

Utrecht: 18-07-2017

Joint Declaration between World Cocoa Farmers Organisation and FarmGate Foundation on the Declining Cocoa Price

The Board, and Members, of the World Cocoa Farmers Organisation (WCFO), and FarmGate Foundation (FGG) have jointly writing a declaration concerning the recent decline of the world cocoa price. For years our members who are cocoa farmers and farm workers are faced with multiple challenges such as, chronic poverty, child and forced labour and climate change impacts.

The most serious problem is the low-income members earn for their crop. As they only receive a tiny part of the world market price, due to supply chain trading structures and the quality of beans. Majority of farmers are smallholders who are rarely organised, as a result they lack insight to market trends and how cocoa price is define. Both the organise and unorganised farmers can only sell their beans at a price dictated by the intermediaries as they do not have access to a direct market.

It is therefore time for all stakeholders, including Governments, Traders, Chocolate Manufacturers and Farmers to collectively figure out a solution that can bring an end to the price fluctuations on the international market. We know stakeholders in the chain, which include farmers, share the opinion that existing methods need to be considerably altered to face the challenges currently posed to the supply chain.

Just like other stakeholders, farmers' representative(s) should be a partner at the discussion and decision-making tables, for example: research, setting of standards, gender equality, implementation of GAPs and climate change.

Why is the price dropping?

The world is changing. Consumer demand is not rising fast enough, while cocoa production increases. This causes a downfall in cocoa prices.

What can we do about it?

Cocoa is a healthy product. Industry should focus more on that aspect: produce more pure chocolate products and in marketing strategies more focus could be laid on the healthy side of cocoa. Change marketing strategy and products! The world is changing but the cocoa industry is not changing with it.

How does this effect the cocoa farmers?

Declining prices effects everyone, but the farmers the most because they have no savings to help them through difficult times. They also have no access to loans from banks because banks have no (reliable) information about farmers.

WHAT'S TO BE DONE?

1. Cocoa farmers should receive at least 90% of the world market price by shortening the sourcing line of cocoa beans.
2. Implementation of an international three-party platform: governments, industry and farmers, which will regulate and supervise price issues in the supply chain.
3. Supply chain partners should have the courage to move from voluntary to mandatory sector-wide solutions.
4. World cocoa price should reflect the real cost of cocoa production, enabling farmers to earn a decent living.
5. All stakeholders in the supply chain should develop a living income model for smallholder cocoa farming.
6. Long-term contracts should include a social component, strengthening the livelihood of cocoa farming communities.