Careful selection of the beans © Chocolatemakers



Melanie Mokken (UTZ) also has many questions: “Control or verification which is greatly discussed right now in the ISO/CEN process is different from certification. We wonder what will become of it. After all, UTZ provides a total package that ISO/CEN lacks: support programmes for farmers, monitoring and evaluation of results and certified products for the consumer.”

Caitlin Peeling (FI) is also critical: “Some key features of fair trade are not included in the standard such as the central role for farmers' cooperatives or improved and fair trade conditions. That is why Fairtrade International will still be essential in strengthening farmers and their organisations.”

**This story is definitely to be continued, especially at the end of 2015 when the first text of the criteria will go public and in 2016 when the ISO/CEN standard is scheduled to be used.**



*Members of Kuapa Kokoo cooperative in Ghana working © Rebecca Boll Witt*



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